GOVERNING CORPORATE CULTURE

GUIDE FOR SUPERVISORY BOARDS OF STATE-OWNED ENTERPRISES

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Guide for Supervisory Boards of State-Owned Enterprises

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1 BASIC PREMISE AND PURPOSE

This Guide follows from the main goal of the operation of Slovenian Sovereign Holding (SSH), that is, **the creation of value from capital assets** for the owner. The development and implementation of best practices to further improve the corporate governance system are important factors in achieving this goal (State Assets Management Strategy, 2015). SSH has also derived its goal from the stakeholder concept, which argues that companies should create value for all relevant stakeholder groups.

Target public group: Supervisory Boards of SOEs.

A direct goal of this paper is to equip Supervisory Boards with key guidelines, questions and tools to be considered, asked and used when exercising their duties in terms of governing corporate culture. By recognising that an appropriate organisational culture is an important factor in encouraging or inhibiting business performance (Collins and Porras, 2004), an **indirect** goal of this Guide is also to empower companies to operate effectively and efficiently through giving culture an appropriate focus within corporate governance practices.

The authors would like this paper to be a living document which will serve as a guide for members of Supervisory Boards when carrying out their responsible and demanding work. They would also like the **topic of corporate culture** to be included on Supervisory Board agendas for companies operating in the Slovenian business environment, as it **often** is by the leading global organizations. Available research studies (Huber et al., 2021) show that the supervisory bodies (boards of directors) of the vast majority of global leading companies consider corporate culture and governance to be the third most important and common strategic priority included on their agendas.

2 METHODOLOGY AND PROCEDURE FOR PREPARING THE GUIDE

The Guide was developed in the following step by step process:

1. drafting an outline of the Guide's content by:
- conducting a systematic review of the academic and professional literature on managing and governing corporate culture;
- preparing a review of best practices in governing corporate culture (Governing Culture, no date; Governing Values, no date);
- carrying out preliminary interviews with five international experts in the field of corporate governance and culture;

2. organising and holding workshops with subject matter experts. Eight experts in eight selected topics were interviewed. These experts were well-regarded Slovenian professionals who are leading specialists of the Slovenian corporate governance system;

3. agreeing the content with the participating experts as well as the Client;

4. writing the Guide itself.

3 UNDERSTANDING CORPORATE CULTURE AND ITS IMPORTANCE

Corporate culture (Harrison, 2021; Schein in Schein, 2016) is a widely recognised term which has a wide range of definitions (Tharp, 2009). It is basically about shared/common values on how we work together. In fact, **values** are patterns of human activity that should encourage and foster successful performance (Harrison, 2021). Culture can also be understood as a pattern of shared basic assumptions which have been learned by a group when dealing with problems such as adapting to external circumstances and achieving consistent internal governance, and which have worked well enough to be considered valid and can therefore be learned by new members as a correct way to perceive, think and feel in relation to these problems (Schein and Schein, 2010).

The importance of culture: empirical studies show that the impact of culture on business performance is significant and can be both positive and negative. The aim of this Guide is therefore to make the members of Supervisory Boards aware of both the functional and the potentially dysfunctional aspects of culture.

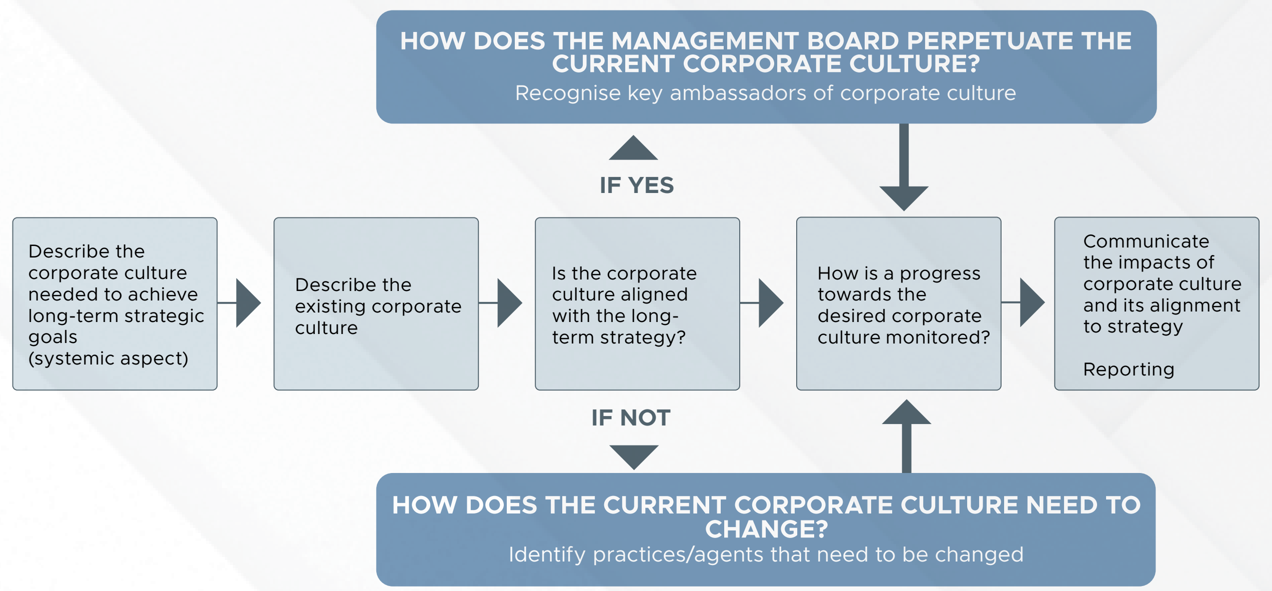
Three methods by way of which **culture contributes** to better business performance (Harrison, 2021):
a. Relationships: a positive corporate culture is a strong factor in attracting employees, it has a strong impact on job satisfaction and loyalty and can reduce staff turnover.
b. Career: culture has an influence on a leadership style, and career motivation;
c. Change: a culture which has elements of flexibility is more likely to be successful in mergers and acquisitions, and strong culture leads to a higher return on investment (except when an industry is undergoing dramatic change).

Three methods by way of which **culture can hamper business performance** – dysfunctional culture:
a. Weak culture (fragmented sub-cultures or a strong divergence between desired and actual values) – rhetoric is not aligned with the actual state of affairs:
b. Cult – too strong culture with elements of unethical behaviours, or
c. A culture which is not consistent with other prerequisites for the success of an organisation (strategy, leadership style, treatment of people at work, business environment).

4 CULTURE AND STRATEGY AS SYSTEM

Although a widely accepted view, it is false to believe that *"Culture eats strategy for breakfast."* Corporate culture can best contribute to business performance if it is **consistent with the context, strategic goals, leadership, structure, actual treatment of people at work,** and other determinants of business performance (Hartnell et al., 2011). From a practical point of view, Figure 1 illustrates the process of how to ensure alignment between corporate culture and strategy that supervisors can rely on.

Figure 1: Aligning corporate culture and strategy



Source: Adapted from Taraporevala, 2019.

Another aspect of this system is **the alignment of culture by levels:** individual - group - organizational - regional (national) - global (Aïssaoui in Fabian, 2015). Studies show that in order to avoid stereotypes and truly understand organizational culture, it is necessary to delve as deeply as possible into an individual's identity and get as close as possible to the individual.

5 ASSESSING AND MONITORING CULTURE

The successful governing of corporate culture requires the understanding of methods for its assessment and monitoring. There are a wide range of traditional tools, mainly questionnaires with occasional participant observation, as well as more modern methods which use automated analysis of mass textual data.

Traditional tools: The most frequently used approach in measuring organisational culture is questionnaires. This is a time consuming method, which is suitable over a longer period, for example a regular biennial interval, or for those points in time when an organisation is undergoing major changes. Table 1 shows a selection of some of the most widely used models of organizational culture with the associated tools. It should be noted that this is not an exclusive set of tools, as, for instance, Jung et al. (2009) have listed as many as 70 different tools, of which 48 tools can be tested in terms of their psychometric properties. Users of this Guide are advised to use tools which measure values and knowledge that are of interest to a particular organization, and to pay close attention to the psychometric validity and reliability of the relevant tools.

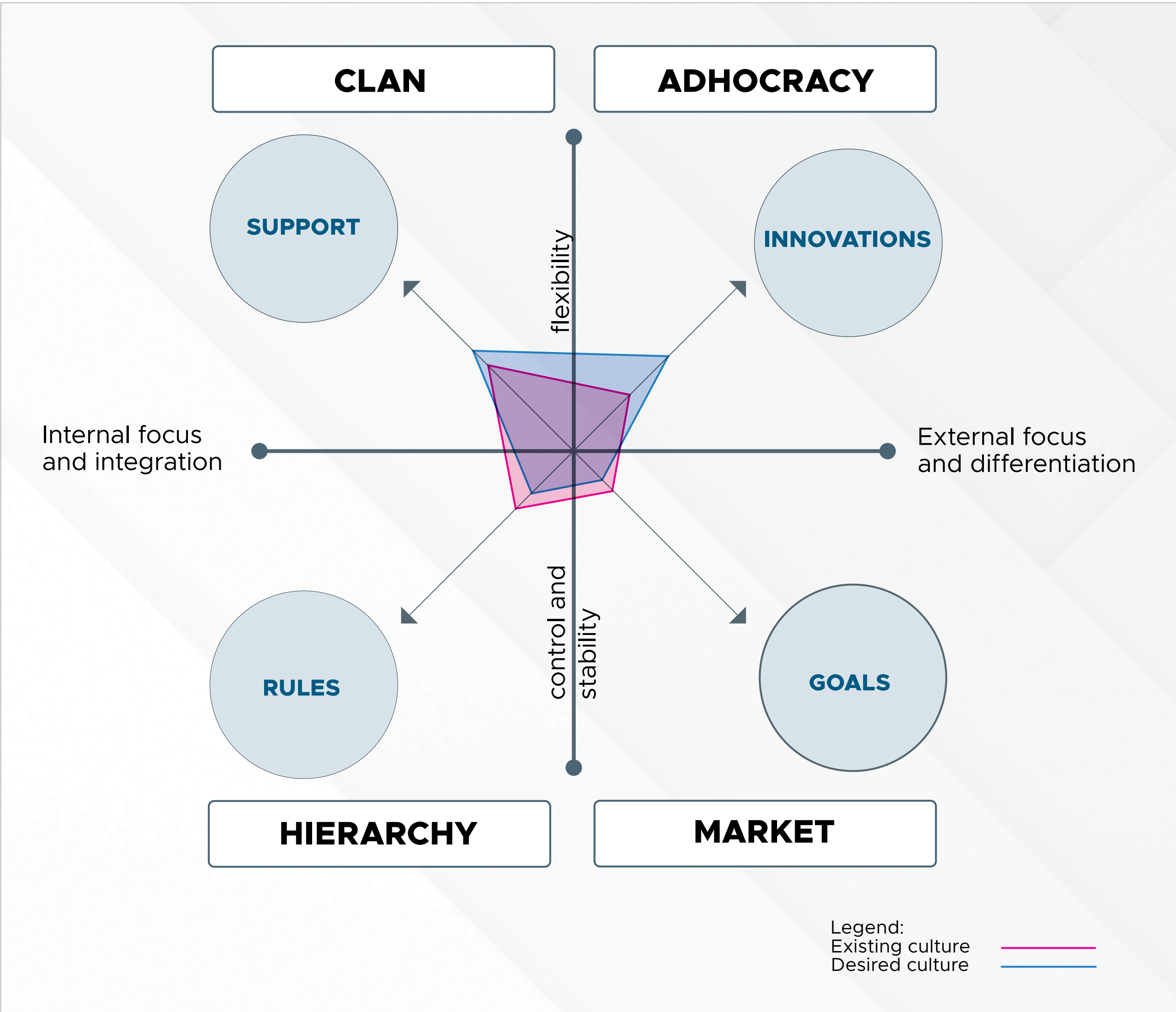
Table 1: Overview of selected models and tools for assessing and monitoring organizational culture

AUTHORS	NAME OF THE METHODOLOGY AND INSTRUMENT	MEASUREMENT INSTRUMENT	MONITORING VALUES AND CULTURE ARCHETYPES	USEFUL OVERVIEW SOURCES
Quinn and Rohrbaugh, 1983) Cameron and Quinn	Competing Values Framework	OCAI Organizational culture Assessment Instrument	Clan (family, cooperation) Adhocracy (entrepreneurship, innovation) Market Energy (competitiveness) Hierarchy (processes)	About the Organizational Culture Assessment Instrument (OCAI) (ocai-online.com)
Schwartz	Schwartz theory of basic values	Schwartz	Clan (family, cooperation)	Values: Schwartz theory of basic values | ANU
Hofstede	Hofstede's cultural dimensions theory.	The Hofstede Culture in the Workplace Questionnaire	It distinguishes between the actual, desired, optimal and perceived cultures, and analyses them in several dimensions. It also distinguishes between values and practices.	Organisational Culture - What you need to know (hofstede-insights.com)
House et al. (2007, 2014)	GLOBE 2020		The relationships between culture, leadership, and trust.	GLOBE 2020 GLOBE Project
Trompenaars & Hampden -Turner	The Seven Dimensions of Culture	Trompenaars Questionnaire	The seven dimensions of national culture, in which four types of organizational culture are embedded: Incubator (egalitarianism and people orientation) Family (hierarchy and people orientation) Eiffel Tower (hierarchy and task orientation) Guided missile (egalitarianism and task orientation)	https://www3.thtconsulting.com/
Jung et al. (2009)			An overview of 70 different typologies of organizational culture and their psychometric validation	

Source: Own work.

Figure 2 gives an example of one of the most common traditional approaches to measuring organizational culture, i.e. the Model of Conflicting Values. It is a tool which distinguishes two dimensions of culture. The first dimension is used to assess the extent to which members of the organization are outward- or inward-oriented. The second dimension, on the other hand, shows the extent to which stability and flexibility are valued by members of an organization. Four types of culture emerge from this. A clan is the type of culture where an organization is seen as a family and loyalty is valued; creativity and innovation are highly regarded in the adhocracy type of culture, while orderly formal relations are appreciated in the hierarchy type of culture, and competition and meritocracy are preferred by market culture. Organizations which use such questionnaires invite all employees to participate in their surveys, for example, at two-year intervals. For each question, respondents are asked to indicate a percentage for each of the four culture archetypes. This results in a profile such as that presented in Figure 2. The interviewers then determine what the current culture is and **what the desired culture is.** In the event of discrepancies there are opportunities for action. The tool also provides insights into subcultures, and makes comparisons between different organisational units, identifying differences in perceptions between managers and employees, as well as benchmarking against other industries and professions.

Figure 2: An example of a traditional approach to measuring organisational culture



Source: own elaboration, adapted from Quinn and Rohrbaugh, 1983

Regardless of the model and tool selected, **participant observation** is also recommended (for example, after informing and obtaining consent from the Management Board, supervisors attend events organised for company stakeholders – the focus is on the advisory and development role of supervisors). This method is useful for learning about the actual culture, although it should be stressed that supervisors need to be attentive and tactful. It is important that this approach is not misunderstood as a sign of a mistrust between the Supervisory Board and the Management Board. Participant observation provides an in-depth but also a relatively non-systematic insight into those parts of an organisation that may be of particular strategic interest at a particular moment in time.

Modern tools for assessing and monitoring organisational culture include computer-assisted text capture and analysis as well as other mass data analysis methods (Corritore et al., 2020) in order to assess culture in real time. It is a monitoring method that is systematic, up-to-date, relatively non-invasive and can capture culture mainly at the level of artefacts, i.e., written and spoken language. The investment in setting up such a system is higher than in the case of traditional approaches, but it allows for more frequent monitoring of organisational culture. Advanced organisations can, for example, rely on sentiment analyses and use the mass textual data already collected to identify the culture, which is actually lived. Such data sources include, for example, email, internal collaboration forums and other communication tools (Slack, Workplace, Yammer, etc.). A company that measures culture from an external perspective is Glassdoor, which collects validated data and testimonials on culture, salaries, and leadership from current and former employees. MIT offers a similar tool and has developed a Culture Glassdoor tool which ranks only selected companies.

6 GOVERNING AND DEVELOPING CORPORATE CULTURE

It is important to recognise that the influence of a Supervisory Board on the development of corporate culture is indirect, particularly in the prevailing **Slovenian two-tier model of corporate governance**. One possible definition of culture is that it is an interplay of deeply held beliefs, values, attitudes, artefacts, and symbols that define an organisation and distinguish it from others. To what extent, then, can an organisation be controlled from the outside, if one is a Member of the Supervisory Board and he/she visits the organisation, for instance, once a month or only quarterly? The asymmetry of information between the Members of the Supervisory Board and the Members of the Management Board is always present and is an important circumstance or even a constraint in terms of governing corporate culture. In a two-tier governance system, Supervisors need to be aware that their primary source of information is the company's management and that their role in governing corporate culture is an indirect one.

Nevertheless, it is important to point out that the Supervisory Board (or, more rarely in Slovenian corporate governance practice, Boards of Directors), together with the Management Board, is **the main custodian of the organisation's purpose, values and culture. The role of the Supervisory Board**, which is led by its President, is to ensure a clear understanding of the organisation's purpose and its alignment with the organisation's strategy, values and culture when exercising its main monitoring and oversight responsibilities.

In practical terms, this means that **governing corporate culture is the responsibility of the company's Management Board, which is responsible for translating the company's values into business practices and the corporate governance system. The Supervisory Board's task is to monitor and evaluate this area within the corporate governance system in place**, specifically by:

- having an overarching strategy in place and ensuring that the corporate culture is aligned with the company's long-term strategy and goals,
- being aware of and understanding how corporate culture is defined and developed by the company's management,

- having a clearly defined purpose, which is linked to the company's culture and values, and includes appropriate employee expectations and behaviours,
- having an oversight of how the company's Management Board defines and continuously aligns culture with strategy and how risks are managed,
- including the governing of corporate culture in internal governance and internal control frameworks, in a well-functioning risk management system as well as in the compliance and internal audit functions,
- regularly including culture in the internal audit's work programme and its audit reviews,
- having data on the status of key indicators of success in the area of corporate culture,
- including the target corporate culture in the management remuneration system, which is transparent and aligned with the achievement of the desired corporate culture.

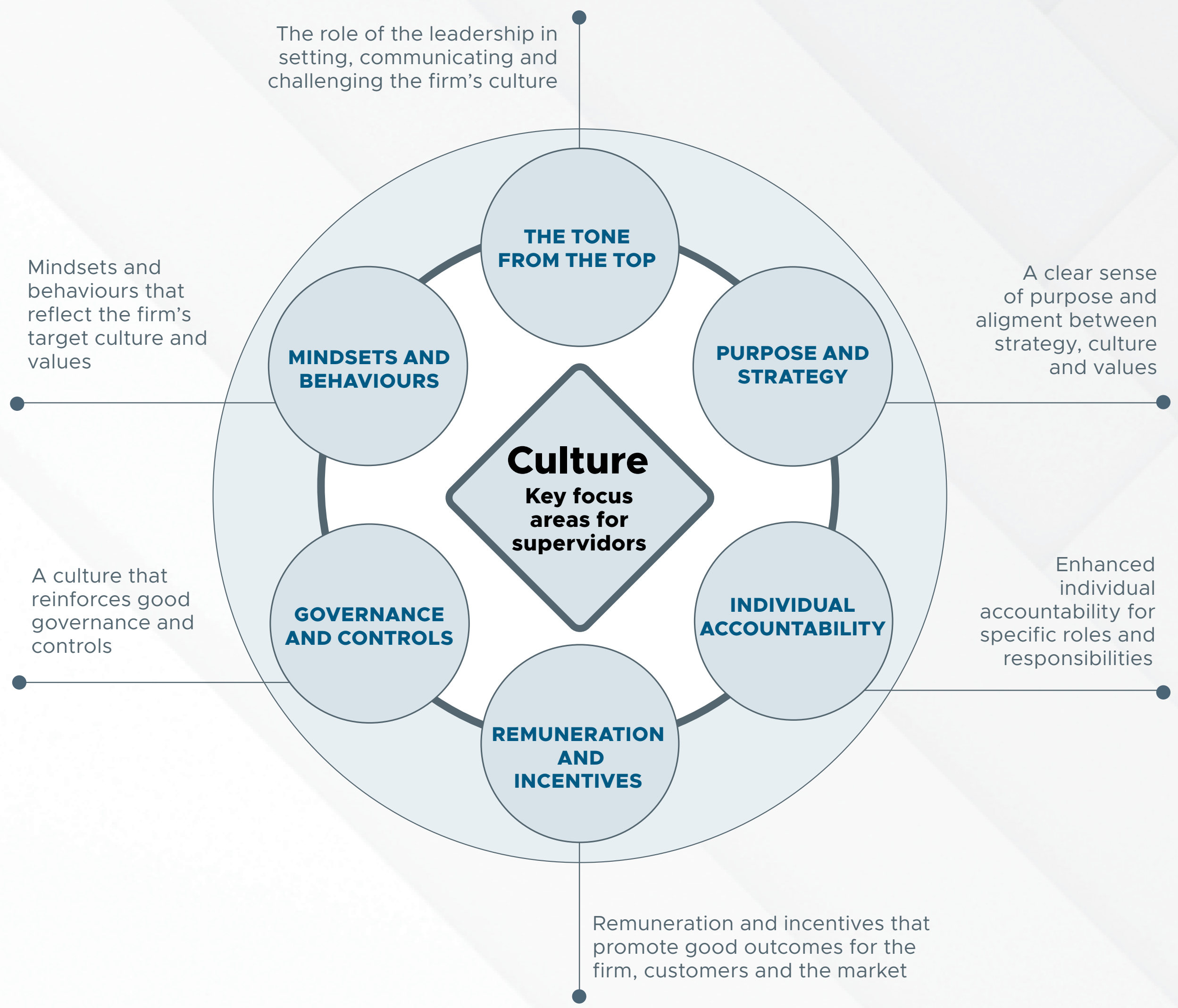
One of the most important tasks of the Supervisory Board Members relates to their **HR role** - selecting the company's management. Selecting or developing leaders for the future requires a forward-looking strategy and culture (Groysberg et al., 2018). Leaders who are aligned with the company's target culture should be selected and developed. If the existing culture is functional and needs strategic stability, candidates who are already a good fit at that particular moment in time should be given a priority. However, if the strategy needs to be changed, candidates who can make a difference should also be selected. It is important to remember that **governing and developing corporate culture are long-term processes** for which **stability, predictability and consistency are just as important as agile action** (Harrison et al., 2019). Constant changes introduce uncertainty into corporate culture, and the absence of fresh ideas engenders inertia. Forward-looking action therefore requires proactive and long-term action also in the recruitment of Management Board Members and when designing and implementing succession plans.

The Slovenian corporate governance system is a **two-tier** one in most cases – this means that the influence of Supervisors is much more indirect than in a one-tier system. Nevertheless, this does not absolve any Supervisory Board Member of his/her supervisory responsibility as well as of understanding that, as culture is one of the important strategic topics, it is also necessary to monitor it, reflect how culture fits in with other elements, and then use the available tools to exert influence at least in an indirect manner (i.e. by **nudging the systems and experiences** of the members of the organisation (Thaler and Sunstein, 2021). Thaler and Sunstein, who were awarded the Nobel prize for their nudge theory, suggest that better decisions can be taken through building an architecture of choice. This is a method that guides behaviours by making physical, social and psychological circumstances in which our choices take place more conducive to desirable behaviours.

The corporate governance experts whom we interviewed warned that governing corporate culture can be a slippery slope if Supervisors assume an overly operational stance in their work and exceed their authority. The role of Supervisors is to **set the tone from the top**, in which case they can rely on the **required reporting from the Management Board** and monitor how the culture supports the implementation of the strategy. It is important that Supervisors are active in exercising their supervisory and steering role, respect the boundaries of their authority within the corporate governance system, while not interfering with the powers of the Management Board.

In terms of monitoring and governing corporate culture in practice, this means that examples of reporting could refer to the results of employee culture surveys, internal audit reporting, reporting on the implementation of corporate culture in practice, reporting on benchmark data from peer companies, and similar examples. Supervisors may invite B-1 management representatives to Supervisory Board meetings if these are identified as drivers of key strategic projects and at the same time get a sense of the actual organisational culture. Supervisory Board Members and Members of the Nomination Committee of the Supervisory Board may ask the Management Board questions on the reasons for selecting a particular metric and also invite any external experts to present research findings on corporate culture. The Supervisory Board should not select tools in place of the Management Board. The final point, which Supervisors and the Nomination Committee need to be particularly attentive to as regards corporate culture as well as any subcultures, is evidence of increased employee turnover. Figure 3 summarises the key elements of governing corporate culture for the Supervisory Board, which relate to nudging systems and experiences.

Figure 3: Key elements of governing corporate culture from a nudging perspective



Source: adapted from Deloitte, 2018.

In addition, this Guide also draws on the **coaching method**, which can be used by Supervisory Board members to help the Management Board and the company develop a functioning corporate culture. The corporate governance experts we interviewed highlighted the **skill of asking relevant questions** as one of the key skills of a top-quality supervisory body. In governing corporate culture and otherwise, excellent supervisory performance is closely linked to the ability to ask the right questions at the right time. The way Supervisors work is therefore closely linked to finding answers to the questions of why and how, to finding relevant comparisons (benchmarking), and to broadening the Management Board's perspective, and steering the Management Board towards appropriate systems design. For example, if the topic discussed is sustainability, the conversation may revolve around which report format has been chosen by the Management Board, why it has been chosen, how the information gathered will enhance the assessment and monitoring culture and how the chosen format supports the implementation of the outlined strategy. Table 2 provides a set of (general) questions which Supervisory Board members can refer to when considering what questions to ask the Management Board.

Table 2: Example of general questions on corporate culture for Supervisors

1	Does the Management Board set the right tone at the top and give sufficient attention to culture as a key enabler of purpose and strategy? And does the Management Board itself embody and reflect the company's values?
2	How comprehensively and specifically has the Management Board discussed the importance of culture and helped define the desired culture?
3	How does culture appear on the Management Board agenda? Is it a specific agenda item that features, for example, once a year? Or is it considered in a more embedded way throughout all Management Board discussions and decisions?
4	Is the company's culture intentionally defined in the context of strategy and is there a shared understanding of it throughout the organization? Further, for multinational organizations, has the executive team sought input from leaders in countries where language and/or cultural differences might be a barrier to adopting a shared corporate culture?
5	Can the Management Board articulate the company's cultural strengths and gaps to close, along with the changes needed to best manage behavioural risks and align culture with strategy?
6	Has the Management Board discussed metrics that could be gathered and monitored as a barometer for cultural fitness? Does management's reporting to the Supervisory Board need to be adjusted to capture better data for the Supervisory Board's consideration relating to culture matters?
7	How does the Management Board take into account the potential cultural context underlying the achievement of key performance indicators (KPIs)? For example, if all KPI targets are met or significantly exceeded, over an extended period, does the Management Board ask why? Does the Management Board examine any potential cultural pressures that may be present to artificially "keep up" certain metrics or KPIs and, if so, consider any related risks?
8	How thoroughly has the Management Board and/or the Supervisory Board committees discussed the impact of culture on risks, the risk management system and internal control environment?

Source: adapted from Dettman and Klemash, 2019

Table 3 further shows examples of possible more detailed questions which can be used by the Supervisors to determine values, to understand corporate culture, to support HR decisions, and also to be considered when measuring and reinforcing values.

Table 3: Example of in-depth questions on corporate culture for Supervisors

	SETTING VALUES
1	Are the values current and have they been reviewed by the Supervisory Board in the last 24 months?
2	Do the values meet the expectations of all stakeholders?
3	Are the values in line with the purpose of the organisation?
4	Do the values have behaviours attached to them?
5	Is it clear what behaviour is expected of leaders?
	UNDERSTANDING THE CULTURE
1	What information has been collated and analysed to understand the current culture and its alignment with values?
2	Is the culture regularly measured to check alignment?
3	Are leaders selected, promoted and recognised for their values-driven behaviours?
4	Do leaders demonstrate the values in everything they do?
5	Are sanctions consistently applied for any employee who behaves in a way that is not values-driven?
6	Is performance defined according as “what has been achieved and how” in terms of work output and behaviour?
7	Are suppliers and contractors expected to behave in accordance with the values?
8	Have the President of the Supervisory Board and the Supervisory Board discussed this Guide?
	RECRUITMENT, SELECTION AND INDUCTION OF STAFF TO REINFORCE VALUES
1	Are external and internal appointments assessed against the organization’s values and behaviours? Are external head-hunters and HR agencies briefed on the values and behaviours required of all staff? Do internal recruiters assess people in accordance with these values and behaviours?
2	Are integrity testing techniques used in the selection process for internal and external appointments in the context of succession planning?
3	Do all new hires (and contractors) received induction training on the corporate values and expected to behave in accordingly?

	CRITERIA FOR REINFORCING VALUES
1	Are the values and resulting culture regularly reviewed and measured?
2	Are misalignments actively managed?
3	Is individual behaviour reviewed, assessed and rated in the performance management process?
4	Do the Supervisory Board Committees (Audit, Nomination, Risk, Compliance, etc.) actively manage culture and risk, and monitor these through employee surveys, succession plans and other relevant sources?
5	Are metrics used to measure the effectiveness of linking people and performance management to values are these reported to the Supervisory Board, or contained within the Annual Report?
	REINFORCING VALUES
1	Are all people processes regularly assessed for their alignment with the values?
2	Does the Talent Management Programme attract, retain, develop and promote employees who exhibit values-driven behaviours?
3	Is reward allocated with reference to the desired behaviours as well as the financial contribution delivered?
4	Is the “speak up” mechanism working effectively?
5	Are exit interviews used to elicit insights into how the values and desired behaviours are perceived and practiced?

Source: City HR Association, 2013.

It is recommended that the members of the Supervisory Board develop coaching skills to help them work with the Management Board. One of the more established approaches is the **appreciative inquiry** *(Coyle, 2018). This is essentially an approach to asking questions which focus on strengthening the functional aspects of (in our case) culture in an organisation.*

When considering corporate culture using this methodology, Supervisors can lean on the 4-D model, which follows a four-step process (Whitney and Trosten-Bloom, 2010). The Management Board is also asked the following questions: 1) What would you like to praise or highlight as the best aspects of corporate culture?; 2) Where do you see opportunities for the future development of corporate culture?; 3) What would be the ideal organisational culture? and 4) What will you do to make the ideal culture a reality?

7 PROPOSED KEY TOPICS AND VALUES

The remainder of this Guide focuses on the most common values encountered in the current business practice of Slovenian and international companies. Table 4 gives an overview of **the most common values** mentioned by Slovenian state-owned businesses. An analysis was made of values that have been most frequently declared by 18 companies classified as TOP 20 companies from the portfolio of assets managed by SSH as at 31 December 2020, and which represent 97% of the book value of the SSH's portfolio. This analysis of the declared values of Slovenian state-owned companies was compared to a similar international analysis (MIT SMR's Culture 500, 2021). Six values, which were the most frequently declared, where thus selected and further expanded into thematic clusters, which include 14 additional thematically related values or practices. The overlap with international trends is significant, however, two more values have nevertheless been added; these were not detected in the domestic analysis, though we believe they will prove to be useful in the future.

At the same time, it needs to be stressed and pointed out that the selection of values is only a proposal, from which the users of this Guide can draw knowledge and tools according to their own judgement and needs. In any case, it is desirable to avoid prescribing **specific values and uniformity** of practice. Such an inappropriate use of this Guide would lead to an (even greater) disconnect between the lived values and the desired values, and in this way it is very likely that it would also harm business performance.

Table 4: Analysis of values stated by companies from the SSH's portfolio

Value	Frequency	Description from company documents
Responsibility	10	Includes leading by example for both managers and employees
Collaboration, cooperation and trust	7	Teamwork, internal collaboration, information transfer, open communication, engagement with and accountability to the environment and stakeholders
Creativity and innovation	7	Generating, selecting, developing and implementing potentially useful and new ideas
Respect, inclusion and tolerance	6	Inclusion of all diverse talents, creating equal and fair opportunities
Excellence	6	Business success, quality, prudence, processes, speed
Honesty and integrity	3	No data
Change and agility	Added based on MIT analysis	Employees can react quickly and effectively to changes in the market and seize new opportunities
Customer focus	Added based on MIT analysis	Employees put users at the centre of everything they do, listen to them and give them a priority

Source: Own analysis of companies' publicly available documents and of MIT SMR's Culture 500.

1. RESPONSIBILITY

The most commonly defined value cited by the Slovenian companies included in the survey is **responsibility**.

It is defined in different ways by companies and organisations from the SSH's portfolio: '*We are responsible for the reliable operation of our systems, for the health and safety of people and for the preservation of nature. We take responsibility for our work and actions"; "We assume responsibility"; "Each of us is responsible for the success of our company. With our work, we meet the expectations of our owners and of the environment, and we improve the quality of life of our clients."; "We are responsible to our customers, colleagues, stakeholders, owners, business partners and to the social and natural environment. Understanding our customers and ensuring a positive customer experience is our fundamental responsibility. It is about understanding their needs and the associated risks, both for them and for our organisation. We build partnerships in a careful and responsible manner with everyone we do business with. We have a responsibility to each other and to all our stakeholders to act with professionalism, commitment, and mutual respect. We are committed to integrity and face challenges with courage. We are responsible for the reputation of our business and fulfil our responsibility to the wider social and natural environment."*

The problem with responsibility is that, in practice, there is often a big gap between what is desired and what actually happens. The value of responsibility is a burden that requires the maturity of Supervisors, the Management Board, managers, and employees. In mature organisations, responsible players are aware of the fact that one must be able to carry such responsibility, and that exposure and potential liability also come with power and influence.

Vodovoz, Robinsson and Sullivan (2020) classify organisations as reactive, accelerated and integrated according to their **level of maturity** in addressing environmental, social, and governance responsibilities. Reactive organisations are the least mature ones because they focus on meeting externally imposed demands. Companies of medium maturity (accelerated companies) ask themselves how responsible practices can contribute to business performance. The most mature ones, the integrated organisations, on the other hand, understand responsibility and accountability issues as an integral part of their corporate culture which permeates the whole organisation.

A mature organisation, which has managed to translate the value of responsibility into actual behaviours, takes into consideration the following statements: *"set smart goals and understand why"; "get to know the problem and focus on the solution"; "understand and delegate responsibility, not tasks"; "listen actively and give clear feedback"; "understand your impact and lead by example".* Another organisation from the financial sector, for example, highlights the following characteristics: *"commitment to a better future, exercised through 'long-term thinking' behaviours for the 'benefit of all stakeholders', where ' their business is conducted in a sustainable and responsible manner'". It advocates "sustainable and responsible business practices that drive long-term value" and "continuously looking for ways to serve more people and find new ways to achieve their financial well-being".*

Responsibility needs to be learned and spread throughout the organisation. It is important to remember that different people have different criteria and, consequently, different ideas of values. The experts interviewed have highlighted **leading by example** as one of the key tools for building responsibility. It is often argued that responsibility should be taken for failures as well as for successes. Shifting responsibility to others is fundamentally irresponsible at any level of the organisation.

Another tool is to involve external experts and **work on dilemmas** or case studies. As already mentioned, Supervisors in a two-tier system have limited insight into the lived corporate culture due to a certain asymmetry of view of the organisation. At the same time, mature Supervisors have to feel a high degree and also a high burden of responsibility. They therefore work through the Management Board and perceive the level of lived accountability in actual (problem) situations involving e.g., investment reports, anonymous reports, but they can also seek external expertise to avoid simply adopting politically correct answers. The key question in such situations is how the Management Board and e.g., the CEO can take responsibility. Their actions create **psychologically safe organisations** where failure is a source of learning and potentially innovation, and where the actions of the Management Board and managers build trust among employees. Psychological safety is a prerequisite for accountable organisations and individuals (Edmondson, 2018).

Responsibility is therefore a value for both parties – the Supervisory Board and the Management Board. *Responsible supervisors ask themselves how to manage the corporate culture for the benefit of a company, how to see whether the compass is set well – whether the annual plans are aligned with the strategy, whether the Management Board is functioning well, whether the Management Board is synchronised, and when doing so, they need to focus on the essentials. Supervisors can question the Management Board on their priorities – which responsibilities to put before others; where and when responsibility to one stakeholder group stops and responsibility to another starts; how management understands responsibility under the models and tools chosen (e.g., a triple bottom line) if it chooses to do so. Supervisors carefully examine all the circumstances and bases that underpin responsible decision-making.*

The experts interviewed, who serve on both Supervisory Boards and Management Boards, agree that **responsibility needs to be shared throughout the organisation, or at least in all its key parts**. It is certainly a risk factor if all the responsibility lies with the CEO. Responsible Management Boards are able to achieve an empowered organisation and decentralised responsibility. Powers needs to be shared – if responsibility is shared, it is much easier to work because more people have an insight into what is going on. Modern management practices are moving in the direction of shared responsibility, which in turn fosters collaboration and inclusion, and this in turn fosters trust, which is a prerequisite for creativity and innovation.

It is therefore clear from the example of responsibility that none of the values stands alone and that it is important that both Supervisory Board Members and the Management Board understand their interdependence and their connection to the strategy and other organisational elements.

2. COLLABORATION, COOPERATION AND TRUST

Collaboration, cooperation and trust are interrelated values and are key to both employee well-being and individual performance at work (Colbert et al., 2016; Grant, 2013; Dysvik et al., 2016). High-quality relationships at work also result in greater creativity, confidence in performing complex tasks, coping with stress, learning new skills, etc. Collaboration, cooperation, and trust, combined with high-quality relationships, are also the building blocks of good performance in organisations with higher-than-average value-added indicators per employee. Meta-analytical studies of nearly 40,000 companies (Podsakoff et al., 2009) show that the strategic benefits for organisations, which have established a culture of mutual aid, are extremely positive and are reflected in an increased profitability, improved productivity, efficiency and customer satisfaction, as well as in lower costs and lower employee turnover.

SSH's portfolio companies and organisations operationalise the value of collaboration, cooperation and trust with the following approaches: *"Open communication and cooperation are the basis of our work. We operate on a listen first, speak later system. Our words inspire trust. We are clear about what we can and cannot do. We actively seek and value feedback. We share information in a timely and open way. We provide constructive criticism in a respectful and honest way. We share knowledge and learn from each other for the good of the Group. We are straightforward and understandable in our communication. We are not afraid of difficult questions, and we do not delegate difficult tasks to others. We work in good faith and cooperate with professionalism with all stakeholders."; "We achieve success together. We share our knowledge and experience and help each other"; "We share knowledge, experience and positive energy with our colleagues and partners."*

There are interesting practices of companies around the world which promote collaboration and cooperation through the so-called **prosocial motivation of employees** (Škerlavaj, 2013). This is a motivation that is fostered by a deep-seated desire in people to do meaningful work and to understand their contribution. For example, Scandinavian service organisations use letters from their customers to spread good stories among employees so that they understand the importance of what they do and how they contribute to the company. Promoting prosocial motivation also strengthens collaboration between employees and increases a sense of trust in an organisation. A wide range of practical tools are available to organisations to foster a culture of collaboration, cooperation and trust (Škerlavaj, 2016).

There are similar findings for collaboration, cooperation, and trust, the second most commonly used set of values among the SSH portfolio companies, as have been listed for accountability. *"In its interaction with the Management Board, the Supervisory Board can set the tone from the top. Trust and cooperation are built over a long period of time, but they can break down very quickly. Therefore, it is consistency that is important from the perspective of governing corporate culture and, in particular with regard to trust and cooperation"*. Constant instability creates a sense of psychological danger or fear, which in turn reduces trust and cooperation in other parts of the organisation. This hampers creative and innovative potential. It is also the responsibility of Supervisors to monitor the level of collaboration, cooperation and trust among Management Board members, as this is one of the essential elements for successful governance.

The role of Supervisory Board members in creating conditions for trust, collaboration and cooperation is crucial, as their actions actively co-create a sense of psychological safety, build trust and encourage collaboration at Supervisory Board meetings and in all interactions with the organisation's Management Board.

3. CREATIVITY AND INNOVATION

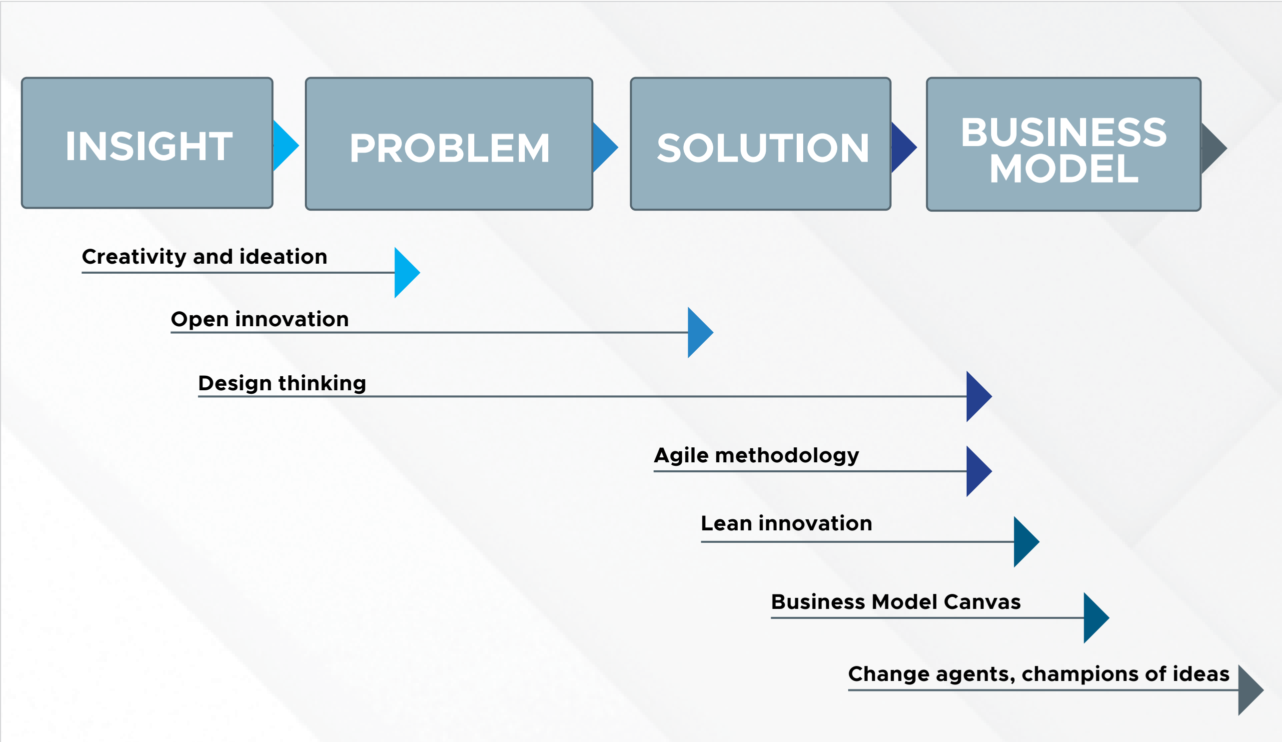
Creativity and innovation are two aspects of the same process and are two closely interrelated values. Organisations which emphasise creativity rely on the generation of new, potentially useful ideas. Organisations which highly value innovation expect their stakeholders to not only come up with new ideas, but also to behave in a way that will lead to the realisation and commercial success of these ideas. Research carried out over several decades (meta-analyses) show that employees' creative and innovative behaviours at work are strongly associated with successful task performance, helping colleagues and reducing counterproductive behaviours at work (Harari et al., 2016). As a result, such behaviours are **highly desirable**.

SSH portfolio companies define the values of creativity and innovation in the following ways: *"We deliver our services and processes in line with market trends"; "Superior results can be achieved with satisfied and motivated employees. This is why we encourage our colleagues to put their ideas into practice."; "We listen to inspiration, encourage innovation and openly embrace improvement and innovation."* Global companies would add: *"Invent and simplify. Leaders expect and demand their teams to find ways simplify, again and again. They look for new ideas everywhere, they are aware of the external environment and are not limited by 'it wasn't invented here'. When we do new things, we accept that we may be misunderstood for long periods of time."*

At the same time, it is important to recognise that at an organisational level (Rosenbusch et al., 2011), innovation is fundamentally a **process that is risky and requires active leadership and management**. To this end, there is a plethora of techniques and tools ranging from design thinking, through lean and agile methods, to the business model canvas and the planned development of change agents (Škerlavaj, 2018a). Design thinking is a non-linear, iterative process used by teams to gain a deeper understanding of user needs, test underlying assumptions, redefine problems and create innovative solutions that can be tested in the form of prototypes. Lean and agile innovation methods focus on the issues of uncovering key repetitive processes, identifying "fires" and improving the flow or the work process itself. The Business Model Canvas is a tool for slightly more mature solutions, which enables a systematic view of the key aspects of a business model (from segmenting customers, providing value for them through internal activities, and necessary partnerships and all the way to the sources of revenue and expenditure). It is therefore a tool for validating new business models or improving existing ones. Of course, ideas and innovations never come to life without the support of people who are willing to develop them and take them through the organisation to the market. This is what change agents do.

Each of these techniques is suitable for different stages of the innovation process, as illustrated in Figure 4. There are three characteristics, though, which are common to all these techniques. Firstly, they start from an in-depth understanding of user needs (either customers or internal users of a product or service) and use a wide range of available techniques (an excellent overview is provided by Curedale, 2019). Secondly, they understand that they are dealing with working under uncertain conditions and use experimental approaches. Unlike widely-used existing project methods, which assume the ability to set milestones and predict achievements, modern innovation techniques are aware of operating under conditions of uncertainty, or at least risk. They therefore experiment using small samples and learn quickly and continuously. Thirdly, modern innovation processes are iterative. They go from small to large and allow for a high degree of flexibility and learning.

Figure 4: Innovation process and techniques



Source: Adapted from Dyer, Furr and Christensen, 2014.

Modern innovation processes require both a culture and behaviours that support them. In addition to an explicit focus on creativity and innovation, supportive behaviours are reflected in employee proactivity, inclusive leadership, collaboration and cooperation and openness, as well as the mastery of skills required for introducing changes (Škerlavaj et al., 2017). There are many examples of companies promoting all of these behaviours, both at home and around the world.

Supervisors should therefore focus their discussions held with Management Boards on issues related to fostering a culture of proactivity, openness, curiosity, the use of ideation approaches and campaigns, all of which stimulate creativity. At the same time, they should focus on issues related to the implementation of these ideas and the management of risks within important innovation processes, projects and also the management of the entire innovation portfolio.

The experts interviewed have highlighted the need for special treatment of incremental and breakthrough innovations. The former lead to improvements and savings in many small steps, the latter to potential breakthroughs in the longer term. Supervisors should address both incremental and breakthrough innovation systems. Metrics used by companies to monitor continuous improvements include the number of proposals per employee, the number of proposals having been implemented, the proportion of employees involved, financial results achieved and customer satisfaction. Promotion is done through methods such as telephone and computer applications integrated into employees’ regular work routines, as well as regular awareness-raising events (innovation days) and investment in training for innovation work. For potentially breakthrough innovations, companies often use special project offices, hackathons and in-house accelerators, spin-offs and work closely with knowledge institutions. What is essential for the Supervisory Board is for it to know how often innovation is included on the Supervisory Board’s agenda, and to put it on its own agenda in a regular manner.

4. RESPECT, DIVERSITY, INCLUSION AND TOLERANCE

Feeling respected and included is a basic human need. To quickly summarise the importance of different pieces of the **diversity** and inclusion puzzle, it could be said that diversity firstly enables individuals from all backgrounds to bring fresh, different, unique ideas as well as knowledge to a business. **Inclusion**, together with psychological security, enables these individuals to feel safe, accepted, committed, and respected in the work environment, which means they have the courage to share their ideas with others and take positive risks and innovate during their work. All this ultimately translates into higher productivity and better business results (Eržen, 2021).

SSH portfolio companies see the values of respect, inclusion and tolerance of diversity as all interrelated and seek to operationalise them with the following approaches: *"We respect our fellow human beings and the environment.", "We foster respectful relationships, value diversity and open communication." and "Open communication and cooperation are the basis of our work. We work on a 'listen first, speak later' basis. Our words inspire trust. We are clear about what we can and cannot do. We actively seek and value feedback. We share information in a timely and open manner. We provide constructive criticism in a respectful and honest manner. We share knowledge and learn from each other for the good of the Group. We are straightforward and understandable in our communication. We are not afraid of difficult questions, and we do not delegate our tasks to others. We work in good faith and with professionalism with all stakeholders."*

Strategies which address this area must be holistic and embedded in all processes. A good example of an organisation which really lives such a strategy is an international pharmaceutical company – its strategy is based on three priorities as well as on a number of initiatives. First and foremost, they have set themselves three objectives: to (1) attract, develop and retain diverse talents, (2) create an inclusive environment, and (3) shape the society in which they operate. The first objective is achieved by pursuing gender balance in the leadership positions by means of ensuring that their candidates and decision-makers are gender balanced; by ensuring gender parity in parental leave; by promoting flexible working arrangements; and by having in place a career development programme for women in leadership positions. The second objective is being pursued through educational content on inclusion and by having in place employee support groups which offer their employees legal protection, networking, rewards, leadership, funding, sharing knowledge and experience, as well as additional commitment. As part of their third objective, the company is committed to the EPIC promise (equal pay and transparency) and equality for vulnerable groups within the organisation and wider society (Eržen, Černe and Sekula, 2020).

Two of the main **mechanisms** for strengthening such values are **empathy** and the **ability to identify with others**. Both can and should be developed. Tools, such as the Reciprocity Ring™ (Give And Take, 2021), empathy training, dilemma work, the Strength Deployment Inventory™ (SDI) (Core Strengths, 2021), non-violent communication, mindfulness, and metrics to measure diversity management (Managers' Association, of Slovenia 2021; Managers' Association of Slovenia, 2020), are available to organisations. The Reciprocity Ring, for example, is a tool that reinforces the value of collegial help and cooperation through dynamic group activity, based on the "pay-it-forward" principle and high-quality relationships. Empathy is (except in rare clinical cases) a skill that can be developed, and the most progressive organisations and companies develop opportunities for mutual understanding and respect. Dilemma solving places decision-makers in situations where there are no black and white answers but require an in-depth analysis from multiple perspectives and the type of decision-making that is based on reasoned priorities. SDI is a tool that helps individuals improve their interpersonal skills by understanding the profiles and needs of their interlocutor in communication situations. More and more companies are explaining their excellent results and high added value by doing just that – by having values that are lived deeply and on a daily basis and that strengthen their relationships with each other.

Respect, diversity, inclusion and tolerance are therefore fundamental human values that have a strong influence on other values such as trust and innovation. They are a fundamental glue that binds organisations together.

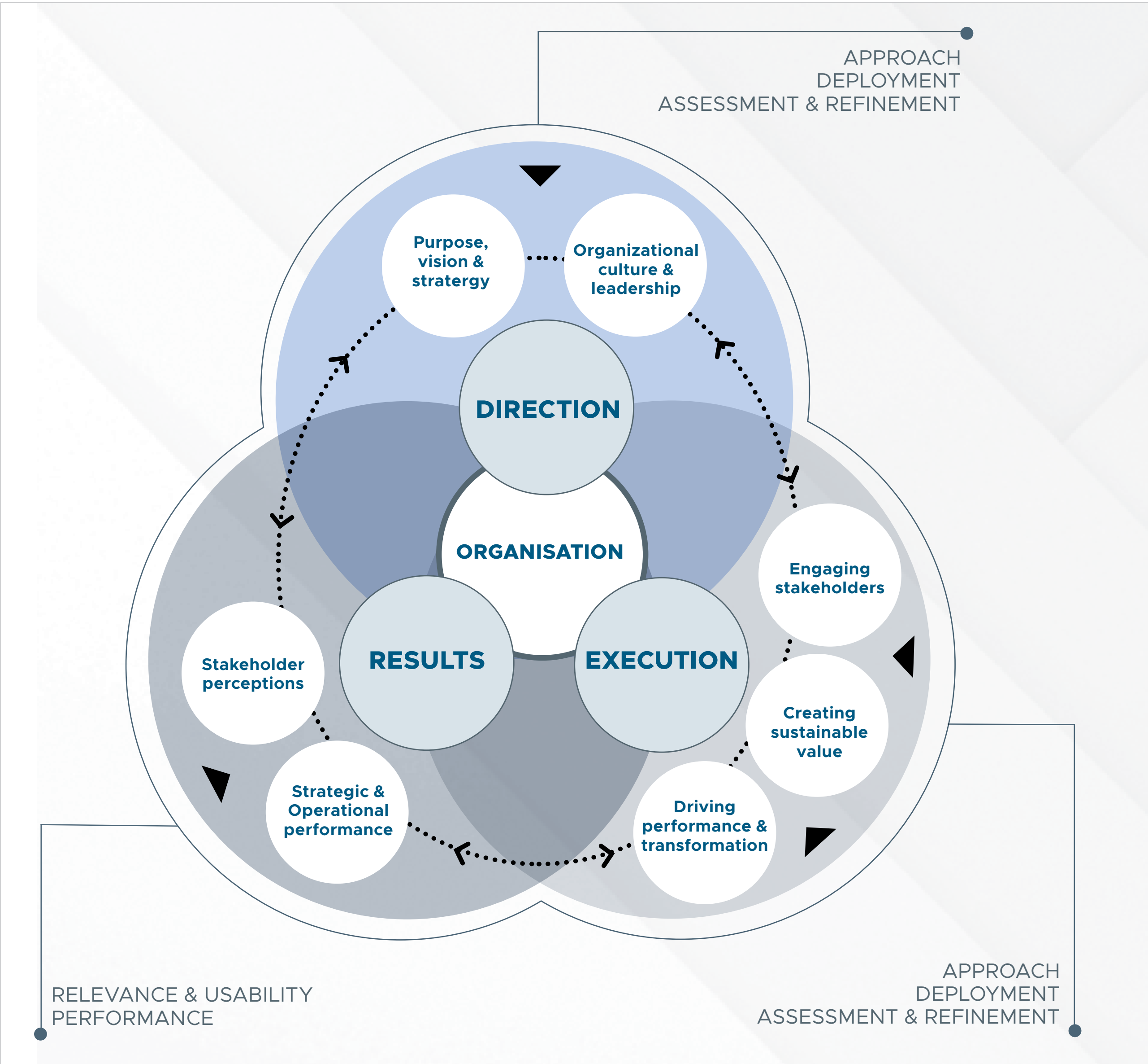
When respect erodes, the organisation erodes. When tolerance and inclusion are strengthened, the potential for enriching the organisation is enormous. When we talk about diversity among Supervisors and in the exercise of their powers, we primarily talk about diversity in terms of gender, age, expertise, experience. However, organisations and Supervisory Boards focus too often on the most visible diversity characteristics (for example, gender, age); cognitive diversity also provides an additional breakthrough. Cognitive diversity is a difference in perception and thinking, and is important for teams, Management Board members and Supervisory Board members alike, as the combination of people with different identities also enables business to derive benefit from the strengths of other diversity elements. The Supervisory Board should review the development of the company's Diversity Policy, which includes all levels of corporate governance, and should take part in its development. Another key question for Supervisors is how the organisation lives and fosters the culture of respect, inclusiveness, and tolerance, starting with the culture at the Supervisory Board's meetings themselves and by way of setting the tone from the top, and above all, by considering the methods by which the leadership style and interpersonal interactions between members of the organisation take place in a day-to-day practice (Škerlavaj, 2022).

Photo: iStock

5. EXCELLENCE

The EFQM Excellence Model (Figure 5), one of the more established tools for assessing corporate excellence, defines excellence as "Great organisations continuously push the boundaries of what is possible. They nurture a culture of delivering exceptional results, caring for people's well-being and preserving the environment." (Business Excellence Strategy, 2017). According to the experts interviewed, the definition of excellence is not absolute, but rather serves as a focus for continuous improvement, striving for progress and overcoming boundaries. All this is strongly supported by a mind-set and culture of excellence. It is worth pointing out that a company can be excellent in a multidimensional space – in relation to its customers, to its employees, to the whole ecosystem in which it operates. The challenge of excellence is therefore to achieve and sustain outstanding results, but also to address the expectations of different stakeholder groups in a balanced manner.

Figure 5: The EFQM model



Source: EFQM, 2019

SSH portfolio companies see the value of excellence in the following definitions: "We want to be the best at everything we do. We are only satisfied when being the best in everything we do. We achieve the highest environmental, safety and IT standards."

There are interesting practices of companies around the world that combine business excellence with personal development. One example of such good practice is used by a German car manufacturer whose holistic approach is based on the following success factors: (1) consistent, continuous and long-term cyclical improvement; (2) an integrated approach in a holistic model; (3) an external view (customers, employees, benchmarks, evaluators, etc.); (4) 360° feedback; (5) improvements in operational results; (6) a balanced structure of factors and results; (7) endless possibilities for further development; and (8) improved satisfaction.

Fundamental insights about excellence are also important in this regard (Novak, 2019): (1) excellence is created by people; (2) excellence is a journey, not a destination; (3) excellence in achievements and results is always the result of excellent work; (4) excellence requires commitment, a lot of enthusiasm, continuous learning, hard work and perseverance. Five steps for achieving excellence are also important (Tossaint, 2010): first, go beyond the average, second, nurture values, third, model the best, fourth, be creative and fifth, be an example to your colleagues.

The greatest danger to excellence is hiding weaknesses. Mature organisations are able to identify their qualities and are also able to talk openly about their problems and potential risks – so it is advisable for Supervisors to look beyond an external image and have a broad view and clear focus. Business should seek opportunities for improvement, not weaknesses. When assessing excellence, which is both quantitative and qualitative process, it is important to ask questions relevant to the qualitative assessment and to understand what lies behind it.

6. HONESTY AND INTEGRITY

It is interesting that, while the values of **honesty and integrity** appear three times in publicly available documents of companies in the SSH's portfolio, they have been operationalised in only one case: *'We are honest and impartial'.* This is most likely because each company must have its own integrity plan. However, the above observation can also be understood in a more critical way, and Supervisors are certainly expected to be vigilant about the implementation of these values, whether they are formally defined or not.

The Integrity and Prevention of Corruption Act defines integrity as "the conduct and accountability expected of individuals and organisations in preventing and eliminating risks relating to the use of any authority, office, mandate or other decision-making power contrary to the law, legally permissible objectives and codes of ethics". At the same time, there is growing empirical evidence that ethics, honesty and integrity also generate positive financial and business returns (Schoeman, 2012; Fox, 2020), if not in the first iteration, then immediately in the second and all subsequent iterations.

Experts in the field of integrity and corporate governance point out that *all members of the Supervisory Boards of state-owned enterprises are expected to set an example to all stakeholders (with a view to building a company's corporate culture),* ***to act honestly, in terms of their personal and business integrity, and to ensure that a system of compliance and integrity is in place*** *in companies which they supervise.*

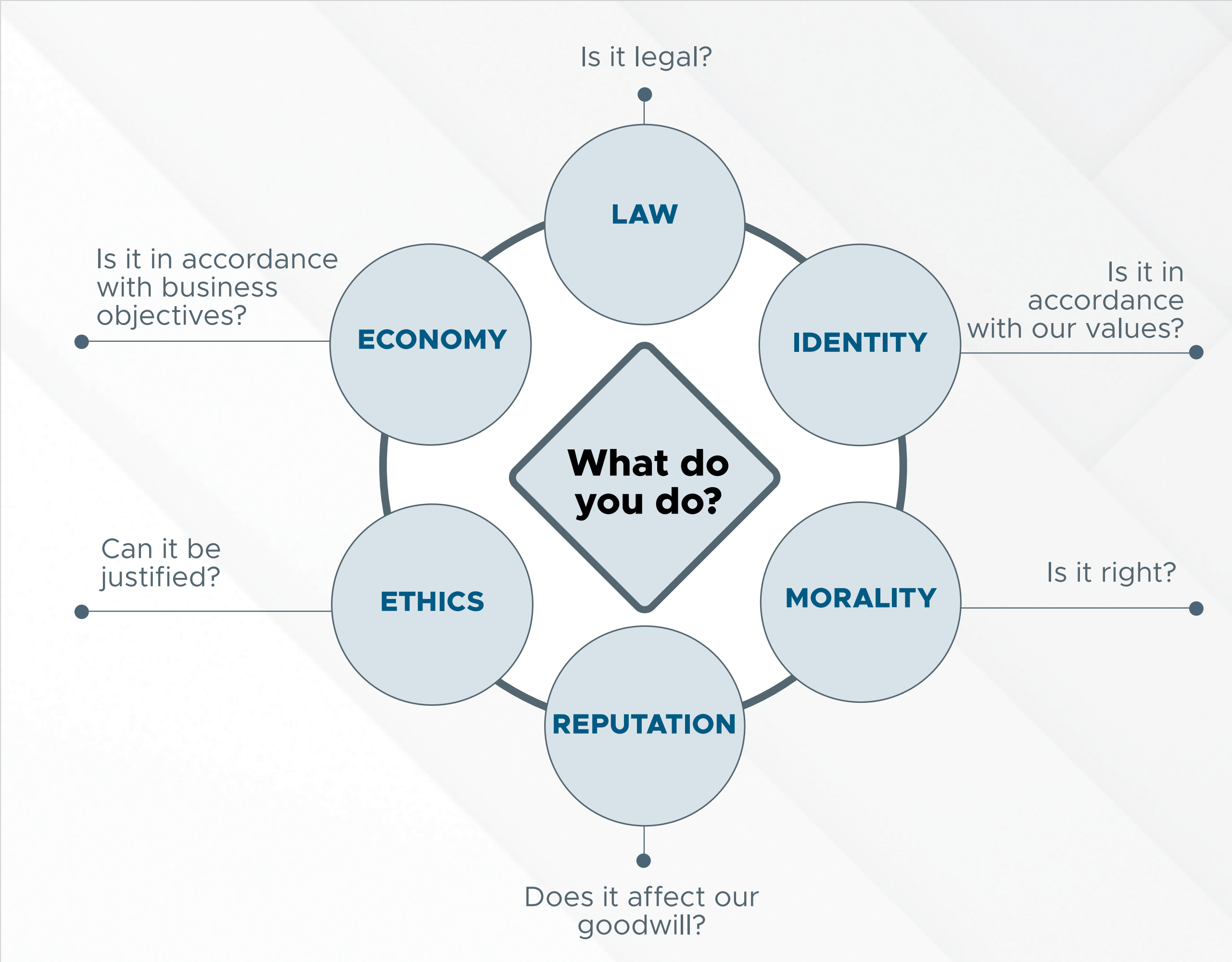
Specifically, ***adherence to the principles of integrity*** *means that the members of the Supervisory Board do not take advantage of others to their detriment*, that they understand that it is an act of dishonour to defraud or deceive others, and that, in addition to statutory provisions they respect moral and ethical standards both in business and in private life, that they are able and willing to do what is expected of them in their role as independent members of the Supervisory Board, acting solely in the interests of the company they supervise, that private relationships do not influence business relationships and decisions, and that they act in accordance with the principle "my word is my commitment" (Turk, 2010).

By acting in accordance with their personal and business integrity, members of the Supervisory Board will *safeguard their personal reputation and that of the company; in their capacity as independent members of the Supervisory Board, they will act* in accordance with the ethical principles set out in the Code of Ethics or Code of Conduct of a company they supervise; they will not be susceptible to unethical or unlawful influence from third parties, and will avoid taking action which the general public could consider to be unethical; they will avoid taking advantage of opportunities which are not in accordance with the morals of an individual or of a company; they will take responsibility for what they do or say and take care to establish and act in accordance with the company's system of values and principles, and in their work they will be self-critical and periodically self-evaluate their work.

Members of the Supervisory Boards will require the Management Board to ***establish in a company a corporate compliance and integrity system and will also supervise its implementation****.* They will do so by doing the following: (i) giving their consent to the preparation of a company Code of Ethics or Code of Conduct; (ii) verifying the observance of the provisions of the Code of Ethics or the Code of Conduct on an annual basis, and by discussing the reports in this regard at the meetings of the Supervisory Board; (iii) setting up a formal anti-corruption programme or a company integrity plan; (iv) creating channels for the reporting of suspicions of alleged irregularities to prevent corruption, fraud and other unethical or illegal practices; (v) regularly reviewing reports on allegations of irregularities and steps for remedial action; (vi) appointing a Chief Compliance and Integrity Officer or organisational unit in charge of corporate compliance and integrity activities, taking into account the recommendations of the Corporate Governance Code for SOEs; (vii) regularly monitoring the Company's progress in these areas, encouraging the management to act in accordance with the same principles, as well as (viii) by setting annual goals for the Company's management in respect of compliance and integrity activities and including them in the remuneration system.

When it comes to honesty and integrity, the most mature organisations will go beyond merely satisfying formally stipulated criteria and will equip their key decision-makers to deal with ethical dilemmas. Figure 6 shows a freely available tool called the **Navigation Wheel** (Kvalnes, 2019a). It is an instrument, which is used by a decision maker first to assess whether a dilemma is ethical or merely false and then walk through an analysis of the legal, value, moral, reputational, business and ethical aspects of a particular dilemma to inform a decision.

Figure 6: Navigation Wheel



Source: adapted from Kvalnes, 2019.

7. CUSTOMER FOCUS

Customer focus is one of the most frequently cited values of the world's leading companies. Research papers and numerous practical examples also show its strong positive correlation with business performance (Han et al., 1998; Harris and Ogbonna, 2001), especially when complemented by appropriate systems for the treatment of people at work and innovation management. Interestingly, customer focus is not explicitly highlighted as a stand-alone value by any of the SSH portfolio companies, which seems to be connected to the (non-)strategic positioning of the marketing function in the wider region (Kregar, 2020). However, customer-oriented behaviours can be found within the broadly defined values.

Global and domestic companies which highlight the value of customer-centricity cite the following supporting behaviours: *"The awareness that customers are at the centre of everything we do"; "Customer obsession. We start with the customer and then move forward. We are passionate about earning and keeping our customers' trust. Although we are wary of competition, we are obsessive about customers."*

In practical terms, customer focus is reflected in the continuous improvement of the user experience. Similar to the value of creativity and innovation, a wide range of techniques incorporated into design thinking are available to companies (Curedale, 2019). An international technology company and a leading Asian bank are well known for having embarked on their strategic transformation journey, transforming themselves from product-focused to user-focused organisations by changing corporate culture. The technology company recruited nearly 2,000 customer experience specialists and strategically deployed them across the organisation, as well as raising the awareness of employees and training employees across the entire organisation. The bank, on the other hand, set about transforming its culture by giving each of its 400 key employees an ownership of a key user experience, whether external or internal, in order to introduce hackathons on a massive scale, involving employees in combination with customers or external partners and enabling them to work through specific challenges and opportunities.

A case of a regional company presents opportunities in moving from a traditional, inward-looking organisation to a modern, customer-oriented one. Over a period of four years, the company changed the values and behaviours it lived by setting the tone from the top, from Supervisors to the management. The marketing function has been responsible for the process from the beginning to the end, as it has actively co-created the strategy, while also ensuring its implementation; all decisions have been market tested and the necessary input has been collected from market data. The change process has been driven by building an inclusive organisation, pursuing respectful communication from the top, raising awareness of the importance of the customer experience, and by developing the necessary competences in employees, as well as by consistently working on specific marketing and innovation-driven projects.

If a company is customer-oriented, Supervisors could for instance act as mystery customers and check first-hand what the customer experience is like. More often than not, they have at their disposal media clippings, event attendance reports, comparisons with the customer experience of comparable leading international companies, marketing analytics (including complaints) and other business intelligence. Experts point out that it is also important to connect customer focus to the introduction of other values, such as integrity and honesty. Here again, the end does not justify the means, and Supervisors need to be aware of this, especially when co-designing reward systems.

8. OPENNESS TO CHANGE AND AGILITY

Organisations that respond best to change are those which have some elements of adaptability in their set of values which are lived within a culture of **change and agility**. Organisations which highly value change and agility do not leave this to chance. They emphasise change as a value and also actively raise awareness, develop competences, offer opportunities to implement change and systematically involve as well as engage the broadest range of employees in change processes (Škerlavaj, 2018b). At the same time, they recognise that change is not the only constant and that successful organisations are skilled at striking a balance between change and stability (Harrison et al., 2019; Klarner and Raisch, 2013).

Global companies which emphasise the values of openness to change and agility very often associate these values with behaviours that foster creativity and innovation. These are closely linked values which share a number of motivating factors – employee proactiveness, openness and inclusiveness. Behaviours that these companies cite as methods, by means of which they live the values of openness to change and agility are, for example: *"Employees respond quickly and effectively to market changes and seize opportunities", "Speed counts. Many decisions can be changed without extensive studies. We value thoughtful risk-taking",* *and "There is only one team in our company. This means no politics, no hierarchy. There are reporting lines, but teams are formed around projects and the necessary competences.".*

The main themes of change management are concerned with the attitudes people have towards change, the understanding of the psychological process of change, and, on this basis, with the management of strategic change processes. People respond to change both cognitively and affectively, i.e., with emotions. A whole range of emotions can be involved (Russell, 1980); as a rule, emotions tend to be more active and positive when one leads the change processes, and more passive or even negative when one is involved as a passive observer who has to carry out the decisions made by others. When those involved in change processes develop a sense of psychological ownership, the likelihood that change will come to life is much higher.

It is also important to understand the process of change itself at the level of an individual. In case of any change, one moves from being unaware, to being aware, to being interested, to being challenged, to embracing a change. One needs information, motivational impulses, competences to cope with change and has to develop the change management skills. In that order, as a matter of fact.

In order to introduce key changes, Supervisors therefore need to check how and to what extent all key stakeholders have been involved in the change processes.

Tools, which are used to develop change management skills and foster a culture of openness and agility, include simulations for training change agents and various agile working methodologies, which are quite similar to those described in the section on the innovation culture.

8 CONCLUSION

The authors and all those involved in the preparation of this Guide have joined forces to produce a document focused on one of key questions, which Slovenian companies deal with: how does a Supervisory Board monitor and control a corporate culture in a two-tier governance system in an adequate manner, and is the Supervisory Board itself, while being one of key stakeholders, a carrier of this culture as well? The result is a living document for which the authors wish it would trigger further discussions and activities with the aim of raising the long-term value of companies for the owners and with the purpose of creating healthy organisations for healthy individuals. The authors believe that this Guide can also be very useful reading for companies' Management Boards.

The authors would like to highlight some key messages for the members of the Supervisory Board:

- It is recommended that Supervisors regularly put the topic of corporate culture on their agendas and check their reports to see to what extent and how seriously this topic is tackled by the Management Board.
- Culture must be understood as a system. It must be aligned with strategy and other factors which determine a successful business performance. Supervisors should be aware of possible discrepancies between desired values and actual behaviours.
- Supervisors should operate under conditions of information asymmetry. Their tools are coaching management and designing systems to monitor and control a corporate culture of a company.
- Supervisors should ask their Management Board and the Supervisory Board's Nomination Committee to design quality systems for assessing and monitoring corporate culture in as real time as possible and assist the Management Board and the said Committee in this endeavour.
- Supervisory Board members should question the Management Board and assist it in designing the systems for developing the desired organisational culture.

Although the authors have given a specific overview of the most widely used values and the methods by which they are enacted and developed by companies, the Guide in front of you is not a recipe, it is more like a menu. Every company has its own set of values and supporting behaviours, which make sense for that particular company, and companies always function having in place a certain combination of values, behaviours, environment, of time and place. The Guide is therefore not an attempt to standardise, but a tool for a thoughtful and active user. This Guide is also an invitation to co-create a healthy corporate culture. Good luck!

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