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Research Report

Compliance & integrity as leadership task and means for shaping an ethical corporate culture: Guidance for business practice

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Compliance & Integrity as Leadership Task and Means for shaping an Ethical Corporate Culture

ENABLEMENT. EFFECTIVE EMPOWERMENT. EFFECTIVENESS TESTING

Guidance for Business Practice

IMPRINT

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The aim of the Konstanz Institute for Corporate Governance is to deepen and promote business and legal research in the field of corporate governance through the holistic expertise of its members and to contribute to first-class study conditions at the Faculty of Business, Economics and Law of the HTWG Konstanz University of Applied Sciences through its research activities.

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**MORRISON
FOERSTER**

Konstanz, February 2026

FOREWORD

Prof. Dr. Stephan Grüninger
Director of the Konstanz Institute for Corporate Governance

Compliance & Integrity Management, understood as the holistic management of corporate responsibility, has been under considerable pressure in companies for some time. On the one hand, regulatory requirements are increasing, as shown by the increasing due diligence and reporting obligations in the ESG area alone. At the same time, an economic and social transformation is taking place before our eyes, characterized by considerable restrictions on free global trade, geopolitical uncertainties and already manifest crises and wars, structural deficits in Germany as a business location that are also caused or at least revealed by this, outdated business models and unrealized opportunities of disruptive technologies on the part of the companies themselves. The fact that the new American administration has now put enforcement of the U.S. Foreign Corrupt Practices Act on hold for the time being is, to a certain extent, the ultimate culmination of these developments for the compliance community. Nobody currently knows whether this suspension of enforcement is the beginning of the (temporary) end of a law that has had a significant influence on the compliance debate and the corresponding efforts in companies worldwide to ensure honest business practices over the last 20 years.

These general findings can now lead to two things with regard to corporate compliance. On the one hand, there is certainly a risk that perceived signs of the dissolution of a rule-based order could lead to a certain defeatism in compliance work and in relation to corporate ethics as a whole. Furthermore, one could fear that in such tense economic times, the necessary resources are simply no longer available for corporate activities that are not considered value-adding. However, in such historically challenging times, one can also become aware that the struggle for responsible corporate action in an economic, ecological, social and ethical sense is worthwhile and represents the only viable path for a peaceful and sustainable future for all. In this case, the effort in this area will not be seen as an unnecessary cost factor, but as an investment in enabling future entrepreneurial success potential.

The following study should also be understood in this spirit. Compliance and integrity must be seen as a leadership task at all levels and requires organized but also individually perceived management responsibility. The development of a culture of integrity in a company is the long-term and foremost goal of all compliance and integrity management efforts. The results of our study show which prerequisites and conditions must be in place and which measures can be effective in promoting such an understanding of leadership and such an ethical corporate culture. The experts surveyed consider one measure and investment to be particularly effective: Investing in empowering and building the skills of people to make independent and informed decisions in ethical dilemmas and compliance-related conflict situations. Reducing formal regulations and strengthening principle-based Compliance & Integrity Management promise greater effectiveness at lower costs in the long term.



I hope you enjoy reading this report!

Yours
 Stephan Grüninger
 Konstanz, March 2025

PREFACE

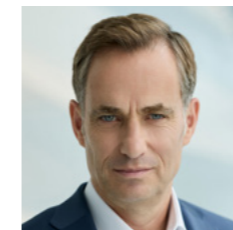
Olaf Schick
Member of the Board of Management for Integrity, Governance and Sustainability, Mercedes-Benz Group AG

Dear Readers,

Compliance & Integrity are indispensable and – hopefully – a matter of course. Compliance is not detached from day-to-day business and is not just the responsibility of compliance officers. Organizing it effectively is a primary responsibility of company management, but also of each individual manager. At company level, this is supported by compliance management systems (CMS). However, there is no standardized, universally valid approach. Rather, a CMS must correspond to the risk situation of the respective company and be able to cope with increasing regulation.

Even a functioning and risk-adequate CMS is not yet the ideal situation. It can only develop its potential as an integrated system: Risk management, internal control system and CMS must intertwine. This means, for example, standardizing definitions and risk classes across all systems throughout the company. With this holistic approach, these systems create added value through risk identification and feedback using lessons learned processes. If the governance systems are designed and implemented in a synergy-oriented manner and practiced holistically on a day-to-day basis, added value is also created for business activities. This is achieved by increasing the credibility and trust capital of the company and its brands. Another example of the positive value contribution of governance systems is when risk reporting covers operational and strategic risks. This creates transparency and a discussion about an organization's risk appetite. After all, compliance must add value!

One thing is clear: rules and systems are not enough. They must also not be misused to hide behind or encourage omission of action. Furthermore, they are no substitute for a corporate culture in which compliance and integrity are lived. This begins with authentic leadership that exemplifies governance and can be felt in the company as “tone from the top” and “tone from the middle”. This includes a culture of learning from mistakes and clear boundaries. The result is not fear, but the desire to take responsibility. This requires communication and interaction. Such a culture needs to be constantly nurtured. In the end, the corporate culture expresses each employee's understanding of integrity. My aim is for our employees to do the right thing, even if no one is looking or there is no specific rule. This awareness of integrity creates a collective effect, positive social pressure, so to speak. The research questions addressed in this study are therefore central to an effective compliance and integrity culture



I hope you enjoy reading the study and find it useful.

Yours
 Olaf Schick

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INTRODUCTION

Compliance & Integrity as Leadership Task and Means for shaping an Ethical Corporate Culture - Basic Contexts and Research Design

Compliance & Integrity Management as a Unit within the Framework of Corporate Responsibility Management

The concept of corporate responsibility and, in particular, its scope have changed significantly in recent years and decades. The transformation of the economy towards a sustainable economy that conserves resources, preserves biodiversity, avoids greenhouse gas emissions, protects human rights and promotes social justice has meant that companies are now not only held responsible for their own value creation, but also for upstream and downstream areas.

It is no longer just about traditional compliance issues such as anti-corruption compliance, money laundering prevention or antitrust issues. Today, corporate responsibility includes compliance with labor and social standards, the integration of due diligence obligations, ensuring product and production safety, efforts to protect the environment and climate, the sustainability of products and production processes as well as moral issues relating to digital change, such as the handling of data or the use of artificial intelligence.

A significant increase in moral expectations from society towards companies and the subsequent expansion of regulatory requirements - for example through legalization, the development of more and new industry standards and soft law - ultimately define what responsibility is demanded for. This makes it clear that corporate responsibility is far more than just complying with applicable law. However, it does not extend arbitrarily far, but follows the widely recognized moral principle of "ought implies can", which always links normative requirements to the

capabilities of companies.¹ When answering the question of what responsibility a company has and how far this responsibility extends, it is essentially a question of integrating the normative demands of law, politics and society into entrepreneurial action - in other words, integrating and balancing the values of relevant stakeholders into operational and strategic decisions and entering into trusting cooperative relationships with them.

Companies are therefore dependent on the trust of their stakeholders in order to operate successfully in the long term. If this trust is lacking - for example in cooperation with customers, investors, suppliers, the public or government agencies - transaction costs increase in the mildest case due to necessary controls; in the most extreme case, the existence of the company is threatened by the gradual withdrawal of the "license to operate and grow".

*” Responsibility management is integrity management, Integrity management is trust management.”*²

However, trust cannot simply be demanded. Rather, it arises from the knowledge of how organizations and individuals have behaved in the past and which norms and values have guided the coordinated actions of all company members. If actions and decisions in the past were characterized by integrity - i.e. in accordance with applicable law, generally accepted ethical standards and the company's own values and principles - then this creates credibility, authenticity and, through stringent implementation, reliability

among stakeholders. This strengthens basic trust in the expectation that the company will also behave as expected in future situations in an environment characterized by volatility, uncertainty, complexity and ambiguity (VUCA world).

This basic trust forms the basis for cooperation and makes trust one of the most important resources of modern societies.³ The primary goal of securing and maintaining responsible business activity is to build and maintain a reputation for trustworthiness. However, this requires a commitment to certain corporate values and principles and/or a clearly defined purpose. These form the internal determining factors for the corporate sphere of responsibility. The social, economic and legal framework conditions of a company at a given point in time represent the external determinants of this sphere of responsibility.

Integrity - understood as a commitment to fundamental moral values that, together with one's own reflected values and principles, is continuously reflected in one's own actions⁴ - is crucial for the acceptance of business decisions. This is especially true when stakeholder expectations have to be justifiably rejected and referred to other responsible bodies. However, this requires a critical examination of the responsibilities assigned by stakeholders and their reflection in line with the company's own values. This requires a company and its managers to be able to recognize and address conflicts of values, ethical dilemmas and compliance-relevant issues and to remain capable of making decisions and taking action.

In practical terms, this requires a targeted and integrated management of corporate responsibility that is based on the complementary approaches of compliance and integrity and thus aims to prevent misconduct, avoid liability and protect reputations (legal compliance) on the one hand and proactively build reputational capital (social purpose, CSR and ESG) on the other. Compliance & Integrity Management (CIM) forms a single unit. Metaphorically speaking, compliance is the backbone of this corporate responsibility. Integrity is its heart.⁵

¹ Cf. Grüninger et al. (2017), p. 10.

² Butscher/ Grüninger (2021), p. 34.

³ See Grüninger/ Kissmehl (2021) for more details.

⁴ Cf. Schöttl (2018), p. 67.

⁵ See Butscher/ Grüninger (2021) for more details.

The Effectiveness of CIM: A Question of Seriousness and Credibility

Effective CIM makes corporate actions predictable and reliable for stakeholders by ensuring that the company adheres to agreed rules (laws, regulations, guidelines) and is guided by ethical principles and values. Central to this are seriousness and credibility, and therefore above all the demonstration that companies take their values seriously, even and especially in difficult situations. This reduces uncertainty, strengthens trust in reliability and willingness to take responsibility and creates a stable environment for trusting cooperative relationships.

This study aims to increase the effectiveness of a CIM by conceptualizing compliance and integrity as integral components of the leadership task and central design elements of an ethical corporate culture. The approach is based on three pillars:

- **ENABLEMENT**
- **EFFECTIVE EMPOWERMENT**
- **EFFECTIVENESS TESTING**

Whether compliance and integrity catch on in the company depends above all on whether company management and managers are convinced of its meaningfulness and necessity. In their decisions and actions, they are ultimately representatives of their company's values and attitudes: they communicate rules, principles and behaviors, provide guidance and decision-making aids and are responsible for recognizing exemplary behavior and for initiating disciplinary measures in the event of clear violations. In order to anchor compliance and integrity as a leadership task, the first step is to equip managers with the necessary knowledge, skills and decision-making tools in terms of responsible leadership development (**ENABLEMENT**).

After all, every manager today needs compliance and integrity know-how in order to be able to act successfully for themselves and the company in the long term.

Another prerequisite for the success of such an approach is the structural and cultural conditions in organizations, which must offer incentives and opportunities so that Compliance and Integrity can actually be lived as a leadership task (**EFFECTIVE EMPOWERMENT**). The focus here is on formal governance structures such as guidelines and processes as well as informal aspects such as values and corporate culture. It is crucial to understand how CIM measures must be designed in order to have a positive impact on an ethical corporate culture. From this, quality criteria and success factors can be derived for a high-performance CIM that meets the criteria of seriousness and credibility.

Taking CIM seriously means that measures are only chosen in such a way that their intended goal - successful and efficient business operations in accordance with applicable law and ethical principles - can potentially be achieved. Seriousness is therefore an attitude that is fundamentally threatened by frivolity, superficiality and sometimes even dilettantism. Whether a measure is accepted, applied and adhered to - whether it is trusted or not - depends on whether it is also perceived as credible. Credibility is certified or rejected by both internal and external stakeholders. If it is not possible to convey credibility, CIM appears hypocritical and fake.

The seriousness and credibility of a CIM are manifested in the ethical corporate culture. This culture is the foundation of responsible business operations and determines not only what is considered "right" and "wrong" in the company, but also how situations and certain circumstances are interpreted and what company members really focus on. As the sum of shared values, beliefs, mindsets

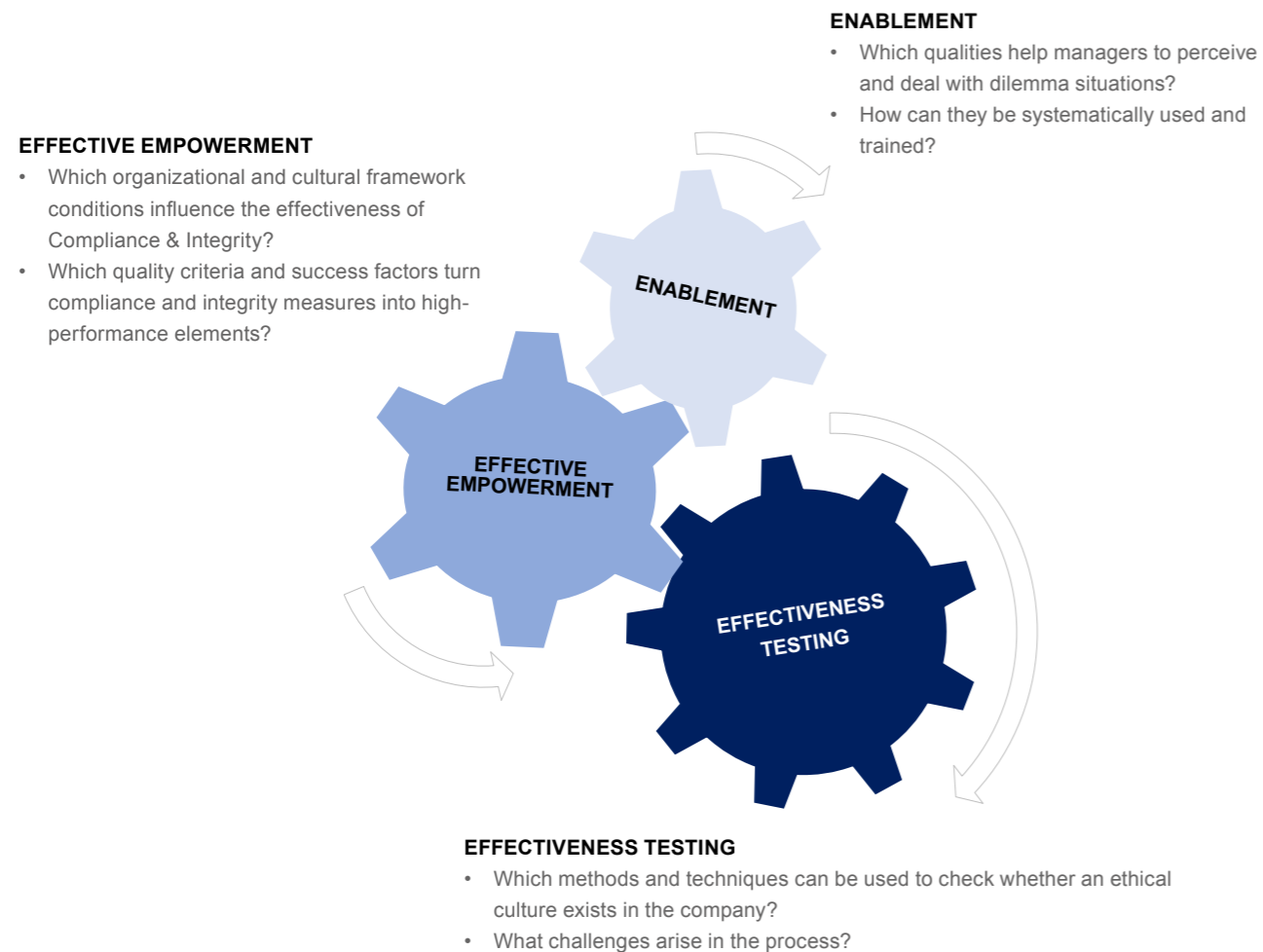
and attitudes, corporate culture thus reflects the corporate values and principles that are actually lived and accepted, or in other words, the prevailing "this is the way things are" mentality. It is clear that culture cannot be shaped directly - it is constantly forming itself anew and is therefore subject to permanent change. In the medium to long term, however, it is possible to influence ethical corporate culture indirectly - through CIM that is pursued seriously and credibly throughout. Accordingly, the third pillar is **EFFECTIVENESS TESTING**, which records the ethical corporate culture and makes it possible to reflect on the effect of CIM measures in terms of the seriousness and credibility of their design and practical implementation in the company.

Research Design

This study is the result of an application-oriented research project at the Konstanz Institute for Corporate Governance, which was conducted between October 2021 and August 2024.

The project is titled „*Compliance & Integrity as Leadership Task and Means for Shaping an Ethical Corporate Culture - ENABLEMENT. EFFECTIVE EMPOWERMENT. EFFECTIVENESS TESTING.*“

The following figure illustrates the central research questions:



The project results are based on extensive research and the processing of literature, studies and case studies from the legal, behavioral and social sciences, supplemented by numerous expert interviews. As part of the project, 28 expert interviews were conducted in two rounds of questioning, including high-ranking compliance officers, partners from Big Four auditing firms, organizational development consultants, leadership development experts and representatives of renowned law firms.

In addition, a quantitative online survey⁶ with 35 questions was conducted among 80 compliance officers from companies and consulting firms. In addition to the results from the qualitative and quantitative survey, this study also incorporated findings from discussion rounds at various academic conferences and practical symposia.

Why is this approach, which focuses on compliance & integrity as leadership task and means for shaping an ethical corporate culture, needed?

By law, company management is responsible for preventing systematic misconduct as part of its management and organizational duties. However, in many of the corporate scandals of the last two decades - with a considerable impact on the trust capital, operating results and overall business of the companies concerned and on the careers of the managers involved - this was not prevented, which led to *non-compliance despite compliance*.

Even in recent times, the revelations of scandals in companies (partly also facilitated by inadequate supervision by authorities) have not ceased, which is an indication that the approach of *compliance as a staff task* (2nd line of defense in the so-called “Three Lines of Defense Model”),⁷ which has been primarily pursued in companies for years, has failed and must now be supplemented by the approach of *compliance as a leadership task*.

Compliance & Integrity Management can only be effective if it makes the central tasks of identifying compliance and integrity risks, analyzing them and, above all, transforming them into day-to-day business decisions an integral part of management roles.

Even the most sophisticated compliance management system simply cannot develop if company management does not position itself clearly, avoids the discussion of conflicting goals and dilemmas in day-to-day business (especially profit versus integrity) and does not sufficiently **empower** employees and managers to apply fundamental values and standards in conflicts in day-to-day business.

⁶ The participants in the online survey held the following positions at the time of the survey: (Chief) Compliance Officer / Head of Compliance / Head of Compliance & Ethics (49%), (legal) advisors (29%), managers in the compliance department (15%), corporate/general counsel (6%).

⁷ See fundamentally The Institute of Internal Auditors (2020).

Importance and Requirements in Standards and Regulation

The discussion about the importance of leadership and corporate culture for effective CIM is not new but has become much more important in recent years.

„Corporate culture is the be-all and end-all for an effective compliance process landscape. Rule-based compliance with regulations and guidelines alone cannot prevent material breaches. For effective compliance and integrity measures, it is therefore essential that the cultural framework is also in place.“

Sven Clodius, EY GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft

US Sentencing Guidelines, Chapter 8

Since 2004, the US Sentencing Guidelines have emphasized the importance and connection between an ethical corporate culture and the role of company management and managers:

„To have an effective compliance and ethics program [...] an organization shall [...] promote an **organizational culture that encourages ethical conduct** and a commitment to compliance with the law“

USSG 2004, §8B2.1

An effective compliance program therefore requires a strong commitment on the part of company management to implement an appropriate compliance culture “from the middle and the top.”⁸

UK Bribery Act, Principle 2

The UK Bribery Act has also made company management responsible for establishing a corporate culture of integrity since it came into force in 2010:

„The top-level management of a commercial organisation (be it a board of directors, the owners or any other equivalent body or person) [...] are in the best position to foster a **culture of integrity** where bribery is unacceptable.“

UK Ministry of Justice 2011, p. 23

German Corporate Governance Code

Unlike the US Sentencing Guidelines and the UK Bribery Act, the German Corporate Governance Code is a voluntary guideline for the management and supervision of German companies. Although the Code itself is not a law and has no direct legal effect, many of its principles are enshrined in the German Stock Corporation Act (Aktiengesetz – “AktG”) and are therefore legally binding. Compliance requires the justification and disclosure of deviations from recommendations (“comply or explain” principle, Section 161 AktG). In its current version of 2022, the Code emphasizes the importance of leadership for the success of the company and stresses the obligation of the Management Board and Supervisory Board to ensure the continued existence of the company and its sustainable value creation in accordance with the principles of the social market economy.

„These principles demand not only legality, but also **ethically sound, responsible behavior** (model of the honorable businessman).“

German Corporate Governance Code 2022, preamble

ISO 37000: Governance of organizations

The following recommendation on the importance of leadership and culture can be found in ISO standard 37000 (Governance of organizations - Guidance) published in 2021:

„In an organization, the governing body should set the tone for an **ethical organizational culture**. While all individuals contribute to this culture, what the governing body says, does and expects is critical in setting the tone for the whole organization. Leadership is therefore a critical issue [...].“

ISO 37000:2021, p. vi

Good governance is therefore based on leadership, values and a framework of mechanisms, processes and structures and means that decision-making within organizations is based on a corporate ethos, culture, as well as norms, practices and behaviors.⁹

The standard contains principles and key aspects that are intended to support management bodies and managers in fulfilling their responsibility for responsible corporate governance. Among other things, it defines a clear responsibility of the management level in relation to the purpose of the company and how to deal with different stakeholder demands:

„[...] governing bodies will hold management to account and ensure that the **culture, norms and practices in the organization align with the organization’s purpose and values**.“

ISO 37000:2021, p. 25

⁸ Cf. DOJ (2023), p. 10.

⁹ Cf. ISO 37000:2021, p. 25..

” There must be people in the organization who act as drivers and drive efforts to promote ethical corporate culture. They should be enthusiastic about the topic and take responsibility for it. It is also essential to involve the management and supervisory bodies in the promotion of an ethical corporate culture.“



Hubertus Eichler,
Director,
Forvis Mazars GmbH & Co. KG

ISO 37301: Compliance management system

This reference can also be found in the introduction to ISO standard 37301 (Compliance management systems - Requirements with guidance for use) published in 2021:

„Organizations that aim to be successful in the long term need to establish and maintain a **culture of integrity and compliance**, considering the needs and expectations of interested parties.“

ISO 37301:2021, p. vi.

The standard offers a comprehensive set of requirements and guidelines for establishing a compliance management system and emphasizes that long-term success is not only determined by compliance with legal requirements, but also by creating a corporate culture that takes into account the needs and expectations of the various stakeholder groups and anchors and lives the corresponding values. The effectiveness of the culture and the anchoring of compliance in the behavior of employees depends primarily on leadership at all levels and on the clear values of an organization. Effective leadership acts as a role model, communicates clear expectations and emphasizes the importance of ethical conduct and compliance in decision-making processes.¹⁰

¹⁰ Cf. ISO 37301:2021, p. 7.

IDW PS 980

The new edition of the German IDW auditing standard for CMS audits published in 2022 also contains references to the topics of leadership and culture:

„[**The compliance culture**] is shaped above all by the basic attitudes and behavior of management in dealing with compliance risks (**“tone at the top”**), the role of those responsible for monitoring and the way in which **management anchors the central corporate values** and the other basic elements in the organization.“

IDW PS 980 n.F., p. 8

The standard defines the content and structural requirements for a CMS and provides guidelines for its development and implementation. It states that the appropriateness and effectiveness of a CMS is essentially characterized by an authentic compliance culture as an integral part of the corporate culture, which is influenced, among other things, by the integrity, responsible and value-oriented behavior of the members of management at all management levels in accordance with the rules to be observed, as well as by the management style and personnel policy of the company.¹¹ Specific recommendations in this regard include the regular conscious reflection of cultural framework conditions in the sense of an operationalization of compliance culture, for example through organizational anchoring at management level.

¹¹ Cf. IDW PS 980 (2022), p. 27f.

¹² Ethics & Compliance Initiative (2016), p. 26..

High Quality Program of the Ethics & Compliance Initiative (ECI)

The recommendations for a High-Quality Ethics & Compliance Program published by the Ethics & Compliance Initiative also focus on leadership and culture as central design elements of an effective CMS, with particular emphasis on the influence of management and managers on corporate culture:

„**Culture** is understood to be the largest influencer of business conduct; therefore, developing and sustaining a **strong ethical culture** is essential for protecting and sustaining the organization. **Leaders** are recognized as primary drivers of that culture.“

Ethics & Compliance Initiative 2016, p. 26

The ECI High Quality Program provides tools and resources to promote the development of high-quality ethics and compliance programs. Principle 3 of this program illustrates the connection between leadership and corporate culture: “Leaders at all levels across the organization build and sustain a culture of integrity“.¹²

European Sustainability Reporting Standards (ESRS)

Corporate culture also plays an important role in the context of ESG regulation. As part of the Corporate Sustainability Reporting Directive (CSRD), the European Financial Reporting Advisory Group (EFRAG) has developed European standards for sustainability reporting, which provide for clearly defined reporting obligations in the form of disclosure requirements:

„Organizations shall disclose corporate initiatives to establish, develop and promote corporate culture [...] [in order to] provide an understanding of how the administrative, management and supervisory bodies are involved in forming, monitoring, promoting and assessing the corporate culture.“

ESRS G1-1 No. 7

According to Standard G1 (Business Conduct), these disclosure requirements also include initiatives to shape corporate culture. The aim is to provide an understanding of how the administrative, management and supervisory bodies are involved in shaping, monitoring, promoting and assessing the corporate culture, such as the disclosure of specific incentives and instruments.

” Corporate culture is the foundation for effective compliance. Shaping an ethical corporate culture should therefore be a key focus of compliance.“

Dr. Christine Butscher, ensian group GmbH

Compliance & Integrity Management – A Question of Culture

Culture is generally regarded as one of the most important factors for successful Compliance & Integrity Management, as it influences processes in the company in a fundamental way, so that the sphere of influence also includes areas in which there are no formalized rules or instructions for action. This extended sphere of influence is particularly relevant when dealing with dilemmas.

The focus here is on corporate culture, i.e. the customs within an organization. As the sum of shared values, beliefs, mindsets and attitudes, the corporate culture reflects the corporate values and principles that are actually lived and truly accepted, whereas the values communicated to the outside world do not necessarily have to correspond to this reality.

Corporate culture is an integral part of the cultural context of an organization. It is influenced by various external factors (supranational, national, regional, industry-specific factors) and at the same time manifests itself in various internal subcultures (e.g. according to hierarchical level, function, profession, generation, etc.).

A company's culture acts as an important control system, the aim of which is to reduce complexity and provide clarity about what is considered "right" or "wrong" within the organization.¹³ It determines what is rewarded and punished, how situations and circumstances are interpreted and what individuals ultimately focus on.¹⁴

Understood as a learned system of rules,¹⁵ it takes on two central tasks: supporting both external adaptation to changes in the environment (flexibility and adaptability) and internal integration, for example of teams, departments, branches and new organizational members (stability, orientation, meaning).¹⁶ Culture thus becomes a "signifying event"¹⁷ – it acts as a motivational factor that controls the perception and evaluation of complexity by giving it meaning.

In the context of CIM, corporate culture can therefore be understood as an informal structure and thus as an unwritten law. It is not determined by management decisions but develops and establishes itself over time through habits.¹⁸ Company members base their actions on it, which leads to a "this is how things are done here" mentality. The culture therefore influences the decisions of all members as to when formal or informal rules should be followed,¹⁹ and when they should not.

¹³ Cf. Doppler (1994), p. 300..

¹⁴ Cf. in particular Umphress/ Bingham (2011).

¹⁵ Cf. Fichtner (2008), p. 104.

¹⁶ See a definition by Edgar Schein (cf. 1995, 2010): "Corporate culture is a pattern of shared basic premises that the group has learned in coping with its problems of external adaptation and internal integration, which has proven itself and is therefore considered binding; and which is therefore passed on to new members as a rationally and emotionally correct approach to dealing with these problems."

¹⁷ Cf. Wieland (2022), p. 470.

¹⁸ Cf. Kühl (2018), p. 13.

¹⁹ Cf. Jüttner/ Barnutz (2020), p. 253.

Based on Edgar Schein's model²⁰, a company's culture is divided into three elements:

- (1) visible and measurable artifacts, which are easily observable but difficult to decipher,
- (2) espoused values, rules and norms – usually not free of contradictions, and
- (3) fundamental, often unconscious beliefs and assumptions.

The model resembles an iceberg of which the observer only sees the tip. These are, for example, visible and audible behavioral patterns (interior design, clothing fashion, verbal and non-verbal interaction, humor, body language) but also physical manifestations (documents, products) and organizational structures (such as working time regulations).

Similar to the submerged mass of an iceberg, the essential elements of culture – formal and informal rules, practiced values and norms as well as fundamental and unconscious assumptions and beliefs - remain invisible and cannot be directly influenced. However, they have a profound influence on the identity and behavior of an organization because they are solutions learned, invented, discovered or developed over time that are considered valid and therefore the right way to perceive, think and feel about certain problems.²¹

” The corporate culture clarifies the prevailing ways of thinking and paradigms. It is the space of legitimate expectations and defines where you stand, what you do and what is important. “

Dr. Frank Obergefell, Thales Academy / KUNDO xT

Study results show that the influence of corporate culture on effective CIM has not yet been sufficiently recognized. For example, the promotion of compliance culture is identified as a key task in 2021, while it was not yet seen as a future challenge in 2017.²²

The positive influence of corporate culture on CIM is also supported by research findings: A culture that focuses on integrity, contributes significantly to preventing organizational crime.²³ Corporate culture plays a decisive role in dealing with conflicts of values, dilemmas and compliance-relevant issues in particular, as it influences behavior by shaping individual processes and promotes reflection on complex situations.²⁴

On the other hand, the lack of a culture that promotes integrity favors breaches of integrity and, in the worst case, can encourage violations of the rules.²⁵ Among other things, it is often false (economic) incentives, such as unrealistic goals, that contribute to negative characteristics of organizational culture and legitimize or even reward misconduct.²⁶

This can lead to members of an organization being unaware of their potentially unethical behavior or consciously accepting it because this behavior has been legitimized by a deeply rooted understanding of 'this is how things are done here'.

²⁰ Cf. Schein (1984, 1990).

²¹ Cf. Schein (1990), p. 111.

²² Cf. Deloitte (2017), p. 31ff; Deloitte (2021), p. 44ff..

²³ Cf. Bussmann et al. (2018), p. 272.

²⁴ Cf. Key (1999), p. 219.

²⁵ Cf. Hunziker et al. (2021), p. 28.

²⁶ Cf. Ordóñez et al. (2009), p. 11.

The terms “compliance culture” and “ethical corporate culture” differ primarily in their focus: while compliance culture is primarily aimed at adherence to rules and legal requirements, ethical corporate culture goes beyond this. It focuses on moral and ethical values and promotes ethical behavior that goes beyond mere compliance.

A purely compliance-oriented culture can have a demotivating effect, especially if it focuses primarily on avoiding liability and external incentives. A misconceived “zero-tolerance policy” can even lead to a counterproductive “culture of fear and recrimination”. In contrast, an ethical corporate culture strives to strengthen intrinsic motivation to act with integrity and to support reflective decision-making.

The goal should therefore be a balanced corporate culture that understands legal requirements as a minimum standard and at the same time integrates ethical values as an overarching framework for action.

” The term “compliance culture” is a contradiction in terms. Compliance focuses on adherence to the rules, but in the corporate context it is also primarily about ethical dilemmas. Tomorrow’s compliance issues are not yet regulated today. Certain topics are still ethical issues now but will also be regulated in the future. “

Dr. Klaus Moosmayer, Novartis AG²⁷

” The terminology is secondary. What matters is how the term being understood and how culture and values are actually lived. The following distinction can be helpful: A “compliance culture” is more strongly characterized by “classic compliance”. If moral standards and values are embedded, corporate culture is also compatible to other topics and goes beyond a pure compliance culture. “

Dr. Christine Butscher, ensian group GmbH

²⁷ Dr. Klaus Moosmayer was in that role when the German version of this research project was published. Since May 22nd, 2025, Klaus Moosmayer has been a member of the Supervisory Board of Deutsche Bank AG and serves on the Audit, Risk and Compensation Control Committees of the Board.

” Terminology should make no difference here if the same goal is being pursued. Terms such as “values or integrity management” are easier to communicate to employees than “compliance” and may be better accepted. However, the content of the approaches should be aligned with the specific corporate culture of the organization in order to achieve the highest possible level of acceptance among employees. “

Hubertus Eichler, Forvis Mazars GmbH & Co. KG

The biggest challenge in influencing corporate culture is that it cannot be directly shaped. Corporate culture is constantly evolving and is subject to constant change, which is determined by many different factors. Unlike a technical process, it can neither be “introduced” nor “prescribed”. In the medium to long term, however, corporate culture can be indirectly influenced by targeted measures that shape employee behavior..

” The basic problem of culture shaping is resistance to change. “

Frank Vießmann, Continental AG

” Changes to the status quo are always difficult because the beneficiaries block them if they feel their position and privileges are at risk. “

Christoph Kowalewski, #IntegrityFirst²⁸

Compliance & Integrity Management can provide an important framework for action by giving stability to the ethical corporate culture through seriousness and credibility.

At the same time, a consolidated ethical corporate culture forms an essential basis for effective CIM, as it ensures that measures are not only formally implemented and documented, but are also constantly scrutinized by actively “living” the corporate values with regard to the desired goals and functionalities (seriousness) and thus endowed with “real” effectiveness (credibility).

This shows the reciprocal relationship between CIM and corporate culture: **they support and reinforce each other.**

Leadership in the Context of Corporate Responsibility

The first pillar of the previously introduced approach of compliance and integrity as a leadership task and matter of culture shaping is ENABLEMENT. The aim here is to anchor the central tasks of CIM for the functioning of corporate responsibility management - in particular the identification of compliance and integrity risks, their analysis against the background of economic, legal and social consequences, and their transformation into decision-making in day-to-day business - in the organization.

Managers play a decisive role here as identification figures and role models in the organization. In their decisions and actions, they embody the values and convictions of the company, convey rules, principles and behavioral expectations, provide orientation and support and recognize exemplary behavior.

At the same time, they are responsible for initiating disciplinary measures in the event of clear misconduct. In short, they are a decisive lever for promoting an ethical corporate culture, provided they can be convinced of the sense and necessity of CIM and reflect this in their management behavior.

The management behavior (exemplified) in the organization must be a central element in CIM precisely because of its ability to influence corporate culture - of course in the role of top management or company management, but also in the management work of direct superiors; therefore, compliance and integrity is the task of every manager in the company.

Leadership as a Social learning process

Leadership influences people through its role model function. By observing and identifying with a manager, employees imitate the behavior of their superiors through psychological adaptation processes. Through so-called vicarious experience, they learn what behavior is expected of them and which behaviors are rewarded and which are sanctioned. In order to set an example as a manager, this role must be legitimate and credible - i.e. evaluated as normatively appropriate - and based on altruistic motivation such as honesty, consideration for others and fairness. However, effective exemplification also requires attention to the exemplary behavior itself. Ethical messages in the sense of tone from the top should be communicated as conspicuously as possible so that they stand out in the organizational context.²⁹

²⁸ Christoph Kowalewski currently serves as a compliance officer for a municipal healthcare group.

²⁹ Cf. fundamentally Bandura (1971); Brown et al. (2005).

It is clear that the integration of compliance and integrity as a central leadership task today places new and expanded demands on managers and requires a new understanding of leadership accordingly: leadership in the context of corporate responsibility (Responsible Leadership).

In the academic discussion, this leadership approach is seen as an extension of already established leadership paradigms. These include above all

- **Transactional Leadership**, which manifests itself, for example, in the evaluation and rewarding of performance, the sanctioning of misconduct, personal and moral appeals and references to duties based on defined standards and norms. These standards can be used to hold employees accountable for their actions.³⁰
- **Transformational Leadership** and therefore inspiration. By aligning their own value system with important moral principles, transformational managers become role models who are respected and admired and whose behavior is emulated. Conveying a sense of purpose plays a decisive role in this. Employees identify not only with the manager themselves, but also with the underlying reasons and intentions.³¹
- **Ethical Leadership** and thus the demonstration of normatively appropriate behavior through personal actions and interpersonal relationships as well as

the promotion of such behavior among employees through two-way communication, reinforcement and decision-making.³²

The focus of responsible leadership is primarily on reconciling economic and strategic considerations with moral convictions, which is distinguished in particular by a pronounced stakeholder orientation and reflection on the impact of management behavior on society (social and environmental responsibility).³³ The associated understanding of responsibility therefore extends beyond the boundaries of an organization and requires an examination of the various values of relevant stakeholders.³⁴

Stakeholders in this context are persons or groups who invest resources (both material and immaterial, such as capital, know-how, loyalty, legitimacy, trust, etc.) and interests and thus become part of the sphere of responsibility of companies.³⁵ They come from various sectors, including business (business partners, employees, investors, interest groups), politics (supervisory authorities, legislators, governments, political parties, courts), society (non-governmental organizations, local communities, churches) and academia (research institutions, educational institutions). Their invested resources and interests are not limited to a purely economic dimension, i.e. they follow different decision logic (economic, legal, technical, ethical, etc.) and underlying norms, each with different language patterns.

Dealing with these different decision logics in the confrontation with diverse values is therefore an essential prerequisite for recognizing and addressing conflicts of values and ethical dilemmas and remaining capable of making decisions and taking action.

Today, globally active organizations in particular are confronted with a multitude of conflicts of values and ethical dilemmas. These challenges arise not least due to the large number and diversity of existing stakeholder networks and the resulting increase in cultural complexity. This requires the balancing of different and sometimes contradictory interests, norms and resources to be invested by relevant stakeholders against the background of the organization's own ethical standards.³⁶

This diversity of stakeholder relationships requires specific communication skills for dealing with the respective decision logic (economic, legal, technical, ethical, etc.).³⁷

A lack of these skills can lead to communication deficits that result in misunderstandings and conflicts, complicate decision-making processes and ultimately promote ethical dilemmas.

The fact of operating in and as part of several societies at the same time due to the international nature of the business can also give rise to dilemma situations, particularly in the area of tension between universal principles and local norms, i.e. when the concrete implementation of abstract and fundamental ethical principles in different cultural contexts leads to different interpretations, actions and behavioral expectations.³⁹

In challenging markets in particular, this sometimes manifests itself in a tension between the values propagated by the company (abstract) and the lived reality on the ground.

Dilemmas are complex gray-area decisions or conflicting goals in the corporate context in which employees are confronted with various options for action in their day-to-day business. These are decisions that require weighing up sometimes conflicting interests, values, obligations or convictions and often have to be made under time pressure. By definition, there are no "solutions" to dilemmas. The key to effective management of these challenging situations is the ability to recognize problems of this kind and then counter them with suitable coping strategies.³⁸

³⁰ Cf. Bass & Avolio (1994), p. 422; Yukl 2013.

³¹ Cf. fundamentally Bass and Avolio (1994); Burns (1978).

³² Cf. Brown et al. (2005), p. 120.

³³ Cf. Muff et al. (2022), p. 274; Tsui (2021), p. 169; and fundamentally Pless & Maak (2008).

³⁴ Cf. Pless & Maak (2008), p. 235.

³⁵ Cf. Wieland & Schwengber (2024). See also an earlier and much broader definition by R. Edward Freeman (1984, p. 46): "A stakeholder in an organization is any group or individual who can influence or is affected by the achievement of the organization's goals."

³⁶ Cf. Wieland (2023); Wieland/ Schwengber (2024). James/ Priyadarshini (2021, p. 454), speak of ethical dilemmas as "diversity challenge" in this context.

³⁷ Baumann Montecinos/ Grünfelder (2022) refer to this as transcultural competence.

³⁸ Cf. Grüninger/ Zubrod/Kissmehl (2022), p. 111f.

³⁹ See Mihelič et al. (2010); James/ Priyadarshini (2021).

What is considered ethically acceptable in certain cultural contexts (such as certain forms of gift-giving in business relationships) is already a corruption offense in other contexts.⁴⁰

Globally active organizations are faced with the challenging task of developing a uniform understanding of values and anchoring this culturally in the long term. At the same time, dealing with diverse contexts requires conscious consideration of situational meanings and local interpretations of these shared values - always within clearly defined boundaries. This challenging balancing act requires carefully designed processes that use global values and principles as a basis to promote consistent interpretations of values while systematically incorporating and integrating local priorities.⁴¹

Although recent years have seen a significant increase in regulatory requirements (through legalization, standards and soft law), regulatory deficits persist in the global context. The laws and standards currently in place and their worldwide enforcement are often not sufficient to effectively control ethical behavior in global value chains. As a result, companies are often faced with external and internal regulatory deficits, which creates regulatory gray areas. In addition, it is difficult to clearly assign responsibility in many areas of global value chains (for example, in the enforcement of human rights), which leads to a diffusion of responsibility and further encourages the emergence of ethical dilemmas.

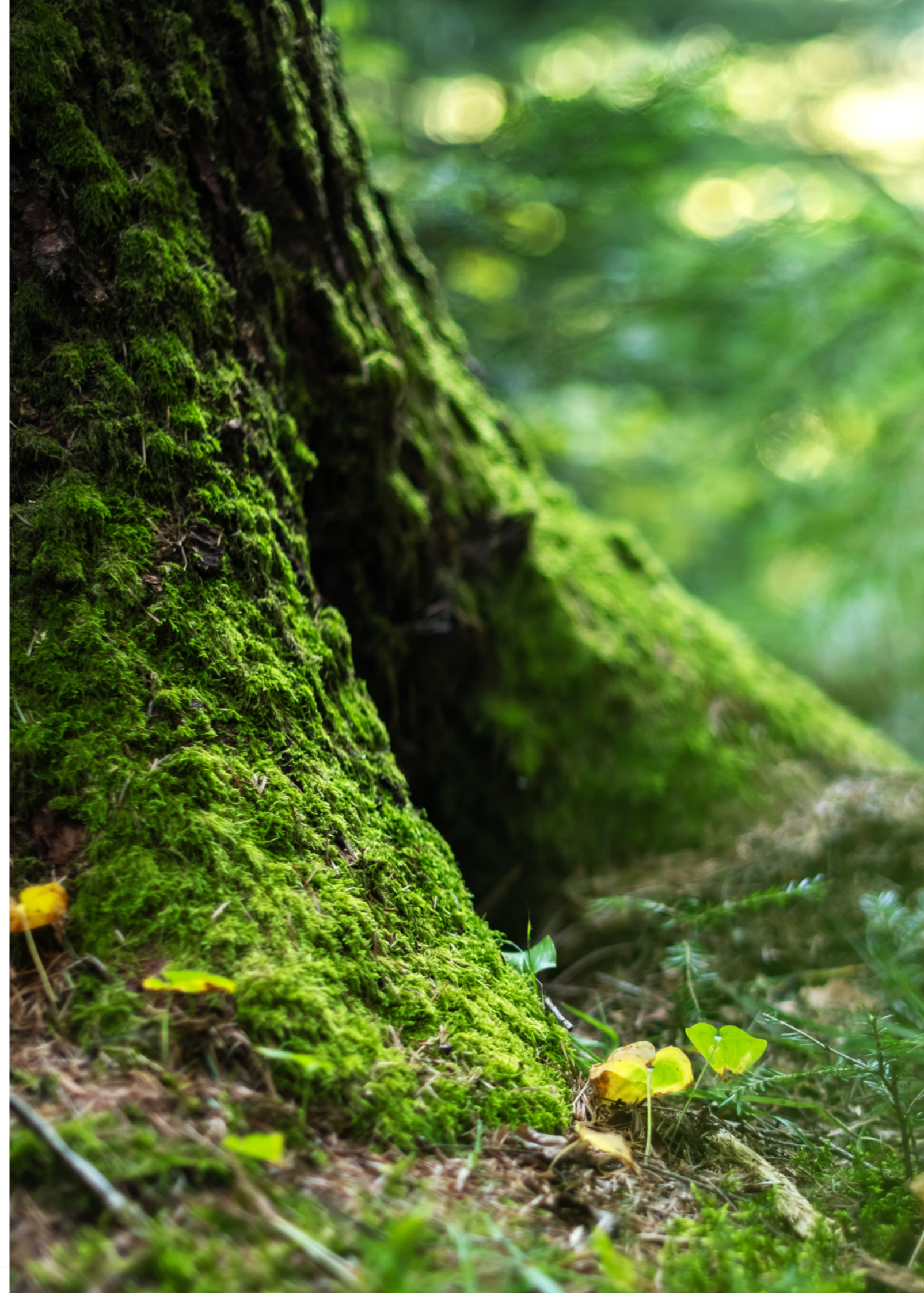
Finally, the business model as such can also promote conflicts of values and dilemmas; for example, short-term profit expectations (shareholder value creation)

and challenging targets derived from this can lead to a dominance of purely economic interests, which may be at odds with long-term, trust-based cooperative relationships with relevant stakeholders (shared value creation). Particularly in regions with unstable political, social or economic conditions, this can lead to enormous pressure to commit unethical or illegal acts in order to (continue to) do business.

Leadership in the context of corporate responsibility therefore requires knowledge, competence and support in decision-making processes in order to recognize and address conflicts of values, ethical dilemmas and compliance-relevant issues. Managers must be able to make decisions in complex day-to-day business situations that must be seen against the background of the duties and limits of corporate responsibility and are influenced by conflicting expectations and multiple decision logic. These decisions must be comprehensible and justified with convincing arguments.

⁴⁰ See Grüninger/ Kissmehl/ Zubrod (2022), a detailed study on the challenges in international CIM with a special focus on high-risk countries.

⁴¹ See the transcultural management approach. In contrast to traditional inter- and cross-cultural approaches, which focus primarily on overcoming differences, the transcultural approach goes beyond this by actively seeking to identify and strengthen shared values. In this context, "trans" refers to the creation of new commonalities beyond existing cultures. See Baumann Montecinos & Grünfelder (2022), p. 42; see also Wieland (2016).



ENABLEMENT

Perception and Handling of Dilemma Situations: Necessary Skills and Abilities of Managers

Responsible Leadership Model

Our reflections on a Responsible Leadership Model (RLM)⁴² provide an overview of the qualities required to deal with dilemma situations. It aims to develop and promote skills⁴³ for responsible, value-oriented (corporate) leadership in order to reconcile successful economic activity with ethical principles and legal aspects.

The RLM defines responsible leadership qualities that can be systematically promoted and trained through a corresponding development concept (Responsible Leadership Development). A central starting point of the model is the question of which leadership skills are helpful in the perception and anticipation of compliance and integrity risks, their analysis and the integration of these aspects into day-to-day business decision-making.

Responsible Leadership Model (RLM)			
	MANAGEMENT Qualities	LEADERSHIP Qualities	RESPONSIBLE LEADERSHIP Qualities
Dealing with risks	Solve problems and minimize risks	Exploiting opportunities and taking risks	Anticipate opportunities and risks and manage them responsibly
Focus on	hard facts	Hard facts and soft factors	Hard facts, soft factors and ethical considerations
Decision-making	efficient decisions	Accepted decisions	Being able to give good reasons for decisions
Mindset	process logics	relationship logics	multiple decision logic
Standing through ...	competence	authority	integrity
Leadership through ...	rules	Role model and inspiration	Empowerment and conveying meaning
Knowledge	"Hard knowledge"	"Soft knowledge"	"Ethical knowledge"
Goal setting	Efficient management of resources	Inspiration and motivation	Creating trust

Responsible leadership qualities result from the integration and expansion of management and leadership qualities and can be systematically promoted and trained through responsible leadership development.

⁴² The following section presents the results of the first project pillar ENABLEMENT. See also Butscher/ Grüninger/ Kissmehl (2022, 2025).

⁴³ Competencies are combinations of knowledge and skills in coping with action requirements. Personal qualities of managers associated with responsible leadership, such as honesty, trustworthiness, fairness, caring, empathy or emotional intelligence, are not taken into account here.

The competencies identified build on existing skills and abilities from the management and leadership literature and can be further developed into responsible leadership qualities through integration and expansion.

A central management quality (MQ) consists of solving problems in day-to-day work and minimizing risks as far as possible. At the same time, an important leadership quality (LQ) is the ability to exploit opportunities and consciously take risks in day-to-day business in order to secure business activities in the long term. This results in responsible leadership quality (RLQ), which consists of recognizing opportunities and risks at an early stage, particularly in grey areas or dilemma situations. The aim is to manage these aspects responsibly in terms of opportunity and risk management.

Successful managers are able to make efficient decisions based on hard facts and process logic, which requires objective, measurable and often technical and business knowledge (MQ). However, many decision-making situations also require so-called soft factors to be taken into account. These are subjective, intuitive and situation-dependent and include, for example, the ability to resolve conflicts, communication and persuasion skills as well as transcultural competence. These skills play a central role in increasing the acceptance of decisions and are based on relationship logics (LQ). Responsible leadership takes a comprehensive view, i.e. multiple decision logics (economic, legal, technical, ethical, etc.) come into play in the decision-making situation, which must be taken into account in the decision-making process and, if necessary, weighed against each other (RLQ). By dealing responsibly with hard facts, soft factors and ethical aspects, responsible leaders are able to give good reasons for their decisions, especially in grey areas or dilemma situations.

Responsible leadership legitimizes the leadership position through competence, authority and integrity. Authority is fundamentally different from an authoritarian leadership style. It arises from a manager's experience, knowledge and behavior and is voluntarily attributed by others on the basis of respect and recognition. An authoritarian leadership style, on the other hand, is based on coercion and control, whereby decisions and instructions are enforced without co-determination. In the context of responsible leadership, natural authority is meant, which is strengthened by a positive and motivating role model function.

Responsible leadership, understood as a social quality, is the ability to convince others to invest all their professional and social skills for a shared goal (empowerment and conveying meaning) and to lead by example. Central to this is the value of integrity, which is demonstrated in actions, decisions and behavior. Responsible leaders create an atmosphere in which problems, difficulties and mistakes can be addressed openly. In addition to the efficient management of resources (MQ) and the inspiration and motivation of employees (LQ), responsible leaders are primarily concerned with creating trust within their own team and beyond, as well as developing and maintaining a corporate culture based on integrity (RLQ).

Systematic Development and Training of Responsible Leadership Qualities

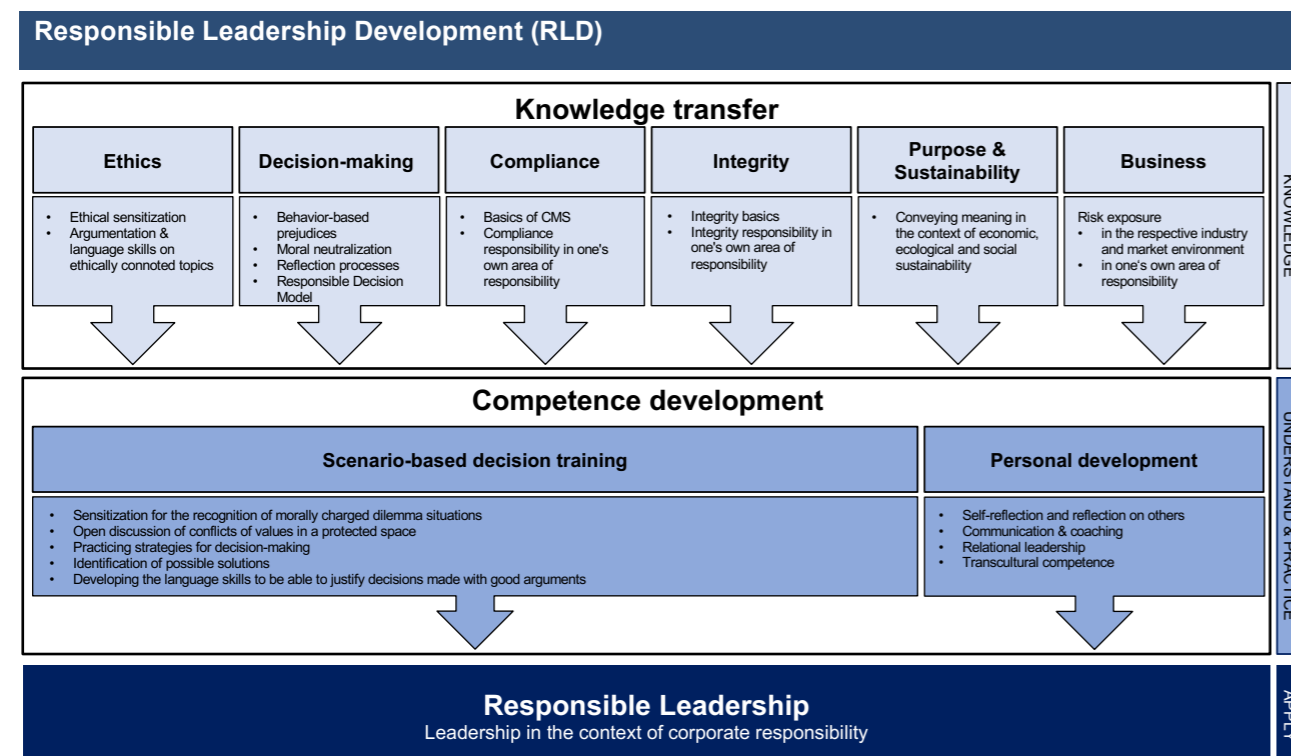
Responsible Leadership Development

Responsible Leadership Development (RLD), derived from the Responsible Leadership Model, is designed to enable managers to make responsible decisions (responsible decision making) and to contribute to sustainable and responsible corporate governance (responsible leadership) through their actions.

A key training element here is the transfer of knowledge on topics such as ethics, decision-making, compliance and integrity, but also on the increasingly important topics of the sustainability and purpose debate. However, simply imparting knowledge is not enough to enable responsible leadership. In order to anchor the necessary knowledge in managers' actions and decisions in the long term, knowledge transfer must be closely linked to skills development.

This means that knowledge - on ethical decision-making, parameters influencing decisions, compliance, integrity, sustainability and business risks and their impact on the individual, the organization and its relevant stakeholders - must be practiced and consolidated through scenario-based decision training.

Responsible leadership development also requires space for personal development, guided and accompanied by coaching. Together, knowledge transfer and skills development form the building blocks for empowering responsible decision making and enabling responsible leadership.



It is crucial for the practical success of compliance and integrity as a leadership task that managers are also prepared for it. This requires an approach that focuses on management education and development. Responsible Leadership Development aims to achieve this capability.

Knowledge Transfer

Ethics

Today's managers must be able to position themselves on ethically connoted issues, whether in contact with external stakeholders or when dealing with employees in their own area of responsibility. At the same time, managers must be able to give good reasons for the decisions they make. This requires ethical awareness, but in particular ethical argumentation and language skills and therefore requires an introduction to the basics of ethics and business ethics.

Decision-making

In addition to anticipating possible moral problem areas in the course of decision-making, which is what makes it possible to recognize dilemma situations in the first place, managers need to know how to process and manage these decision-making situations in a structured manner.⁴⁴ Particular emphasis is placed on raising awareness of behavioral bias in decision-making and on moral neutralization (such as moral disengagement), which provides insights into how immoral decisions and misconduct arise in the first place. Examining typical patterns of legitimation, justification strategies and other findings from research on ethical decision-making triggers reflection processes that can prevent ethical blindness, cognitive distortions and self-deception.

Important Concepts from Research on Ethical Decision-Making

- Ethical Blindness**

Ethical blindness describes the state in which people are unable to recognize the ethical implications of their actions due to contextual factors. This can be triggered by cognitive distortions and the influence of the social environment.

See in detail

> Palazzo, G./ Krings, F./ Hoffrage, U. (2012): *Ethical Blindness*. In: *Journal of Business Ethics*, 109 (3), pp. 323-338.

⁴⁴ See the [Responsible Decision Model](#) in detail in the next section.

- **Moral Disengagement**

Moral disengagement describes the psychological mechanisms that make it possible to ignore moral standards so that individuals can commit unethical acts without feeling guilt. These include moral justification, euphemistic language, shifting of responsibility, diffusion of responsibility, distortion or ignoring of consequences, dehumanization and attribution of guilt.

See in detail

- > *Bandura, A. (1999): Moral Disengagement in the Perpetration of Inhumanities. In: Personality and Social Psychology Review, 3 (3), pp. 193-209.*

- **Moral Licensing**

Moral licensing describes the effect in which people develop the feeling that they can afford unethical behavior after a moral action because they have earned a “moral credit”. This leads to an increase in tolerance for one’s own unethical actions.

See in detail

- > *Monin, B./ Miller, D. T. (2001): Moral Credentials and the Expression of Prejudice. In: Journal of Personality and Social Psychology, 81 (1), pp. 33-43.*

- **Normalization of Deviance**

Normalization of deviance describes the process by which behaviors originally considered risky or unethical become accepted practice through repeated tolerance and the absence of negative consequences, typically at an organizational or cultural level. This normalization leads to the acceptance of unethical behavior in groups or organizations. Characteristic features are the repetition of rule violations, the absence of sanctions, a distorted perception of the severity and risks of these violations and the cultural acceptance of deviant behavior.

See in detail

- > *Vaughan, D. (1996): The Challenger Launch Decision: Risky Technology, Culture, and Deviance at NASA. Chicago: University of Chicago Press.*

- **Incrementalism / „Slippery Slope“**

Incrementalism describes the process by which people are gradually drawn into more serious violations through a series of small, increasingly unethical decisions. This often begins unnoticed with seemingly innocuous actions that gradually shift the moral boundary and allow for greater ethical compromise, with each action being rationalized as differing only slightly from previous behavior.

See in detail

- > *Gino, F./ Bazerman, M. H. (2009): When misconduct goes unnoticed: The acceptability of gradual erosion in others’ unethical behavior. In: Journal of Experimental Social Psychology, 45 (4), pp. 708-719.*

Compliance

In addition to imparting basic knowledge about the importance and functioning of the compliance management system and the support available from the compliance organization, the focus of the development of the responsible leader is on recognizing and understanding the compliance responsibilities in their own area of responsibility and developing strategies and measures to fulfill these responsibilities.

Integrity

The primary aim here is to make the concept of integrity, which is still often perceived as abstract, tangible and explainable for managers and to convey that integrity as a guiding value is central to responsible corporate governance. In practical implementation, the intensive discussion of conflicts of values and dilemma situations (see “scenario-based decision training”) has proven its worth. This awareness is fundamental to recognizing integrity responsibilities within one’s own area of responsibility. This includes, in particular, the ability to make the value of integrity accessible and tangible for employees.

Purpose & Sustainability

Responsible leaders must be able to convey a sense of purpose for their own work and that of their employees, place it in the corporate context and understand the impact of their own management behavior on society. This requires a basic introduction to the concept of economic, ecological and social sustainability and includes the ongoing academic and social discourse on these topics, particularly regarding the current state of regulation and the significance of this for one’s own company and area of responsibility.

Business

An essential basis for the success of compliance and integrity as a leadership task is an expanded understanding of the company’s risk exposure and sphere of responsibility in the respective industry and market environment as well as in its own area of responsibility. This requires a holistic view, because in addition to knowledge of classic legal compliance risks, it is also particularly important to anticipate (possibly future) moral problem areas and economic challenges in day-to-day business.

Competence Development

Scenario-based Decision Training

Scenarios and case constellations that are as practical and realistic as possible form the core of an RLD. They lead to an understanding of the knowledge learned and help to practice it in decision-making situations. Case studies on relevant business scandals, generic case studies from decision theory as well as real case constellations from one's own everyday business life help with this.

The training includes raising awareness of morally charged dilemma situations, openly discussing value conflicts in a protected space and - most importantly - practicing strategies for decision-making, identifying possible solutions and, in particular, the language skills to be able to justify decisions with sound arguments. The Responsible Decision Model offers an important tool for systematic decision-making support (see next section).

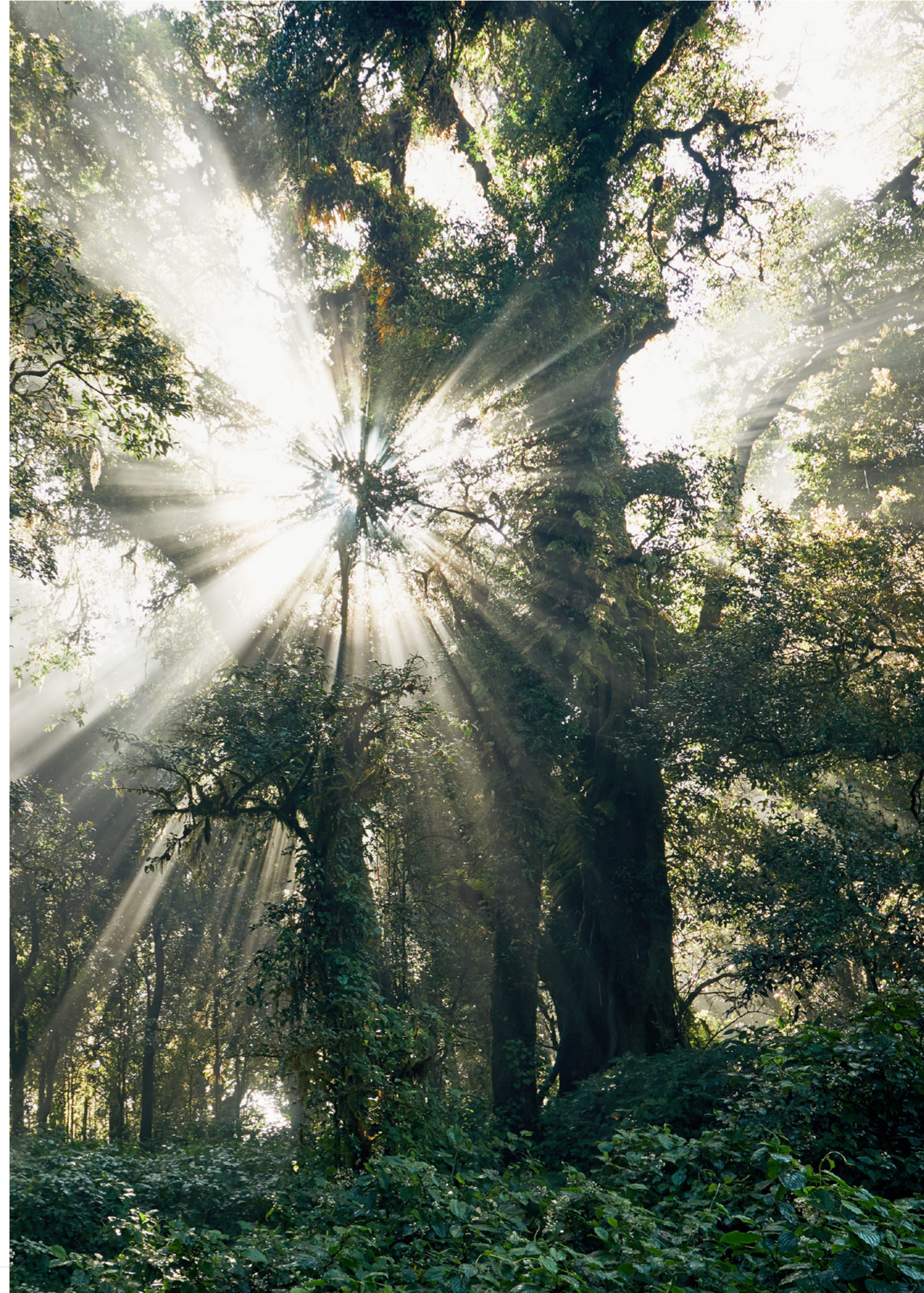
Personal Development

In addition to skills development, responsible leadership development also requires room for personal development. In order to set an example for employees, a manager must first have clarity about what he or she stands for and wants to stand for. This is achieved through self-reflection and reflection by others, accompanied by specific forms of coaching.

Responsible leadership also requires an expanded understanding of leadership: in addition to the concepts of transactional and transformational leadership, it is particularly important to develop skills in the area of relational leadership. Relational leadership focuses less on individuals and more on the quality and dynamics of cooperative relationships and is based on trust, respect and voluntariness.⁴⁵

The focus is on the willingness and ability to cooperate with stakeholders in the long term, which requires adaptive learning processes as well as the activation and design of formal (rules, procedures, structures) and informal (character, values, corporate culture) governance structures.

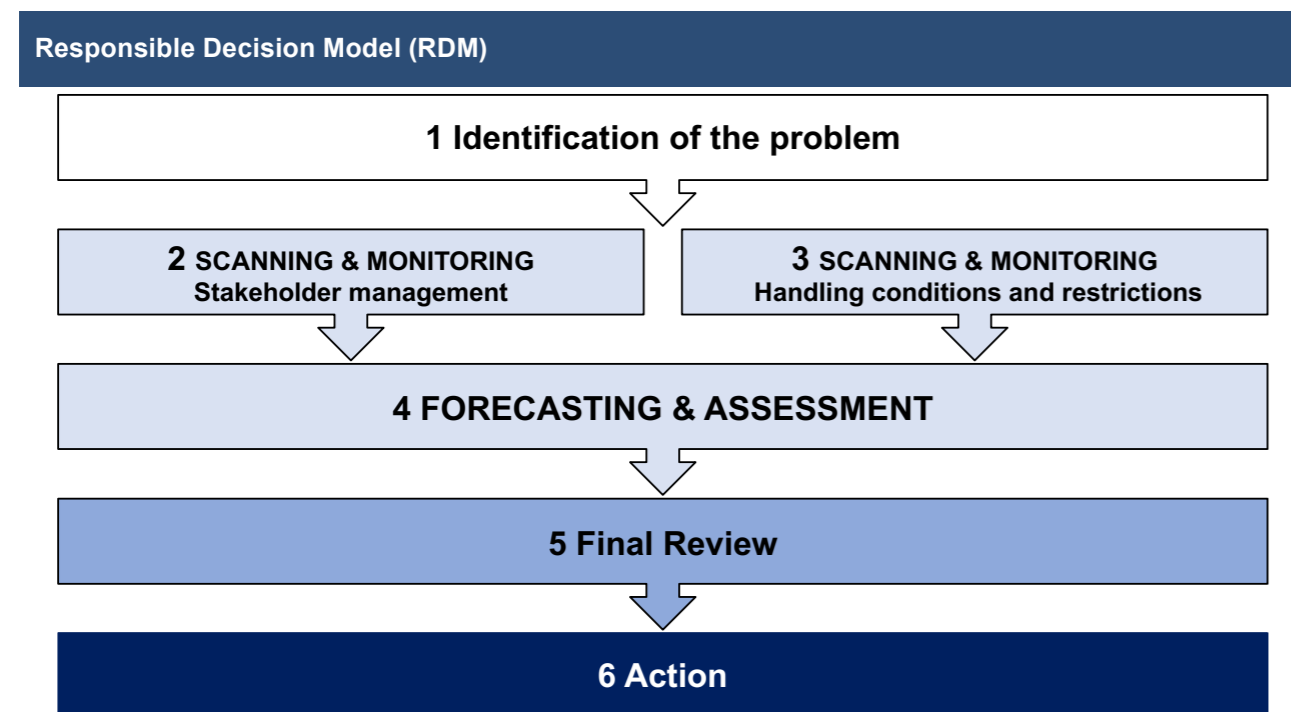
⁴⁵ See Uhl-Bien (2006), Uhl-Bien/ Ospina (2012) and Wieland (2018, 2020).



Responsible Decision Model

The Responsible Decision Model (RDM) is essentially based on an ethical decision-making model⁴⁶ and comprises 6 steps:

1. Identification of the problem
2. Scanning & monitoring: Stakeholder Management
3. Scanning & monitoring: Conditions and restrictions for action
4. Forecasting
5. Final review
6. Taking action



The Responsible Decision Model is intended as a decision-making aid to help deal with compliance conflicts and dilemmas and support managers in systematically mastering difficult decisions in day-to-day business.

⁴⁶ See, for example, Wieland/ Schwengber 2024 ("Decision-making model to deal with ethical dilemmas in global value networks"), Stead et al. 1990 ("Integrative model for understanding and managing ethical behavior in business organizations"), Hamilton et al. 2009 ("Manager-friendly heuristic model for resolving cross-cultural ethical conflicts"), McDevitt et al. 2007 ("Model of ethical decision making"), Bleisch et al. 2021 ("Ethical decision making") and Renz et al. 2023 ("Identifying and resolving ethical dilemmas in day-to-day management").

Identifying the Problem

First of all, the ethical dilemma must be identified, defined and translated into an action-oriented management decision.

- What exactly is the problem?
- Which norms and standards (law, company principles, policies & procedures, values, ethical principles) apply?
- What exactly needs to be decided?

Scanning & Monitoring: Stakeholder Management

This involves identifying the (explicit and implicit) stakeholders relevant to this management decision, analyzing their invested resources, interests, objectives and arguments and prioritizing them in terms of influence potential, legitimacy and urgency. However, there is no predetermined decision-making hierarchy for this. The assessment is always context-specific to the decision-making situation in question.

- Which (explicit and implicit) stakeholders are relevant in the immediate decision-making situation?
- Which invested stakeholder resources and interests need to be considered in the decision-making process?
- How can their goals, interests and arguments be prioritized in terms of influence potential, legitimacy and urgency?

Scanning & Monitoring: Analyzing Conditions and Restrictions for Action in Compliance Conflicts and Ethical Dilemmas

This involves analyzing the specific context in which the management decision must be made. Possible conditions and restrictions for action in compliance conflicts and ethical dilemmas include

- **Environmental and surrounding conditions**
Analysis of conditions that may have a negative impact on moral judgment in the decision-making situation and promote ethical blindness, cognitive distortion and self-deception. These include, for example, unrealistic goals, tunnel vision, pressure to succeed, physical and psychological stress, time and decision-making pressure, competitive pressure, etc.
- **Diffusion of responsibility**
Responsibility is not always clearly allocated and assigned and harbours the risk of diffusion of responsibility ("organized irresponsibility").
- **Conflicts of values**
Conflicts of values can occur in the form of intrapersonal conflicts of values (conflicts of values in one person), interpersonal conflicts of values (conflicts of values between actors) and intercultural conflicts of values (conflicts of values between cultures [countries, regions, but also sectors, etc.]).
- **Information deficits**
Information deficits result from the economic reality of incomplete information. In specific situations, the question always arises as to whether and how the information base can at least be improved.

- **Communication deficits**

Communication deficits in decision-making situations arise when there is no or insufficient exchange of key rules, norms and values with relevant stakeholders. Time pressure, complexity, a lack of communication channels, a lack of competence in dealing with decision logic and a lack of trust exacerbate these deficits and increase the risk of wrong decisions, misunderstandings and conflicts.

- **External and internal rule deficits**

(existence, clarity, enforcement)

External rule deficits arise due to missing or unclear legal requirements, such as regulatory gaps, different and possibly contradictory international legal rules or a lack of enforcement. Internal rule deficits occur when there are no clear instructions within the organization or the instructions are not consistently enforced, which makes it difficult to comply with rules and prosecute violations.

Forecasting & Assessment

The aim here is to systematically analyze the identified decision problem against the background of the findings already obtained. The following steps are relevant here:

- **Strategic information gathering to improve the decision-making situation**
 - > How important is this decision in the overall business context?
 - > How promising are the possible decision alternatives?
 - > What support and what resistance (internal and external) can be expected?
- **Analysis and definition of the area of responsibility**
 - > Personal responsibility (function-dependent, function-independent)
 - > Corporate responsibility (guidelines & procedures, values & cultures, supporting structures & hierarchies).
- **Examine alternatives / consider consequences**
 - > What impact and consequences do possible decision alternatives have on the relevant stakeholders and what does this mean for their invested interests and resources?
- **Assess opportunities and risks**

Comparison of important action parameters, arguments and consequences of possible alternative courses of action:

 - > What opportunities and risks (economic, legal, technical, ethical, etc.) are at stake here? How realistic are they?
 - > How can risks be minimized without becoming incapable of acting?

Final Review

Before the management decision is translated into action, a concluding reflection from an ethical perspective is essential. The following guiding questions may support this reflective process and help determine whether the intended course of action aligns with ethical principles:

- > *How would you feel if others had made the same decision, and it affected you?*
Derived from almost all religious and moral traditions / Golden Rule: "Do not do to others what you would not want done to yourself!"
- > *Should this approach become the rule? Would you want everyone to act like you in a similar situation?*
Derivation from deontological ethics / categorical imperative according to Immanuel Kant: "Act only according to that maxim through which you can at the same time will that it become a universal law!"
- > *Would you feel you were treated fairly if you were in the same situation? Would you want to trade places with any of the other parties involved?*
Derivation from fairness ethics (John Rawls)
- > *How would you feel if your decision became (publicly) known (transparency rule)?*
- > and much more⁴⁷

Action

The Responsible Decision Model is action-oriented and focuses, in its final step, on the concrete actions resulting from the management decision. These can include the following elements:

- Justification of the decision and documentation
- Internal and/or external communication of the reasons for the decision
- Internal and/or external escalation
- Internal and/or external reporting
- Drawing personal consequences
- Initiating disciplinary measures
- Deriving organizational remediation measures
- Initiation of organizational learning processes for dealing with similar management decisions in the future
- Initiating cross-company learning processes within the framework of cross-industry initiatives, associations, collective action, integrity pacts, etc.
- and much more

⁴⁷ See Grüninger/Zubrod/Kissmehl (2022), p. 124.

EFFECTIVE EMPOWERMENT

Organizational and Cultural Framework Conditions influence the Effectiveness of Compliance and Integrity

The aim of EFFECTIVE EMPOWERMENT is the effective design of Compliance & Integrity Management. The prerequisites for the success of this approach are structural and cultural conditions in organizations that must offer incentives and opportunities so that CIM can actually be lived as a leadership task and matter of culture shaping.

Initially, this requires an analysis of the organizational and cultural conditions within the organization. This analysis distinguishes between supporting and inhibiting factors.

Supporting factors



Supporting factors - Organizational and cultural framework conditions with a supporting influence on the effective design of CIM

Purpose and Meaningfulness

A clearly defined corporate purpose forms the basis for employees to understand how their work contributes to a larger goal. This awareness strengthens psychological ownership and promotes a willingness to take responsibility and actively support corporate values. The decisive factor here is the clear connection between the purpose of the company - the reason for its existence - and the ethical values that determine the path to this goal. In this way, ethics becomes an integral part of corporate culture and makes it clear to employees how purpose-driven action strengthens corporate values.⁴⁸

„Emphasizing the purpose or meaningfulness of an activity serves to shape compliance topics in a positive way. By integrating a deeper purpose into operational processes, the intrinsic motivation of employees is also stimulated. Employees should be actively involved in the dialogue about compliance, as this not only increases transparency, but also creates a shared sense of responsibility and an understanding of the importance of standards in the larger context of the company's goals.“

Florian Meier, Boston Consulting Group

„The “checklist mentality”, in which controls are simply processed without understanding the meaning behind them, is at odds with the effective implementation of compliance. This approach of taking measures out of obligation alone, without recognizing the deeper purpose, often leads to necessary processes being treated superficially. It is therefore crucial to promote a conscious examination of the why and the meaningfulness of the measures in addition to the pure execution of controls.“



Florian Meier,
Associate Director,
Boston Consulting Group

⁴⁸ Cf. Bhattacharya et al. (2022), p. 183.

Shared core values

If employees perceive the company's decisions as consistent with its values and these are in line with their own, it strengthens their ethical behavior. Such alignment leads to stronger identification with the company and fosters a sense of psychological ownership - the feeling of being responsible for the well-being and principles of the company, regardless of legal ownership. This makes employees feel more committed to upholding and promoting corporate values.⁴⁹

” Given the diversity of ways of thinking, acting and backgrounds within a company, it is essential to establish common principles that are understood by everyone and seen as a consensus. “

Andreas Pyrcek, EY GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft⁵⁰

Clearly communicated expectations

Clear ethical standards and rules of conduct give employees guidance and make it easier to act with integrity, even in gray areas. Vague guidelines, on the other hand, create uncertainty and can lead to employees acting unethically - whether out of ignorance or by making excuses in the event of violations.⁵¹

” It is the responsibility of managers to become the drivers of corporate culture themselves. This is why their active involvement in shaping the corporate vision is crucial, as this ultimately supports the clear and transparent communication of the company's expectations to the workforce. “



Dr. Frank Oberfell,
Family entrepreneur, founder,
Thales Academy / KUNDO xT

Appreciative attitude

An appreciative attitude in companies is demonstrated by the commitment to the common good: people focus not only on themselves, but also on how their own and the company's actions affect others and society as a whole. This attitude defines the “right thing” in a less short-sighted and selfish way and influences how ethical issues are addressed, dealt with and resolved.

Companies that foster an appreciative mindset can achieve a high level of moral development by looking at challenges from different perspectives and approaching ethical issues with greater sensitivity, humility and openness.⁵²

Empathy

Empathy, understood as the cognitive and emotional ability to put oneself in another person's situation, helps to better understand their perspectives and concerns and to consider the impact of one's own actions on others and on the company as a whole. Empathy works here as an ego-depleting state in which people voluntarily stand up for others and expand their ethical focus in the process. A company that actively promotes the importance of empathy supports its own ethical growth.⁵³

” It takes an environment of humble and empathetic managers who put the long-term good of the company and its members above their own short- and medium-term interests. Creating this across the board is a daunting task for those responsible for compliance and integrity in a company; a goal that can never be fully achieved, but one that must be continuously worked towards. “



Christoph Kowalewski,
Compliance & integrity Consultant,
#IntegrityFirst⁵⁴

⁴⁹ See Kaptein (2008), p. 925. See also Bhattacharya et al. (2022) and Martínez et al. (2021).

⁵⁰ Andreas Pyrcek currently serves as Partner and Leader for Regulatory Compliance & Ethics within Risk Consulting at EY Consulting GmbH.

⁵¹ See Kaptein (2008), p. 924.

⁵² See Filabi/ Bulgarella (2018), p. 14; see also Victor/ Cullen (1987, 1988).

⁵³ See Filabi/ Bulgarella (2018), p. 14; see also Cameron et al. (2015).

⁵⁴ Christoph Kowalewski currently serves as a compliance officer for a municipal healthcare group.

Organizational trust

Trust-based relationships and trust in the competence, integrity and goodwill of employees are an important key to an ethical corporate culture. Trust in the company means that employees have positive expectations of reliability, motivation and the behavior of their colleagues. This makes it easier to take risks when working together and to support each other. Trust requires a shared commitment to common values and principles and creates a sense of moral responsibility. In an environment of high trust, employees are more motivated to do the right thing.⁵⁵

” Particularly in large companies, the discussion of compliance topics must not remain anonymous. A clear assignment of responsibilities is essential, both in terms of compliance and the punishment of violations of these guidelines. Transparency about who is responsible for compliance and in what position is crucial for an effective and trust-building approach. “

Frank Vießmann, Continental AG

Participation and co-creation

The involvement of employees promotes a personal sense of responsibility, which has a decisive effect on employee motivation.⁵⁶ In addition, the open discussion and inclusion of different perspectives enables a more comprehensive consideration of ethical issues, which leads to fairer solutions for everyone involved. This sense of justice also increases motivation.⁵⁷ Committed employees are more likely to act with integrity.⁵⁸ Participation and collaborative design are therefore important tools for ethical culture shaping.

” To promote an ethical corporate culture, it is important to intensify the exchange with people who drive and are committed to an ethical corporate culture. These people can be new to the company and bring fresh perspectives and recognize the opportunity for active participation, as well as long-standing members who are willing to actively take on responsibility. This includes not only managers, but also members of committees and people at interfaces who can drive change through their involvement and commitment. “

Dr. Christine Butscher, ensian group GmbH

Speak-up culture

The normative standard of an ethical corporate culture goes beyond doing the right thing. It means that employees feel confident that their actions contribute meaningfully to the achievement of ethical standards and understand that they can have a positive influence on ethical decisions and processes. Openness means that the company is receptive to employees reporting ethical problems and violations. Together, participation and openness are characteristic features of an environment in which employees themselves can take measures to prevent unethical behavior.⁵⁹

” Involving a wide range of people and stakeholders with different perspectives and opinions is crucial to promoting an ethical corporate culture. “

Andreas Pyrczek, EY GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft

Appropriate culture of learning from mistakes / Psychological safety

An appropriate culture of learning from mistakes creates an environment that enables an open approach to dealing with mistakes, learning from them and supporting continuous improvement. It promotes ethical behavior by ensuring psychological safety - the trust that employees feel when they work in the Group. In a culture with high psychological safety, employees feel safe to speak up about their thoughts, ideas and mistakes without fear of negative consequences. This trust promotes transparency and counteracts unethical behavior.⁶⁰

” From defining goals to dealing with misconduct and mistakes, it is essential to continuously integrate the aspects that shape culture into all areas of the company. It is particularly important to promote a positive culture of learning from mistakes. The goal should be to anchor a constructive approach to mistakes as an integral part of the corporate culture. “

Dr. Stefan Otremba, Continental AG⁶¹

⁵⁵ See Filabi/ Bulgarella (2018), p. 13; see also Mayer et al. (1995), Korsgaard et al. (2015), Lilly et al. (2016).

⁵⁶ Cf. Hackmann/Oldham, p. 256.

⁵⁷ See Landes et al. (2020), p. 26.

⁵⁸ See Kaptein (2008), p. 924; see also Boye/ Jones (1997) and Giacalone/ Greenberg (1997).

⁵⁹ See Filabi/ Bulgarella (2018), p. 15; see also Bandura (1997).

⁶⁰ See Queckbörner (2024), p. 68.

⁶¹ Prof. Dr. Stefan Otremba currently serves as Global Head of Governance & Sustainability at AUMOVIO SE and as Professor of Corporate Management, Business Development, and Corporate Governance at HTWK Leipzig.

Openness to risk

Risk openness in companies describes the willingness and ability of an organization to take calculated risks, identify and actively manage them. It promotes an ethical corporate culture by enabling transparent decision-making processes and open discussions about risks and their ethical dimensions. This allows the company to identify potential ethical risks at an early stage and develop appropriate measures to prevent them.⁶²

Shared experiences of success

According to social learning theory, people tend to adopt behaviors that show positive results. Shared successes based on moral action therefore strengthen ethical behavior and encourage its repetition. At the same time, such experiences of success increase employee motivation, which leads to a greater willingness to act ethically.⁶³

” Success stories contribute positively to the promotion of an ethical corporate culture. By concretely illustrating how an ethical corporate culture provides support, compliance topics can be given a positive framing (“making culture tangible”). This can be achieved, for example, by openly communicating on relevant ethical decisions. “



Dr. Christine Butscher,
Head of Compliance, Integrity and
Risk Management
ensian group GmbH



⁶² Cf. Francis/ Armstrong (2003), p.375.

⁶³ See Bruce (2007), p. 68; Kaptein (2008), p. 924; see also Boye/ Jones (1997) and Giacalone/ Greenberg (1997).

Inhibiting factors



Inhibiting factors - Organizational and cultural framework conditions with an inhibiting influence on the effective design of CIM

Lack of moral awareness

A lack of moral awareness in companies means that ethical aspects of challenges, conflicts and decisions are given little or insufficient consideration and employees and managers are consequently unable to recognize conflicts of values.

A central component for maintaining an ethical focus in the company is missing. Employees lack sensitized resources for an active ethical discourse. Moral awareness can be sharpened by specifically addressing ethical issues - for example, through training and ethically aware corporate communications.⁶⁴

” It is recommended to focus more on reducing rigid rules and guidelines and instead promote the sharpening of the inner ethical compass. This approach is designed to empower employees to act independently and appropriately in any situation by fostering a deeper understanding of ethical principles. Especially in times of increased complexity, this enables greater flexibility and adaptability. “

Andreas Pyrczek, EY GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft

⁶⁴ See Filabi/ Bulgarella (2018), p. 12; see also Rest (1986), Clarkeburn (2002), Treviño (1986), Brown and Treviño (2006), Kaptein (2008).

Strong hierarchies

Hierarchical structures are often used to manage complex organizations and delegate decision-making responsibility. However, this delegation can lead to employees at lower levels making decisions based on incomplete information without having a comprehensive moral understanding of the situation. As the degree of specialization increases, responsibility is spread across many people, leading to “organized irresponsibility” and diffusion of responsibility.⁶⁵

Hierarchy-driven corporate cultures make it difficult to determine concrete responsibilities and thus provide neutralizing grounds for immoral behavior.⁶⁶ There is also a risk of shifting responsibility to a higher hierarchical level.⁶⁷

Strong hierarchies also harbor the risk of employees “obeying” out of fear of negative consequences and being more willing to neglect moral standards.⁶⁸

Organizational unfairness

Employees pay close attention to how companies allocate their resources and how organizational processes and guidelines are implemented. Organizational injustice and unfairness in the workplace compromise basic motives and violate shared expectations of mutual moral obligations. Employees who experience procedural and interactional injustice in the workplace feel a loss of personal control and a threat to their social status.⁶⁹

Culture of fear

If employees have to fear negative consequences if they report misconduct, it fundamentally contradicts an ethical corporate culture. Fear of retaliation - such as intimidation or bullying - not only signals a toxic culture within the company but also gives reason to believe that behaviors that promote ethical conduct are unlikely to be found.⁷⁰

” It is crucial to create an atmosphere of open communication in which employees have no fear of possible reprisals if they express critical thoughts. A culture should be established where people feel encouraged to share their opinions and raise concerns - an environment where it is taken for granted that everyone can speak up and disagree. “



Patrick Späth,
Rechtsanwalt / Partner,
Morrison & Foerster LLP⁷¹

” It is important to avoid a ‘culture of fear’ by creating an environment that promotes trust and openness. A fundamental prerequisite for this is that employees have the certainty that they can point out potential violations and abuses via appropriate channels without having to fear negative consequences. This promise must be kept by all managers at all levels of the organization. At the same time, it should be emphasized that taking individual responsibility is essential, as violations of corporate values will not be tolerated. This awareness of consequences is not only important to maintain the integrity of corporate values, but it also creates a clear link between individual actions and the larger goal of the company. “

Florian Meier, Boston Consulting Group

⁶⁵ Cf. Jones/ Ryan (1998), p. 440; see in particular Beck (1988), p. 100.

⁶⁶ Cf. Moore et al. (2012), p. 13; Jones and Ryan (1998), p. 440; see also Moral Disengagement Theory, Bandura (2002), p. 107.

⁶⁷ See Moore and Gino (2013), p. 66; Martin et al. (2014), p. 302; See also Moral Disengagement Theory, Bandura (2002), p. 106.

⁶⁸ See, for example, the Milgram experiment, Milgram (1963).

⁶⁹ Cf. Filabi/ Bulgarella (2018), p. 10; see also Lind/ Tyler (1988), Cropanzano et al. (2003) and Tyler/ Blader (2000).

⁷⁰ See Filabi and Bulgarella (2018), p. 12; see also Mayer et al. (1995).

⁷¹ Patrick Späth currently serves as a lawyer and partner at HWCL Compliance Legal.

Abusive management behavior

An abusive management style - for example through arbitrary decisions, derogatory comments, a lack of tolerance towards dissenting opinions and unfair punishments - does considerable damage to employees' self-confidence and motivation.

As managers play a key role in shaping the behavior and values of employees, such management behavior has a negative impact on corporate culture and often leaves a lasting mark. It then becomes difficult for the company to control the dynamics of this "negative learning". If such misconduct goes without consequences, it can easily create the impression that ethical values are not a priority within the company.⁷²

” Employees should have both cognitive and motivational skills. On a cognitive level, it is important that they understand what is expected of them to avoid confusion. This requires raising awareness of areas of accountabilities, roles and responsibilities. At the motivational level, there is a need for effective leadership that goes beyond the purely cognitive. Employees should be inspired by this leadership and experience an environment in which they enjoy working together. Consistent consequence management, both in terms of motivation and deterrence, is essential in this regard. “

Dr. Stefan Otremba, Continental AG

⁷² Cf. Filabi/ Bulgarella (2018), p. 11; see also Ashford (1997), Keashly et al. (1994), Mayer et al. (2009), Bandura (1978).

Wrong incentives

Promoting an ethical corporate culture requires both material and immaterial incentives that reward correct behavior. However, if these incentives are measured solely based on economic indicators in combination with ambitious performance targets, there is a risk of double standards: on the one hand, "norms and values" are proclaimed, while on the other, the principle of "achieving goals at any cost" prevails.

This can lead to norms and values being perceived as potential "business blockers", which in turn may encourage so-called "shortcuts to success". This increases the risk of employees' moral stability being put to the test.

The pressure that arises from this can impair mental capacity, foster neutralization and justification mechanisms, and narrow the focus - especially with regard to ethical considerations - significantly increasing the risk of breaches of integrity.⁷³

⁷³ Cf. Grüninger/ Wanzek (2020), p. 946; see also Wieland (2008), p. 162; Wieland (2014), p. 78; Welsh and Ordóñez (2014), p. 80.

⁷⁴ See Grüninger (2016), p. 47; see also Bussmann (2004), Heißner (2014), p. 69..

Inconsistent punishment of misconduct

Equally important as the incentives that are lived and felt within the company is the company's established practice of sanctioning unethical behavior. The failure to impose the necessary sanctions not only has an impact on the seriousness and credibility of the moral commitment, it also promotes a noticeable tolerance for the violation of corporate values and rules and thus facilitates the cognitive neutralization of the injustice of immoral behavior.

From a corporate culture perspective, the equal treatment of all members of an organization - i.e. employees and management alike - is an essential prerequisite for a corporate culture to be perceived as "fair".

The mere suspicion of concealment or preferential treatment of senior managers, for example, when sanctioning serious misconduct can trigger mistrust and frustration among employees and thus form the basis for neutralizing and justifying unethical actions.⁷⁴

” An essential component of an effective compliance system are feedback mechanisms that ensure that negative results are subsequently reviewed and concrete measures are actively taken to prevent the recurrence of misconduct. This includes assessing the effectiveness of the measures taken and adjusting them if necessary. “

Manuela Mackert, formerly Deutsche Telekom AG

High employee identification

An (excessively) high level of employee identification constitutes another obstacle, especially when employees feel personally connected to the company's success and failure, and feel responsible for averting potential harm to their company, sometimes at any cost.⁷⁵ The resulting double standards can lead to the acceptance or even desire to harm third parties for the benefit of one's own company, whereby personal principles and values are disregarded.⁷⁶ It is not only identification with the company as a whole that harbors risks for the emergence of immoral acts, but also strong identification with subgroups within the organization (such as small units or departments) can promote breaches of integrity.⁷⁷

In this context, the natural desire to belong can trigger group and individual behavior that overrides established moral standards in favor of the group.⁷⁸

” In family businesses, employees often identify strongly with the company, which can have both positive and negative effects. “

Sven Clodius, EY GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft

Language used in the company

The wording, paraphrasing, and targeted use of certain words in day-to-day business also have an influence on what is perceived as important in an organization and what is conveyed to employees as an expectation. The language chosen thus defines the corporate framework within which options for action are identified, evaluated and justified. The use of euphemisms is particularly important in the case of breaches of integrity. Terms such as “useful expense” (for bribery), “creative accounting” (for accounting manipulation) or “misstep” and “peccadillo” (for criminal offense) have a considerable influence on the perception and evaluation of an action and can make immoral behavior appear less wrong and serious.

The same applies to the use of terms from the world of war or games, such as “battle” or “victory” (for achieving goals), “tactical maneuvers” (for balancing between complying with and circumventing rules) or “playing with hidden cards” (for strategic deception).

The use of such language in the company, especially by managers, has the psychological effect of making it easier for employees to participate in unethical actions and can thus unconsciously encourage breaches of integrity.⁷⁹

Opportunistic self-interest

If the prevailing view in a cultural environment is that individual interests and profits take precedence over shared values, the risk of unethical behavior increases significantly. Purely selfish motives and an exaggerated drive for personal status jeopardize efforts to create a shared ethos and encourage behavior that disregards ethical standards or condones opportunistic behavior. Employees then tend to focus on personal interests and needs rather than on the well-being of the company as a whole. This undermines the development of an ethical corporate culture and increases the susceptibility to ethical conflicts.⁸⁰

Informal alliances

Informal networks within organizations play a central role in the flow of information and efficiency in companies, for example by advancing stalled initiatives. However, they can also significantly impair ethical behavior when personal relationships and loyalties are placed above the interests of the organization and ethical standards, promoting abuse of power and nepotism. Such practices create a climate of injustice and dissatisfaction, undermine accountability and reduce transparency, as members are protected by their networks. As a result, employees are less likely to report unethical behavior for fear of reprisals or expulsion from these networks.⁸¹

⁷⁵ See Schönborn (2014), p. 278

⁷⁶ See Bussmann (2004), p. 43; Umphress et al. (2010), p. 770.

⁷⁷ Compared to identification with the company as a whole, strong identification with a subgroup carries greater risks of breaches of integrity, as loyalty to related groups of people is usually greater than loyalty to the company; see Pershing (2002), p. 166.

⁷⁸ Cf. Ashforth/ Anand (2003), p. 203; Moore/ Gino (2013), p. 62.

⁷⁹ Cf. Moore/ Gino (2013), p. 63; see also Ferraro et al. (2005), Bandura (1991, 2002) and Moore et al. (2012).

⁸⁰ Cf. Filabi/ Bulgarella (2018), p. 11f.; see also Palmer (2000), Lu et al. (2017), Edelman (2015), Kern/ Chugh (2009).

⁸¹ Cf. Bryan et al. (2007), n.p.; See also Horak et al. (2020).

Silo thinking

Organizational silos are psychological barriers that cause departments to work in isolation from each other. A strong silo mentality hinders the exchange and cooperation between different organizational units and has a negative impact on the ethical corporate culture. A lack of feedback can lead to ethical risks being overlooked and limit the ability to learn from mistakes. In addition, competitive thinking between departments encourages decisions that may disregard ethical standards. In this isolated environment, it becomes more difficult for employees to develop a shared understanding of ethical values and integrate them into daily actions, which significantly inhibits the promotion of an ethical corporate culture.⁸²

” Regardless of the specific department - whether HR, compliance or sustainability - it is crucial that someone takes on the orchestration of ethical culture shaping. In the end, it requires a coordinated interaction of all departments supporting each other to promote an integrated and effective ethical corporate culture. “



Andreas Pyrcek,
Global Forensics, Integrity &
Ethics Leader
EY GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft⁸³

” The existence of silo cultures within a company can lead to challenges, as no single department can independently drive the development of corporate culture. Catalysts are needed to serve as connecting elements. Compliance can function as such a catalyst by helping to overcome departmental barriers. By being understood and integrated as a cross-cutting principle, compliance creates a common foundation, connects departments with each other, and promotes a coherent corporate culture. “

Dr. Klaus Moosmayer, Novartis AG



⁸² See also De Waal et al. (2019).

⁸³ Andreas Pyrcek currently serves as Partner and Leader for Regulatory Compliance & Ethics within Risk Consulting at EY Consulting GmbH.

Measures for High-Performance Compliance & Integrity Management

Based on the preceding analysis of the organizational and cultural framework conditions for the effective design of CIM, the following quality criteria can now be derived, which have a positive impact on an ethical corporate culture and meet the criteria of seriousness and credibility. They are intended to serve

as a guidance for defining requirement catalogs in companies as well as consulting and auditing practices for the design and assessment of "High-Performance Compliance and Integrity Management Systems" (HPCIM).



EFFECTIVE EMPOWERMENT - Quality criteria for an effective CIM

Q1 Management Responsibility

Q1: Managers - top management & middle management - are active multipliers for compliance and integrity.

As role models, managers are essential for promoting an ethical corporate culture. They embody corporate values, communicate rules, recognize exemplary behavior and take disciplinary action in the event of misconduct. Their management behavior is therefore a central component of Compliance & Integrity Management, which must of course be actively practiced by company management, but especially in the management work of direct superiors, in order to be effective.

The *tone from the top*⁸⁴ is shaped by the behavior and basic attitudes of management and is named as a key element in various relevant guidelines for implementing a CMS.⁸⁵ It provides employees with a clear code of conduct and acts as a driver for ethical behavior and a culture of integrity at all levels of the company.⁸⁶

Top management in particular is under strict observation by stakeholders and must therefore ensure that corporate values are represented credibly - both internally and externally. Promoting an ethical corporate culture therefore requires a clear commitment and regular, credible communication on the part of the management on the - sometimes unpleasant or controversial - topics in the area of compliance and integrity.⁸⁷

„If the tone from the top is not right, culture shaping at the lower levels cannot work.“

Prof. Dr. Roland Steinmeyer, Morrison & Foerster LLP

⁸⁴ In an expanded understanding, the term "Tone from the Top" goes beyond the mere role of company management and also includes the importance of the middle management level ("Tone from/at the Top/Middle"). While the "Tone from/at the Top" describes the behavior and communication style of top management, which are decisive for establishing and maintaining an ethical corporate culture, the "Tone at the Middle" refers to the responsibility and role model function of middle management. These managers act as intermediaries between the strategic level and the operational teams and are crucial for the consistent implementation of compliance and integrity principles throughout the company.

⁸⁵ Cf. Bethke/ Bach (2020), p. 49. For example, the Tone from the Top is mentioned in the UK Bribery Act, IDW PS 980 and ISO 37301:2021

⁸⁶ Cf. Deloitte (2022), p. 23.

⁸⁷ Cf. von Busekist/Hein (2012), p. 45.

” It is important to consciously make time for compliance matters and to discuss real-life cases involving dilemmas and conflicts, for example. These open conversations create space for a discussion about risks and promote a culture of openness. It is crucial to actively hold managers accountable and ensure that both compliance matters and ethical questions are constantly on the agenda and are communicated continuously rather than only being present during certain phases. “

Dr. Klaus Moosmayer, Novartis AG

” To ensure that the tone from the top is communicated to employees, lower management levels in particular must also be involved and held accountable. This is not only about creating an understanding of the values to be communicated, but also about empowering management to bring these values to life through their own example and skillful guidance. And, of course, this also includes recognizing and actively managing existing resistance and resistance at (lower) management levels. “

Dr. Stefan Otremba, Continental AG

The positioning of the management not only promotes credibility, but also strengthens the trust of employees and stakeholders in the company management.⁸⁸

The presence of managers on the website and at events, as well as the publication of relevant quotes from management, together with other initiatives, can help to emphasize the relevance of the issues and create transparency, which strengthens the seriousness and credibility of CIM measures both internally and externally and thus promotes an ethical corporate culture.⁸⁹

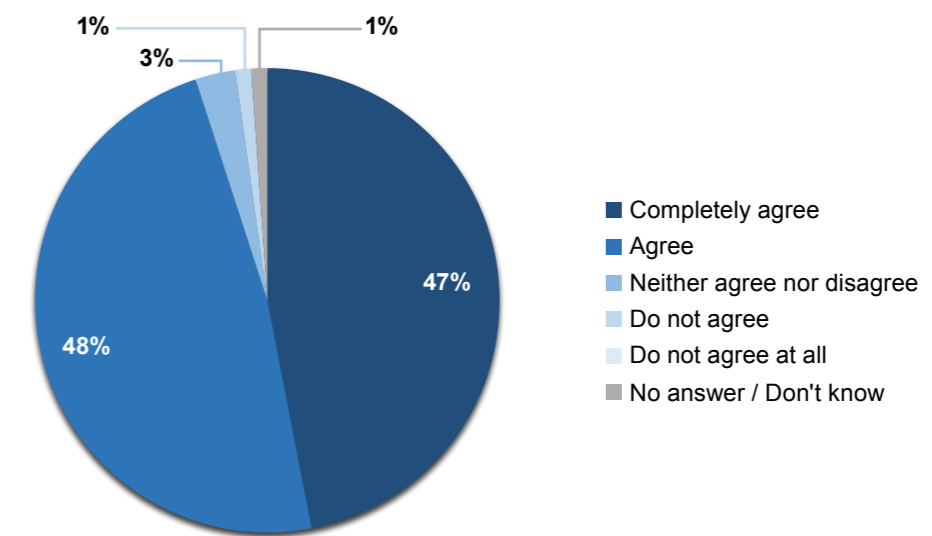
As relevant standards and laws also indicate, the responsibility for compliance and compliant behavior within the organization lies primarily with top management, as the license to operate is largely related to compliance with applicable regulations.⁹⁰

⁸⁸ Cf. Lee et al. (2024), p. 9576ff; Porto et al. (2024), p. 16ff.

⁸⁹ Cf. Deloitte (2022), p. 23. The study shows that, according to 87% of respondents, the constant presence of management as part of compliance communication measures means that the proclaimed values reflect the corporate culture that is actually lived.

⁹⁰ Cf. for example §93 AktG, §43 GmbHG, ISO 37301:2021, p. 37f., German Corporate Governance Code (2022), principle 5.

Upper management levels have a particularly strong influence on the promotion of an ethical corporate culture



A large majority of respondents (95%) agree that senior managers have a significant influence on promoting an ethical corporate culture, the KICG survey shows.

” Top management acts as a role model for employees. In this key role, managers in upper management set standards and demonstrate through their actions and decisions the expected standard that employees should follow. “

Dr. Stefan Otremba, Continental AG

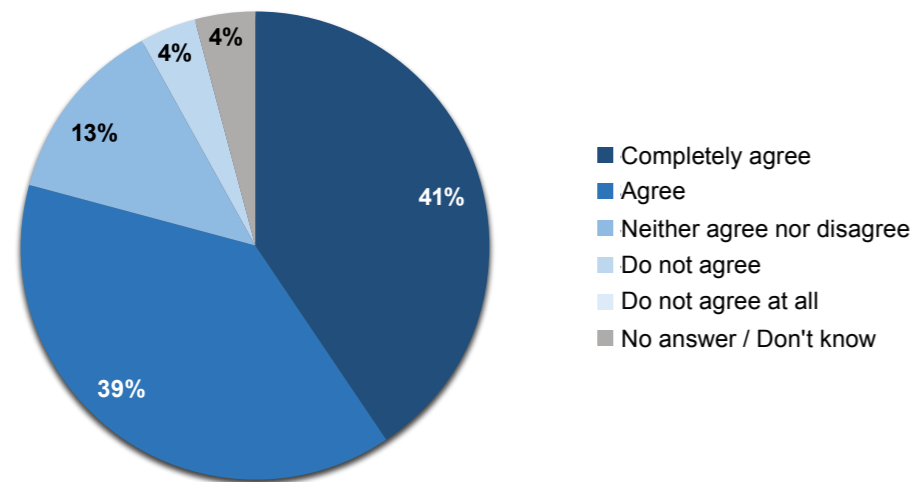
Taking responsibility for compliance issues, creating open spaces for discussion and acting as role models are therefore among the central tasks of managers. However, this responsibility does not end with top management, but extends to all levels of the company.⁹¹

Continuous exemplification and communication of values by managers not only creates credibility, but also ensures that the values and principles set out are taken seriously.⁹²

⁹¹ Cf. DICO (2021), p. 14.

⁹² Cf. Bussmann et al. (2016), p. 28.

Middle management levels have a particularly strong influence on the promotion of an ethical corporate culture



The KICG survey shows that 80% of respondents believe that middle management levels have a particularly strong influence on promoting an ethical corporate culture.

” From now on, managers should act as role models and multipliers for ethical issues. The new understanding of managers’ roles focuses on ethical attitudes and integrity as well as understanding employees and other stakeholders. “

Sven Clodius, EY GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft

The principle for managers is therefore: **„Walk the Talk“**.

This is because not only compliant, but above all unethical behavior is directly determined by the actions of superiors: Tolerance for unethical behavior by employees increases as soon as managers are involved.⁹³

Moreover, communication measures alone are simply not enough to promote a corporate culture of integrity in the long term.⁹⁴ Managers must therefore be made aware of their role model function with regard to compliance and integrity, which means that corporate values must not only be communicated verbally, but must first and foremost be actively exemplified in management behavior.

⁹³ Cf. EY (2024), p. 4. The study shows that 25% of employees are willing to act unethically in order to gain advantages for themselves. At senior management level, this proportion rises to 51%, and at board level to 67%.

⁹⁴ Cf. EY (2022), p. 8. 60% of the companies surveyed state that they have communicated intensively about the importance of integrity, but only 30% of employees remember these messages.

Managers can acquire the necessary language skills through appropriate development programs (see the [Responsible Leadership Development](#) and [Training and Leadership Development](#) sections).

” If you take on too much and then fail to keep your promises, you may encounter a sensitive reaction. It can be enough if the communication about the implemented measures is inadequate and the impression is created that they have not been carried out. “

Christoph Kowalewski, #IntegrityFirst

” Successfully addressing compliance and integrity issues requires management bodies that are dedicated to these matters in a role as inspirational leaders, not just as managers. In this context, the topics should not only be addressed, but actively practiced in an exemplary manner - in line with the principle: “Walk the talk.” “

Manuela Mackert, former Deutsche Telekom AG

” Middle and lower management levels exert a considerable influence on the organization due to their direct management relationships. Through their direct interaction with employees, they are instrumental in shaping the corporate culture and promoting their development. Their daily interactions with team members allow them to communicate the organization’s values and goals on a personal level and thus have a significant effect on the overall fabric of the organization. “

Dr. Stefan Otremba, Continental AG

Q2 Strategic Anchoring

Q2: Compliance and integrity are integrated into strategic and operational decision-making processes and anchored at Management Board level, with clear responsibilities and reporting structures.

” Responsibility for the integration and implementation of compliance issues clearly lies in the hands of the Executive Board and top management. They play a key role in shaping and ensuring an effective compliance strategy. “

Patrick Späth, Morrison & Foerster LLP

In addition to exemplary and compliant behavior at the executive level, ethical considerations must also be incorporated into the corporate vision, mission and strategy as well as decision-making processes. Purpose, corporate values and identity cannot simply be fixed or changed at will, but must be developed, activated and constantly reflected upon, dynamically developed and adapted in the context of social change and technological progress. Important strategic questions here are:

1. What purpose does the company pursue through its business activities and how does this relate to its mission - making a distinctive contribution to the common good?
2. Who benefits from the company's success and to whom does it have a responsibility - shareholders, employees, suppliers, other stakeholders, communities and the environment?
3. What is the context of the business in terms of the operating environment, stakeholder expectations, moral obligations and the impact on the environment and human rights?⁹⁵

The active involvement of functions with sales and budget responsibility ensures that ethical principles are not just abstract ideals in these matters, but are perceived as an integral part of the management culture and strategic decision-making. This is achieved, for example, by regularly including the topic in committee meetings (e.g. management, executive board, supervisory board and board of directors) or by creating formats that provide space for a regular exchange between company management and managers with internal and external stakeholders. Promoting an ethical corporate culture thus becomes not only an operational but also a strategic task.

” Responsibility for the practical implementation of compliance measures should be anchored in the operational line organization, while the strategic orientation is controlled by the management. This ensures that compliance is not just an operational matter but also has a strategic significance that is supported and driven by the top management level. “

Florian Meier, Boston Consulting Group

93% of the experts surveyed agree that an ethical corporate culture should be anchored in the corporate strategy. In addition to economic parameters, it is also important to include ethical aspects in strategic decisions. For example, considerations regarding markets, sourcing, sales structures, external relations or vertical integration are also examined in light of ethical principles and the duties and limits of corporate responsibility.

The multitude of decision parameters and logics also leads to new conflicts of values and risks that need to be discussed and assessed.⁹⁶

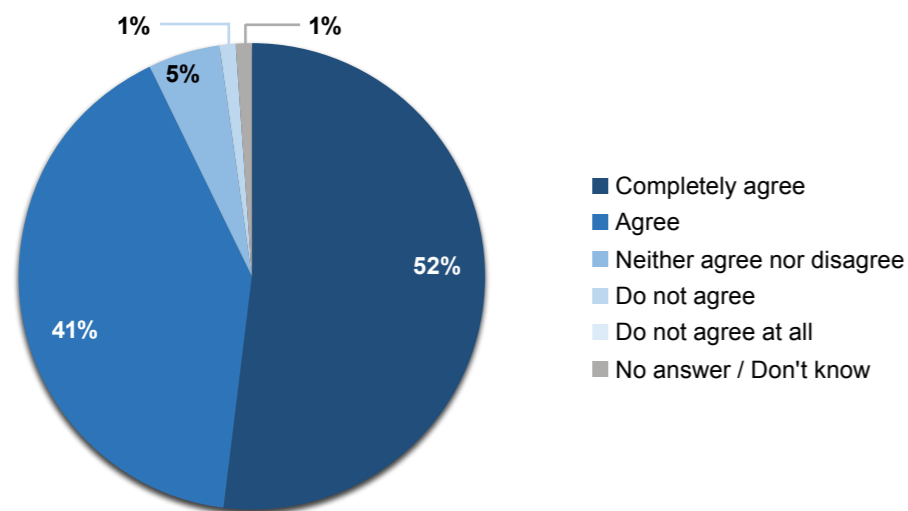
In order to strategically and operationally anchor compliance and integrity in decision-making processes, it is therefore essential to know how to deal with these conflicts of values. These skills must be taken into account both as part of training measures and when selecting and recruiting new employees.⁹⁷

⁹⁵ Cf. Butscher/ Grüninger (2021), p. 29; see also Maynhardt (2020) and Gast et al. (2020).

⁹⁶ See the section [Leadership in the context of corporate responsibility](#).

⁹⁷ Cf. on the targeted selection of employees Brand-Noé (2007).

The ethical corporate culture must be anchored in the corporate strategy



93% of respondents agree that the ethical corporate culture must be anchored in the corporate strategy.

” To anchor the ethical corporate culture in the corporate strategy, it is crucial to actively involve functions with sales and budget responsibility. Involving these key areas in the process ensures that ethical principles are not just seen as lofty ideals, but as an integral part of leadership culture and strategic decision-making. “

Dr. Stefan Otremba, Continental AG

It is also important to define clear responsibilities and reporting structures for the strategic anchoring of the ethical corporate culture. This is not easy, especially since culture cannot be directly influenced and consequently culture shaping cannot be operationalized simply by organizational assignment.

A value-oriented compliance organization nevertheless plays a central role here and can act as a catalyst by coordinating the relevant responsibilities.

” The organizational anchoring of corporate culture must be viewed in a differentiated manner. Every manager is responsible for shaping and promoting an ethical corporate culture, while the anchoring lies with the board or management. However, it is just as important to create a central authority that provides an organizational framework and ensures promoting these topics stay on the corporate agenda. Supporting measures for managers in particular play a key role in enabling them to act as co-creators of corporate culture. “

Dr. Christine Butscher, ensian group GmbH

In order to avoid operational blindness and keep an eye on the essentials, it can be useful to involve an external corrective - such as an advisory board, supervisory board or similar body - in the strategic anchoring of compliance and integrity. Their external perspective on the organization and the environment provides valuable impulses for shaping the ethical corporate culture. At the same time, these bodies enable company management to discuss strategic decisions with ethical implications in a protected space.

” A potential risk in ethical culture shaping in family businesses is that too much temperament and overly entrenched attitudes prevail without sufficient corrective action. This can lead to limited flexibility in the integration of new ethically relevant standards and practices and contradicts the requirements of a “demanding we“. “

Dr. Frank Obergfell, Thales Akademie / KUNDO xT

Q3 Cultural Anchoring

Q3: Compliance and integrity are value-based and thus support the corporate culture.

Once the purely technical requirements for compliance management have been met, the next step is to strengthen trust in the measures and promote credibility. This is achieved through value-based Compliance & Integrity Management, which - like the corporate culture - is based on the company's ethical corporate culture.

The aim is to ensure that the behavior and decisions of employees are not primarily - and certainly not exclusively - determined by rigid rules and regulations. Rather, managers and employees should be guided by an ethical compass and values that guide their actions. In this way, the proclaimed values can be experienced in everyday working life and provide orientation for all members of the organization, especially in dilemma situations.

However, a company's values and ethical business principles only guide its actions if it succeeds in anchoring them in the corporate culture - and thus literally in the hearts and minds of managers and employees.⁹⁸

” Corporate culture promotes compliance by helping employees to do the right thing, even in the absence of clear rules. Employees tend to identify more with corporate culture than with a purely technical compliance management system. “

Patrick Späth, Morrison & Foerster LLP

The definition of principles of conduct and rules, for example in the form of a Code of Conduct (CoC), is undoubtedly an essential component of an effective compliance system.⁹⁹ Nevertheless, the focus of Compliance & Integrity Management is on promoting responsible action and reflective decision-making.

A consolidated corporate culture helps to maintain the organization's external adaptability even in dynamic and challenging times. It represents the unofficial rules and the “unwritten law”. It is therefore crucial to shape and influence these informal guidelines in a positive way.

” Corporate culture is the building block that shapes how a company acts. The larger the company, the more important it is to formalize these aspects. In addition to formal rules, informal rules also play a major role in our dealings with one another. “

Frank Vießmann, Continental AG

In addition to the sustainability and continuity of compliance measures, openness to mistakes and problems also plays a central role in shaping corporate values and promoting an ethical culture. The aim is to create an environment in which all employees - regardless of their position or function - feel safe to raise concerns and problems without fear of negative consequences.

” Naming risks and problems without clear solutions can develop into a “career killer”. Especially if such behavior is perceived as ‘fouling the nest’. It is therefore crucial to promote a culture change in which proactively raising issues is seen as a constructive contribution to finding solutions, rather than an act of ‘fouling the nest’. This creates an environment in which risks can be addressed openly and tackled together without compromising the professional development of those involved. “

Dr. Klaus Moosmayer, Novartis AG

In this context, the cultural anchoring of compliance and integrity requires an understanding of the fact that the implementation of universal principles in different cultural contexts often leads to differing interpretations and corresponding expectations, which can trigger conflicts without a uniform set of values. In challenging markets in particular, this can create a tension between abstract corporate values and the reality lived on the ground, making clear ethical guidelines and their cultural anchoring indispensable in order to bridge contradictions between local interpretations of global standards. Values-based CIM therefore requires processes that use global values and principles as a basis to promote consistent interpretations of values while systematically incorporating and integrating local priorities.

⁹⁸ Cf. Grüniger (2020), p. 53.

⁹⁹ Cf. also the section [Control and support systems](#) in this publication on the design of a chain of custody.

Regional compliance officers assume a central role as cultural ambassadors within multinational organizations. Their task is not limited to the mere enforcement of guidelines but also includes the ability to empathize with the complex local cultural conditions. Through their deep understanding of local value interpretations and resulting expectations, they ensure that corporate guidelines are in line with the cultural framework. Their cultural sensitivity strengthens trust in the organization, reduces risks and lays the foundation for a consistent and ethical corporate culture across cultural boundaries.

„Zero Tolerance“

In this context, some companies rely on a zero-tolerance policy aimed at consistently sanctioning misconduct. The ISO standard 37301:2021 follows this basic idea and calls for rule violations to be prevented and explicitly “not tolerated”.¹⁰⁰

The term zero-tolerance policy can easily give the impression that no mistakes are tolerated in the organization. This idea could prevent employees from talking openly about dilemmas, challenges or mistakes that have already been made and instead lead to a climate of concealment.

The opinions of the experts surveyed on a zero-tolerance policy are mixed: 51% believe that such a policy tends to hinder an open culture. The decisive factor here is probably the interpretation of the term “zero-tolerance”. On the one hand, it goes without saying that misconduct is consistently punished and sanctioned - regardless of the function or hierarchical level of the person concerned. On the other hand, mistakes offer a valuable opportunity for learning

processes to improve the way challenging situations are handled and to develop appropriate behavior for future challenges.

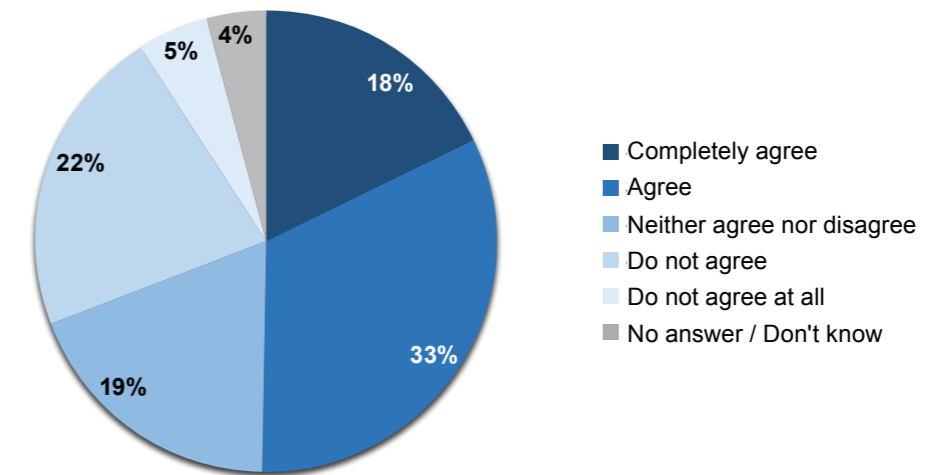
A strict ban on mistakes is therefore not expedient, nor is it in line with reality. Rather, a zero-tolerance policy should aim to take rule violations seriously and sanction misconduct consistently and, in particular, fairly.¹⁰¹

It is important to avoid a culture of fear, which could lead to violations remaining undetected for a long time. “Zero-tolerance” must therefore practically mean that violations are not tolerated, but not that there can be no tolerance for violators. This is because intentional deviant behavior can be behind a violation, but also simply mistakes that have been made. Furthermore, the concept of “zero-tolerance” also conceals the different nature of misconduct with regard to the severity of the misconduct and the attribution to individual persons involved. Both must of course always be assessed on a case-by-case basis.

¹⁰⁰ Cf. ISO 37301:2021, p. 17.

¹⁰¹ Cf. Lucero/ Allen (2006), p. 39.

A zero tolerance policy inhibits open discussions about mistakes for fear of reprisals and thus also ethical corporate culture



51% of respondents rate a zero-tolerance policy as inhibiting open conversations about mistakes for fear of reprisals and therefore also ethical corporate culture.

„If people hesitate or don't dare to raise issues and employees are lectured rather than encouraged, compliance and integrity cannot be effectively implemented in the organization. Employees should therefore not be afraid to make mistakes. Mistakes should be allowed to an appropriate extent in order to learn from them and to maintain a clear focus on the behavioral requirements moving forward.“



Manuela Mackert,
former Chief Compliance Officer,
Deutsche Telekom AG

Instead of misemphasizing the zero-tolerance policy in the way outlined above and thus fueling unnecessary fears, the focus should be placed more on promoting a **speak-up culture** that encourages employees to raise concerns and address challenges openly. Such a corporate culture involves dealing transparently with dilemmas and misconduct and openly discussing these issues across all hierarchical levels.

This enables top management to stay informed about operational processes and recognize potential problems in day-to-day business at an early stage. However, if only successes are reported and mistakes are concealed, there is a risk of a distorted perception of corporate culture.

” The tendency to report successes to the top, while failures often do not reach the upper levels of the hierarchy, is a well-known phenomenon. This pattern can lead to management levels gaining a distorted view of the reality of the company. It is important to promote a culture of open communication in which failures and problematic issues can also be discussed transparently. This enables a more realistic assessment of the situation and creates the basis for a learning and adaptable organization. “



Prof. Dr. Roland Steinmeyer,
Lawyer,
Morrison & Foerster LLP

Q4 Involvement and Participation

Q4: Employees and managers are actively involved in shaping compliance and integrity.

When designing measures in the area of compliance and integrity, internal interest groups such as employees, managers and top management as well as external stakeholders must be involved.

Cooperation can begin as early as the drafting of the Code of Conduct (CoC). The acceptance of such formal regulations is increased if the users participate in the design and have the feeling that they can influence the principles to a certain extent. At the same time, participation leads to the CIM being accepted and credibly implemented within the company.

” A good communication and integration strategy as well as a collaborative culture shaping in a counter-current process are potential success factors for promoting an ethical corporate culture. In this way, management goals can be combined with employee expectations and behavior. “

Andreas Pырcek, EY GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft

One way of involving employees, for example, is to ensure that the CoC gives users sufficient scope for independent action. This shows appreciation and trust in the workforce.

” Involving employees in the development and communication of the Code of Conduct not only promotes clarity but also enables greater identification with the defined standards of conduct. Intrinsic motivation arises when employees understand the meaning and significance of the CoC and recognize how their individual contributions help to uphold these standards “

Florian Meier, Boston Consulting Group

” Problems and inconsistencies often arise from a lack of clarity regarding the interpretation of rules on the part of employees. Employees should therefore be made aware of the relevance of the applicable guidelines and regulations with regard to their specific role and function. This cannot be achieved solely through the regulation itself but requires dialogue between the normative authority and the employees. “

Dr. Stefan Otremba, Continental AG

Targets and incentives should be formulated taking moral principles and values into account. False incentives that follow the principle of ‘financial success at any cost’ can lead employees to view corporate values and principles as a hindrance to business success and accept breaches of integrity as necessary behavior. In this way, management can encourage unethical behavior without being directly involved.

” The integration of cultural aspects into existing management structures and processes extends across the entire framework of the organization. This holistic approach includes both a conscious consideration of cultural aspects in the selection process of employees and a continuous anchoring of these elements in the management structures. This also includes setting realistic but ambitious goals that effectively reflect the cultural values and corporate vision. “



Dr. Stefan Otremba,
Global Head of Governance &
Sustainability,
Continental AG¹⁰²

¹⁰² Prof. Dr. Stefan Otremba currently serves as Global Head of Governance & Sustainability at AUMOVIO SE and as Professor of Corporate Management, Business Development, and Corporate Governance at HTWK Leipzig.

If the ethical corporate culture is integrated within the management structures and thus throughout the entire organization, top management is also responsible for actively driving forward the necessary measures. The presence of senior management in the context of training courses on compliance and integrity as well as a credible tone from the top within the CoC underlines the commitment and thus the seriousness and credibility of the measures.

Regular dialogue and exchange formats promote the active participation of other stakeholders and involve internal and external interest groups in shaping the corporate culture. Particularly, ISO standard 37301 points out that not only internal communication from managers to employees and vice versa, but also external communication to external stakeholders is crucial for the effectiveness of CIM and thus also for the promotion of an ethical corporate culture.¹⁰³

” External stakeholders can also be beneficiaries of effective Compliance & Integrity Management, such as business partners who can rely on the company to conduct its business with integrity. They should therefore also be involved in related evaluation processes from time to time. “

Christoph Kowalewski, #IntegrityFirst

¹⁰³ Cf. ISO 37301:2021, p. 24.

” In organizations in which various departments shape the corporate culture together, the challenge is to find a common denominator. The fact that different departments deal with this aspect intensively and from different perspectives provides a good starting point for a stakeholder dialogue. This dialogue should clarify what is important to the respective stakeholders in order to ensure effective collaboration and compliance. Such an exchange should take place regularly. “

Patrick Späth, Morrison & Foerster LLP

Q5 Training and Leadership Development

Q5: Training and further education in the area of compliance and integrity enable employees and managers to reflect on ethical dilemmas and compliance-related conflicts and to act proactively.

„ The aim is to win the hearts of employees so that they participate in compliance and integrity training out of conviction and interest. “



Frank Vießmann,
Chief Compliance Officer,
Continental AG

Compliance and integrity training is one of the most effective measures for promoting an ethical corporate culture and plays a crucial role in communicating corporate values internally. In addition to existing written principles of conduct and codes of conduct (CoC), application-oriented training is essential to promote ethical behavior in a holistic manner.¹⁰⁴

The expert survey also shows that both the content and the formal design of the training courses are of crucial importance for their effectiveness. The results confirm that simply teaching legal principles and “hard facts” does little to promote an ethical corporate culture.

Instead, the focus should be on providing participants with the necessary “tools” for ethical reflection so that they are able to independently make, well-founded decisions in their area of responsibility



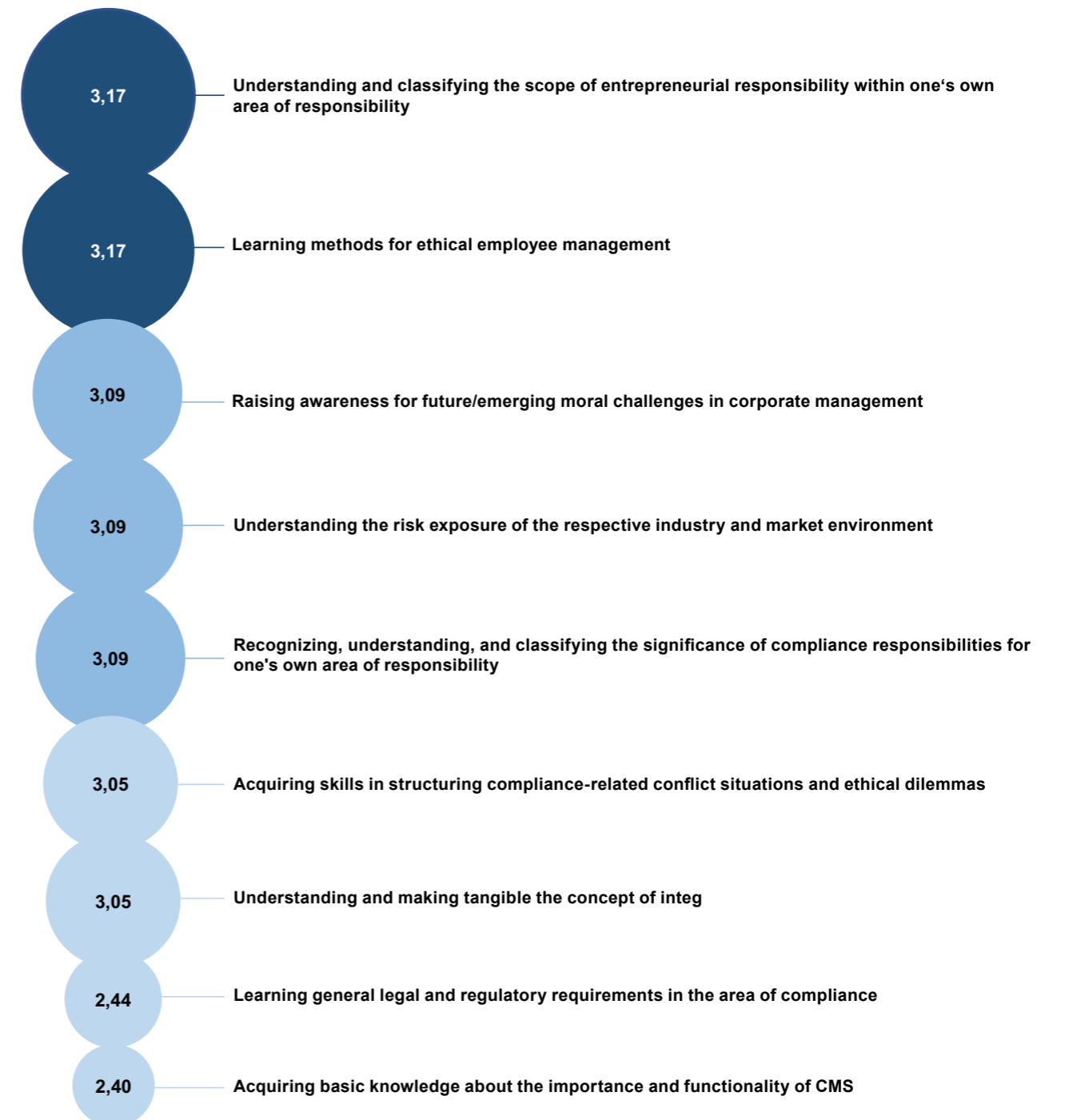
¹⁰⁴ Cf. Ruiz et al. (2015), p. 736; Kancharla/ Dadhich (2020), p. 64.

Influence of Learning Objectives in Training regarding the Promotion of Ethical Corporate Culture

The experts surveyed were asked to evaluate various learning objectives in the area of training in terms of their influence on the promotion of an ethical corporate culture.

It was striking that the elements of traditional compliance training - such as learning the basics of the importance and functioning of compliance management systems (CMS) and learning about general legal and regulatory requirements in the area of compliance - were rated as the least influential. In contrast, the experts see a significantly greater influence in the understanding and classification of corporate responsibility in their own area, in learning methods for ethical employee management and in raising awareness of future moral challenges in corporate management

Learning objectives in the area of training in relation to promoting ethical corporate culture



How do you rate the following learning objectives in the area of training in relation to promoting an ethical corporate culture?
 The values shown in the diagram correspond to a scale from 0 (no influence) to 4 (very high influence on the promotion of ethical corporate culture) and represent the weighted average of all ratings.

Influence of Training Attributes on the Promotion of Ethical Corporate Culture

The experts surveyed were also asked to rate various training attributes in terms of their influence on the promotion of an ethical corporate culture.

The involvement of management once also plays a decisive role in this context - this attribute was assigned the greatest influence on ethical culture shaping. A personal approach or a short technical contribution from top management underlines the relevance of the training measure and strengthens the credibility of the measures.

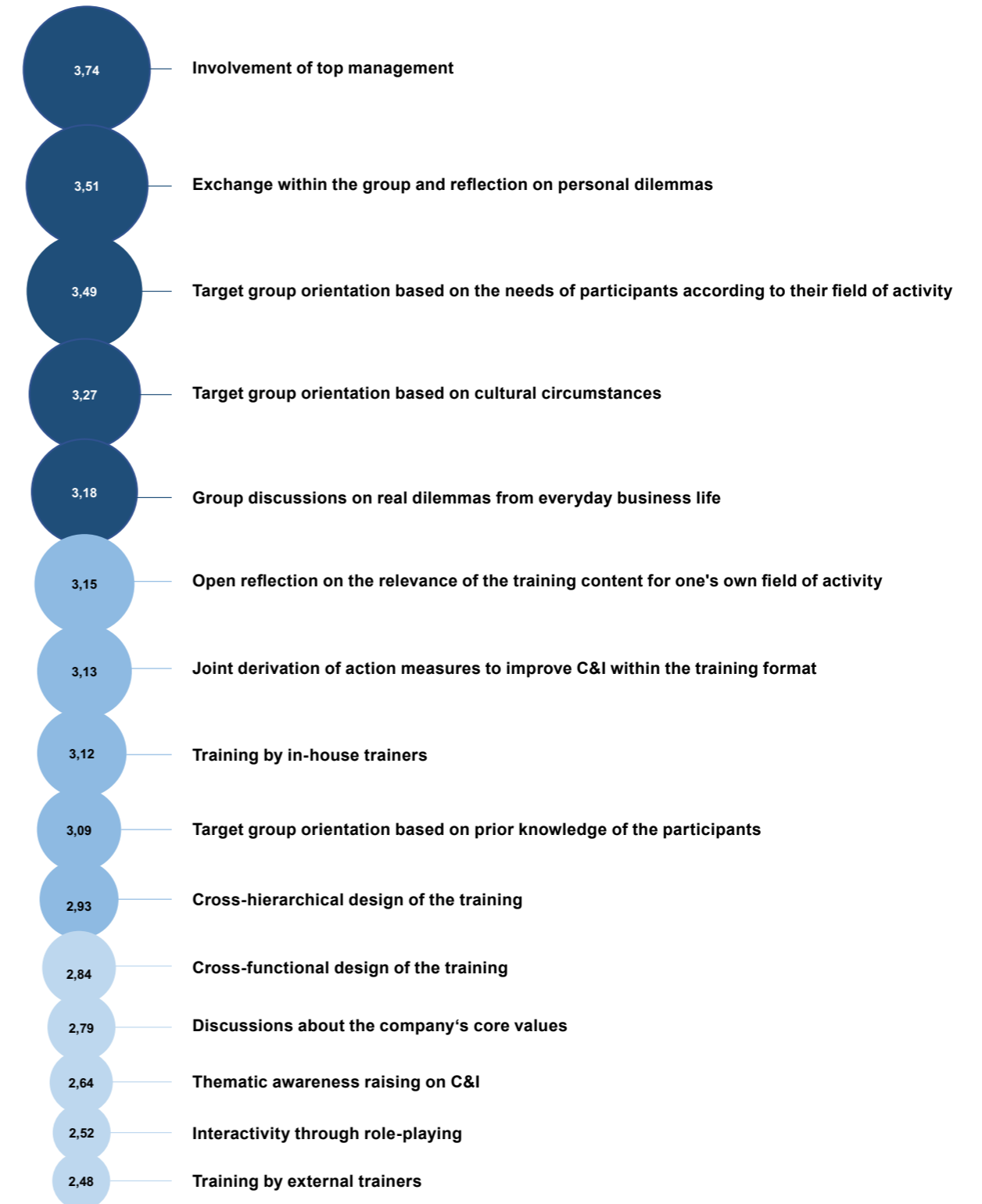
Real-life dilemmas and/or industry-specific case studies are then discussed and worked on in practical and application-oriented (scenario-based) training courses. In addition, the interviewees rated the target group orientation of the training courses as a key factor in promoting an ethical corporate culture. In order to meet the needs of the respective participants, the courses can be structured according to functions, departments or hierarchical levels, for example

As a matter of principle, the training sessions should provide the opportunity not only to address problems in open discussions, but above all to develop solutions together without the participants having to fear negative consequences. A moderated workshop provides a suitable framework for this.

„ Dialogue within an ethical corporate culture is often perceived as tedious and exhausting, as ethical dilemmas usually cannot be answered with clear solutions. Discussions and exchanges on such issues must therefore be moderated. “

Dr. Klaus Moosmayer, Novartis AG

Influence of the attributes of training formats on the promotion of an ethical corporate culture



How would you rate the following attributes of training formats in terms of promoting an ethical corporate culture?

The values shown in the diagram correspond to a scale from 0 (no influence) to 4 (very high influence on the promotion of an ethical corporate culture) and represent the weighted average of all ratings.

Influence of Training Formats in Relation to the Promotion of Ethical Corporate Culture

In addition to determining the training content, the question also arises as to the format in which training in the area of compliance and integrity should be carried out, as its effectiveness also depends on how it is presented.

Web-based training solutions are often an obvious choice due to the large number of participants, as they are cost-effective and easy to implement. This is also confirmed by the survey results.

However, the effectiveness of web-based offerings is controversial. There is a risk that they are simply worked through without the content being seriously questioned. In addition, online formats often lack the interaction and discourse that are crucial for sustainable knowledge building.¹⁰⁵

Practical experience, on the other hand, shows that the majority of employees and managers still use online training formats. At the same time, the respondents state that face-to-face training is the most suitable way to promote an ethical culture - especially for the further training of managers.

” To ensure that compliance is embedded in a sustainable way, training for managers is essential as they play a crucial role as drivers in relation to these issues. Through targeted training, managers can be empowered to take a pioneering role in implementing and promoting compliance principles throughout the company. For example, training can be designed specifically according to the type of manager or topic-specific (e.g. on topics such as advice or assistance). “

Frank Vießmann, Continental AG

¹⁰⁵ Cf. Paechter/ Maier (2010), p. 296.

Overview of Different Training Formats in the Area of Compliance and Integrity

As the following results of the expert survey show, it is clear that there is a gap between the training formats offered and the appropriate training formats. This gap needs to be closed in order to anchor compliance and integrity (C&I) in the corporate culture sustainably.

Especially with regard to the promotion of responsible leadership, it makes sense to train managers through target group-specific workshops and to sensitize them to ethical issues.

The experts surveyed were asked to evaluate various training formats in terms of their influence on the promotion of an ethical corporate culture. A distinction was made between the following hierarchical levels:

- Top management bodies (supervisory board/ advisory board, executive board/management)
- Senior and middle managers
- Employees

In addition to suitability for ethical culture shaping, the percentage of companies surveyed offering the specific training format at the respective hierarchical level was also asked.

General e-learning courses are training formats that do not focus on specific subject areas, but deal with general compliance and integrity topics and are therefore relevant for all company members. The information is conveyed in the form of videos and texts, for example, and concludes with a multiple-choice test.

Similar to the **general training courses**, the function-specific training courses have the same structure and differ mainly in terms of content. They are designed for specific target groups and focus only on certain relevant topics (e.g. antitrust law, anti-corruption, human rights, etc.). They are therefore suitable for internal departmental training courses, for example.

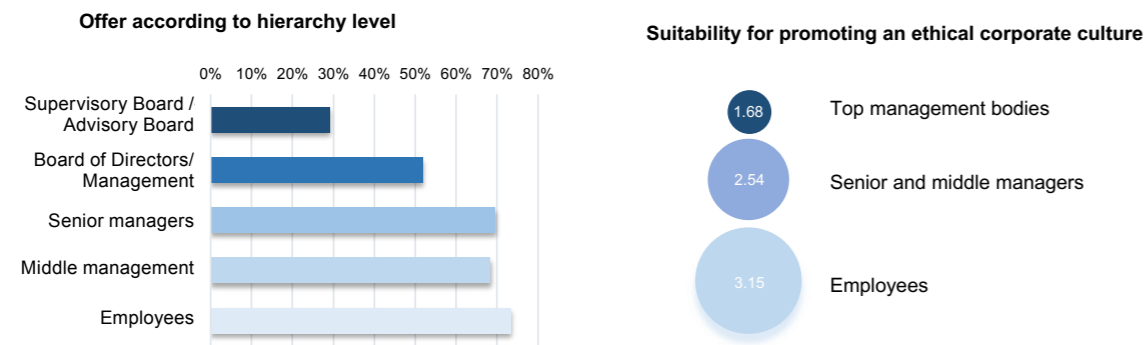
General classroom training courses are not limited to specific topics, but deal with general compliance and integrity issues. They are characterized by the fact that the content is taught less interactively and more in a lecture-style format.

Function-specific classroom training, on the other hand, is designed for specific target groups and focuses only on certain relevant topics (e.g. antitrust law, anti-corruption, human rights, etc.). They are also characterized by their lecture style.

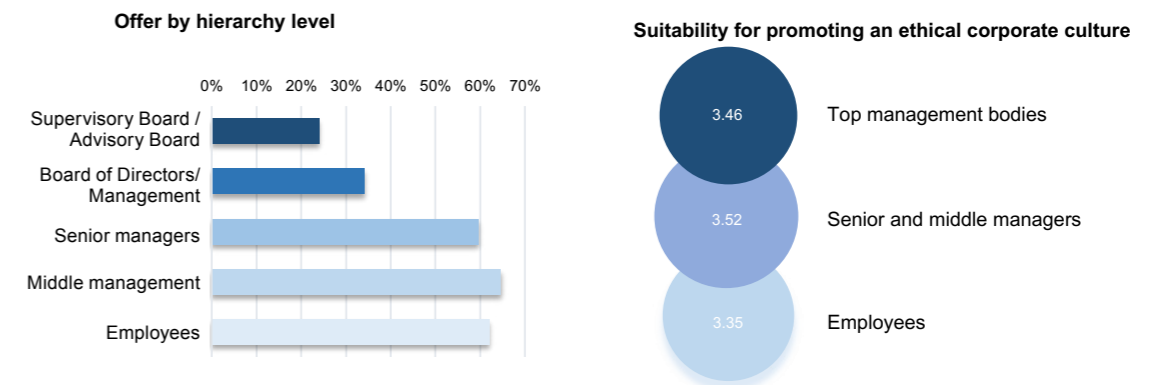
The special feature of workshops in the form of **dilemma training** is their interactive design. Both online and in person, it is possible to talk about real and practical compliance cases and actively discuss the challenges. The aim of the training is to teach participants how to deal with such dilemma situations and how to apply the principles of conduct in line with corporate values.

According to the expert survey, dilemma workshops as well as general and function-specific classroom training for middle and senior managers and the top management bodies have the greatest influence on the promotion of an ethical corporate culture. Nevertheless, these training formats are clearly underrepresented in current business practice compared to web-based training and e-learning.

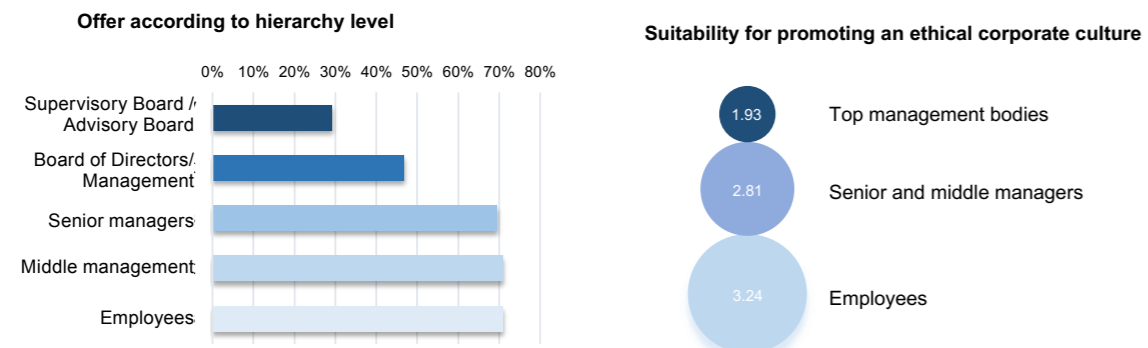
General web-based trainings / e-learning



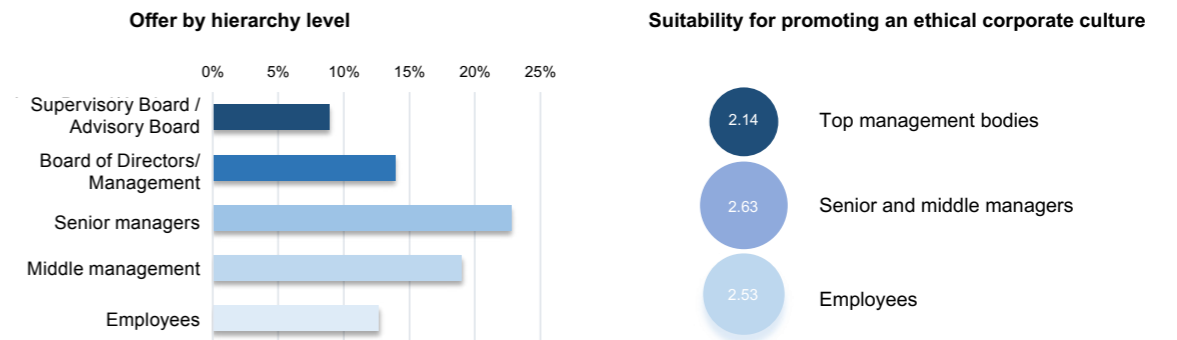
Function-specific in-person trainings



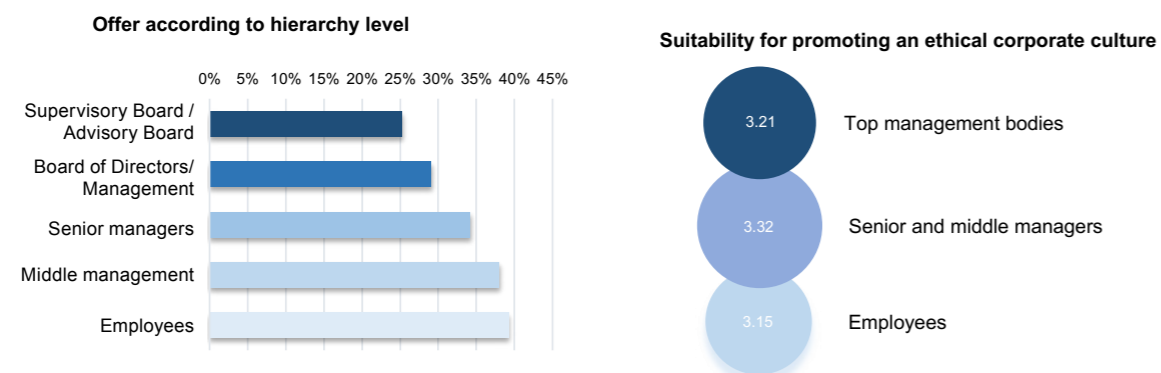
Function-specific web-based trainings / e-learning



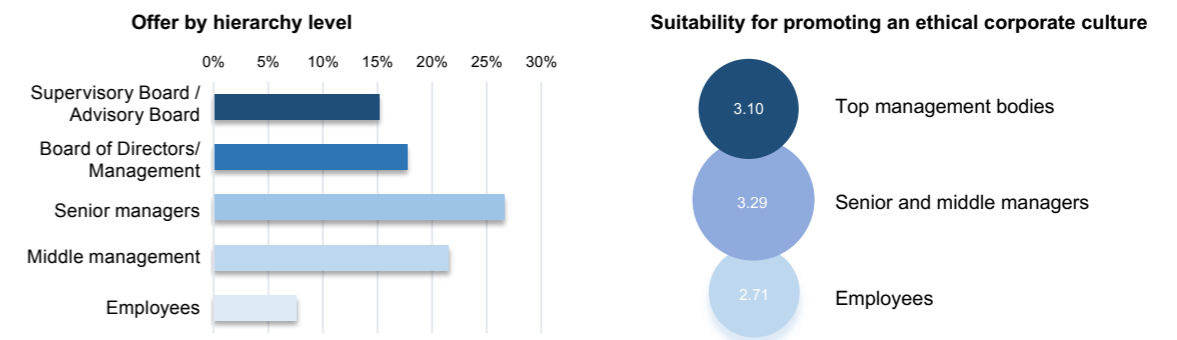
Online workshops (dilemma trainings)



General in-person trainings



In-person workshops (dilemma trainings)



Graphics left:
Which training formats are currently offered in your company?
The values shown in the diagram indicate the percentage of companies surveyed that offer the specific training format at the respective hierarchical level.

Graphics right:
How suitable are the following training formats for promoting an ethical corporate culture?
The values shown in the chart correspond to a scale from 0 (no influence) to 4 (very high influence on the promotion of an ethical corporate culture) and represent the weighted average of all ratings.

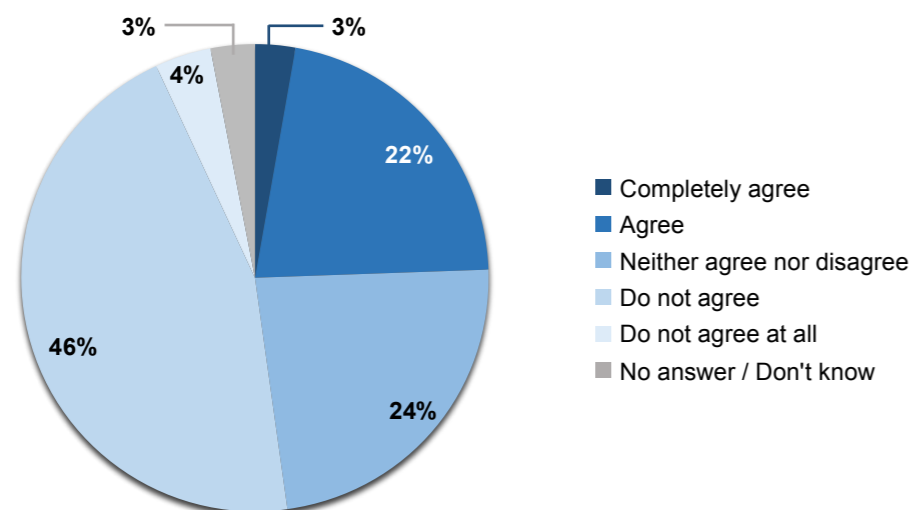
Q6 Control and Support Systems

Q6: The compliance function is perceived by employees as a business enabler. Appropriate control mechanisms enable individual accountability and support Compliance & Integrity Management through clear processes for handling rule violations, an accessible reporting procedure and fair sanctions

Monitoring and control mechanisms are not only legally binding,¹⁰⁶ but also essential for the effectiveness of a CMS. Risk management, internal control system and CMS must be interlinked.

Nevertheless, it should be noted that excessive monitoring and control can limit the functionality of a CMS. Half of the respondents confirm this thesis.

Strong monitoring and many controls lead to greater functionality of the CMS



50% of respondents agree that strong monitoring and many controls do not lead to greater CMS functionality.

¹⁰⁶ See in this regard: LkSG: Section 3 Duty of care LkSG: Section 10 I, II LkSG; AktG/ OWiG: Art. 91 II AktG (in particular monitoring system), Art. 91 III AktG RMS and ICS Violation of organizational and monitoring duties §§ 9, 130, 30 OWiG; U.S. Sentencing Guidelines: § 8 B2.1.(a)(1), (2) FSG, § 8 B2.1.(b) FSG; UKBA: § 9 UKBA.

A balance must be found that effectively ensures the necessary controls and avoids over-regulation. Controls are essential to credibly convey to employees that company management expects compliance with set and communicated standards.

However, excessive - and sometimes unnecessary - control measures run the risk of paralyzing operational processes and reinforcing a culture of mistrust. As a result, employee motivation and performance suffer, which also has a negative economic impact on the company.¹⁰⁷

” There is often the assumption that effective safeguarding is achieved primarily through the most comprehensive controls possible. However, an overload of unnecessary controls should be avoided. Not everything in the company can and must be regulated. On the one hand, this restricts entrepreneurial action and the assumption of individual responsibility. For example, excessive controls encourage a “checklist mentality”. On the other hand, it is unrealistic to foresee all possible problems and derive corresponding control mechanisms.

¹⁰⁷ Cf. on the influence of organizational controls on the trust and motivation of employees Weibel/ Six (2013). Cf. on the impact of employee motivation on economic success Dobre (2013). See also KICG - Guidelines Guidance (2014), p.115.

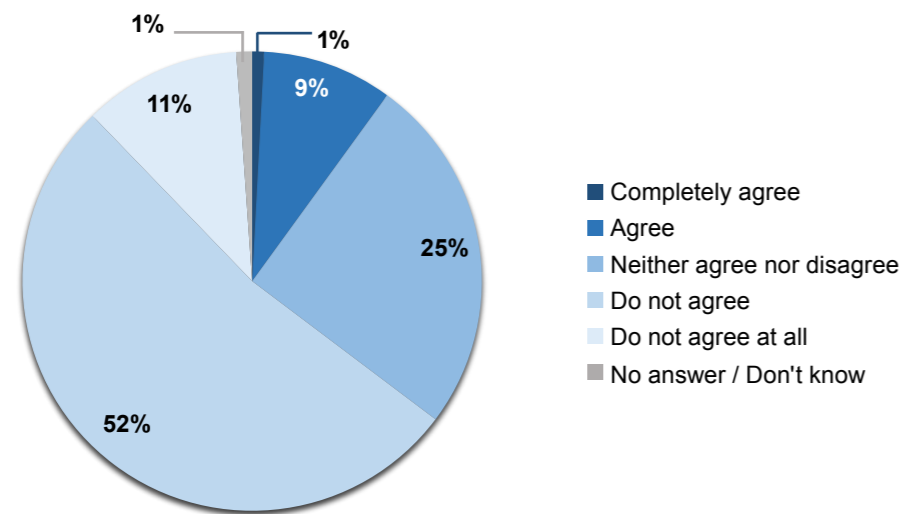
¹⁰⁸ A “Page 1 Test” refers to a simplified method to help employees or managers make ethical and informed decisions quickly. The aim is that a decision should be so clear and comprehensible that it could easily be published on the front page (page 1) of a newspaper without raising questions or doubts about its correctness.

Instead, in addition to a limited number of “key controls”, primarily general principles and assistances should be communicated to enable employees to make good decisions. “Page 1 Tests”¹⁰⁸ and training are more effective approaches than an excessive control environment. Scenarios that provide relevant examples for the target group can lead to a deeper understanding and better preparation for daily challenges. “

Florian Meier, Boston Consulting Group

An excess of monitoring and control is also not conducive to promoting an ethical corporate culture. This view is shared by 63% of experts.

Strong monitoring and many controls promote an ethical corporate culture



63% of respondents agree that heavy monitoring and many controls do not help to promote an ethical corporate culture.

Effective Design of a Code of Conduct

Written standards of conduct are a key element of effective compliance management. Rules and corporate values are set out in writing in the Code of Conduct. The set of rules must be transparent, in line with the values represented and, above all, clear and, in particular, appropriate for the addressees.

” The Code of Conduct should be written clearly and comprehensibly. Overly legalistic language and a restriction to the detailed treatment of legal areas should be avoided.

Such a formulation could not only have a demotivating effect but could also impair the intended liability-reducing effect if the comprehensibility (keyword “addressee-oriented language”) is not sufficient. “

Florian Meier, Boston Consulting Group

Muel Kaptein’s seven virtues provide guidance in promoting an ethical corporate culture:¹⁰⁹

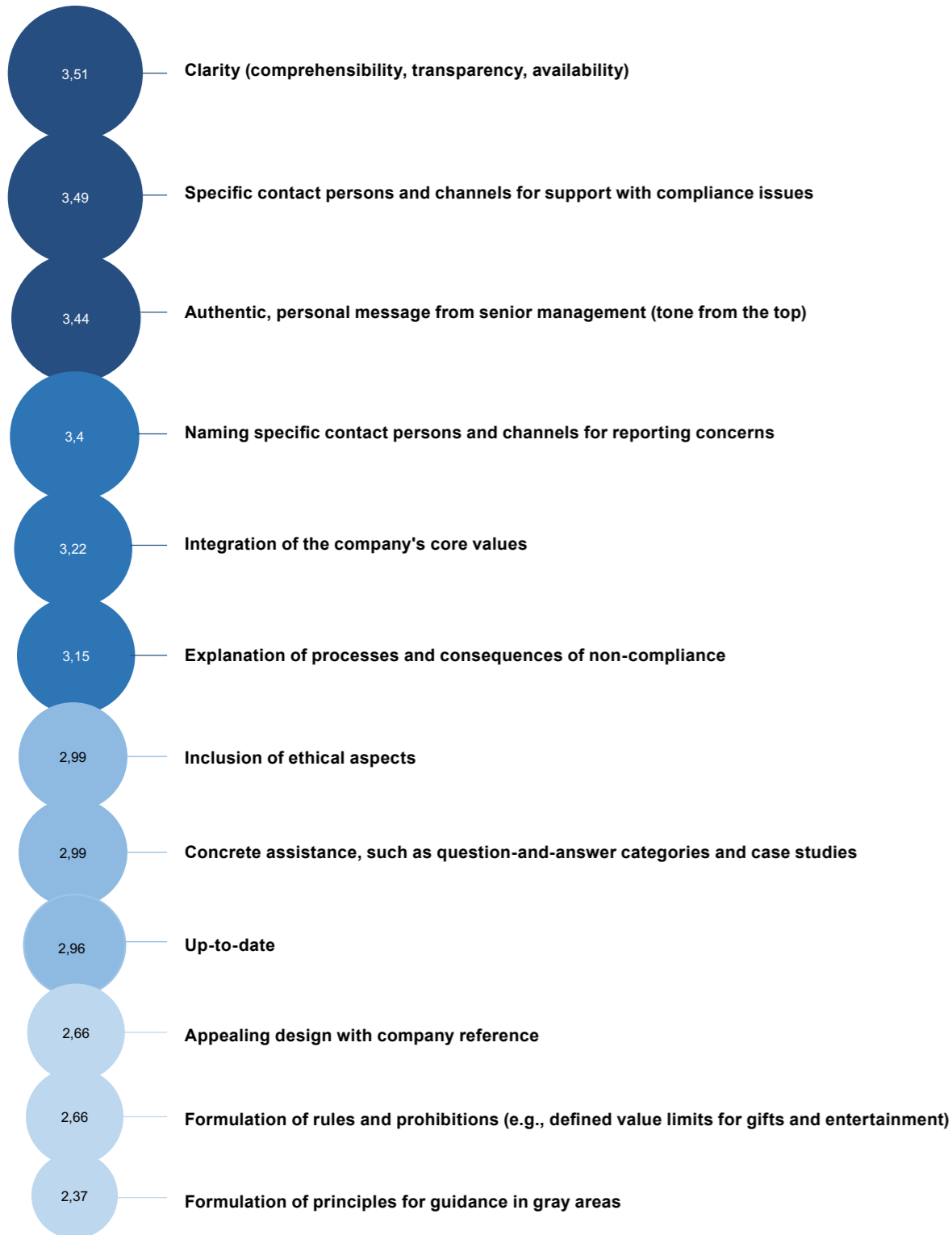
- Clarity
- Feasibility
- Transparency
- Discussability
- Supportability
- Sanctionability
- Congruency of supervisors and congruency of management

These virtues describe organizational conditions that promote ethical behavior among employees and reduce the risk of unethical actions. They therefore play a central role in shaping and promoting an ethical corporate culture.

The survey results show that the virtues are also reflected in the key attributes of a CoC. Characteristics such as clarity, practicability, transparency and discussability help to ensure that the CoC provides clear orientation and is realistically applicable. Messages from management also strengthen its credibility. In addition, a well-designed CoC enables responsible and reflective decisions.

¹⁰⁹ Cf. for that Kaptein (2008).

Influence of the attributes of a code of conduct on the promotion of an ethical corporate culture



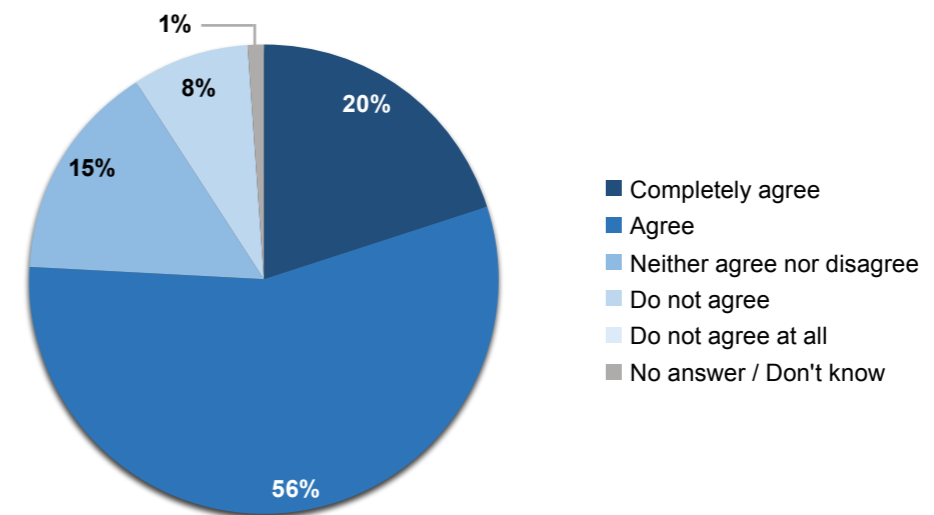
How would you rate the influence of the following attributes of a code of conduct (CoC) on shaping an ethical corporate culture?

The values shown in the graph correspond to a scale from 0 (no influence) to 4 (very high influence on the promotion of ethical corporate culture) and represent the weighted average of all ratings.

The results of the expert survey make it clear that a good CoC is, above all, easy to understand and accessible. It also names contact persons for problems, tips and questions. In addition to specific regulations, it is also important to leave room for independent decisions in the CoC.

This not only promotes independent reflection and strengthens trust in employees, but also contributes significantly to the development of an ethical corporate culture.

Guidelines and rules should be designed in such a way that managers and employees have freedom, as this leads to more individual accountability



The KICG survey shows that the majority of respondents (76%) state that guidelines and rules should be designed in such a way that managers and employees have freedom, as this leads to more individual accountability.

” It is essential to have a fundamental understanding that compliance with rules should be recognized both internally and externally as a matter of course. The challenge sometimes lies in gray areas where there are no clear legal requirements - in contrast to the clear set of rules in the engineering sector, for example, which is often binary. Conflicts arise, in particular, in situations where legal and technical regulations clash. This is where ethics comes into play to provide guidance and solutions. “

Frank Vießmann, Continental AG

” A compliance management system (CMS) requires clear guidelines that define what is not acceptable and show the limits of the scope of action. The aim is to create a safe decision-making environment. However, a purely rules-based approach can lead to low accountability. It is therefore crucial to find a balance by encouraging personal responsibility and ethical reflection, which in turn increases acceptance. The principle is: as many rules as necessary, but as few as possible. “

Dr. Christine Butscher, ensian group GmbH

Internal Perception of the Compliance Function

The reputation of the compliance organization can make a significant contribution to shaping a positive ethical corporate culture and facilitate the anchoring of ethical conduct. Clear communication of the compliance role is therefore crucial to the success of its measures.

” Communication and, above all, the practical implementation of compliance must initially come from the highest levels of management. The long-term goal, however, is that these principles will eventually become an inherent part of all levels and targeted communication will become superfluous, as action will automatically be taken in line with the standards. It is also important to communicate compliance as a business partner (enabler). An overly rule-oriented image of the compliance function has a dysfunctional effect on the implementation of compliance and integrity measures. “



Sven Clodius,
Partner Assurance,
Forensic & Integrity Services,
EY GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft

The challenge is to see the compliance function more as a *business enabler*,¹¹⁰ partner and advisory function and less as a business-preventing instance of the organization. 85% of respondents share this view and agree with the statement that a business-enhancing perception of the compliance function promotes an ethical corporate culture.

Nevertheless, the duties of compliance must not be neglected and fraudulent actions must continue to be consistently pursued and punished. An appropriate level of monitoring is therefore essential. However, the focus should be on implementing voluntary standards of conduct in terms of integrity management in order to strengthen the ethical corporate culture and promote self-reflection.

¹¹⁰ The term "*business enabler*" means that the compliance function should not be seen as a "business inhibitor", but rather as an "enabler". The term is intended to make it clear that the specification of and compliance with guidelines and rules is not seen as a disadvantage, but as a competitive advantage that contributes to the company's success rather than preventing it.

” The need to give compliance a certain marketing character is demonstrated by the fact that it is not just about adhering to rules and regulations, but in particular about creating an understanding of it throughout the organization. With regard to the “marketing” of compliance and integrity within the company, the target groups should therefore be addressed individually. This includes clearly communicating the benefits of adhering to compliance guidelines and creating a positive perception to encourage acceptance and implementation. “

Andreas Pyrcek, EY GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft

Clear Processes create Trust

When it comes to the support and control mechanisms of compliance, it is also about dealing with breaches of rules, misconduct and the associated reports. First of all, it is important - and also mandatory - to set up suitable reporting channels that are open to any information.¹¹¹ The minimum legal requirements include the confidential handling of information, the obligation to process, report back and document information received and the establishment of internal and external reporting channels.

Initiatives that go beyond the regulatory minimum make a significant contribution to strengthening the trust of the organization’s members and increase the credibility and seriousness of the measures taken.

Conversely, organizational trust forms the basis for employees not being afraid to report violations or information - especially via internal channels.¹¹² Poor management of whistleblowing, on the other hand, leads to a loss of trust and may culminate in mistrust. Employees then tend to increasingly report misconduct via external channels.

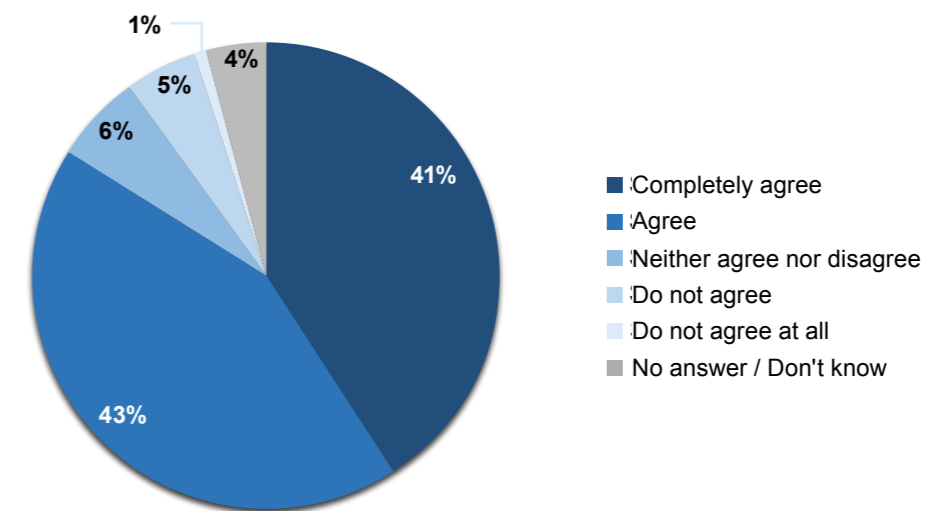
Efficient organizational processes and a clear understanding of mutual ethical responsibility between the company and its employees are crucial to encourage whistleblowing and avoid organizational silence. Trust acts as a subtle control mechanism that strengthens cooperation and optimizes the management of misconduct.¹¹³

¹¹¹ The obligation arises from the Whistleblower Protection Act (HinSchG), which came into force in 2023 and regulates the appropriate protection of natural persons who report violations in a professional context or are affected by such reports.

¹¹² Cf. Binikos (2008), p. 58.

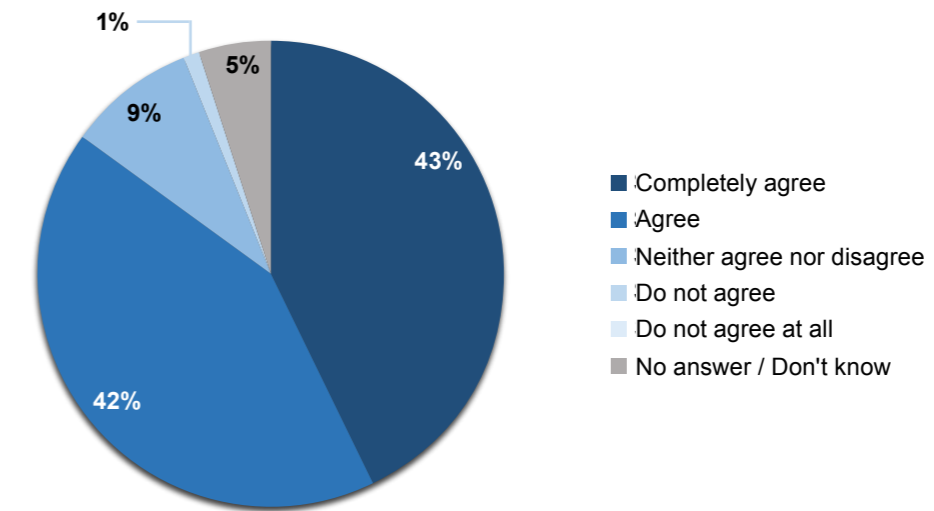
¹¹³ Cf. Hennequin (2020), p. 21ff.

The internal perception of the compliance function as business-impeding has a negative impact on the promotion of an ethical corporate culture



84% of respondents agree that the corporate perception of the compliance function as hindering business negatively influences the promotion of ethical corporate culture.

The internal perception of the compliance function as a business enabler has a positive impact on the promotion of an ethical corporate culture



85% of respondents agree that the internal perception of the compliance function as a business enabler positively influences the promotion of ethical corporate culture.

In addition to the low-threshold and anonymous reporting option, attention should also be paid to target group-oriented procedures and opportunities for reporting at eye level.

“ Employees should not only have the option to report their dilemmas and challenges via whistleblowing systems, but also the freedom and opportunity to discuss them personally and directly with their own manager or another trusted person. The use of appropriate technical systems can serve as an additional tool, especially if certain topics cannot or should not be discussed with superiors or colleagues.”

Dr. Christine Butscher, ensian group GmbH

In addition to transparent processes for dealing with reports, effective Compliance & Integrity Management (CIM) also requires clear procedures for dealing with actual breaches of rules and misconduct. As explained above, a misconceived zero-tolerance policy is not the optimal approach to dealing with errors.

However, especially with regard to ethical culture shaping, it is essential to consistently pursue compliance violations and to sanction them fairly and impartially, regardless of the hierarchical level and reputation of the persons involved.

Root cause analysis is a proven tool for systematically investigating the causes of misconduct. This method helps to identify the fundamental reasons for non-compliance. In successive analysis steps, it determines what happened, why it happened and what adjustments need to be made. Uncovering process weaknesses enables structural problems to be rectified and recurring incidents to be avoided.¹¹⁴

Root Cause Analysis

Root Cause Analysis (RCA) can be used to systematically analyze the underlying causes of violations or non-compliance cases. The process follows a structured methodology based on the following steps:

1. Problem identification and information gathering

At the beginning, all relevant information and facts about the issue are collected to enable a comprehensive understanding of the situation.

2. Allocation of responsibilities

Responsibility does not have to lie exclusively with the compliance function. Rather, it is essential to involve additional technical experts to ensure a well-founded investigation.

3. Ask questions

An important step is to critically scrutinize the situation. On the one hand, it is important to find out how the case came about and, on the other, to answer the question of why the vulnerability was not discovered earlier and which systematic errors contributed to the breach.

4. Root cause analysis

As part of the root cause analysis, actual and potential causes are specifically identified and the impact of the incident is assessed. The reasons for non-compliance are varied and can include, for example, insufficient controls, inadequate guidelines, IT failures or inadequate training.

5. Developing solutions and implementing measures

Possible solutions and corrective measures are developed in interdisciplinary teams consisting of cross-departmental specialists. The aim of the measures is to prevent the recurrence of similar incidents or to minimize the risk. It is also essential to define responsibilities, resources and deadlines during implementation.

6. Monitoring and auditing

Once the measures have been implemented, continuous processes to review their implementation, effectiveness and acceptance are crucial. This ensures that the measures are implemented sustainably and fulfill their purpose.

This structured approach ensures that the RCA not only provides short-term solutions but also contributes to the optimization of processes and systems in the long term.

¹¹⁴ Cf. on the topic of root cause analysis in compliance management, Kusserow (2021), p. 62 et seq.

Quality Criteria, Success Factors and Audit Procedures

The quality criteria discussed in detail above are intended to serve as a guide for defining catalogs of requirements in companies, consulting and auditing practice for the design and assessment of “High-Performance Compliance and Integrity Management Systems” (HPCIM).

Each quality criterion (Q) consists of success factors (E), specific audit procedures (P) and exemplary key performance indicators (KPIs).

Q1: Managers - top management & middle management - are active multipliers for compliance and integrity

Success factors	Audit procedures
<p>Q1.1 Presence of top management</p> <p>Top management shows pre-sence and commitment to C&I topics both internally and externally</p>	<p>AP1.1a Analyze the company website and internal communication channels for the visibility of top management with regard to C&I topics and check whether this communication is archived</p> <p>AP1.1b Analyze public speeches, interviews and town halls as well as internal statements by top management on C&I (request for participation in training, cooperation in the context of upcoming internal and external audits, etc.) with regard to clear and credible communication of C&I topics</p> <p>AP1.1c Monitoring the attendance and active participation of top management in C&I workshops, training courses, e-learning and events</p> <p>AP1.1d Review internal processes to ensure that commitment to C&I is maintained in the event of a change in top management</p>

<p>Q1.2 Target group-specific decision training</p> <p>Decision training on C&I topics, adapted to target groups and practical scenarios, is an integral part of management development programs</p>	<p>AP1.2 Survey of participation rates of managers (including top management) in scenario-based decision training, both overall and differentiated by hierarchy level</p>
<p>Q1.3 Role model function of managers (“Walk the talk”)</p> <p>Managers actively exemplify C&I in their day-to-day work and act as role models for ethical behavior</p>	<p>AP1.3a Analysis of internal reports and C&I incidents, in particular with regard to the involvement of managers</p> <p>AP1.3b Analyze feedback from internal and external stakeholders regarding the perception of leadership responsibility in relation to C&I</p> <p>AP1.3c Analysis of documented measures and initiatives by managers to promote C&I (e.g. as part of documented performance appraisals, team discussions, etc.)</p>
<p>Q1.4 Involvement of all management levels</p> <p>Middle and lower management levels are involved in the communication and implementation of C&I measures and are aware of their respective responsibilities</p>	<p>AP1.4a Analyze the responsibilities of middle and lower managers with regard to C&I measures</p> <p>AP1.4b Review the results of management surveys at all hierarchical levels to understand their C&I responsibilities</p>
<p>Q1.5 Clear and credible communication</p> <p>Managers are openly committed to C&I and to acting in accordance with the rules (“tone from the top”) and communicate their expectations of employees clearly and comprehensibly</p>	<p>AP1.5 Evaluation of the results of employee surveys on the clarity of communication on C&I</p>

<p>Q1.6 Promoting a culture of trust</p> <p>Managers create a corporate culture in which employees feel safe to raise concerns and problems openly; mistakes are seen as learning opportunities and managers take on the role of trusted contact persons</p>	<p>AP1.6a Evaluation and interpretation of the results of employee surveys on the perception of organizational trust and trust towards direct superiors in the context of C&I</p> <p>AP1.6b Examination of processes and reactions to reported errors (e.g. with the help of the whistleblower system) with regard to the consistency and appropriateness of measures, in particular for transparent and objective sanctions when management is involved</p> <p><i>See also AP3.</i></p>
<p>Exemplary KPIs</p> <ul style="list-style-type: none"> • Percentage of internal and external communication elements (speeches, interviews and public statements) initiated by top management on C&I topics • Percentage of employees who confirm their perception of top management's visibility on C&I topics in surveys • Percentage of employees reached through internal communication channels (e.g. click counts, views) • Percentage of C&I workshops and events at which members of top management were present • Percentage of employees who confirm that their line managers exemplify C&I in their day-to-day work • Total number of internal and external reports of misconduct by managers • Percentage of managers who say they know and fulfill their C&I responsibilities in their own area of responsibility • Employee feedback on clarity and credibility of C&I communication (e.g. from annual surveys) • Percentage of employees who say they feel confident discussing concerns openly with their line manager • Number of reports of misconduct and their resolution rate • Employee feedback on perception of how mistakes are handled • Proportion of managers for whom the active promotion of C&I is anchored in target agreements 	

Q2: Compliance and integrity are integrated into strategic and operational decision-making processes and anchored at management board level, with clear responsibilities and reporting structures

Success factors	Audit procedures
<p>Q2.1 Integration into the corporate strategy</p> <p>C&I are firmly anchored in the corporate strategy, are reflected in the vision, mission, guiding principles and purpose and are also integrated into operational decision-making processes</p>	<p>AP2.1a Review the corporate strategy and relevant documents (e.g. mission statement, purpose claim, mission, vision, guidelines) for the anchoring of C&I</p> <p>AP2.1b Evaluation of the results of employee surveys on the perception of the integration of C&I in strategic and operational decisions</p> <p>AP2.1c Review internal onboarding processes to determine whether all new employees are informed about the anchoring of C&I in the corporate strategy</p>
<p>Q2.2 Presence in committees</p> <p>C&I functions are regularly and systematically involved in relevant decision-making bodies</p>	<p>AP2.2a Analysis of minutes and other documents from and for committee meetings (e.g. management board, supervisory board) or relevant decision-making bodies and decision-making processes for the involvement of C&I functions and the discussion of C&I</p> <p>AP2.2b Check whether the date, form, content and responsibility for C&I reporting have been defined</p>
<p>Q2.3 Involvement of functions with sales and budget responsibility</p> <p>Ethical principles are understood as a central component of the management culture and integrated into strategic decision-making at all levels</p>	<p>AP2.3 Review of decision-making and performance management processes in functions with revenue and budget responsibility to assess whether ethical principles are embedded in strategic and operational decisions; includes analysis of documented cases, meeting minutes, and performance evaluations, as well as interviews with relevant managers</p>

<p>Q2.4 Clear responsibilities and reporting structures</p> <p>Responsibilities for C&I are clearly defined; transparent, comprehensible reporting channels exist</p>	<p>AP2.4 Review organizational charts, job descriptions and internal guidelines for clear responsibilities and reporting structures for C&I</p>
<p>Q2.5 External corrective</p> <p>An independent external corrective (advisory board/ supervisory board) supports the strategic anchoring of C&I in the organization</p>	<p>AP2.5a Analysis of the composition of external control bodies (e.g. advisory board, supervisory board) in relation to C&I against the background of responsibilities and competences</p> <p>AP2.5b Review of the regulations for monitoring the Executive Board as part of its C&I responsibilities by the Supervisory Board</p>
<p>Exemplary KPIs</p> <ul style="list-style-type: none"> • Average number of C&I-relevant references in the strategic documents (vision, mission, mission statement, purpose, guidelines) • Result scores from internal audits or surveys on the integration and effectiveness of C&I in operational decision-making processes • Percentage of committee meetings (management board, supervisory board) in which C&I was discussed and percentage of minutes dealing with C&I • Results from qualitative surveys on the perception of committee members regarding their role and responsibility in the implementation of C&I • Percentage of departments/functions with clearly defined responsibilities for C&I topics • Number of C&I reports submitted to management and supervisory bodies within a defined period of time • Results and feedback from meetings and workshops with members of an external corrective body and from external audits on the anchoring of C&I 	

Q3: Compliance and integrity are value-based and thus support the corporate culture that is practiced

Success factors	Audit procedures
<p>Q3.1 Value orientation</p> <p>C&I are based on the corporate values and are an integral part of the lived corporate culture</p>	<p>AP3.1a Analysis of the ethical corporate culture: Review of the corporate culture with regard to ethical principles and values¹¹⁵</p> <p>AP3.1b Review and interpretation of the results of employee and manager surveys on the perception of the relevance of corporate values in everyday working life</p>
<p>Q3.2 Ownership and reflection</p> <p>The Code of Conduct is formulated in a clear, understandable and addressee-oriented manner and offers scope for independent action and reflective decision-making</p>	<p>AP3.2a Examination of the Code of Conduct and other relevant documents for the integration of corporate values as well as their comprehensibility, accessibility and target group orientation</p> <p>AP3.2b Evaluation of the results of employee surveys on the perceived scope for independent action and reflective decision-making</p>
<p>Q3.3 Openness to mistakes</p> <p>Mistakes are used as learning opportunities and discussed in an open and constructive manner</p>	<p>AP3.3 Evaluation and interpretation of the results of employee and management surveys on the perception of the culture of learning from mistakes and the willingness to openly address mistakes</p> <p><i>see also AP1.6b</i></p>

¹¹⁵ See the [EFFECTIVENESS TESTING](#) section below for details.

<p>Q3.4 Cultural anchoring</p> <p>Regional C&I managers promote the cultural anchoring of C&I by harmonizing global standards with local values</p>	<p>AP3.4a Review global C&I guidelines for need for adaptation to local cultural conditions by interviewing regional C&I managers and verifying that translation has taken place</p> <p>AP3.4b Comparison of local C&I guidelines with global standards as part of internal audits</p>
<p>Q3.5 Speak-up culture</p> <p>Employees and managers feel safe and encouraged to raise concerns and issues openly</p>	<p>AP3.5 Evaluation of the results of employee surveys on the perception of safety of openly addressing concerns and problems</p> <p><i>see also AP1.6a, AP6.4a</i></p>
<p>Exemplary KPIs</p> <ul style="list-style-type: none"> • Percentage of employees and managers who confirm in surveys that the corporate values are relevant to their work • Result scores from internal audits on the integration of corporate values into company guidelines • Percentage of employees who rate the Code of Conduct as clear, understandable, helpful and easily accessible • Percentage of employees who state that they have sufficient scope for independent action and reflective decision-making • Percentage of employees who confirm that errors are discussed openly and constructively • Percentage of reported error cases that led to specific improvement measures • Percentage/number of global C&I guidelines that have been adapted to local conditions (values) • Percentage of employees who feel safe to raise concerns or problems openly 	

Q4: Employees and managers are actively involved in shaping compliance and integrity

Success factors	Audit procedures
<p>Q4.1 Participation</p> <p>Employees and managers are actively and appreciatively involved in the development and implementation of C&I measures, such as the (further) development process of the Code of Conduct and guidelines</p>	<p>AP4.1 Analysis of the documentation of the development process for C&I measures to check whether and in what form employees and managers at different levels have been involved</p>
<p>Q4.2 Transparency and traceability</p> <p>Objectives and background of C&I measures are communicated clearly and comprehensibly; reported misconduct is dealt with in a comprehensible and transparent manner</p>	<p>AP4.2 Review the processes for dealing with reported misconduct for transparency and traceability</p> <p><i>see also AP3.6</i></p>
<p>Q4.3 Appropriate incentives</p> <p>Targets and incentive systems are designed in accordance with moral principles and corporate values</p>	<p>AP4.3a Analysis of performance appraisals with regard to the criteria and evaluation standards used, in particular with regard to the realistic achievability of targets</p> <p>AP4.3b Analyzing promotion decisions and disciplinary measures with regard to the criteria and evaluation standards used</p>

<p>Q4.4 Dialogue and exchange</p> <p>The organization creates regular opportunities for dialogue and exchange on C&I topics, for example through workshops, events and formats with employees, managers and external stakeholders.</p>	<p>AP4.4</p> <p>Analysis of participation rates in formats such as training courses, workshops and events and evaluation of participant feedback (randomized interviews/discussions) on the perceived quality of the exchange, with a particular focus on openness, depth of discussion and solution orientation</p>
<p>Exemplary KPIs</p> <ul style="list-style-type: none"> • Percentage of employees involved in the development and implementation of C&I measures (e.g. in the CoC development process) • Proportion of C&I measures in which employee feedback was taken into account • Percentage of dialogue and exchange formats on C&I topics in which employees can provide feedback on C&I measures; participation rate of employees in these formats; percentage of dialogue formats in which external stakeholders are involved; number of suggestions for improvement resulting from these dialogue formats on the topic of C&I • Percentage of managers who rate the targets as being in line with corporate values • Fulfillment rate of C&I targets as part of managers' performance appraisals • Percentage of employees who say they feel that the handling of reported misconduct is transparent and understandable 	

Q5: Training and further education in the area of compliance and integrity enable employees and managers to reflect on ethical dilemmas and compliance-related conflicts and to act proactively

Success factors	Audit procedures
<p>Q5.1 Practical and application-oriented content</p> <p>Training courses and programs convey practical, relevant content that is tailored to the specific needs of the respective target groups</p>	<p>AP5.1a</p> <p>Evaluation of training content and formats in terms of relevance, practical relevance, target group orientation</p> <p>AP5.1b</p> <p>Analyze participant feedback on the effectiveness and relevance of training content and formats</p>
<p>Q5.2 Promotion of ethical competence</p> <p>Training courses and programs go beyond mere knowledge transfer and strengthen skills for recognizing, reflecting on and overcoming ethical dilemmas and for responsible decision-making</p>	<p>AP5.2</p> <p>Evaluation of training content and formats against the background of promoting ethical competence¹¹⁶</p> <p><i>see also AP1.2</i></p>
<p>Q5.3 Interactive training formats</p> <p>A wide range of interactive and cross-hierarchical formats, such as workshops and dilemma training, enable the open discussion and processing of conflicts of values</p>	<p>AP5.3</p> <p>Analysis of documentation and participant lists of interactive training formats (e.g. workshops, dilemma training) with regard to the cross-hierarchical composition of participants, in particular the participation of managers and direct reports (including supervisory board and management board)</p>
<p>Q5.4 Management commitment</p> <p>The management board and senior management are actively involved in training and further education measures on C&I topics</p>	<p><i>see AP1.2</i></p>

¹¹⁶ See the [ENABLEMENT](#) section for more details.

Exemplary KPIs

- Percentage of managers (by hierarchy level) who have participated in scenario-based C&I training (including disclosure and discussion of ethical dilemmas and compliance conflicts in the company)
- Percentage of cross-hierarchy workshops on C&I between management levels (managers with direct reports; incl. supervisory board - management board) for the disclosure and discussion of ethical dilemmas and compliance conflicts in the company
- Participant feedback on the quality of the training/continuing education offered in the area of C&I (acquisition of basic knowledge of C&I, practical orientation, acquisition of skills)

Q6: The compliance function is perceived by employees as a business enabler. Appropriate control mechanisms enable individual accountability and support Compliance & Integrity Management through clear processes for handling rule violations, an accessible reporting procedure and fair sanctions.

Success factors	Audit procedures
<p>Q6.1 Business enablement</p> <p>The C&I function is perceived by employees as a supportive partner that provides advice on adherence to rules, ethical standards and the resolution of compliance-related conflicts and dilemmas</p>	<p>AP6.1a Survey of the number of employees who perceive the C&I function as supportive, especially in finding appropriate solutions in gray areas</p> <p>AP6.1b Review the C&I function's knowledge of the organization's business models, for example by analyzing the professional background and operational experience of the C&I team</p> <p>AP6.1c Analyze training for the C&I function for scenario-based decision making</p> <p><i>see Q5.2</i></p> <p>AP6.1d Analyze C&I-related business cases and management decisions for the degree of involvement of the C&I function in the decision; interviews and discussions, especially with operational management</p>
<p>Q6.2 Adequate controls</p> <p>Controls ensure compliance with standards while promoting entrepreneurial freedom and individual accountability without creating a culture of mistrust</p>	<p>AP6.2 Examine the implementation and impact of the company's control mechanisms for balance and effectiveness</p>

<p>Q6.3 Dealing with breaches of rules</p> <p>Transparent and independent processes ensure that violations of rules and misconduct are dealt with fairly, regardless of the hierarchical level of the persons involved; a focus is placed on preventing future violations and promoting a culture of accountability</p>	<p>AP6.3a Review the processes for dealing with rule violations in terms of clarity, transparency, fairness and consistency as well as their preventive effect, with a particular focus on ensuring that this process applies and is applied equally to all employees at all levels</p> <p>AP6.3b Review the number of reports that lead to a root cause analysis and the quality and results of these analyses</p> <p>AP6.3c Review the process for remedying systemic deficiencies once they have been identified</p>
<p>Q6.4 Credible reporting systems</p> <p>The reporting channels for misconduct are transparent, comprehensible and adapted to the needs of different target groups; they enable both anonymous and personal reports by internal and external persons</p>	<p>AP6.4a Analyze existing reporting channels in terms of accessibility, confidentiality, user-friendliness and transparency</p> <p>AP6.4b Survey on awareness of the relevant contact persons in the C&I function and their contact options</p> <p>AP6.4c Analysis of the number and type of reports received about potential breaches of rules, misconduct and ethical problem areas, as well as the processing time and quality</p>

Exemplary KPIs

- Number of requests to the C&I function for support in C&I-related conflict situations and dilemmas, categorized by type of request, urgency, origin (geographical region, business unit), management level, frequency of recurring requests, etc.
- Proportion of members of the C&I function with experience from the operational business
- Employee satisfaction with the services provided by the C&I organization
- Average processing time for reports relevant to C&I
- Employee satisfaction with existing reporting channels in terms of accessibility, confidentiality, user-friendliness and transparency
- Percentage of reports that lead to an investigation
- Percentage of reports that lead to a root cause analysis
- Recurrence rate of breaches after remediation measures

EFFECTIVENESS TESTING

Methods and Techniques for testing the Ethical Corporate Culture

Recording and measuring corporate culture

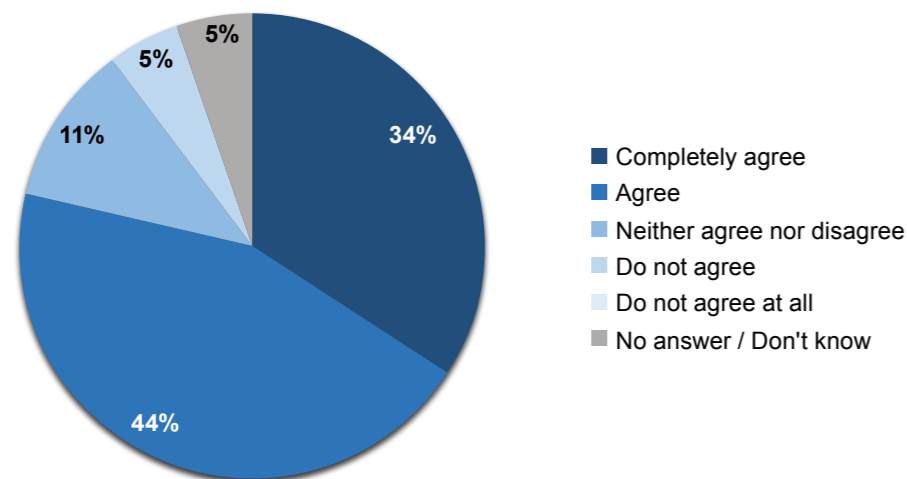
Recording the corporate culture is the first step in assessing the existing culture and determining the extent to which an ethical corporate culture is practiced within the organization. The fact that organizational culture should be continuously monitored and further developed is also implied by the requirements of auditing and certification standards, which define culture as a fundamental element of an effective CMS.¹¹⁷

78% of the compliance experts surveyed confirm that regularly determining and analyzing the ethical corporate culture is critical to the effectiveness of CIM.

Although the relevance of regularly recording and analyzing ethical corporate culture has already been recognized, there may be various reasons why organizations still refrain from doing so. In addition to the effort involved in such a comprehensive survey, it requires commitment from management and a willingness to engage in self-criticism and change.¹¹⁸

On the other hand, the survey results also confirm that regular monitoring promotes an ethical corporate culture.

Determining and analyzing the ethical corporate culture is critical to the success of effective Compliance and Integrity Management

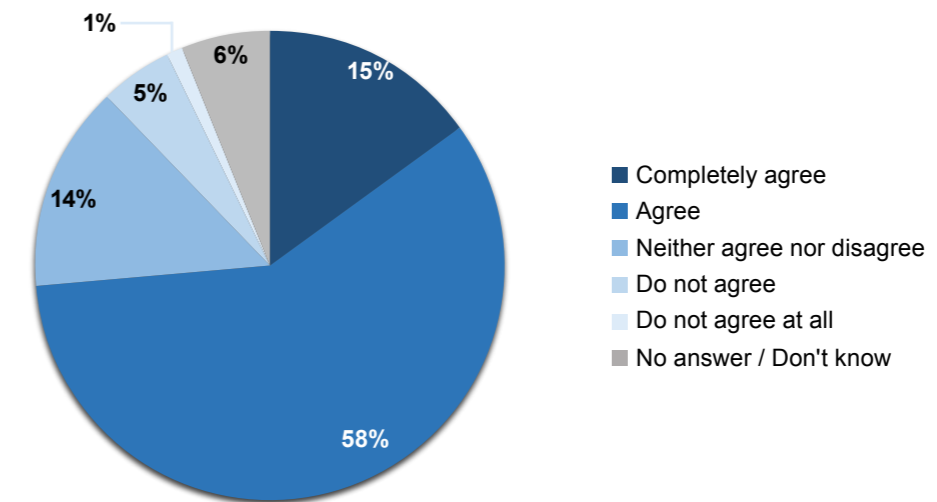


78% of respondents agree that determining and analyzing ethical corporate culture is critical to the success of effective CIM.

¹¹⁷ Cf. IDW PS 980, 2022, p. 7 and ISO 37301:2021, p. 38f. These standards refer to the "compliance culture".

¹¹⁸ Cf. Eichler (2012b), p. 31.

The promotion of an ethical corporate culture requires regular recording and analysis (e.g. through employee surveys)



73% of respondents agree that promoting an ethical corporate culture needs to be regularly recorded and analyzed.

„ The biggest challenge of auditing an ethical corporate culture is that ethics are difficult to impossible to measure, as they are people's innermost beliefs. The audit can only be based on observations of behavior. By collecting measurable indicators, for example, it is possible to check the extent to which compliance and integrity measures are accepted in the company. “

Hubertus Eichler, Forvis Mazars GmbH & Co. KG

Measuring corporate culture is a complex process, and practitioners are therefore faced with the question of how to implement it. Some recognized standards provide a direction for this. However, the survey results show that only some of the audit procedures they provide are considered "suitable" for assessing an ethical corporate culture.

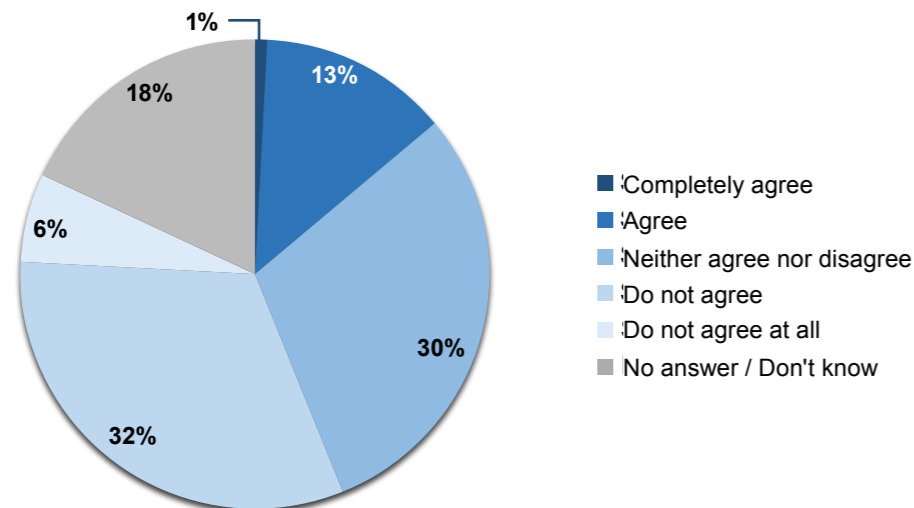
This is mainly due to the fact that neither the corporate culture nor the (ethical) beliefs are visible or even documentable. Although the fundamental values and attitudes of employees shape their behavior, these often remain invisible to the outside world.¹¹⁹

¹¹⁹ See Schein's model in the [INTRODUCTION](#) chapter.

As part of standardized audits and certifications, the documented processes and their effectiveness are reviewed on a specific date. However, shaping corporate culture is often associated with measures that are geared towards the long term. During a point-in-time audit, however, long-term investments are not sufficiently taken into account in order to be able to make a valid statement about the development of the culture.

The audit and certification standards therefore reach their limits when it comes to assessing the extent to which ethical principles are actually applied and lived in the company and in everyday working life.

Current audit procedures for determining compliance culture (e.g. IDW PS 980) are suitable for recording and assessing the ethical corporate culture



Only 14% of respondents state that current audit procedures for determining compliance culture are suitable for recording and assessing this, as the KICG survey shows.

“ According to the relevant auditing standards, the effectiveness of CMS elements is clearly defined and can be tested by sampling: Processes, for example, can be audited to determine whether they are working as intended. However, there are limits when it comes to auditing the ethical culture. It cannot be easily audited because it is not based on defined and auditable processes. It is therefore difficult to verify ethics with an audit standard. ”

Sven Clodius, EY GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft

“ Prior to culture shaping, it is advisable to carry out a culture analysis. However, relevant auditing standards such as IDW PS 980 only take past actions into account. Consequently, the audit is only a snapshot (as at a reporting date or past period), as no investments in future measures are taken into account. With regard to the corporate culture audit, there is also a lack of minimum criteria or clear procedure. ”

Andreas Pyrczek, EY GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft

As a first step in culture measurement, the literature advises defining a target state and/or a so-called target culture.¹²⁰

The basic corporate values on the one hand and the mission, vision and purpose of the organization on the other must not be disregarded in order to maintain seriousness and credibility. Finally, the desired (ethical) corporate culture is compared with the status quo in order to derive further measures to promote the target culture.

” In order to capture the corporate culture holistically, the first step is to establish a framework and set of rules for the desired target culture. The next step is to identify suitable indicators for the desired target culture, implement them and make them measurable. “

Hubertus Eichler, Forvis Mazars GmbH & Co. KG

A combination of various audit procedures with different levels of depth is suitable for obtaining an up-to-date, comprehensive picture of the corporate culture.

According to established auditing standards, a review of existing regulations and codes of conduct can be a first audit step. Employee surveys complement the audit procedures.¹²¹

” As part of the review of corporate culture, not only employees, but also managers at top level and supervisory bodies should be interviewed. “

Manuela Mackert, former Deutsche Telekom AG

” Compliance & Integrity Management should serve the employees (especially the vulnerable ones) who represent the company and are responsible for its public image. They are therefore the most relevant authority for assessing its effectiveness. Regular surveys and other feedback channels, including public employer review platforms, are helpful here. “

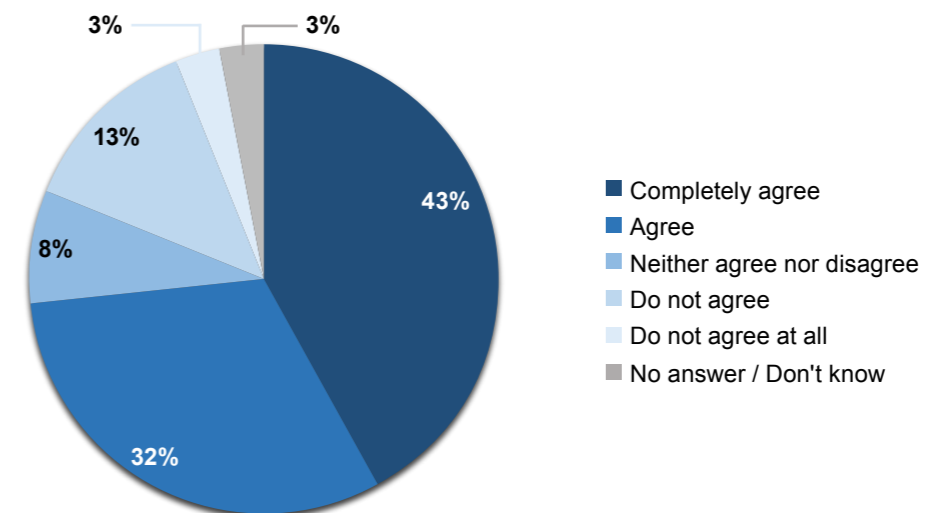
Christoph Kowalewski, #IntegrityFirst

Surveying organizational members is one of the most common methods and can make a significant contribution to completing the picture of corporate culture thanks to the large number of perspectives collected. The vast majority of experts are in favor of surveying all employees, regardless of their hierarchical level.

¹²⁰ Cf. Sackmann (2006), p. 36; Eichler (2012a), p. 135.

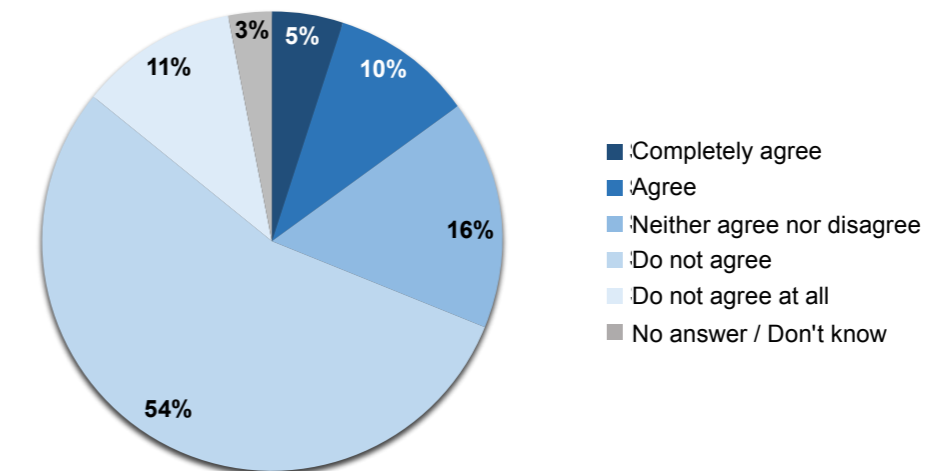
¹²¹ A combination of various audit procedures with different levels of depth is suitable for obtaining an up-to-date, comprehensive picture of the corporate culture. According to established auditing standards, a review of existing regulations and codes of conduct can be a first audit step. Employee surveys complement the audit procedures

In principle, all members of an organization should be surveyed to measure ethical corporate culture



75% of respondents agree that all members of an organization should be surveyed to measure ethical corporate culture.

To measure ethical corporate culture, managers in particular should be surveyed



65% of respondents agree that it is not sufficient to survey mainly managers to measure ethical corporate culture.

The Ethical Baseline Survey 2021 from Novartis provides an overview of possible topics that can be used as part of an anonymized employee survey.¹²² A survey was designed with around 50 questions from the following three categories:

Ethical climate

Perception of the immediate organizational environment in which employees find themselves, with a focus on

- organizational justice
- fairness & trust
- control versus autonomy
- psychological safety
- loyalty

and the question of whether they feel empowered and supported to do the right thing.

Ethical perception

A measure of how much employees actually pay attention to the moral and ethical implications of their decisions and actions (Moral Mindfulness, Moral Detachment), such as the following questions:

- What misconduct have you already perceived in the organization?
- How did you behave?

Ethical decision-making

Perceptions about the way employees think about ethical issues and problems, with a focus on

- Clarity of expectations
- Awareness of biases
- Conflicting goals

Such surveys provide valuable clues to better understand the organizational culture and derive targeted measures to promote an ethical corporate culture.

Initial “pressure points” and problem areas can be identified on the basis of a company-wide (anonymous) employee survey. The results then provide a starting point for further intensification of the audit procedures. Personal interviews can then be conducted with managers and/or employees from critical or problem-prone departments in order to get to the bottom of possible conflicts. Problems can be addressed and discussed in a targeted manner during confidential and personal discussions.

59% of experts even state that personal interviews are essential for measuring ethical corporate culture

Possible challenges in conducting surveys include the fear of negative consequences, social desirability in response behavior, self-esteem bias, overestimation of one’s own worth and a lack of communicative support for the process, which can lead to a low response rate.

To counter these challenges, it is essential to ensure strict confidentiality, the use of carefully selected and differentiated questioning techniques and transparency in the survey process. An atmosphere that allows respondents to speak openly about concerns and challenges without fear of reprisal is crucial to prevent bias from desired response behavior and achieve valid results

” To get a complete picture of corporate culture, it makes sense to anonymously interview those who actively shape day-to-day business. Simply reviewing documents and documentation alone is insufficient, as this does not provide any insights into the compliance that is actually practiced, but only the compliance that is implemented. “

Sven Clodius, EY GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft

¹²² Cf. Jäkel (2022) p. 60f.

” In terms of auditing corporate culture, a basic understanding of the actual organizational structure is necessary on the part of the auditor. In addition to reviewing documentation, personal interviews should therefore be conducted with managers and employees. It is important to ask the right people the right questions. A few questions to selected people can already provide an important impression when examining an ethical corporate culture. “

Prof. Dr. Roland Steinmeyer, Morrison & Foerster LLP

” Face-to-face interviews are the most effective method and the most powerful means of capturing corporate culture. Through direct discussions, a deeper understanding of the values, attitudes and behaviors of employees can be gained. However, such interviews require clear rules and specific questions on the one hand and suitable interviewees whom the interviewees can trust on the other. They should listen, react appropriately and communicate clearly that the interviewees have no reason to fear any disadvantages as a result of their open communication. If the results and answers are conspicuous, the sample of respondents can be expanded. In addition, people in risk-sensitive positions can be interviewed to gain a comprehensive impression of the corporate culture. “

Hubertus Eichler, Forvis Mazars GmbH & Co. KG

In addition to qualitative interviews, quantitative data points from the company can also help to understand the corporate culture.

These include, for example, KPIs such as participation and success rates in training courses, feedback, data on the use of advisory and/or whistleblowing services, the number of times the Code of Conduct is called up and other data from other areas such as HR management.

In particular, information that is already available in the company and has not yet been used to measure culture can be used here.

All data points, interview results and information from documents and records are then linked in order to draw a realistic picture of the culture - both in individual areas and company-wide.

” In addition to the results from interviews and employee surveys, companies should also keep an eye on the key performance indicators, such as the training participation rate or the results from satisfaction surveys. “

Frank Vießmann, Continental AG

” Company data should also be used to support work on culture. It is important to consider different pillars of data and to link individual data points with (possibly more distant) data points and place them in the corporate context. “

Dr. Klaus Moosmayer, Novartis AG

” Publications of data and information, public assessment platforms and evaluations by third parties can also enable cost-effective benchmarking. “

Christoph Kowalewski, #IntegrityFirst

The answers to the question of who ultimately carries out the evaluation of the ethical corporate culture are differentiated. On the one hand, it is possible to carry out internal measurements that are supervised and evaluated by the compliance organization. In this case, the internal audit department, in particular, is a suitable sparring partner, as internal investigations provide in-depth insights into the corporate culture. The disadvantage of a purely internal culture measurement is the lack of benchmarking and possible “operational blindness”.

” Internal surveys can be used as a supplementary tool for examining corporate culture. In the course of internal investigations, you get very close to the employees and gain a comprehensive insight into the existing culture in the relevant local context of the case. Culture-related triggers for misconduct can also be identified in this way. “

Dr. Klaus Moosmayer, Novartis AG

” Qualitative surveys are a good way of evaluating corporate culture. For example, feedback on training can be obtained through discussions with employees. You should also take the “grapevine” seriously. Even though this is not used as a targeted audit, it still serves as feedback on the atmosphere in the company. “

Dr. Christine Butscher, ensian group GmbH

In the case of an external audit, e.g. as part of an evaluation of the CMS, conflicts of interest are avoided and, if necessary, certificates are issued for the audit.

The auditors should have a basic understanding of the business processes and take ethical parameters into account in their audit.

” An efficient audit requires the auditor to have in-depth specialist knowledge of the business area in question. Auditors often do not have sufficient technical and industry knowledge. The more specific an audit is, the more efficient it is. “

Prof. Dr. Roland Steinmeyer, Morrison & Foerster LLP

” In the course of an external audit of corporate culture, it is important to ensure that a appropriate auditor is involved who is able to incorporate integrity and ethics into their audit adequately. “

Dr. Christine Butscher, ensian group GmbH

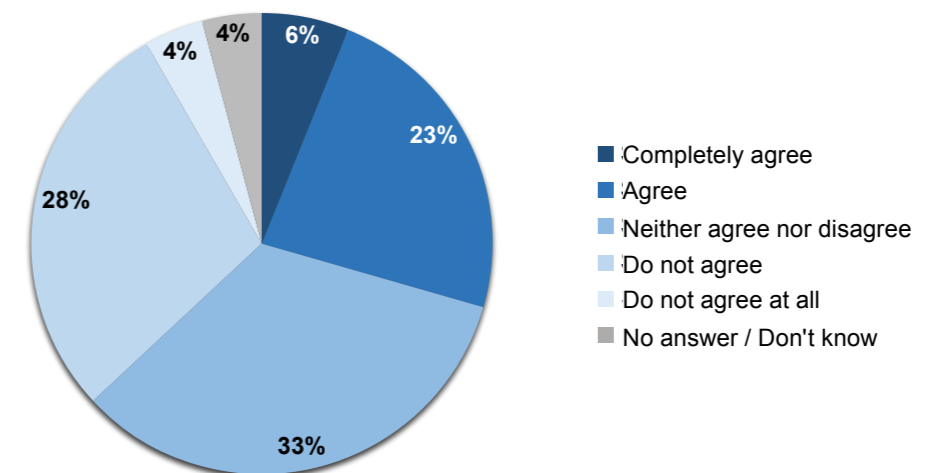
” The ultimate review is carried out by third parties who are not subject to a conflict of interest, e.g. academic or civil society actors who have no business relationship with the company. This can be done either by publishing relevant data and information or by providing it discreetly, supplemented by dialogue processes in which critical feedback is discussed and can be incorporated into the optimization process of Compliance & Integrity Management “

Christoph Kowalewski, #IntegrityFirst

The available resources and willingness to invest can determine the choice of approach. If there is a strong interest in a detailed review of ethical corporate culture and a budget that allows for it, large-scale and even scientifically supported surveys are possible.

The results of the survey show that only 29% of experts consider the involvement of an external consultancy or other institute to be absolutely necessary for the cultural analysis.

The determination of the ethical corporate culture should be carried out or accompanied by external consultants/institutes



A differentiated picture emerges with regard to the statement "the determination of the ethical corporate culture should be carried out or accompanied by external consultants/institutes". 29% agree, 32% disagree and 33% neither agree nor disagree.

Follow-up of the results

To ensure that the ethical culture can now be actively promoted on the basis of the knowledge gained, a consistent follow-up of the measurements and surveys is required. Assigning responsibilities is key to ensuring that the results are processed appropriately.

” Finally, clear handling and follow-up of the results of the audit is also of integral importance. A clear catalog of measures with the assignment of roles and responsibilities, transparent communication of the results to the team and a clear follow-up of the measures can support this. “

Sven Clodius, EY GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft

Once the results of the status quo are available, the next step is to compare them with the previously defined and desired (ethical) target culture. On this basis, both strengths and weaknesses of the prevailing corporate culture are identified. .

In the form of targeted measures and task packages, problematic cultural factors can be addressed, corrected and strengths can be developed. The organizational and cultural framework conditions already identified as well as the quality and success criteria contained in the Guidance for High-Performance Compliance & Integrity Management can serve as a guide.¹²³

¹²³ See the chapter [EFFECTIVE EMPOWERMENT](#).

Finally, it should be noted that the results of cultural analyses, particularly in relation to employee surveys and interviews, can show both expected and unexpectedly negative findings. In such cases, it is crucial to approach the results with self-criticism and openness, to question established procedures where necessary and to take feedback seriously, especially from the operational levels.

A transparent approach to the results, in which negative results are not concealed, ensures the seriousness and credibility of compliance and integrity initiatives, both internally towards employees and externally.

Through joint discussions, workshops or other interactive formats, top management can demonstrate its willingness to tackle challenging issues and thus set a credible “tone from the top”

” An ethical corporate culture is also achieved by facing up to the issues openly. “

Prof. Dr. Roland Steinmeyer, Morrison Foerster LLP

” The application of IDW PS 980 to review corporate culture is in some cases inadequate, as it only provides a snapshot of corporate culture and is based on the past. In addition, the follow-up of the culture assessment - and in particular the handling of negative results - is still a challenge. “

Manuela Mackert, former Deutsche Telekom AG

” The assumption ‘ethics is a task for compliance officers’ is wrong. Ethics is becoming increasingly important and should play a key role both as part of strategy development and as part of the measurability of CMS. “



Dr. Klaus Moosmayer,
Chief Ethics, Risk & Compliance
Officer,
Novartis AG¹²⁴

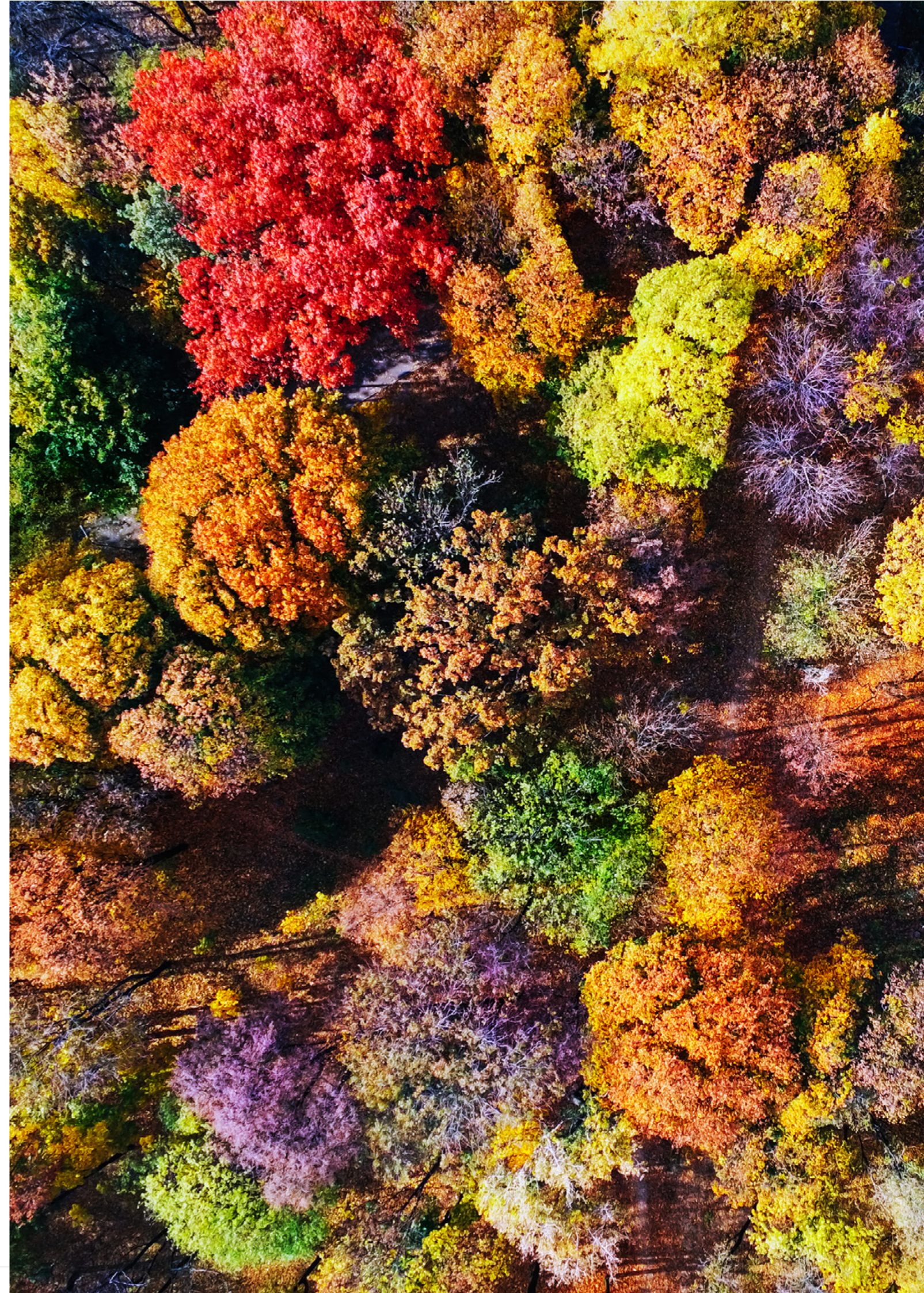
¹²⁴ Dr. Klaus Moosmayer was in that role when the German version of this research project was published. Since May 22nd, 2025, Klaus Moosmayer has been a member of the Supervisory Board of Deutsche Bank AG and serves on the Audit, Risk and Compensation Control Committees of the Board.

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We look forward to your comments, additions and further exchanges!



Interview partners and translation

The roles and institutional affiliations of the listed experts reflect their status at the time of the interviews. Since then, some of them have assumed new professional positions.

ENABLEMENT

Interviews in the period from December 2021 to February 2023 with:

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Sina Falcicchio

Compliance & Data Protection Officer, *Trumpf SE & Co. KG*

Ronnie Feldman

President & Creative Director, *Learnings & Entertainment (L&E Creative)*

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Founder & Managing Director, *PLLOB Compliance GmbH*

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EFFECTIVE EMPOWERMENT & EFFECTIVENESS TESTING

Interviews in the period from June 2023 to March 2024 with:

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TRANSLATION

The present edition is an English translation of the original German version 'Compliance & Integrity als Führungsaufgabe und Kulturgestaltung', published in March 2025. The translation was prepared by:

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