



IFRS® Foundation

# Advisory Council - Organisational Culture

Agenda paper 5

6 April 2022

## Background: why are we raising this subject?

- The IFRS Foundation is being subject to considerable change with the creation of the ISSB and consolidations with other organisations, amongst other aspects.
- Studies show that the majority of mergers and acquisitions fail to fully achieve their objectives.
- The most common reason given for this is differences in culture.
- This has been the case for decades and yet studies still reach the same conclusion.
- Why is this?

## Background Cont.

---

- It is widely acknowledged that organisational culture is often a key defining characteristic in organisational success, and yet priority is often still given to the details of the deal - "the things that need fixing first"- with culture being relegated to secondary consideration, "once everything is in place"
- In other words, where once the problem was that culture was forgotten, now the problem is that it is remembered too late – by which time the damage has often already been done.

## Background Cont.

---

- We want to ensure we learn from these findings and the experience of others, and so have started a workstream on culture alongside the other aspects of the programme needed to set up the ISSB at pace.
- As part of this, to help us explore this issue fully, we are looking to engage with: staff from the consolidating organisations; Advisory Council; Trustees; and an external consultancy firm.
- We would therefore welcome your insights and experience in how to bring people and organisational cultures together most effectively.

## The elements being combined...

---

- One Board (IASB) in a mature phase, focused on one primary location (plus Asia-Oceania liaison office) to maximise efficient functioning
- A new Board (ISSB) in a start-up phase, with a multi-location model
- Consolidating organisations: IFRSF, CDSB, VRF (SASB/IIRC)
- Operations functions need to support offices in Americas/Europe/Asia
- Wider market engagement activities
- Staff from a wider variety of professional backgrounds

## ...And what is not changing:

---

- Standard-setting mission serving the public interest and capital markets
- A small organisation (150-300 people)
- Global outlook and reach

## Questions for breakout sessions

---

- When working in a global multilocation setting, with multiple organisational consolidations occurring, and in a context of hybrid working during a continuing pandemic, what advice and learning can you offer from your experience of bringing organisational cultures together that could be helpful and relevant for us in what will still be a relatively small organisation?
- How can the IFRS Foundation best build on the strengths in the values and cultures of the legacy organisations and achieve a unified culture?