



# Testing Organisational Culture Through Data Analytics

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**THE** Fraud Prevention  
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# This Presentation

- Analytical tools & approaches to measuring organisation culture
- Strengths/weaknesses of the various approaches
- Pathways for improving what you are currently doing

# Lessons from Research

## “Tip-offs”:

- Association of Certified Fraud Examiners international research tells us that around 40% of fraud notifications come from tip-offs
- NSW Auditor General tells us that 46% of fraud notifications come from tip offs

Organisation culture needs to support people speaking out

- Staff, suppliers, customers/clients
- Different groups may need different mechanisms for reporting

# Prevention

Requires 5 things:

- Appropriate policies and procedures
- Fraud and corruption risk assessment
- Fraud and corruption control plans
- Fraud and corruption prevention training
- Assessment of organisational culture

# What is Org Culture ?

There is wide spread disagreement about what constitutes organisation culture !

Michael Watkins (in HBR) tells us that culture is:

- “Consistent, observable patterns of behaviour in organisations”
- “the organisation’s immune system”

# Measurement of Culture

“What gets measured, gets managed”

- Managers will initiate action when they have data
- Measurement evolves:



# How To Assess Culture

4 options, all equally valid :

- Existing data in your organisation
- Standardised organisational culture assessments (eg OCI)
- Audit Office of NSW “Fraud Control Improvement Kit”
- Customising tools to meet your exact need

# Option 1: Existing Data

Agencies collect data for a variety of reasons:

- For others (Auditor General, Public Service Commission, Public Accounts Committee, IPART etc)
- For accountability (program evaluation, reporting to Premiers, Annual Report etc)
- To report to stakeholders/shareholders etc
- Internal performance analysis etc



# Using Existing Data

We know that:

- No single piece of information will ever give you the insight you are looking for: you need a package of indicators/information
- Some information for management NOW is better than perfect information in 6 months time
- Use of existing data can be used as a stepping stone to the future

# Existing Data: Case Study

- A small organisation at the very heart of the NSW government
- Ran a series of Code of Conduct workshops
- Staff VERY reluctant to speak up about issues/incidents
- Went to the “NSW State of the Service” report for the agency

Found that:

- 20% of staff witnessed an incident of harassment/bullying
- 0% reported/spoke up
- 15% of staff witnessed inappropriate behaviour
- 0 % reported/spoke up

# Lessons from Case Study

- Staff perception data is highly valued
- Small pieces of information can galvanise managers into action
- As senior executive and line managers become more aware of the data they have, the more they will use it to improve their organisation
- Agencies can be sitting on large amounts of underutilised data

# Option 2: Standardised Tools

Vast number of culture assessment tools available incl:

- the OCI from Human Synergetics
- The Organisation Cultural Assessment Instrument
- Corporate Culture Pros Culture Assessment
- The Australian Employee Engagement Survey (Voice project) etc

Each tool has:

- A particular view of the factors that contribute to a “virtuous” organisational culture
- Data analytics that show you how things are going for the organisation as a whole and for particular business units

# Using the OCI (1)

The OCI is based around

- Red behaviours : aggressive defensive styles
  - Oppositional, power, competitive, perfectionistic,
- Blue behaviours : constructive styles
  - Achievement, self-actualising, humanistic/encouraging, affiliative
- Green behaviours: passive/defensive styles
  - Approval, conventional, dependent, avoidance

Publish a series of “white papers” to support people managing organisational cultures and change

# Using the OCI (2)

The OCI:

- They provide the statistical analysis: no work for you !
- Uses “value neutral” language
- Provides organisations with an easy to use self improvement tool
- All about the staff conversation: what did we find ?  
What do we need to do about it ?
- Tip: never use one of these tools without follow-up !

# Option 3: NSWAO Fraud Control Improvement Kit

The best FREE tool is from the NSW Audit Office

- Takes account of the latest developments in research, experience
- Revised and regularly improved
- Last updated in 2015
- Kit and spreadsheet available to download from their website....
- [www.audit.nsw.gov.au](http://www.audit.nsw.gov.au) under publications

# NSWAO Fraud Control Kit

10 best practice attributes of fraud control

For each attribute, asks a single question that best sums up the required behaviour

Example

- Best practice attribute of “fraud awareness”
- Question: “our organisation runs a comprehensive awareness program about fraud control”
- Answer could be “strongly disagree”, “disagree” “agree” or “strongly agree”



# NSW Audit Office Approach

Each survey result fed into spreadsheet

Spreadsheet can be downloaded from Audit Office website

Generates “traffic light” report for :

- Agency as a whole
- Individual business units

Can also generate “raw statistics” so you can measure changes over time, benchmarking etc

# NSW Audit Office Approach

Fraud Control Attribute	Agency As a Whole	Business Unit 1	Business Unit 2	Business Unit 3
Leadership	Green	Green	Green	Orange
Ethical Framework	Green	Green	Green	Green
Responsibility Structures	Yellow	Green	Yellow	Red
Fraud Control Policy	Yellow	Green	Green	Red
Prevention Systems	Red	Yellow	Red	Red
Fraud Awareness	Yellow	Green	Yellow	Red
Third Party Management Systems	Green	Yellow	Green	Green
Notification Systems	Red	Green	Red	Red
Detection Systems	Green	Green	Green	Yellow
Investigation Systems	Green	Green	Green	Green
OVERALL RESULTS		Green	Yellow	Red

# Option 4: Using Customised Approach

A better way forward : rather than using a standardised tool is to use a standardised process !

- Conduct open ended interviews/surveys to determine the agency core principles/values
- Use a closed-ended survey to test/quantify responses
- Conduct facilitated discussions with executive to refine, prioritise, finalise
- More information can be found at [www.sheilamargolis.com](http://www.sheilamargolis.com)

# Summary

4 options, all equally valid :

- Existing data in your organisation
- Standardised organisational culture assessments (eg OCI)
- Audit Office of NSW “Fraud Control Improvement Kit”
- Customising tools to meet your exact need

# The Next Steps

Choose the option that suits the capability/development level of your organisation

There are lots of tools available to assist !

You don't necessarily need to do lots of work

Each step taken will help in "fraud and corruption proofing your agency" !

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