RSM

WORKPLACE CULTURE

A guide for boards to turn cultural insights into better governance decisions

Introduction

Workplace culture is not intangible. It is evident in how people treat one another, how decisions are made, how risks are managed and how leadership responds under pressure. Strong workplace cultures drive performance, trust, innovation and long-term value creation. Poor cultures do the opposite - creating conditions where substandard decisions, fraud, corruption or unethical behaviour can take root.

Boards and directors have a central role in shaping and overseeing culture. Yet many rely heavily on internal reports, assuming management will raise emerging issues. However, culture doesn't always appear in dashboards. It exists in what gets said in unminuted meetings, how pressure is handled and whether people feel safe enough to speak up. If you don't have visibility on that, you have a governance blind spot.

There are many high-profile global cases where cultural complacency has led to misconduct, regulatory breaches, and significant reputational and financial damage. These examples highlight the real cost of ignoring culture.

Understanding the link between culture and organisational performance is essential. Boards can govern more effectively by identifying risks early, recognising patterns of concern, and making use of independent, external tools such as culture surveys to gain a clearer view of the lived experience of employees. Culture is shaped by what leaders tolerate, reinforce, and ignore. Boards that prioritise it not only prevent harm; they enable their organisations to thrive.
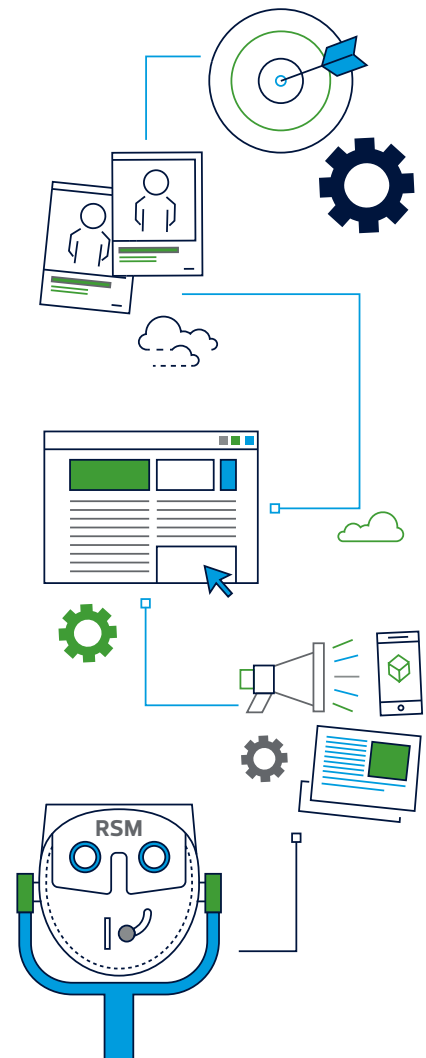
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What is workplace culture?

At its core, culture is the collective behaviour, beliefs and shared experiences of a group of people. In the workplace, culture is the lived experience of employees and leaders, encompassing everyday interactions, norms and decisions.

Culture determines how people treat one another, how risks are taken, how success is defined and, ultimately, how the organisation performs. It is also deeply tied to organisational values, ethics, strategic alignment, employee engagement and public trust. A strong workplace culture drives performance, innovation and accountability. A toxic or misaligned culture breeds risk, disengagement and reputation damage.

Culture is linked to success

The argument for a strong workplace culture is not just moral or regulatory. It is economic. When employees are happy at work and feel fulfilled in their roles, they are more productive and take pride in their work and workplace culture.

One study[1] found that 92% of surveyed executives believe improving culture increases firm value, and 79% rank it among their company's top value drivers. The study confirmed that this was borne out in business performance outcomes, with a caveat. Culture is only effective in driving performance when values translate into behaviour. Values that exist on paper but not in practice may not be worth the ink they're printed with.

Culture comes from the top

Boards and executives are not passive observers of workplace culture; they are its architects. For organisational values to truly align with day-to-day behaviours, the cultural tone must be set and consistently reinforced from the top. The Board is ultimately responsible for defining the standard, identifying cultural gaps, and holding executive management to account. This leadership sets a tone of integrity and accountability that inspires trust, fosters psychological safety, and drives ethical decision-making across the organisation.

Failing to govern and actively shape culture means leaving significant risk unmanaged. When boards overlook culture, they often miss early warning signs of deeper systemic issues – issues that can erode trust, damage reputation, and impair performance. If inappropriate behaviour is observed and left unchallenged, it can quickly become normalised. In such cases, silence signals acceptance. If the Board isn't owning and championing culture, no one is.

1: Corporate Culture

Consequences of poor workplace culture

Toxic and dysfunctional workplaces are bad for business. There is a strong link between weak organisational culture and misconduct, fraud and compliance failures. When an organisation operates without strong ethical norms, it creates space for unethical behaviour to thrive.

The cost of these failures can be significant. Direct losses from fraud or misconduct can be substantial but there are also indirect costs: productivity loss, staff turnover, reputation damage, legal penalties and executive distraction. When culture fails, attention shifts from strategy and growth to investigation and crisis management. The longer a toxic culture persists, the more expensive and complex it becomes to fix.

Taking a proactive approach to identify problems early and guiding management to address them can save money in the long run.

Example

One of our clients has us conduct a fraud and corruption awareness survey every year, which consistently achieves a high participation rate. This indicates a positive culture, where employees are willing to speak up and participate. The feedback helps our client understand how aware their employees are and identifies any internal control issues that need to be addressed.

Employees have even reported warning signs of potential fraud or corruption through the survey, which may not have otherwise been reported. Thanks to this regular culture check-in, the organisation was able to address issues early, before they escalated.

Warning signs of a workplace culture at high risk of fraud

Boards should be attuned to warning signs that suggest an organisation's culture may be vulnerable to fraud, corruption or misconduct. These include:

1 Failure to regularly update the fraud and corruption risk assessment:

Without a current risk assessment, the organisation may be unaware of emerging threats or blind spots. If risks are not identified and assessed, how does the business know what to mitigate, to minimise potential reputation and financial damage?

2 Absence of a fraud and corruption control policy:

If no policy exists – or if it is outdated or incomplete – it signals weak leadership commitment to prevention. When leaders fail to set clear expectations, it sends a message that fraud and corruption are not priorities. If leadership appears indifferent, it becomes difficult to expect concern or vigilance from others in the organisation.

3 Inadequate enforcement of unacceptable conduct / ethics and policies:

Poor implementation of other related policies, such as a code of conduct or code of ethics that governs conflicts of interest, gifts, benefits and hospitality. This can signal to employees that these issues are not taken seriously.

4 No assigned ownership of fraud and corruption risks:

When there is no clear ownership for managing fraud and corruption risks or ethical conduct within the organisation, it can create an environment where issues are overlooked or go unaddressed.

5 Ineffective whistleblower program:

If employees don't know how to report concerns or don't trust the process - they may remain silent, even in the face of serious wrongdoing.

Behavioural red flags of employees engaging in fraud or corruption

At the micro level, certain behaviours are consistently associated with fraud or ethical lapses. These may not be conclusive on their own, but they should raise questions.

Insufficient segregation of duties in high-risk business processes	Lifestyle not consistent with reported income	Unwillingness to take leave or share duties	Unusual working hours that are inconsistent with peers without clear justification
Resistance to oversight or scrutiny	Sudden or unexplained changes in behaviour	Close personal ties with suppliers or vendors	Failing to provide accurate reports or delaying reporting on certain issues
	Engaging in bullying or intimidating management styles	Not adhering to company policies and encouraging employees to bend or break the rules	

Governing culture: Board responsibilities and best practice

When an organisation prioritises governance, risk and compliance, it shows that it is committed to doing the right thing and expects the same from its employees, stakeholders and other representatives like vendors, agents or intermediaries. This commitment sets the tone for ethical conduct, builds trust across all levels and creates an environment where employees are more likely to thrive.

Setting and modelling expectations

Boards and executives must lead by example, demonstrating the behaviours they expect from employees. The way board members and executives engage with each other and model respect and integrity sets the tone for the organisation. When boards and senior management demonstrate fairness, transparency and respect, these behaviours ripple through to middle management and into everyday operations.

Culture is not confined to middle management or operations. It is a whole of organisation issue. The Board's own conduct is part of that equation.

Scenario

A board member works late and will miss a family dinner, so they direct their personal assistant to send flowers to their spouse and charge it to the company card. It seems harmless, but it sets a precedent, signaling that personal use of company funds is acceptable. This message trickles down. Middle managers begin doing the same, perhaps using the company card for drinks with friends. Soon, casual misuse becomes systemic fraud.

Clear communication and consistent expectations help foster a culture of accountability. Employees might grumble about strict rules and tight controls, but they will follow them because it is the established culture.

Documenting expectations

Clear expectations must be documented. While targeted at listed entities, these recommendations represent a good practice reference point for all organisations, public or private.

Boards are expected to:

- Articulate and disclose organisation values.

- Have and enforce a code of conduct with material breaches reported to the Board or a board committee.

- Adopt and monitor a whistleblower policy, with oversight of material incidents.

- Maintain and enforce an anti-bribery and corruption policy.

Organisation values

A clearly articulated set of organisation values acts as a reference point for navigating ethical dilemmas. It ensures that decisions made at all levels align with your organisation's identity and moral compass. The organisation's risk appetite statement also provides more nuanced guidance for key decisions.

Code of conduct

The code of conduct translates values into actionable standards. It outlines what is acceptable, what is not, and what happens when boundaries are crossed.

Example*

After finalising a major deal, Jane, an employee of a multinational firm, received an ornate vase as a gift from a Japanese business partner. Unsure whether to accept it, Jane consulted her company's code of conduct, which didn't explicitly address Jane's situation, but contained guiding principles that offered enough direction. Jane accepted the gift on behalf of the company, disclosed it to the Board, and placed it on display in the company's reception (not at home). Afterwards, the company updated its code of conduct to provide clearer guidance on international gifts and cultural nuance.

The result: Jane preserved a key relationship while staying aligned with her firm's integrity standards.

*Identifying details have been changed to preserve anonymity.

Whistleblower policy

An effective whistleblower (protected disclosure) program ensures that employees have a safe, confidential, and structured way to report concerns, and that those reports are taken seriously. Under the Protected Disclosures Act 2014 (as amended in 2022), employers with 50 or more employees must establish internal reporting channels that are secure, accessible, and ensure the identity of the reporting person is protected. While 24/7 access is not a legal requirement, channels must be sufficiently accessible and responsive to be considered effective. Failure to establish appropriate channels may constitute a breach of the legislation.

Contrary to common assumptions, having no whistleblower reports is not a sign of a healthy culture. It is more likely to indicate distrust in the integrity of your whistleblowing protections than an absence of wrongdoing.

In fact, whistleblowing programs have been proven effective as an early detection system. According to the Association of Certified Fraud Examiners, nearly half of all fraud cases are uncovered through whistleblowers or public interest disclosures. Employees who remain silent when they witness improper conduct create blind spots for the Board. Silence is not safety. Silence is risk.

Key elements of a healthy whistleblower system include:

- Clear, accessible policies.
- Multiple, secure reporting channels.
- Anonymity options, including third-party reporting.
- Training during induction and regular refreshers.
- Board-level oversight of serious disclosures.

Using an external whistleblowing service can be effective in building trust and encouraging employees to speak up. It is also advisable to regularly assess the effectiveness of your whistleblowing program to identify areas for improvement.

Anti-bribery and corruption

An anti-bribery and corruption framework should include clear policies that define unacceptable practices, outline procedures for reporting concerns, and set out consequences for breaches. Regular risk assessments and due diligence on third-party relationships also help uncover potential vulnerabilities.

Training and induction

Cultural policies must be introduced early and reinforced often. Employees should encounter the organisation's values, codes of conduct and ethical expectations from day one. These concepts should be woven into onboarding, leadership development and regular compliance training.

These structures are the 'scaffolding' of cultural governance. They define the values that matter, the behaviours that are expected and the mechanisms to act when something goes wrong.
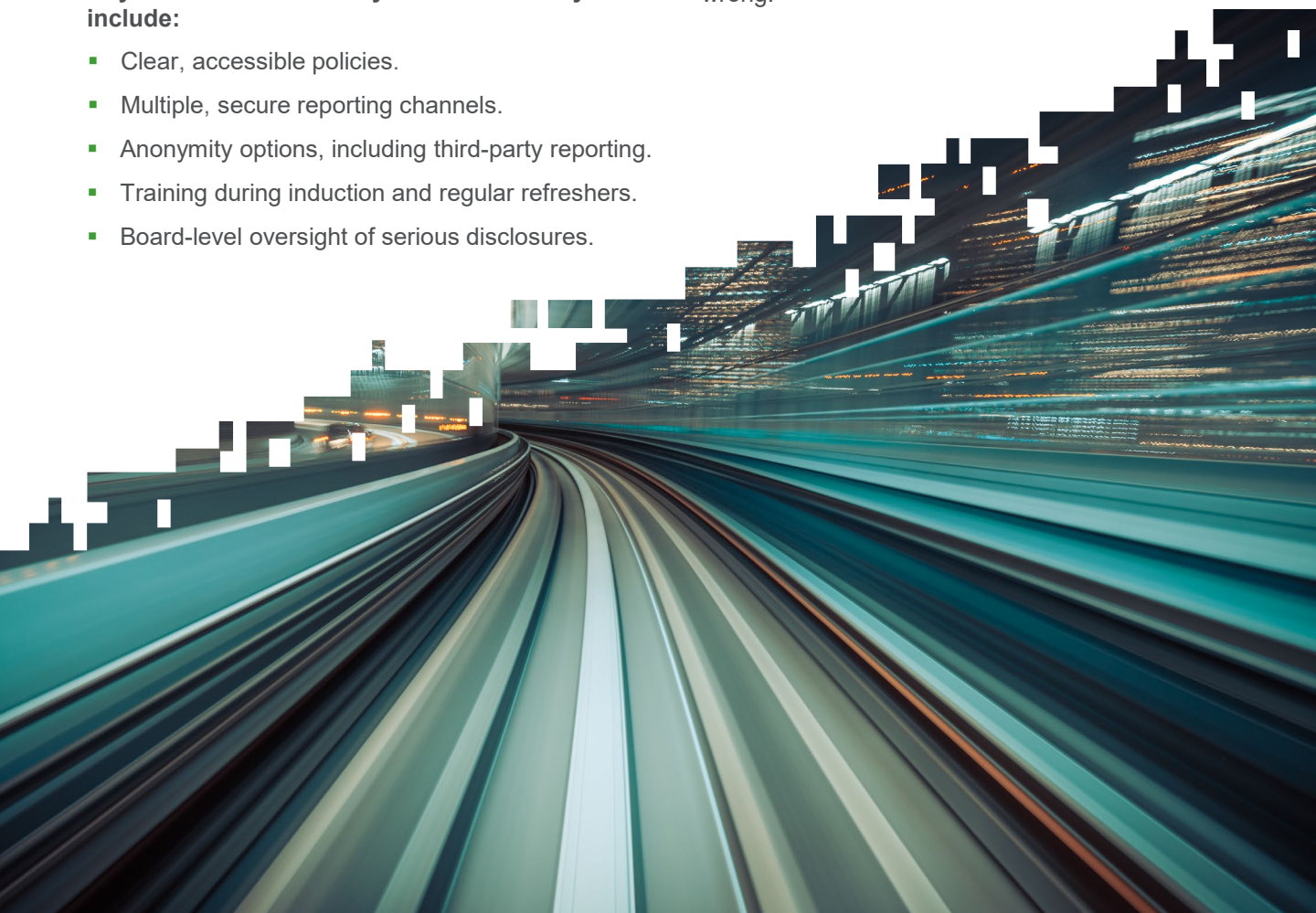
Measuring workplace culture

As stewards of governance, boards and directors are expected not only to set the tone for workplace culture but to monitor whether it's being followed. Without clear, consistent measurement, cultural commitments risk becoming aspirational statements rather than operating realities.

Remember that culture is defined by how people behave, not words on paper. Understanding culture requires access to real-world employee experiences and attitudes - what people see, hear, believe and do on a daily basis. Boards that fail to periodically measure their organisation's culture are opening themselves up to 'blind spots'.

Choosing your cultural diagnostic tools

There is no single metric for culture. Instead, boards must draw from a variety of tools and data sources, each offering a different lens into behaviour, perception and practice. The tools you choose should be guided by the specific question you're trying to answer, whether that's about psychosocial safety, ethical decision-making, leadership impact or risk behaviours.

Workplace culture can be measured with:

- Employee surveys.
- Focus groups.
- Exit interviews.
- Performance management tools.
- Retention, turnover and referral statistics.
- Whistleblower and complaints data.
- Diversity, equity and inclusion metrics.
- Management reports, e.g. safety KPIs.
- Leadership reviews, e.g. '360' surveys.
- Innovation and productivity metrics.
- External employer rating sites.

No single measuring stick has all the answers, and no data points should be relied upon in isolation. Before attempting to wade through a sea of data and dashboards, we recommend starting with a question about the specific aspect(s) of culture you want to assess.

Example: toxic workplace culture and psychosocial hazards

The inclusion of psychosocial hazards in workplace health and safety laws has raised the stakes for boards. Toxic culture is now a legal risk as well as a performance risk. We worked with an infrastructure client to survey employee experiences of bullying and harassment. The findings revealed a specific business unit where inappropriate humour and innuendo were common. Employees had not raised the issue in internal surveys, citing distrust in HR (who, in turn, reported to the CEO).

Because RSM provided an external, independent and anonymous means of collecting feedback, staff felt safe to disclose their concerns. Our insights from the survey allowed management to act, improving employee welfare, reducing the risk of staff turnover and driving an overall improvement in culture.

This example illustrates why information cannot come solely from internal reports or updates from senior leadership. These sources must be combined with insights obtained directly from employees.

Boards should also assess whether the organisation's culture supports or undermines strategic achievement. For example:

- Do sales incentives encourage data manipulation or 'bad business'?
- Do productivity targets conflict with safety protocols?
- Are ethical or compliance breaches tolerated to protect revenue growth?

If short-term goals override long-term values, it may be time to reassess leadership metrics and incentives.

Example: cultural pressure leading to fraud

We conducted a fraud and forensics investigation for a large cosmetics company. To boost sales, they had set aggressive sales targets tied to bonuses. Each month, the sales director circulated emails detailing the exact benchmarks to hit, creating pressure to meet numbers at any cost. The sales team began misrepresenting sales data to qualify for bonuses. During our investigation, the sales director's emails became key evidence of both the fraud and the cultural pressure that enabled it.

The lesson: misconduct is rarely a standalone issue. It is often enabled by a culture that rewards outcomes over ethics. Boards need to ask not just what went wrong, but what made it possible.

Checking board blind spots with culture surveys

Cultural surveys provide an unfiltered look into an organisation's lived culture. When boards rely solely on reports filtered through the executive lens, they risk missing vital insights.

Surveys must guarantee anonymity to promote honest participation. Fear of retaliation remains a major barrier to speaking up in many organisations. This must be addressed in both survey design and communication. For one client, we requested that the CEO email all staff to confirm that RSM would control survey data and that individual employee responses would not be shared with management. This gave employees the confidence to speak frankly about the survey's topic of safety attitudes.

Second, surveys must include questions that explore behavioural norms and practical experiences, not just values alignment. Questions should examine whether employees feel comfortable raising concerns, such as whether misconduct is addressed fairly, whether leadership walks the talk and whether their colleagues and supervisors follow expected processes, including safety and integrity procedures.

Examples of targeted culture surveys:

- Safety, including psychosocial hazards.
- Integrity and ethical behaviour.
- Diversity and inclusion.
- Bullying and harassment.
- Trust in leadership (we have surveyed this immediately following an organisational restructure).

How often should Boards conduct external culture surveys?

There is no universal rule, but annual culture surveys are a good starting point. Boards may, for example, seek to monitor three or four key cultural indicators, assessing one or two per year in more detail in rotation. Used this way, external surveys supplement internal surveys and can surface issues missed by standard HR surveys. More frequent employee 'pulse' HR surveys also add value and have the added advantage of picking up issues on a more timely basis.

Effective boards revisit prior survey themes, track improvements and hold management responsible for progress. They make it clear that culture is an ongoing priority, not a once-a-year exercise.

Example

If HR receives one or two complaints about bullying in a company of 500 employees, it may not seem significant. However, an external, independent survey revealing 15 potential complaints would warrant deeper investigation, particularly if they arise in one or two business units. Regular external surveys help identify issues early, enabling organisations to address them before they escalate.

These surveys can provide positive signals too. One public sector organisation engaged us for an independent survey in relation to the organisational value of integrity. The outcome supported management's assertion that employees displayed a high level of integrity in their dealings. We were happy to provide them with this independent insight.

## What should boards do if survey results reveal negative trends?

Negative results are not a failure. Inaction is. If surveys reveal a fear of speaking up, unethical leadership or (for example) a tolerance for bullying or non-compliance, boards must ensure there is a response. Sometimes that means external reviews, leadership changes or strategic realignment. Boards must be willing to act on these findings, even if they are uncomfortable or politically difficult.

Take ownership of your culture. Measure its impact. Lead with intent.

Example: Direct tactical feedback becomes direct tactical action

In one case, we surveyed staff on workplace safety attitudes. When asked if the executive layer of management took safety seriously, responses were mixed. One group of employees explained that requests for safety equipment had been ignored. In reality, the executive had never received the request (likely due to a communication breakdown). Once informed, the COO personally ensured that the safety equipment was on site within two weeks.

The cultural survey provided these employees with the 'voice' they needed to raise this issue. Our external survey established the cultural infrastructure necessary for them to express their concerns and have them addressed.
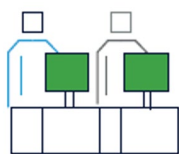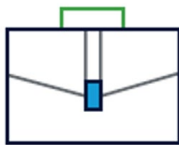
I generally feel safe at work

Yes 85%   No 15%

My colleagues take my safety seriously and display safe behaviour

Yes 97%   No 3%

My direct supervisor takes safety seriously and displays safe behaviour

Yes 85%   No 15%

The executive take safety seriously and displays safe behaviour

Yes 95%   No 5%

I feel comfortable reporting hazards and near misses

Yes 80%   No 20%

Sample cultural survey

Check your blind spots - and take action

Surveys, interviews and data analysis are tools, not ends. What boards do with what they learn determines whether culture becomes a competitive advantage or a silent liability.

The strongest cultures are not accidental. They are governed, measured and continuously reinforced by effective leaders who take responsibility for shaping the work environment for their employees each day.

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Simon's forensic background equips him to deliver valuable insights through cultural audits, uncovering how leadership, incentives, and behaviours drive risk and misconduct.

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Graham advises boards and executives on embedding values into organisational change, aligning leadership behaviours with cultural goals, and strengthening employee engagement. His work supports ethical conduct, psychological safety, and effective whistleblower frameworks.

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