Can *HR measure* up?

New reporting requirements have been introduced around monitoring culture more closely. JENNY ROPER asks if this will improve corporate governance or be just another box to tick

"Rob is the miserable one of the partnership," jokes visiting professor and executive in residence at IE Business School Gareth Jones, referring to his book- and article-writing partner Emeritus professor of organisational behaviour at London Business School Rob Goffee (who, poor man, is not on the phone call to defend himself).

But despite Jones' opening quip it is he who is foretelling doom. "Here's a miserable prediction: in light of the new corporate governance reporting guidelines boards will be saying to their HR departments 'WE NEED SOME MEASURES!'" the former BBC director of HR and internal communications says, shouting this last part down the phone so loudly that those nearby in *HR* magazine's office look round in surprise.

Jones is referring to the Financial Reporting Council (FRC)'s Corporate Governance Code, published in July 2018 and containing new provisions requiring boards to 'assess and monitor culture', and 'seek assurance that management has taken corrective action' in cases where it is 'not satisfied that policy practices or behaviour throughout the business are aligned with the company's purpose, values and strategy' – with the board's activities and any action taken in this area explained in the annual report.

The fact that this is a new code rather than a revision (as has been more typical) is significant in terms of how much more central culture and other related concepts such as values and engagement now are.

"Culture I think got one reference in the old code; it might even have been in the preface," muses Simon Lowe, a consultant at Grant Thornton and chairman of its Governance Institute. "Now it's in the first section and then the provisions… so now rather than it being an ephemeral concept it's seen as at the heart of business."

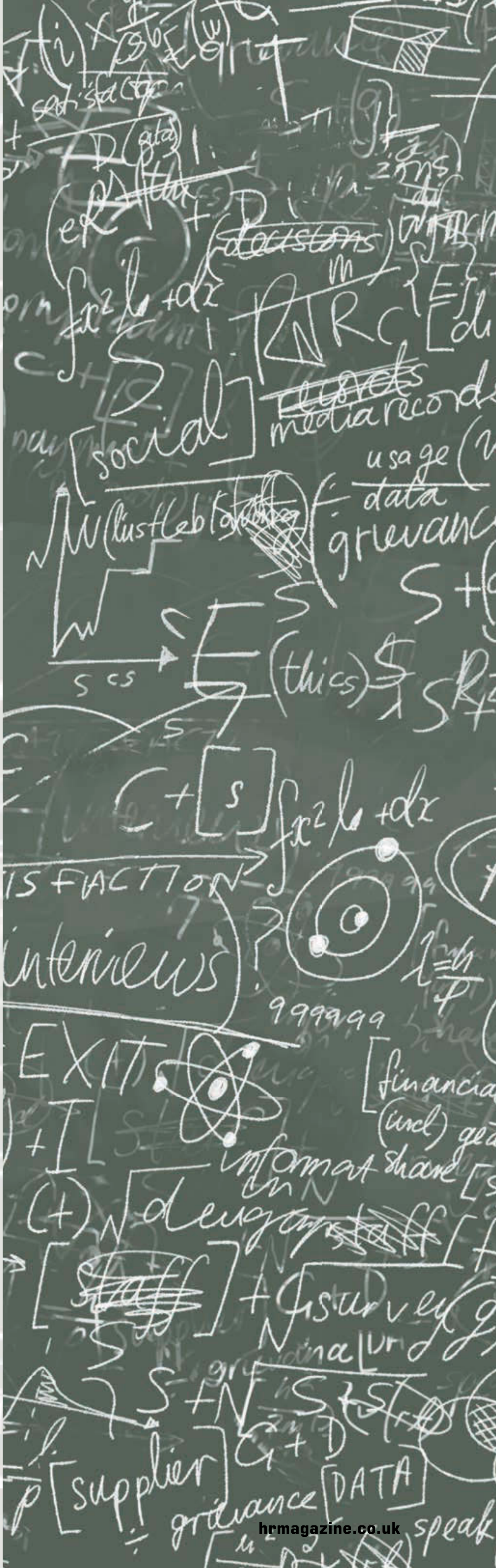
This means the concept is making its way much more solidly into the boardroom – something that hasn't historically been the case, reports chair of Advanced Boardroom Excellence Helen Pitcher. "There are certain boards that when I've said to them: 'what's your cultural oversight?' they say: 'we don't get involved in that, we leave that to the subsidiary company'," she reports.

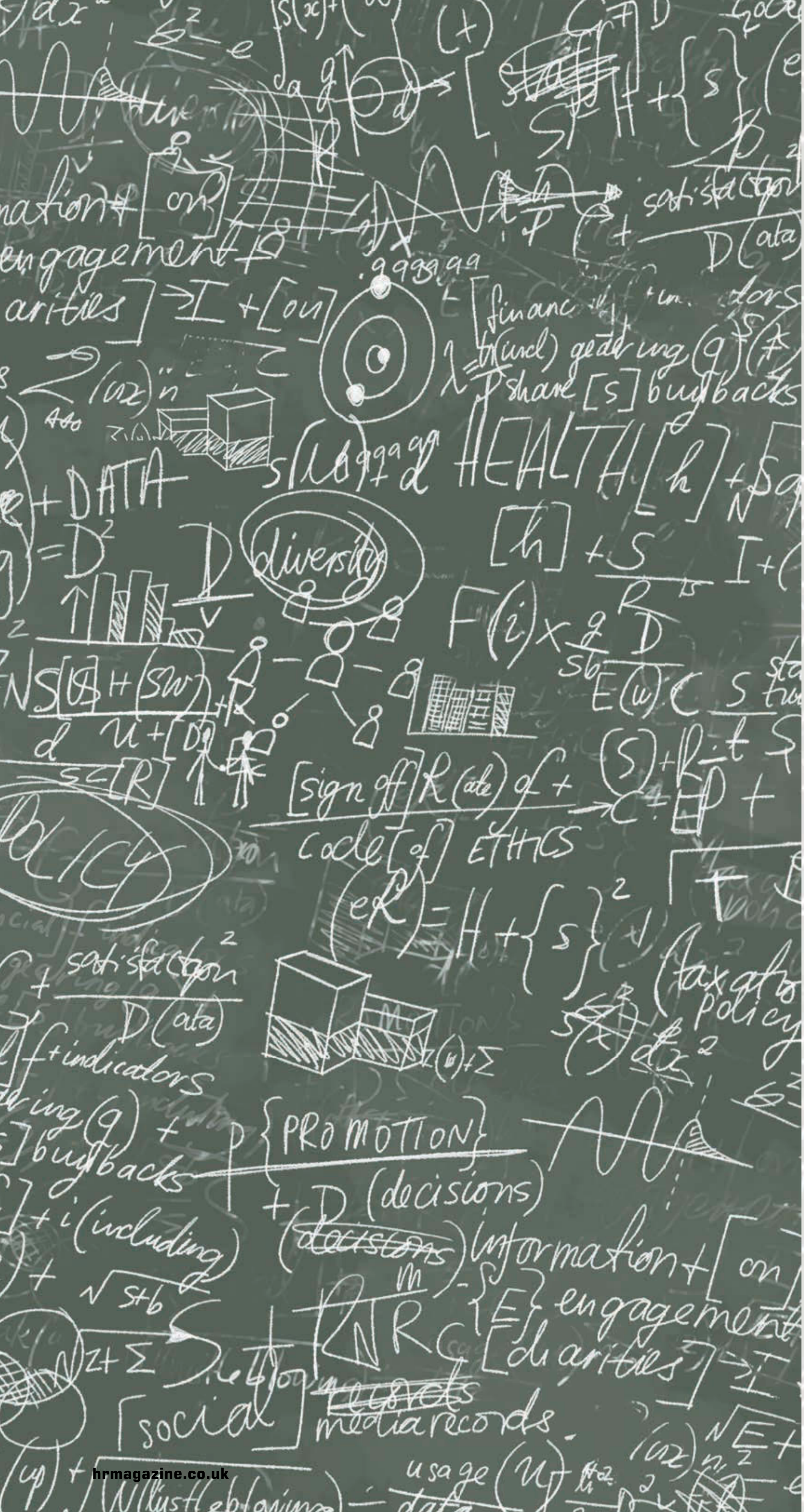
"I say: 'how do you know that's happening in your subsidiary?' They say: 'we get an occasional map from HR'. I say: 'and how much time does that get on the agenda?' They say: '20 minutes towards the end', so you know damn well it won't get even 20 minutes…"

The FRC code is not the only new guidance aimed at tackling this. Culture has now been included in the Chartered Institute of Internal Auditors' guidelines. And at the end of last year new guidance was released from GC100 on the section 172(1)(a) to (f) duty within its Companies Act 2006, explaining the link between good stakeholder engagement and a healthy corporate culture.

> **"Now culture is seen as at the heart of business"**

The end of 2018 also saw the release of the Wates Principles, which largely mirror the Corporate Governance Code but widen its reach to all large private





companies (the FRC code applies to premium listed firms).

"You've also got the Financial Conduct Authority… culture has been its number one thing for the past three years," reports Sue Jex, a director at Grant Thornton as well as its people, culture and organisation lead. "So you've not only got a new corporate governance code, you've got this recognition across the various touch points into organisations that 'actually you really need to look at your culture'.

"And none of them are saying 'this is a good culture and this is a bad culture'. They're talking about alignment to business goals, alignment to strategy – which is as it should be," she adds, regarding the more nuanced and value-adding way boards are now being encouraged to approach the area.

Measuring to death

Which all sounds marvellous. So why Jones' doom-mongering? The answer: because boards and investors like to quickly grasp governance issues and are used to doing so on other fronts – finance and risk for example. And because the FRC's requirement to 'assess and monitor' culture could do untold damage, according to Jones.

"NEDs get bombarded with paper before meetings and they're [now] meant to get a feel for the culture. Well they're not going to are they?" he says. "They say 'I need something I can look at before the meeting so give me a dashboard or a measure'. But 'the culture is 57%' is going to be an illusion."

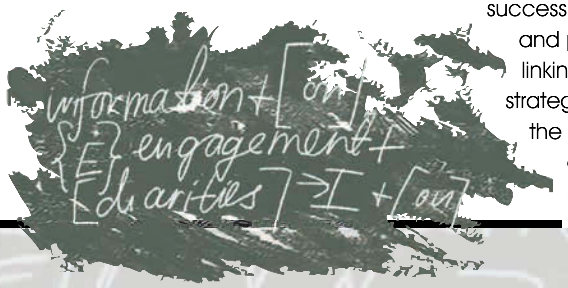
Jones is certainly not alone in his concerns. "I'm sceptical about the measuring culture industry," agrees Inji Duducu, people director, reward and employee services at Morrisons. "People are looking for quick fixes and simplicity in something that is inherently complex. Increasingly, driven by corporate governance, they're looking to be able to demonstrate that. But that's like trying to measure love."

Like Duducu, Jones worries about suppliers and consultants leading HR ▸

The new *UK Corporate Governance Code*

The Code sets out that for accounting periods starting on or after 1 January 2019 the board should:

- Establish the company's purpose, values and strategy
- Ensure these are aligned with the company's culture
- Promote the desired culture
- Assess and monitor culture – the annual report should explain the board's activities and any action taken
- Decide who their stakeholders are
- Ensure effective engagement with and encourage participation from shareholders and stakeholders
- Understand the views of key stakeholders and describe in the annual report how their interests and the matters in section 172(1)(a) to (f) of the Companies Act 2006 (setting out that 'A director of a company must act in the way [they] consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole…') have been considered in board discussions and decision-making
- Use one of a combination of the following or explain alternative arrangements: a director from the workforce, a workforce advisory panel, or a designated non-executive
- Describe engagement with employees in the annual report, and the board's regard for employee interests and the effect on principle decisions during the year
- Report on the RemCo's engagement with the workforce to explain how executive pay aligns with wider pay policy
- Describe the Nomination Committee's work in the annual report, including appointments, succession planning, and pipeline diversity, linking this to company strategy and reporting the gender balance of those in senior management



and boards astray: "HR will run off to a bunch of shyster consultants who will produce dashboards that purport to measure culture. And three years down the line we'll discover they don't measure what we thought they did.

"I see so many people who try to do HR sitting in front of their computers, looking at data," he adds. "I fully accept that the revolution in data analytics will profoundly change the way HR is practised… [But] human relationships are complex and it won't always be easy to diagnose your culture."

"Measurement of culture is now being taken over by consultancies," agrees Andrew Kakabadse, professor of governance and leadership at Henley Business School, University of Reading. "That's a problem because they're trying to push their particular brief and scale it across a number of organisations, so there isn't that personal touch. And by going excessively into measurement I have seen management losing all touch with common sense."

Particularly dangerous would be any attempt to benchmark companies against each other culturally, feels Jon Ingham, founder of Strategic Dynamics Consultancy Services and former HRD at EY. "The FRC stuff is not the first attempt to look at this. There was Denise Kingsmill's Accounting for People Taskforce in 2004, and the CIPD's work on Valuing Your Talent, and equivalent work in the US where a group of HRDs tried to put in place mandatory standards for reporting," he says.

"But they've all come to pretty much the same conclusion – that if you try to standardise metrics you end up reporting on fairly meaningless things because no metric will be meaningful for all organisations."

Many of the past few years' governance scandals (think Weinstein, Oxfam, Volkswagen diesel emissions) were essentially the result of people's inability to report wrongdoing, Kakabadse points out. So the key thing many should be – and indeed are – seeking to improve about their cultures is people's ability to speak truth to power. But straightforward surveying and measurement will struggle to capture this.

"Senior management may be trying to get the most open communication but the one thing people fear is challenging the CEO. Even when you put that on a questionnaire… you can imagine the paranoia going on," says Kakabadse.

"What's impossible to audit are the mixed messages that are there. Because there's no way any consulting body or HRD can create a questionnaire complex enough to capture that."

"People draw on it when they don't want to think too hard about something"

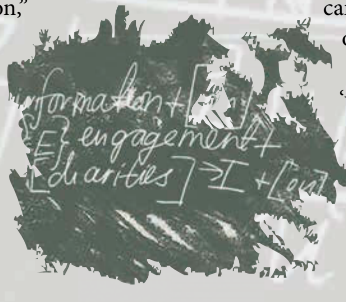
A red herring?

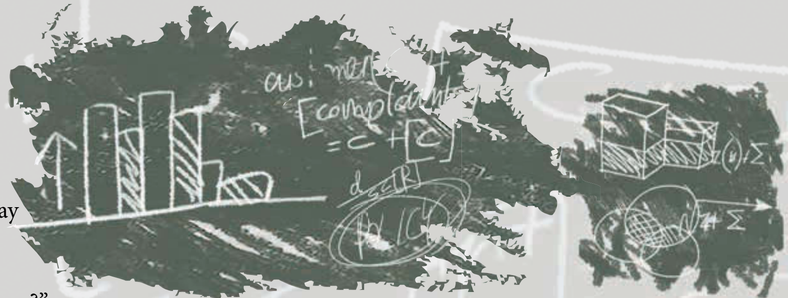
And concerns don't end at the difficulty of reporting on culture, or at warnings about consultants. Ask a range of experts and HR professionals about culture and it's akin to opening Pandora's Box. You get a variety of definitions and approaches, with some unconvinced the construct has much value at all.

A good time perhaps to bring in professor of organisational psychology at Queen Mary University of London and HR fad critic Rob Briner: "Culture is one of those things that after five minutes of thinking about it seems to make a lot of sense. But after 10 minutes it's a bit more ambiguous. Think about it for half an hour and you think 'actually I'm not sure it's worth pursuing'."

He adds: "Similarly to engagement, people draw on it when they don't want to think too hard about something."

For Briner the difficulty of measuring culture is the clue. If you can't describe it without resorting to other terminology and concepts therein lies the rub: "When I say 'what do you mean by culture?' People start talking about behaviour. I say 'so you're





trying to change the way people behave?' They say 'yes'. So why do we need to talk about culture?"

"Culture is not necessarily the right way to express it," agrees Philippa Foster Back, director of the Institute of Business Ethics (IBE). "Because you can have many different cultures in an organisation, and quite rightly so. Hopefully the same values will be embedded but the way it plays out will be slightly different. I think it's much better to talk about behaviours because those are individual and it's the combination that gives you the culture.

"It's a subject you need to be granular about," she continues. "So you need to know: what are people actually doing? And what example are they setting?"

Edward Houghton, head of research at the CIPD, concedes that the literature on culture can be quite confusing and contradictory, with a dearth of evidence around what works. "In the development of our Profession Map we spent a lot of time trying to navigate what are some quite complex and fraught areas of academic thinking about organisational culture," he says.

"Quality research conducted within live organisations is lacking because it's sometimes hard to get into businesses to do this type of research; you have to get into every corner because it has to be comprehensive."

But that's not to say the concept has no value. Far from it. "Behaviour is a fundamental part of what we mean by culture, but it's not the only part. That's why I think culture has gained a lot of traction within the governance space because it's not just about behaviours but values and systems that govern organisations," Houghton says, describing culture as "the glue that sticks it all together".

The fact that everyone – from the person on the street to those in the boardroom – knows what is meant by 'organisational culture', and exactly what different cultures feel like, is no small signifier of the concept's value, he adds.

"If you say to someone on the street 'describe what you think the culture of financial services is' they will have a view," he says, adding: "To an external stakeholder or investor or regulator it's so important an organisation can articulate what it values about its workforce. Culture is a really nice way – it's almost a theme – in which we can talk about the important people issues that occur in organisations."

Though he is deeply suspicious of attempts to measure it in purely black and white quantifiable terms, Jones is similarly convinced of the importance of culture to organisational success. "Culture is not a new concern; it's come back again," he says, asserting that this is with good reason and pointing to that old adage 'culture eats strategy for breakfast'.

"We started to think we could solve all the fundamental problems with improving HR systems… Then the solution was to get a new strategy… Well we soon discovered that a new strategy doesn't mean it'll be executed."

> **"Culture is a really nice way we can talk about important people issues"**

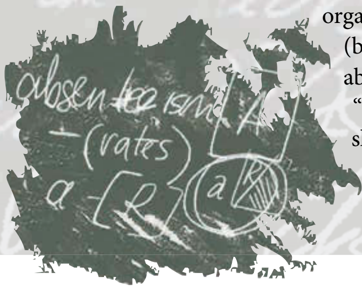
Ultimately culture is important because it's "anthropological", or rather a uniquely human "species concept", says Jones – so something humans will create between themselves anyway whether organisations are intentional about it or not.

"As far as we know even our nearest neighbours chimpanzees don't have cultures," he says. "But because human beings are gifted with elaborate language systems and consciousness we developed symbolic edifices that are profoundly cultural. That's why it matters, because organisations are all about social relationships."

Assessing and monitoring

This "anthropological dimension" means, however, that when boards and shareholders inevitably turn to HR asking (hopefully not shouting) for a measure around culture HR needs to push back. While this is an opportunity for HR to bring a potentially organisation-critical area to the (board) table, it must be gone about the right way.

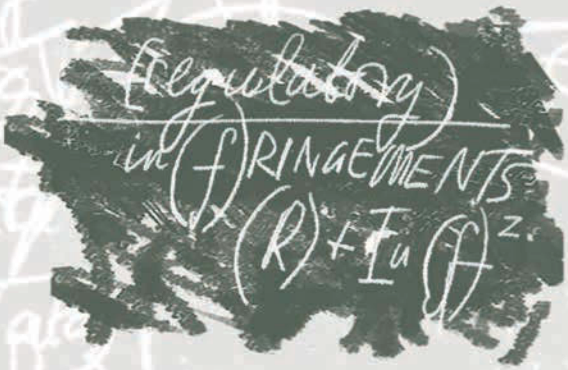
"I think we have to educate shareholders and boards. If they're serious about this ▸



The Companies (Miscellaneous Reporting) Regulations 2018

These came into force in January 2019, with most reporting generally beginning in 2020 (apart from CEO pay ratios). They require companies with more than 250 UK employees to:

- Include a statement in the directors' report summarising action taken to:
  - Systematically provide information to employees that is of concern to them as employees, such as a business performance update.
  - Consult employees or their representatives regularly to take account of their views in making decisions likely to affect their interests.
  - Encourage employees' involvement in the company's performance through employee share schemes or other means.
  - Achieve a common awareness of financial and economic factors affecting the company's performance.
- Publicise in the directors' remuneration report the ratio of the CEO's remuneration to the median, 25th and 75th quartile pay remuneration of UK employees, together with supporting information and an explanation
- Include a statement as part of their strategic report describing how the directors of the company have had regard to the matters listed in section 172(1)(a) to (f) of the Companies Act 2006



they have to understand it's a bit of a nebulous subject… we have to be prepared to push back a bit. I think it would be disingenuous and ineffective if we tried to come up with a number," says Rosemary McGinness, chief people officer at The Weir Group. "I don't think with culture you ever get there, it's a journey."

So what should HR present instead? And how should it go about collecting this intelligence, if it isn't already doing so?

The key is to combine many different data sets, and make sure they're meaningful in your specific context, says Lowe.

"You have to spend some time saying 'what's the combination of metrics that will give us a feel? And then can we, when we're actually out in the company, continually be testing it?'" he says. "So employee surveys sure, but I worry the majority of companies will repurpose that and say 'it tells us about the culture.'"

"It's probably an amalgam of lots of things we already measure and maybe a couple of things we don't and should," muses Natalie Bickford, group HR director at Merlin Entertainments. "Certainly things like employee engagement, retention rates, internal promotion rates, diversity data, sickness absence, grievances raised, whistleblowing… adherence to policy and policy itself.

"So if for example you say 'we want our culture to be about getting the best people,' do you have the flexibility in your organisation that would enable that?"

She adds: "I think of culture as the output, and value statements and behaviours as input. The demand will come from the board, but it's the HR director's opportunity to make this a really worthwhile exercise."

The Wates Principles

Principle one: Purpose
An effective board promotes the purpose of a company and ensures that its values, strategy and culture align with that purpose

Principle two: Composition
Effective board composition requires an effective chair and a balance of skills, backgrounds, experience and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of a board should be guided by the scale and complexity of the company

Principle three: Responsibilities
A board should have a clear understanding of its accountability and terms of reference. Its policies and procedures should support effective decision-making and independent challenge

Principle four: Opportunity and risk
Boards should promote the long-term success of the company by identifying opportunities to create and preserve value and establishing oversight for the identification and mitigation of risks

Principle five: Remuneration
A board should promote executive remuneration structures aligned to sustainable long-term success, taking into account pay and conditions elsewhere in the company

Principle six: Stakeholders
A board has a responsibility to oversee meaningful engagement with material stakeholders, including the workforce, and have regard to that discussion when taking decisions. It should foster good stakeholder relationships based on the company's purpose

"It depends on your performance management schemes but they often have quite a lot of good data – you might have observations around how individuals are living the values of your organisation," says Janet King, director of HR and corporate services and deputy chief executive at Frimley Health NHS Foundation Trust.

She explains that auditing culture is rising up the agenda in the public sector too: "There's always been governance but that's definitely gone up a notch in my world. We did a piece on cultural maturity and actually it was the internal auditors that did it. Normally they're looking at your books and numbers. This was the first time they looked at people and culture."

"We're right to focus on culture, but in my opinion it's so important that we need to get beyond the word," says Ingham. "It's become so central now that the term is a distraction. We need to start focusing on what's behind the culture, what's creating the culture… It is everything and if that's the case let's focus on the collective nature of all those elements, but let's try to be cellular about what we're talking about."

There are some organisations out there that are potentially helpful to partner with to help turn culture into a more granular endeavour, says Foster Back. But HR will need to be highly discerning about which ones to enlist, she reiterates: "There are some providers who will be opportunist around this… There are others like us who have been around a while. Our survey [see box-out on p21] has existed since 2005 so it has a track record."

An anthropological approach

But for Jones there's no substitute for HR getting out into the organisation to observe in a more qualitative way what's occurring on the ground and communicating that back: "How do anthropologists study culture? Through what we call participatory observation. They go and live with the Trobriand islanders and try and figure out what's going on. It should be the same in organisations."

"With culture you know it, you feel it, you can describe it. But you can't measure it from reading a report. It's like reading a guidebook about Italy and saying you've been there. You have to go," agrees Morrisons' Duducu.

It's critical that organisations first carefully define the kind of culture they're after, reiterates Grant Thornton's Jex: "We say start with

understanding the organisation's purpose and goals. Then the organisation should align what it wants its culture to be with these."

Crucially none of this activity should be the sole purview of HR, feels Pitcher: "If the board isn't involved in setting and agreeing the culture, and more importantly agreeing how it will be measured in a meaningful way, it's like trying to grab hold of a bar of soap. Because you don't know what you're trying to get your arms around."

This is particularly important given that culture at board level is a critical area in its own right – and has been a significant contributing factor in several of the past few years' governance failings, says Henley Business School's Kakabadse.

"It's the board that should be held responsible for raising sensitive issues – on bribery and corruption for example, which is massive at the moment… But the moment you raise that as a board director you're put on a non gratum and the reality is you'll never work again; your name is black. So you need to create a very robust and resilient culture at board level."

"Boardroom culture isn't talked about enough yet," muses Foster Back. "So are boards correctly informed? Are they shouting up when they see something amiss?"

"One of the things I'd be saying as an HRD is that one of the key elements is your CEO and senior management," agrees Celia Baxter, former group HRD at Bunzl and NED at Bekaert, DS Smith, RHIMagnesita, and Senior.

Employees should also be involved in setting and reporting on culture, feels Tim Scott, director of people at Fletchers Solicitors.

"We're just at the start of trying something different," he says. "In the past we've relied quite heavily on external measures, so *The Sunday Times*' Best Companies to Work For lists and Best Companies. What we've realised is it only gives you a snapshot on one day… and my sense with external analysis is you don't own that.

"So in putting the questions together for the survey for example we now have a working group of staff to design that. And we as an HR team are having conversations with lots of people across the business all the time. We try and check in with each other and say 'are you also finding this is an issue?'"

Different functions beyond HR should also be involved, adds Debbie Ramsay, a director at GoodCorporation. "We ran a session in the Summer on measuring ethical culture and we had good take-up from across the organisation. So it wasn't just HR; it was company secretaries who are going to have to be reporting on this. It was general counsel… What [the Code] is doing is broadening interest across the organisation."

> **"It's like trying to grab a bar of soap. Because you don't know what you're trying to get your arms around"**

Game-changing regs?

Which for Ramsay is where the Code's focus on 'assessing and monitoring culture' will really shift the dial. It will make HR matters in general much more prominent within organisation-wide and board-driven activities around governance, she says.

Scarlett Brown, director of research and policy at think tank Tomorrow's Company, agrees that 'culture' is a helpful wrapper for all of the new people-related elements making their way into various governance codes and guidance over the past year or so – signposting boards towards specific elements such as stakeholder engagement and employee representation on boards.

"What's interesting is you could replace the word 'culture' with 'people', or 'people management' or 'HR' quite easily… So anything that's encouraging us to talk about people and behaviour at board level is a good thing," she says. "I think it connects with other aspects of corporate governance, which are really driving home that you as a board need to understand your people… so holding more town halls with staff, having executive responsibility for engagement…"

The question becomes, then, whether such elements' inclusion in various governance codes will make boards take responsible governance more seriously. And will this prevent the kinds of high-profile corporate governance failures – from the financial crisis in 2008 to the collapse of Thomas Cook in September – we've seen over the past few years?

When it comes to the latter question, there are plenty who would say probably not. "The regulators need more teeth to tackle cultural issues when they arise and to be more effective in maintaining standards," feels the CIPD's Houghton. "This is where the updated Code could be very powerful in that it's a much clearer declaration of culture's importance. But it will all depend on the FRC's enforcement."

And unfortunately there will always be those who just pay lip service to reporting regulations, muses Duducu. More helpful, she says, might be if the FRC or similar had the power and resources to audit organisations themselves.

"I don't think it's fair to say ▸

Top 10 culture indicators

The top indicators large companies in the Institute of Business Ethics supporter database use to monitor culture:

1. Speak-up and whistleblowing data
2. Employee survey results
3. Taxation policy
4. Diversity
5. Regulatory infringements
6. Health and safety record
7. Financial indicators
8. Customer satisfaction data
9. Engagement with charities
10. Code of ethics sign-off rate

Have new *culture-focused* corporate governance reporting regulations had an impact yet?

HR magazine was given exclusive access to the people-related findings within Grant Thornton's 2019 Corporate Governance Review of FTSE 350 annual reports

Promising signs...

FTSE 350 firms providing good or detailed accounts of their company culture

2019: 45%

2018: 33%

Number of chairs talking about culture in their primary statements

2019: 78%

2015: 22%

76% of reports referenced values or culture in the context of their firm's approach to investing and rewarding the workforce

50% of firms clearly articulated their purpose

Still some way to go...

Only 17% give any meaningful explanation of values or culture in the context of their firm's approach to investing and rewarding the workforce

FTSE 350 firms including detail on how culture connects to strategy 24%

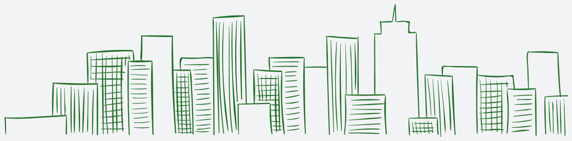
Only 22% review the alignment of exec reward with culture

Firms referring to the above but providing no detail 45%

34% of the FTSE 350 specifically discuss how they monitor and measure culture in their annual report...

But 18% use only one indicator of culture

Only 19 firms (7%) use a dashboard of metrics or a scorecard of more than three metrics to measure culture



Source: Grant Thornton's 2019 Corporate Governance Review

regulation won't help but it's heavy and expensive. Having to tick boxes in an annual report will change things only slightly. If there were people on the ground watching what was going on eventually someone would sidle up and say 'you might want to look at x'. There might be something to learn from ethical supply chain auditing, which is well established."

Duducu is skeptical the Code could have prevented the Oxfam scandal or Carillion's collapse. As is Baxter. "Whatever you do, whatever rules you have within society or governance within companies, you're dealing with people and occasionally you get people who will always do the wrong thing," she says, adding: "The UK has already got some of the best corporate governance regulations in the world."

Brown is inclined to agree: "Corporate governance and corporate governance regulations quite often get held up as being the panacea of all evils; any time a big failing happens we ask 'where were the board?'

"The way that corporate governance reform was used politically by Theresa May off the back of BHS was interesting… But there's still something in the back of my mind that says I'm not sure a corporate governance code would have prevented Philip Green from doing what he did."

Jex has a slightly more optimistic take. "The interesting thing is to think about the two components of strategy and culture," she says. "At least if you've got the wrong strategy and the right culture you're more likely to have feedback from senior managers so you can make corrections. So in some ways you're more likely to stop a Carillon because you can catch things much earlier."

> "It's not just about culture as risk but culture as value creation"

But to see this as the overriding purpose of the new Code misses the point, says Brown. The Philip Greens and Carillion directors of this world were perhaps never likely to have paid much heed, beyond ticking a box, to people-focused corporate governance regulations anyway. But the average well-meaning company, interested not just in avoiding risk but creating value, is.

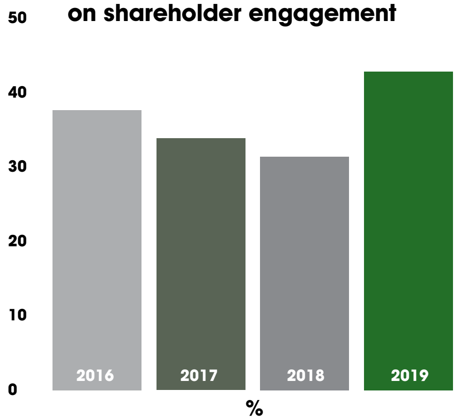
"The change that's been flagged this year is really important because – now that it's moved away from just being about financial services – it's not just about culture as risk but culture as value creation," says Brown. "The most negative view you could have of HR is that it's there to protect the company from its people, and the culture piece has gone on the same journey."

And there are encouraging signs that including culture and other people

FTSE 350 annual reports: Stakeholder engagement

18% explain what key issues were raised by their stakeholders and how the organisation has responded

Companies providing good disclosures on shareholder engagement



Among FTSE 350 firms there are now:

Three employee directors

37 workforce advisory panels

71 NEDs with responsibility for engaging with employees

59% state that their chair met with shareholders

33% report meetings between non-executives and shareholders

26% of senior independent directors met with shareholders

Source: Grant Thornton's 2019 Corporate Governance Review

matters in the new regulations is having an impact, says Lowe. He points to Grant Thornton's 2019 Corporate Governance Review of FTSE 350 annual reports, seen exclusively by *HR* magazine for this piece.

The annual research is conducted in a way designed to ensure superficial detail is clearly differentiated from that expressive of a genuine strategy, he says. Culture is a good example of the significant impact regulatory emphasis has on what people put sustained effort into, he says.

"In 2015 across the FTSE 350 19% gave a good detailed description of their culture. That leapt up to 38% in 2017 after the FRC had issued its report on culture because that raised the bar and profile," he explains. "But then the pressure went off in the following year and detailed disclosures dropped again to 33%. It's only this year it's risen to 45% – because now it's in the Code."

It's a similar cautiously positive story on other people-related fronts (see box-out above). But "there's still a long way to go", Lowe concedes, explaining that overnight change was always going to be unlikely, with success confined to "the early adopters".

Investor awareness

A critical part of the shift now will be shareholders. Corporate governance will only become more people- and culture-focused when these vital components of the corporate ecosystem change the way they approach business and are open to more nuanced and sophisticated ways of understanding corporate culture, many feel.

Again there's a long way to go, believes Pitcher. "If the company's performing well the AGM is a pretty easy ride. If it's performing badly shareholders normally go for the obvious things like cutting the remuneration of the CEO, rather than asking 'what is this telling us about your culture?' But it would be helpful if they were asking those questions."

Foster Back is slightly more optimistic. "We used to talk about the usual suspects," she says. "Now the level of awareness among investors is much higher… The light is now being shone on this area and people are recognising that it's not all about profit but also how you make it.

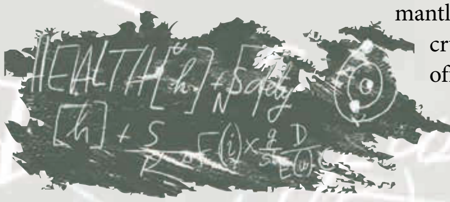
"Where we still have a slight disconnect, however, is that the expectation of returns and margins is too challenging for companies," she adds, highlighting the damagingly short-term cultures and behaviours this creates.

Pitcher is hopeful that recent instances of high-profile governance failures have brought the career-destroying effects of being associated with them into sharper focus for boards and investors. "The people on [Carillion's] board will struggle to get another board role," she comments.

On the more positive side, organisations are hopefully starting to see firsthand the value created by a strong ethical culture aligned to business purpose and strategy, says The Weir Group's McGinness: "Companies will have to get more serious about culture if they want to attract the workforce of the future. I don't think regulation will change things necessarily, but demand from the workforce will.

"And it takes quite a bit of time to tick a box, so if you can get something back from it why wouldn't you?" she adds.

> **"The light is now being shone on this area"**



A conversation starter

So will new much more culture- and people-focused corporate governance regulations be the silver bullet for fixing corporate life? Perhaps not. And should organisations approach efforts to assess the slippery concept of culture with caution? Absolutely.

But that's not to say including people-related areas in matters of governance won't be meaningful given time. While unlikely to change the fortunes and organisational health of UK plc alone, new reporting requirements could act as a powerful catalyst for people and culture to break triumphantly out of the HR department to become everyone's business. They could be a helpful reminder of the importance of sustained efforts here, and a conversation-starter for nuanced in-depth discussion of culture.

And HR are hopefully the experts in all of this. So it's time to seize the mantle. And in response to the cry 'WE NEED MEASURES!' offer the equally-assertive: 'I have a better way. Let's do this properly…' **HR**