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WHITE PAPER

Beyond the Checklist: A Compliance Culture That Lasts

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Contents

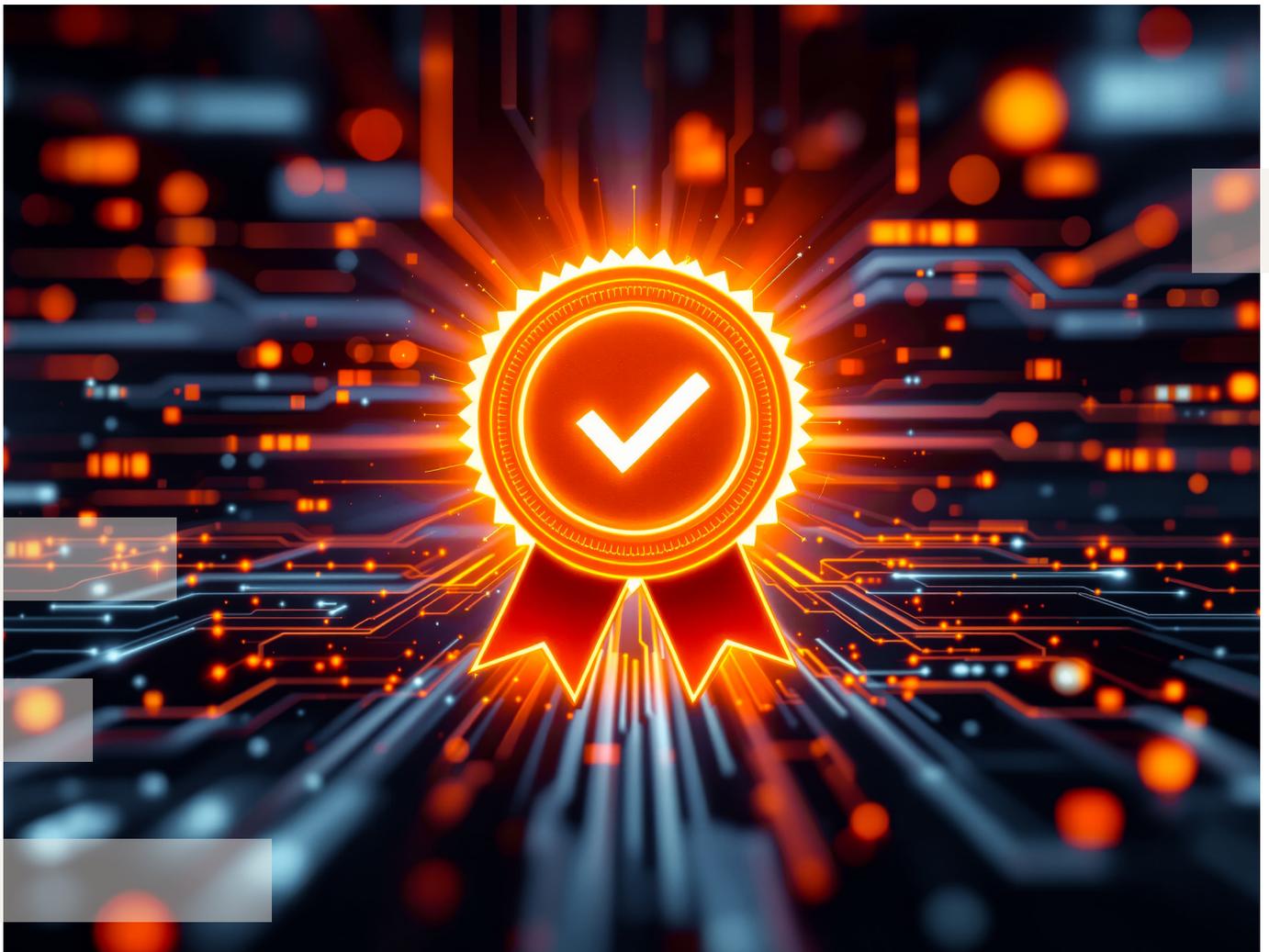
- 4 What is a “compliance culture”?
- 5 Why does it matter?
- 6 Building a strong Compliance Culture
- 8 Maintaining a Compliance Culture
- 12 Conclusion

This paper explores what it truly means to build a culture of compliance, one where doing the right thing is not just a mandate, but a shared mindset. While traditional compliance programs rely on policies, training, and reactive monitoring, these alone are no longer enough. A strong compliance culture demands behavioural change, leadership accountability, and smarter use of data. This paper outlines the limitations of conventional approaches and introduces a more dynamic, proactive model, leveraging predictive analytics, behavioural science, and integrated business intelligence, to make compliance meaningful, measurable, and sustainable.

What is a “compliance culture”?

Culture means real-world beliefs, habits, and behaviours, and how people work and interact. In other words, the way things are done around here, how people behave when nobody is watching.

A compliance culture is a working environment where employees do the right thing not because they must, but because they want to. It is a widespread commitment to, and the actual delivery of, legal, ethical, and fair practices. It goes beyond the written statement, codes and policies and is an observable and measurable outcome of the behaviors of all staff.





Why does it matter?

A compliance culture matters. It matters because in some cases it is the law - it is illegal to deal with sanctioned parties, to bribe or accept bribes, to fetter competition, or to bully or harass staff, for example.

But a strong compliance culture does not just protect companies from legal and financial penalties: it builds trust, enhances reputation, and drives operational excellence. For example:

1. Regulatory Risk Mitigation

A strong compliance culture helps detect and prevent misconduct before it escalates, proactively helping a company avoid potentially crippling regulatory fines, legal costs, and reputational damage.

2. Reputational Integrity

With consumer, investor, and business partner expectations about transparency and ethical behavior high (and rising), corporations with a reputation for integrity are more likely to attract loyal customers, retain talent, and enjoy long-term profitability.

3. Employee Engagement and Trust

Employees that believe they are a part of an ethical and compliant organization are more likely to report concerns, suggest improvements, and act in the company's best interest. A supportive compliance culture also reduces the fear of retaliation for whistleblowers.

4. Operational Efficiency

A compliance-minded workforce helps streamline operations by proactively identifying inefficiencies, risks, and regulatory blind spots, thus enabling better business decisions and avoiding disruptions from audits or investigations.

Building a strong Compliance Culture

All organizations recognize the importance of a compliance culture, but is enough really being done to ensure that this is a reality? Is it the way things are done around here? Is a compliance culture observable?



Creating a compliance culture requires behavioural change. Changing behaviors requires more than simply telling staff what to do. It requires a blend of communication, psychology, leadership, and organizational systems.

A Compliance Program is a key anchor, of course. It sets out the risks, the policies to manage those risks. It uses training and communication strategies that bring compliance to life, making expectations clear and equipping staff with the knowledge and skills to adhere to compliance standards. It creates a mechanism for monitoring, reporting, and acting upon feedback. Yet a robust Program alone does not a compliance culture make.

Policies and codes can outline expectations, and training can raise awareness, but neither guarantees ethical conduct. A true culture of compliance is built through leadership by example, consistent enforcement, open communication, and integration of values into daily decision-making. Employees must see that compliance is prioritized in practice, not just on paper. Without reinforcement through leadership behavior and organizational incentives, policies become symbolic, and training is forgotten.

Behavioral change is about shaping habits and attitudes over time. Policies and training help, but culture, leadership, and systems drive real, lasting change. Here are 10 other factors that are crucial in real compliance culture change:

1. Lead by Example

- Leaders must consistently demonstrate compliant behaviour. People model what they see, not just what they are told.

2. Make Compliance Easy

- Streamline processes so the compliant path is the easiest one. Remove barriers or complexity that might tempt shortcuts.

3. Set Clear Expectations

- Define what compliant behavior looks like in practical terms. Use real-world examples and case studies.

4. Risk-Based Approach

- Focus on the things that matter. This shows that compliance is not just a box-ticking exercise, and aligning to shared priorities helps employees see the relevance and purpose of compliance as a strategic, value-driven practice.

5. Use Reinforcement

- Recognize and reward compliant behavior publicly. People are more likely to repeat behavior that is acknowledged and valued.

6. Create Social Norms

- Promote stories, symbols, and peer expectations that show “this is how we do things here.” Peer pressure, used positively,

is powerful.

7. Hold People Accountable

- Consistently apply consequences for non-compliance. Inconsistency undermines the message and fosters cynicism.

8. Encourage Speaking Up

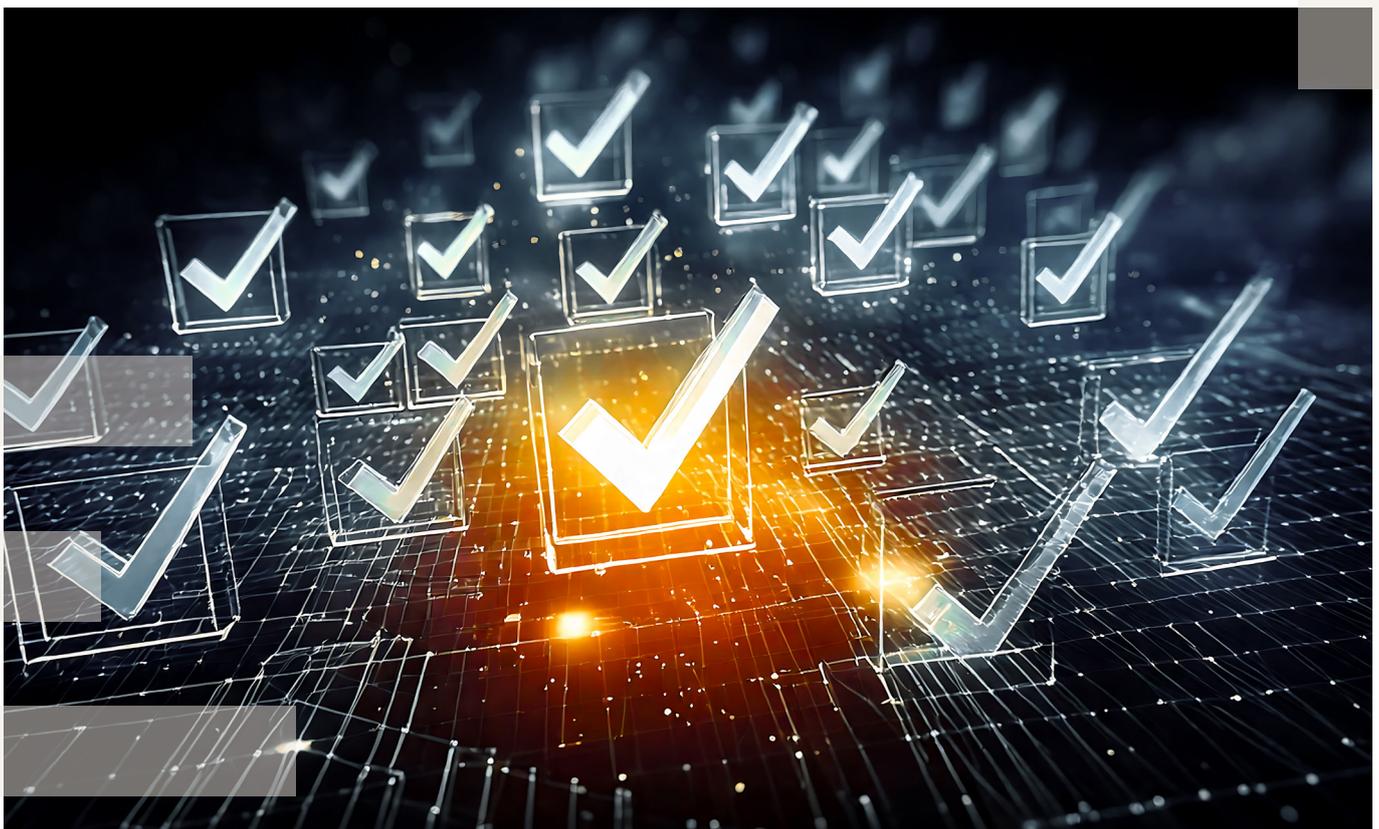
- Build trust so employees feel safe reporting issues or asking questions without fear of retaliation.

9. Make It Personal

- Help people understand the why behind the rules—how compliance protects the organization, customers, and themselves

10. Keep up to date

- Frequent reports, regular audits, self-assessments, and lessons learned from incidents should inform ongoing improvements. Stay abreast of regulatory changes and industry best practices.



Maintaining a Compliance Culture

You need to constantly measure a compliance culture because culture is dynamic, shaped by people, context, and experiences, all of which change.

New joiners bring different values, behaviors, and expectations, gradually influencing the collective culture. New leaders bring different styles and values, which can significantly shift tone and expectations. Mergers, restructurings, performance pressures, or scandals can disrupt norms and reshape what is accepted or rewarded. Regulatory changes, market shifts, societal norms, and global events can alter priorities and pressure points.

Regular measurement helps you track any shifts, spot early warning signs, and respond proactively before small issues escalate. It reinforces accountability, shows leadership commitment, and provides data to adjust strategies, improve training, and strengthen policies.

A. The Limitations of Traditional Approaches

Most compliance culture reporting relies on the monitoring of the Compliance Program, supplemented in some cases by HR culture or engagement surveys.

Compliance Program reporting relies heavily on static tools: annual training modules, policy documents, and whistleblower hotlines. These are foundational but often fail to resonate with employees, detect emerging risks, or adapt to nuanced behavioral patterns.

These metrics and other surveys also have another limitation – they are backward looking. Reactive. They report on events after they have happened. In addition, they tend to treat all employees the same, which ignores individual beliefs, habits and behaviors and the risks that these can present. And they tend to underutilize all available data.

B. A more effective approach

Notwithstanding that the traditional approach has merit, a more effective approach to measuring compliance culture (and therefore

compliance performance) is possible, by leveraging predictive analytics and data-driven insights to embed ethical, fair, and compliant behavior in a proactive and targeted manner.

Some points to consider include:

1. Risk Profiling and Behavioral Segmentation

By aggregating data from multiple sources, such as employee surveys, transactional records, access logs, expense reports, and internal audits, organizations can build risk profiles of departments, teams, or individuals. This segmentation allows compliance teams to:

- Identify high-risk roles or locations, for example where customers are higher risk and cultural norms and business practices create the risk of non-compliance.
- Identify business changes because change can lead to stress and stress can lead to staff making poor decisions that can be non-compliant.
- Detect early warning signs like expense anomalies or sudden shifts in tone in communications.

Forward-thinking companies are using behavioral analytics to monitor employee actions and identify patterns that might suggest ethical drift. These tools can track anomalies in communications, financial transactions, or system access. For instance, if an employee frequently bypasses approval workflows or exhibits unusual purchasing patterns, analytics can flag these behaviors before they escalate into violations.



2. Tone from the Top, Measured with Data

Leadership behavior significantly influences culture. Predictive tools can analyze the consistency between what leaders say and what they do using natural language processing to evaluate emails, meeting transcripts, or executive memos. If senior leaders emphasize integrity, but their decision-making reflects the opposite, the disconnect can be quantified and addressed.

Sentiment analysis tools can track employee engagement and trust in leadership and their messages, which are critical indicators of cultural health.

3. Ethics Ambassadors and Peer Influence Networks

Rather than relying solely on top-down mandates, innovative companies are building peer-led ethics networks. These involve training a diverse group of “ethics ambassadors” across departments who model ethical behavior, encourage dialogue, and act as informal advisors. Because people are often more influenced by peers than leaders, this grassroots strategy enhances trust and everyday compliance engagement.

4. Proactive Monitoring with Machine Learning

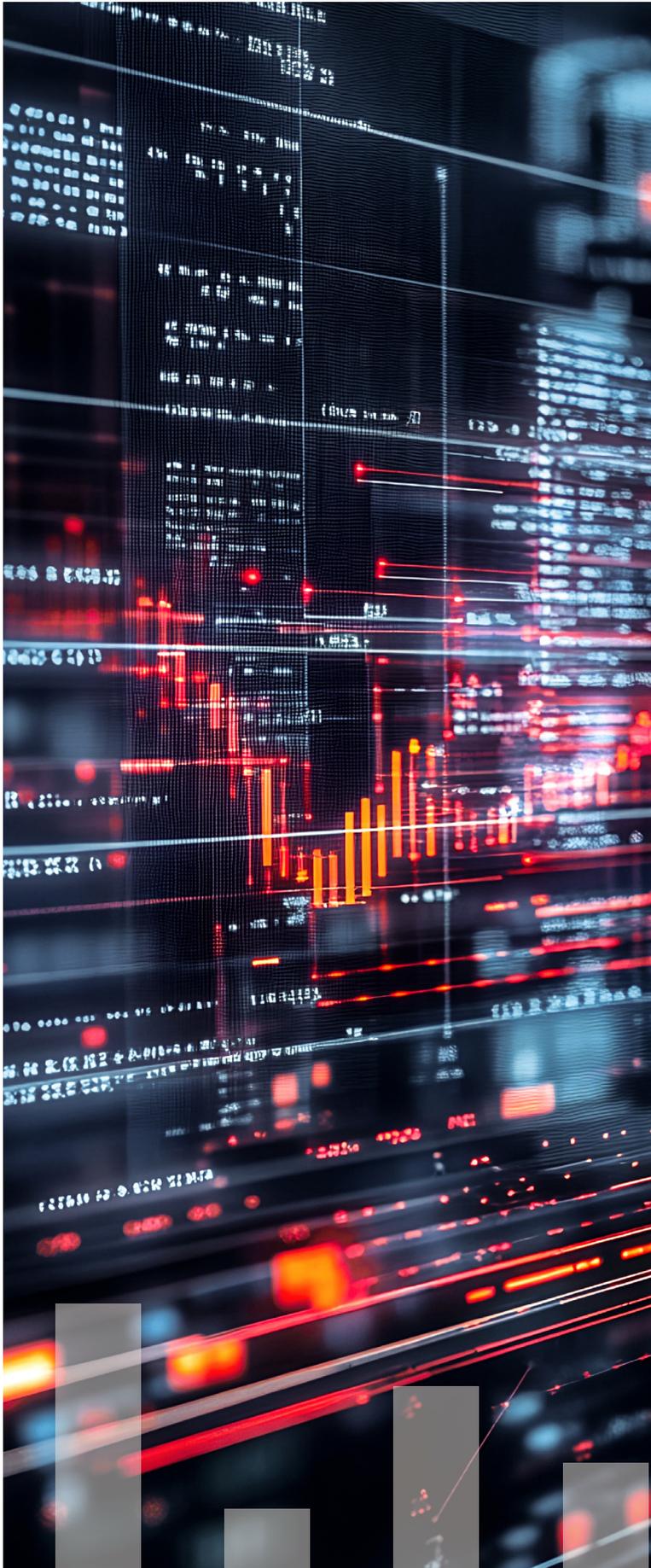
Machine learning algorithms can sift through vast datasets to recognize deviations from normative behavior. For example:

- An unusual spike in after-hours data access by an employee in a sensitive department could suggest a potential insider threat.
- Repeated short-term changes in supplier contracts by the same procurement officer may warrant a closer look.
- Movement of large amounts of data between core systems and desktops can reveal behavior that could be associated with attempts to disclose or use confidential data in non-compliant ways.

These systems can provide real-time alerts, allowing compliance teams to intervene with guidance, not just punishment, reinforcing a culture of accountability.

5. Data-Driven Nudging and Micro-Interventions

Behavioral science and analytics can nudge employees toward compliant decisions.



Nudges are subtle prompts or interventions based on individual risk profiles and behavior patterns. For example:

- A manager who frequently works across borders may receive dynamic reminders about local anti-bribery laws before international meetings.
- Employees who frequently skip or delay training can be sent shorter, mobile-friendly versions tailored to their roles.

These micro-interventions can be personalized using AI, ensuring they are timely, relevant, and non-intrusive—maximizing engagement without fatigue.

AI agents can be deployed on desktops to monitor the activity of staff and step-in with guidance and prompts to consider policies where there appears to be a higher risk activity, or where there appears to be a potential shortcut to established processes.

6. Gamification and Real-Time Feedback

Compliance dashboards and scorecards can make ethics tangible. Teams or departments can receive anonymous, aggregated feedback on how they are performing in terms of compliance behaviors, such as:

- Timeliness in completing due diligence.
- Adherence to approval workflows.
- Transparency in reporting.

Gamified leaderboards or badges for high-compliance teams can introduce friendly competition and pride in ethical performance, transforming compliance from a chore to a shared goal.

Instead of dry policy reviews, some organizations use virtual reality or interactive simulations to place employees in lifelike ethical dilemmas. This fosters empathy, sharpens judgment, and promotes compliant reasoning in high-stakes situations.

7. Integrating Compliance into Business Intelligence

Compliance should not be siloed—it must be

woven into the fabric of operational decision-making. By integrating compliance metrics into business dashboards, managers can make informed decisions that balance growth with governance. For example:

- Sales leaders can monitor potential red flags in customer relationships before signing long-term contracts.
- Finance teams can receive real-time alerts on unusual payment terms or invoice patterns.
- Compliance can use data from other areas to augment their own reporting, gathering information from HR such as absences, or above average working hours that may uncover staff more likely to feel under pressure and therefore make poor, non-compliance decisions.

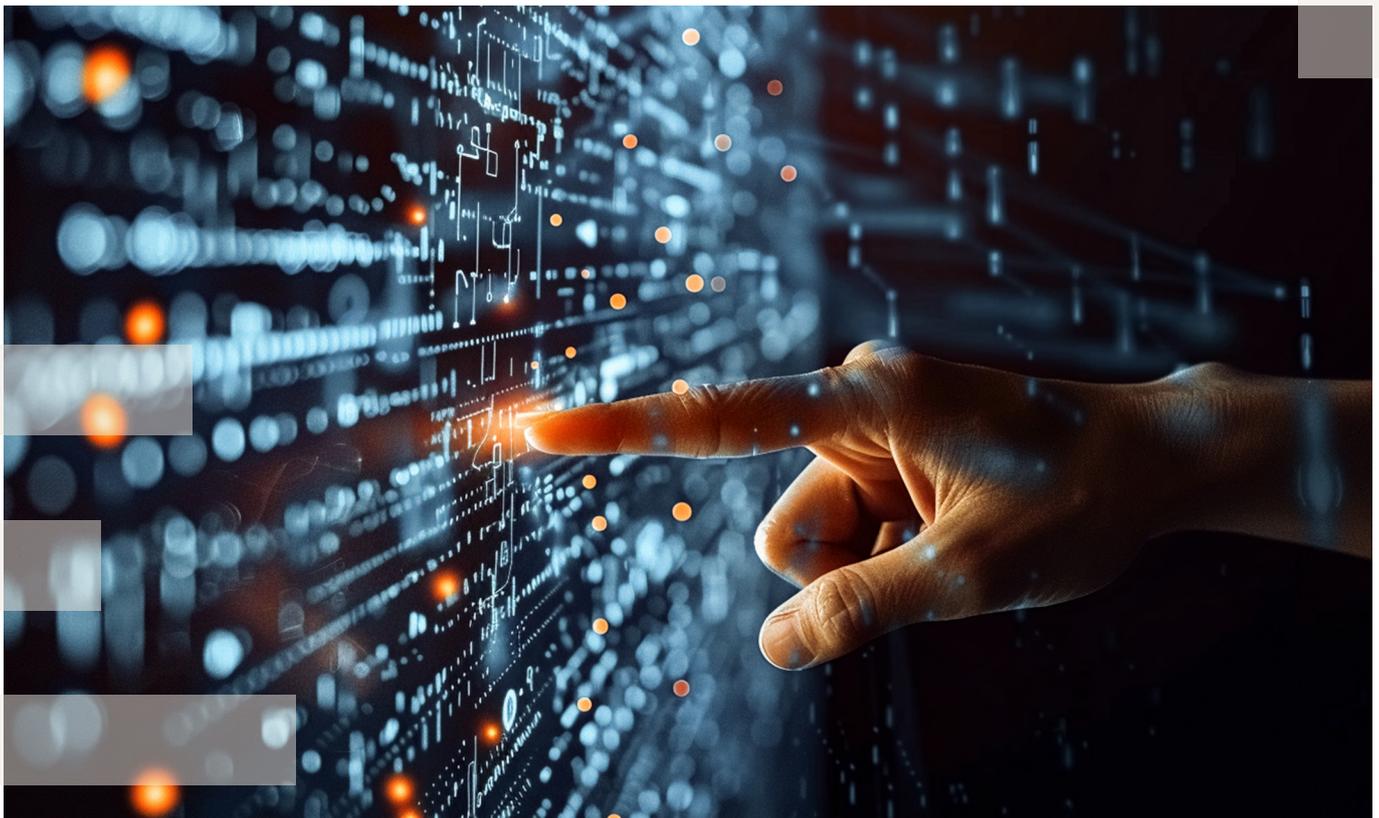
Embedding compliance into key performance indicators ensures it is seen not as a legal afterthought, but as a business enabler. Rather than treating compliance as owned by the compliance team, leading organizations integrate it into core business strategy. This includes tying ethical behavior to performance metrics, leadership evaluations, and even compensation.

8. A Continuous Learning Loop

Predictive analytics should not be a one-time deployment. As new risks emerge, algorithms must be retrained, and compliance strategies adjusted. Feedback loops (via employee input, incident reviews, and performance audit) ensure compliance and the compliance culture evolves.

Regular assessments of the cultural landscape through pulse surveys, behavioral indicators, and engagement metrics allow leaders to understand whether ethical norms are strengthening or eroding over time.

Maintaining an ethical culture requires listening as much as leading. Innovative organizations are using tools like real-time pulse surveys, sentiment analysis, and anonymous digital suggestion boxes to understand employee perceptions of fairness, integrity, and trust. More importantly, they act on this feedback—closing the loop by showing employees how their concerns are addressed.





Conclusion

Building a culture of compliance is not about avoiding risk; it is about enabling trust, accountability, and long-term success. When compliance is woven into the fabric of how people are hired, trained, managed, and led, it becomes more than a program. It becomes a shared mindset. A culture.

A strong compliance culture demands behavioral change, leadership accountability, and smart use of data.

This paper has explored what is a compliance culture, and why it matters. It has covered the limitations of conventional approaches and suggests that what is needed is a more dynamic, proactive model, leveraging predictive analytics, behavioral science, and integrated business intelligence.

Now is the time to move from intention to action. The time to make compliance and a compliance culture meaningful, measurable, and sustainable.

Whether you are refining your compliance strategy or building one from the ground up, Morae's compliance and talent advisory services can help you turn culture into a competitive advantage.

Let's build a culture where doing the right thing is second nature.

About the authors



Fergus Allan

Fergus is a professional, hands-on problem-solver who supports clients in making brave, sound decisions on how to run their businesses more efficiently, how to manage them in smarter ways, and how to plan for and deliver effective change. He enjoys helping clients navigate the complexities of highly regulated industries.

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