

# Championing Accountability Through Organisational Culture

A healthy culture is the foundation of driving accountability and organisational resilience.

Scandal or Repetitive Misconduct: Payment Protection Insurance (PPI).  
 Banks 'deserve what they get', says  
 RTE regulator  
 a crisis of  
 No easy fix when improving banking culture  
 - Irish Banking Culture Board CEO  
 Enron's Toxic Culture -  
 review of governance and culture  
 a whistleblower Maurice McCabe: 'There's more account  
 Acknowledgement and Apology to Women and Families  
 affected by CervicalCheck Debacle: Statements

Culture and Accountability are not new concepts, however, for many organisations, driving a culture of accountability seems like an intangible feat with many organisations leaping to enhance the operating model without recognising the need to manage the human factors. This can be a costly oversight and without considering a unified approach and mindset to drive accountability, the desired benefit and return will not be realised.



### What is Culture:

Organisational Culture determines how an organisation operates and gets things done in response to internal and external changes. It is the product of shared basic assumptions that underpin values, norms and behaviours. It emanates from **five core areas** illustrated below.



### What is Accountability:

Accountability refers to the obligation or willingness of individuals, organisations, or institutions to take responsibility for their actions, decisions, and their impact on others. It is best defined as, being answerable for one's choices and behaviours as well as accepting the consequences that arise from them.

## 1. Leadership and behaviours



Decision making

Accountability

Oversight

Values

## 2. Relationships with the outside world



Regulatory engagement

Strategy

Customer centricity

## 3. The physical environment



Office locations

Workplace design & layout

Tech-enabled ways of working

## 4. Stories and symbols



Organisational history

Accessibility of information

Common parlance

Communications from the top

## 5. Structures, systems and processes



MI

People development

Consequence management

Performance management

Deployment

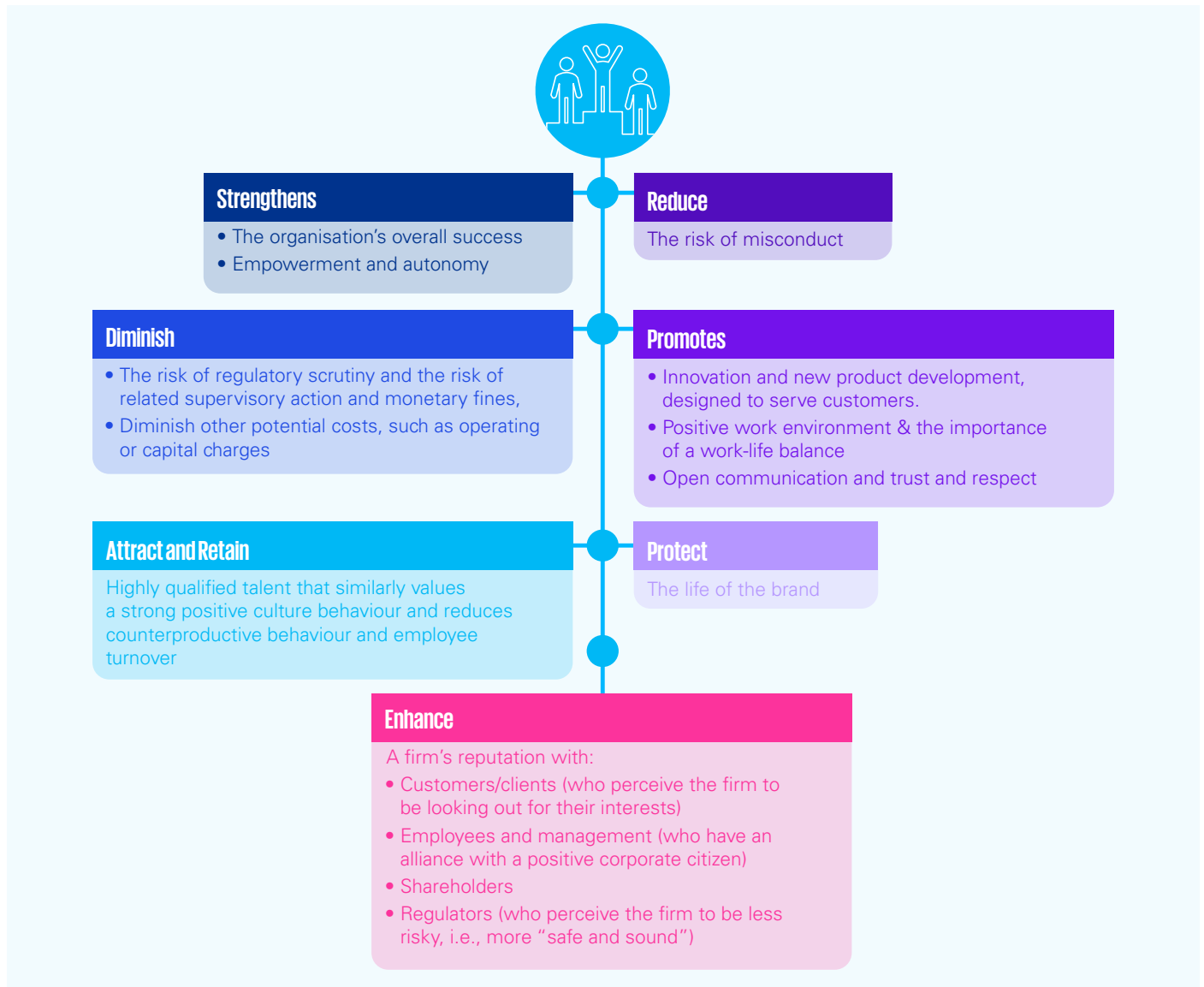
Incentives

Risk appetites



### Why does Culture matter?

There are so many benefits to establishing a strong organisational culture, we have set these out below. An organisation’s culture will either support or inhibit its short and long term business performance.



### The Accountability Imperative

In this time of increased public and regulatory scrutiny and change both in Ireland and globally, it is crucial for executives to set a leading example. They need to exhibit accountability and maintain trust with both stakeholders and employees

The Central Bank of Ireland is in the process of rolling out an Accountability Framework in which regulated firms will now have to clearly document what senior executives are responsible for within organisations. This accountability framework was in response to a Behaviour and Culture Assessment that the Regulator undertook in 2018 (on the back of a significant period of mis-selling, customer restitutions and diminished or lack of trust within the financial sector). Its intention is to improve executive accountability by increasing the transparency between firms, shareholders and the Central Bank, particularly where accountability lies in organisations. Deputy Rowland (deputy Governor at the Central Bank) says that the new framework will underpin sound governance across the financial sector *“it will achieve this by setting out clearly the good practices expected of firms and role-holders and their accountability.”*

Culture and Accountability are not static ideas, nor do they just impact one industry. In fact, in Ireland we have seen over the last 12 months that similar questions are being asked where a lack of accountability underpinned by poor behavioural drivers across a range of industries such as financial services, public bodies and broadcasting has cultivated in computational damage and a loss of stakeholder and employee trust. In some instances, this has led to Government intervention and inquiry’s taking place.

Time is of the essence for organisations to conduct a stocktake, to re-assess their culture journey and address any gaps to promote and embed, an effective and resilient culture to drive and enforce accountability. Organisations should look at this as not only a necessity but also an opportunity that will support the success of the organisation in the long run.



## Organisational Accountability – what is it really?

Organisational accountability occurs when all employees behave in a way that promotes the successful and timely completion of their responsibilities. It involves the organisation being answerable for its actions, decisions, and impact it has on stakeholders, including employees, customers, shareholders, communities and of course the environment.

### Examples of what a poor culture of accountability looks like:

#### Lack of Transparency:

Often there is a lack of transparency in decision-making processes, communication and reporting. Information may also be withheld, buried, distorted or not shared openly with stakeholders.

#### Lack of clarity in roles and responsibilities:

When there is a lack of clarity regarding roles, responsibilities, and expectations, it becomes challenging to establish accountability. Unclear lines of authority, ambiguous decision-making processes, and overlapping responsibilities can contribute to a culture where no one feels truly responsible or accountable for outcomes.

#### Lack of Leadership:

Leadership plays a crucial role in shaping the culture of an organisation. In a poor culture of accountability, leaders may fail to model and uphold the principles of accountability. When leaders themselves evade responsibility or engage in unethical behaviour without facing consequences, it sets a negative example for others.

#### Lack of Trust:

There may be an environment of distrust and scepticism. This can lead to a lack of collaboration, communication, willingness to report issues / mistakes.

#### Low Consequences for Misconduct:

In organisations with a poor culture of accountability, there may be a lack of appropriate consequences for unethical behaviour or poor performance. This can lead individuals to believe they can engage in misconduct without facing significant repercussions.

#### Fear of Retaliation:

On the other side, a poor culture of accountability may foster an environment where individuals fear retaliation for speaking up, reporting wrongdoing, or challenging the status quo. This fear can deter individuals from holding themselves or others accountable, leading to a lack of transparency and a perpetuation of negative behaviours. It is important therefore to get a balance between consequence and a fear of retaliation.

#### Low Morale:

A lack of organisational accountability can result in an employee's sense of purpose diminishing. This results in lack of motivation to do your job and impacts the quality of employees work.



## The link between culture and accountability

Today, an organisations success is no longer just about the bottom line but success is also determined by qualitative inputs like transparency, trust and employee performance, productivity, collaboration and engagement. Therefore, cultural norms, values and practices within an organisation can greatly influence the level of accountability that is expected, accepted, and enforced to ensure sustainable change.

### 1. Trust and Transparency:

Culture affects the level of trust and transparency within an organisation. In cultures where trust is high and transparency is valued, there tends to be a greater emphasis on accountability. Employees tend to hold themselves accountable for their actions as they believe in the importance of integrity and honesty.

### 2. Consequences and Enforcement

Cultural attitudes towards consequences and enforcement also play a role in accountability. In some cultures, the fear of reputation or trial by the media or social stigma may serve as a powerful deterrent leading individuals to be more accountable for their actions. In other cultures, legal frameworks and regulatory systems play a key role in enforcing accountability (like the new individual accountability regime currently being implemented by the Central Bank in regulated institutions within Ireland).

Cultural influences on accountability can vary significantly across different societies and organisations, in particular as the operating and workforce landscape continues to evolve. While some cultures may prioritise individual accountability, others may place a greater emphasis on collective responsibility. Understanding and addressing these cultural dynamics including behavioural drivers are essential for promoting a sustainable culture of accountability and ethical behaviour.

## Key Considerations for Success

### 1. Set clear expectations and standards:

- Define roles, responsibilities and performance metrics.
- Establish ethical guidelines, whistle blowing policies and codes of conduct.
- Continually assess these standards in line with environmental changes.

### 2. Ethical leadership and role modeling:

- Leaders need to lead by example, be open and transparent when mistakes happen, demonstrate integrity and ethical behaviour, and take responsibility for actions.
- Define and establish statements of responsibilities or accountability statements.
- Ensure that leaders are actively promoting and reinforcing the importance of accountability throughout the organisation.
- Scenario training should be rolled using real life examples.

### 3. Performance management and evaluation:

- Ensure that there is a robust performance management and evaluation process in place at all levels of the organisation.
- This includes setting goals, regularly reviewing progress, constructive feedback and recognise achievements.
- Ensure that there is a clear framework for performance management that is both understandable and demonstrable.
- Ensure that performance evaluations are conducted fairly, and individuals are held accountable for poor misconduct.

### 4. Consequences:

- Ensure that there are mechanisms in place to address instances of poor performance, misconduct, breaches of ethical standards.
- Consequences for non-compliance, poor or unethical behaviour should be applied consistently at all levels across the organisation and it should be fairly applied with really clear guidelines for application.
- Remedial actions are taken to address issues, learn from mistakes and prevent recurrence.

### 5. Transparent communication and reporting:

- Transparency is essential for fostering accountability.
- Organisations with a strong culture of accountability promote open and honest communication at all levels.
- They provide regular and accessible information about strategic objectives, performance metrics, financial practices, and any relevant updates.
- Employees are encouraged to report concerns, share feedback, and participate in decision-making processes.

### 6. Continuous learning and improvement:

- A culture of accountability embraces a growth mindset and a commitment to continuous learning and improvement.
- Organisations encourage learning from mistakes, promoting a culture where individuals are encouraged to share lessons learned, implement corrective actions, and continuously refine processes and practices.

### 7. Empower your people:

- Empowering your people to work independently and collaboratively is key to achieving a culture of organisational accountability.
- Giving your employees power and freedom to make decisions that impact their results, employees gain a stronger sense of accountability.

### 8. Gain commitment - obtain buy in at all levels of the organisations:

- This will encourage employees to not only implement it but ultimately feel part of the overall objective resulting in avoiding a culture of just compliance or even resistance.



#### How can KPMG help

Our team has a lot of experience in helping organisations across all sectors in the areas of culture and accountability. Below are some of the areas that we are particularly experienced in:



Design or assessment of end-to-end organisational culture including Inclusion, Diversity and Equity



In-depth analysis of organisation accountability



Design of roles and responsibilities / statements of responsibilities across the organisation



Design of performance management system



Assistance in ensuring compliance with the individual accountability regime



Design of results-based accountability framework



We have access to our KPMG global network and advisory panel which includes our accountability, behaviour and culture Subject Matter Experts from the UK and Australia, Netherlands, Canada, Germany. Our tailored solutions leverage this global expertise

# Contact us

our team would love to help you address any issues or concerns you may have when it comes to culture or accountability.



**Gillian Kelly**

Head of Consulting and  
Accountability and Conduct  
**t:** +353 87 744 1120  
**e:** gillian.kelly@kpmg.ie



**Yvonne Kelleher**

Managing Director and Conduct,  
Culture and Accountability Lead  
**t:** +353 87 050 4349  
**e:** yvonne.kelleher@kpmg.ie



**Conor McCarthy**

Partner  
Management Consulting and  
Head of People and Change  
**t:** +353 21 602 5087  
**e:** conor.j.mccarthy@kpmg.ie



**Rosalind Norton**

Director  
SME, Culture, Conduct  
and Accountability  
**t:** +353 87 111 5982  
**e:** rosalind.norton@kpmg.ie



**Jennifer Reynolds**

Associate Director  
SME People and Change  
**t:** +353 87 050 4046  
**e:** jennifer.reynolds@kpmg.ie

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