



Corporate culture audit





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Siberian Coal and Energy Company (SUEK)



Founded in 2001

The largest coal corporation in Russia and the only Russian company ranked at Top 10 in the world in terms of annual production

The largest private shareholder of energy companies in nine regions of Siberia and Far East

31% of thermal coal supply of the Russian market

25% of Russian coal export

36 thousand employees

Annual production – 96 mln. tons of coal

Annual export volume - 25 mln. tons of coal



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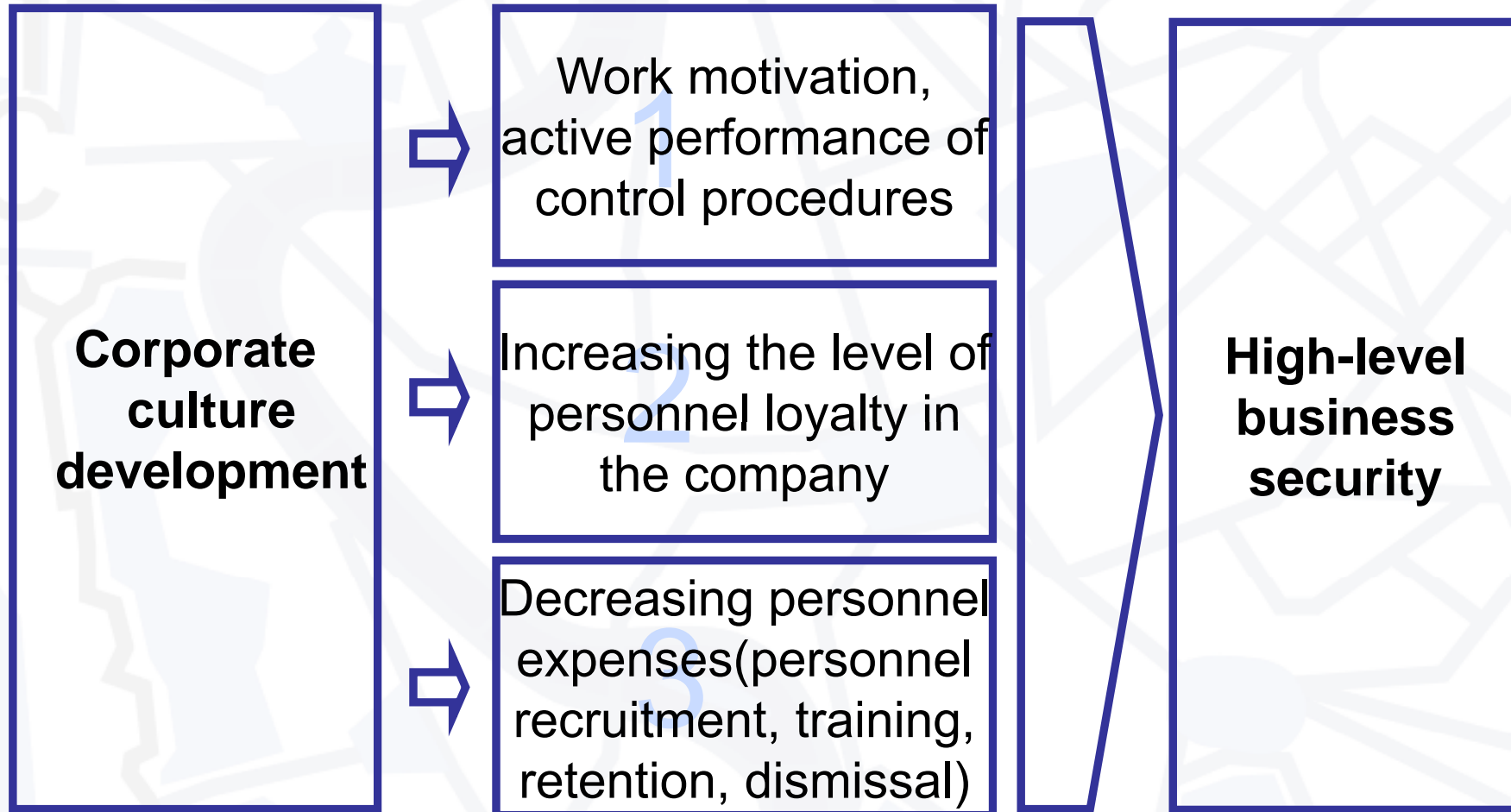
Corporate culture as a company asset

Corporate culture is a set of specific values, standards, standpoints within the company:

- which are shared by most employees and,
- which are considered by them as their common conviction and,
- determine their attitude to work, management, their motivation and behavior.



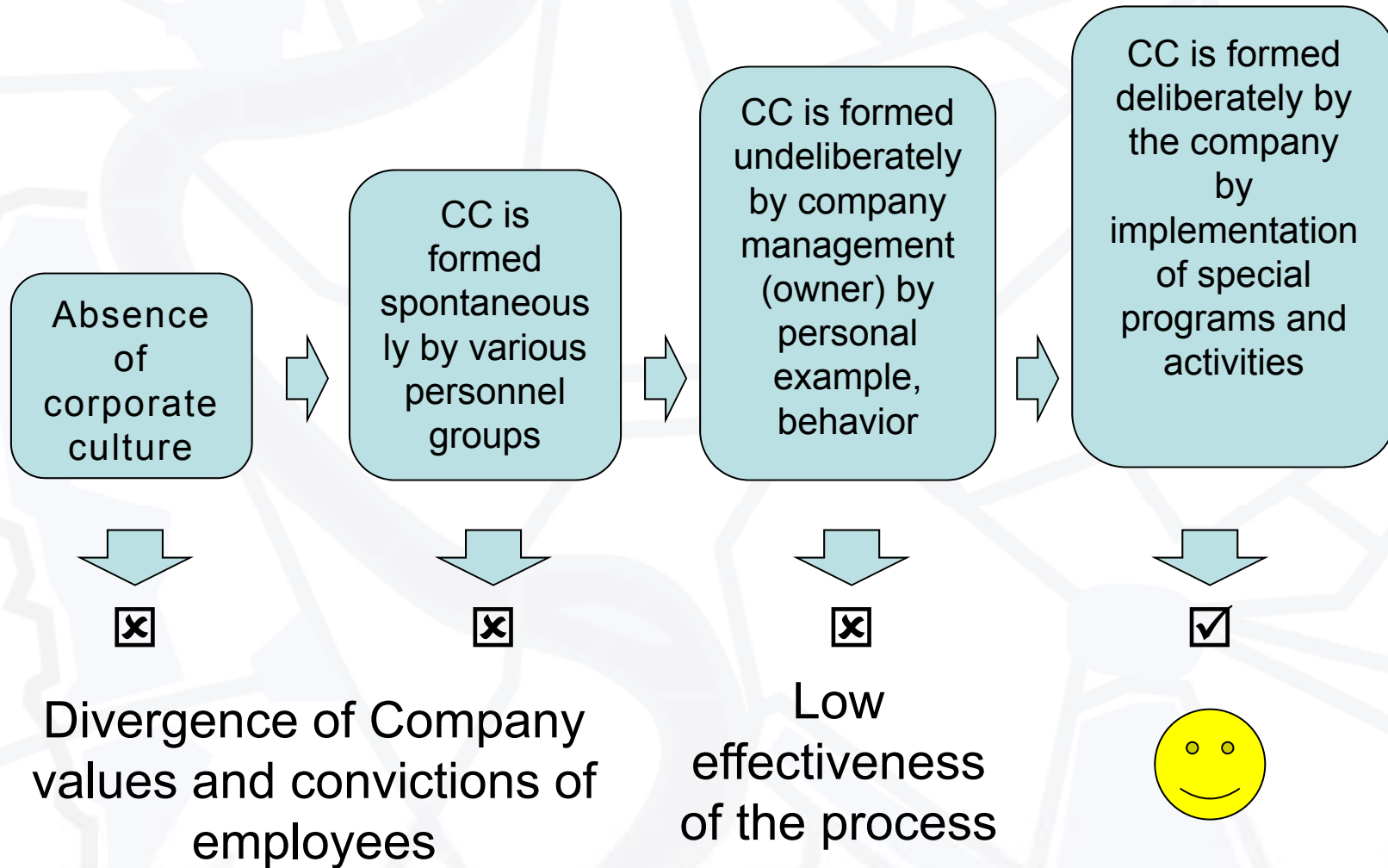
Corporate culture as a company asset



World experience says that the company losses due to disloyal attitude of personnel are on average three times higher than losses because of unfair competitors or unfriendly mass media.



Levels of maturity of corporate culture development process



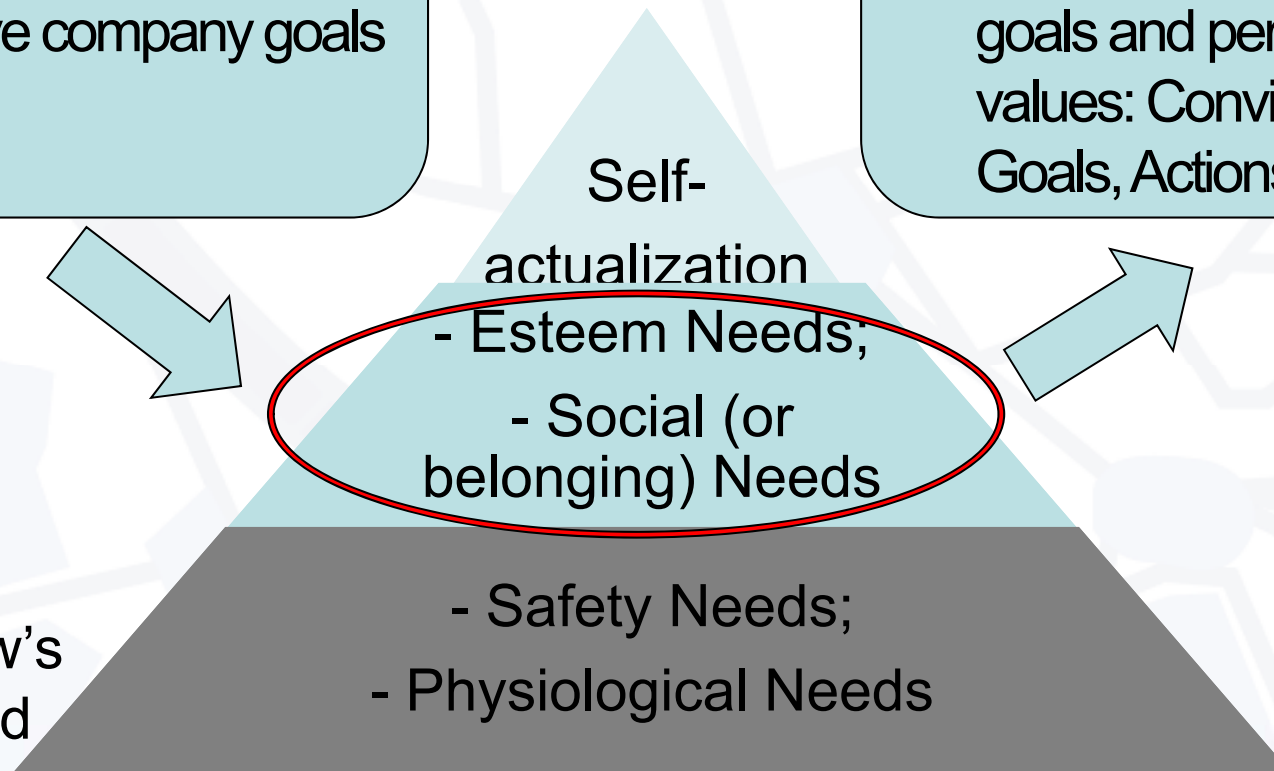


Corporate culture development is a process which promotes corporate values to become the convictions of employees

Company: personal social needs are used to motivate employees to achieve company goals

Employees: forming a positive connection between company goals and personal values: Convictions, Goals, Actions

Maslow's pyramid





Internal audit of corporate culture: main assessments

Assessment (audit) of corporate culture is an assessment of coincidence degree of Company's values and employees' personal values, convictions according to their point of view

Process

What kind of actions does the company make for corporate culture forming?

Result

How far do the employees share company corporate values?

Dynamics

How has corporate culture changed during the past period?



Internal audit of corporate culture

Corporate culture IA is an assessment of a corporate culture level – corresponding level of company's corporate values and employees' convictions.





Internal audit of corporate culture

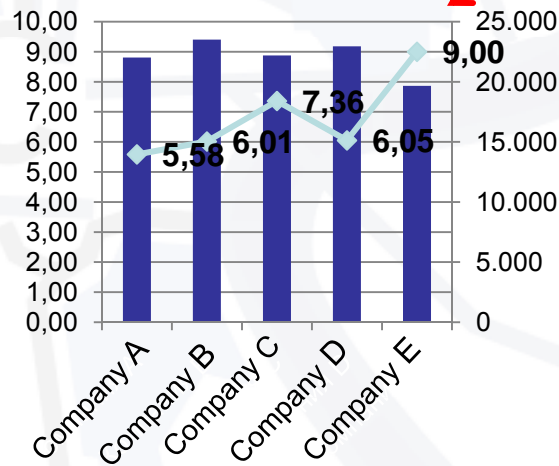
Possible results:

1. Employees set themselves against the company (interests of company and employees are opposite).
2. Employees do not see correspondence (coincidence) of their personal interests with company interests.
3. They see the connection of company goals and their personal goals only through getting material rewards.
4. Employees associate the achievement of their personal goals for future two or three year period with Company's goal achievement, moreover the employees take into consideration not only the material factors.
5. Employees completely share company values and become their convinced supporters.



Corporate culture influence on business effectiveness

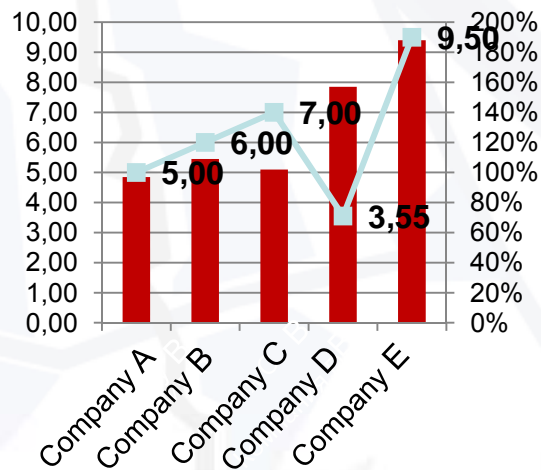
The highest level of corporate culture in Company E



■ Salary level

◆ Degree of satisfaction with the system of financial incentives

Actually, salary is lower, but labor productivity is higher in the enterprise, where basic social needs of personnel are satisfied in a higher degree



■ Production plan performance for 6 months 2009

■ Degree of satisfaction of personnel with basic social needs

1- 4,9 – low level of corporate culture

5-7,9 – middle level of corporate culture

8-10 – high level of corporate culture



Features of corporate culture development process and internal audit of corporate culture – some practical lessons

- not all people are able to adapt effectively to the system of values in case of environment changes – it is necessary to assess this personal feature while hiring;
- the process of corporate culture forming is a long process – the first results become appreciable in two-three years;
- corporate culture is the most effective kind of long-term financial investments: minimum expenses, maximum effect;
- there is an influence of other factors (random, once-only) on the results of personnel tests. It is necessary to monitor these factors at the stage of audit prepare.
- various company enterprises may have different level of corporate culture. It is necessary to consider cultural, religious and national peculiarities of the enterprises in a multinational company;
- it is necessary to prepare personnel for carrying out polling in the process of corporate culture audit and decrease the influence of «desirable» responses.



Questions?

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