What is Organizational Culture

...and Why is it so Important?

An In-Depth Report from CultureTalk™

SUMMARY

While organizational culture itself is as ancient as humanity's first cave societies, our understanding of how it works is relatively recent. In this white paper, we explore:

· The definition and significance of organizational culture

· How it affects nearly every area of your company

· Why it is important to understand and guide your culture

Our objective is to provide a deeper understanding of the dynamics of corporate culture, what it means for your business, group or non-profit, and how your leadership can intentionally nurture culture to help your organization thrive.

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Overview of Organizational Culture

Like people and snowflakes, no two organizations are the same. The differences between companies can be as overt as size, location and industry, and as subtle as the tacit assumptions that govern how employees treat each other and their customers. The latter, intangible factors form the basis of organizational culture.

BusinessDictionary.com defines organizational culture as:

> "*The values and behaviors that contribute to the unique social and psychological environment of an organization…[it] is unique for every organization and one of the hardest things to change.*"

Similarly, online educational resource Study.com says:

> "*Organizational culture is a system of shared assumptions, values, and beliefs, which governs how people behave in organizations.*"

Human resources expert Susan M. Heathfield explains, "In many ways, culture is like personality. In a person, the personality is made up of the values, beliefs, underlying assumptions, interests, experiences, upbringing, and habits that create a person's behavior. An organization's culture is made up of all of the life experiences

"An organization's culture is made up of all of the life experiences each employee brings to the organization."
— Susan M. Heathfield

each employee brings to the organization. Culture is especially influenced by the organization's founder, executives, and other managerial staff because of their role in decision-making and strategic direction. Culture is represented in a group's language, decision making, symbols, stories and legends, and daily work practices."

In his best-selling book *Business in Context: An Introduction to Business and Its Environment* (Cengage Learning Business Press, 2004), David Needle claims that organizational culture includes an organization's vision, values, norms, systems, symbols, language, assumptions, beliefs, and habits, representing the collective values, beliefs and principles of organizational members. He explains that a company's culture develops organically from such factors as history, product, market, technology, strategy, type of employees, management style, and even influences of the country/region where it is located.
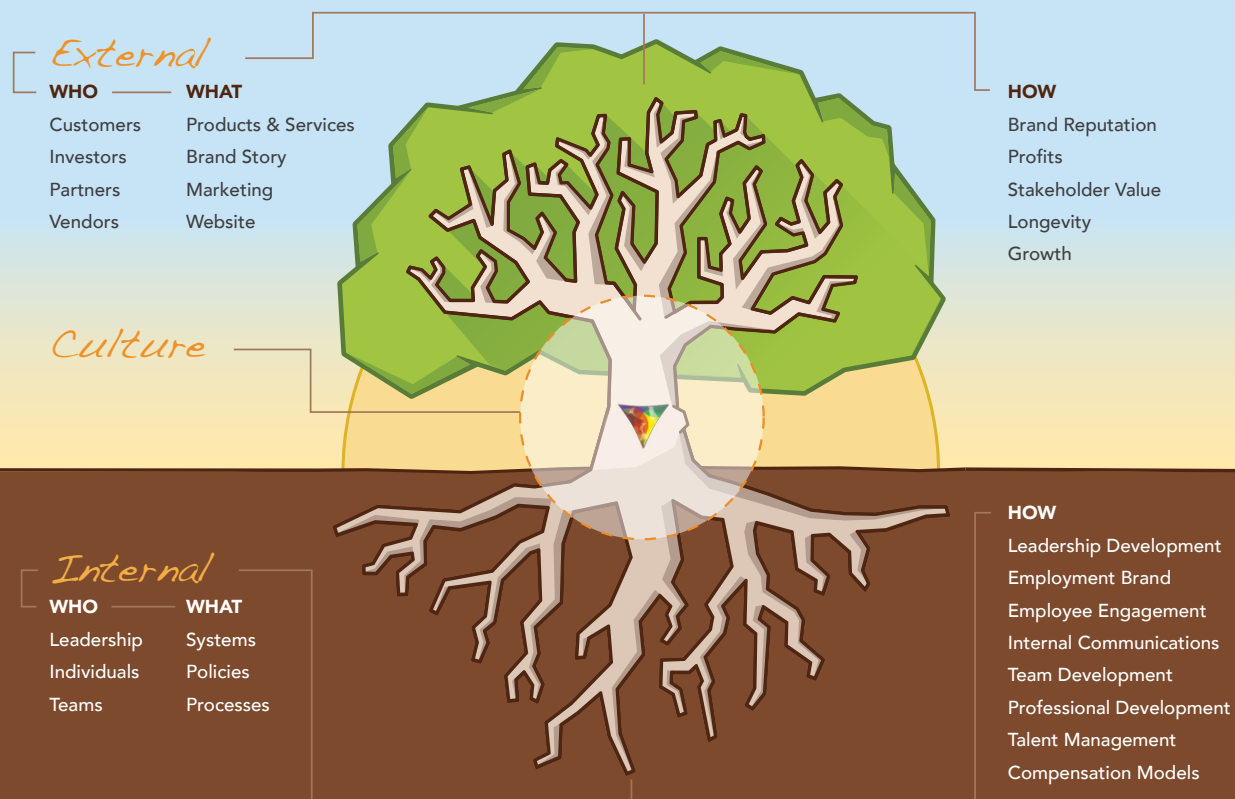
UNWRITTEN RULES OF ENGAGEMENT

At CultureTalk, we consider organizational culture—also called corporate culture— to be a shared experience that is expressed within the organization and in the world. We believe that organizational culture is the combined energy of a group of individuals that guides every employee in an Organization to know the *"unwritten rules of engagement"*. It is an invisible force made up of beliefs and behaviors that operate "beneath the surface" and impact how individuals unite, respond and move forward (or backward!) behind a common purpose.

Such shared beliefs and values provide unspoken boundaries that affect nearly every aspect of business—including how employees (and managers) dress, perform their jobs, make decisions, take initiative, and interact with each other, customers and the community at large.

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External

WHO
Customers
Investors
Partners
Vendors

WHAT
Products & Services
Brand Story
Marketing
Website

HOW
Brand Reputation
Profits
Stakeholder Value
Longevity
Growth

Culture

Internal

WHO
Leadership
Individuals
Teams

WHAT
Systems
Policies
Processes

HOW
Leadership Development
Employment Brand
Employee Engagement
Internal Communications
Team Development
Professional Development
Talent Management
Compensation Models

The Dynamics of Organizational Culture

We like to use the analogy of a tree to illustrate the dynamics of organizational culture and how it infuses every aspect of business.

1. The tree's roots—symbolizing the dynamic network of your leadership, teams, individual employees, systems and processes that shape how people interact and how the work gets done.

2. As the tree grows, its limbs and branches represent your company's customer, partner and stakeholder touch points; your Brand, products or services, sales, marketing and other external extensions in the world.

3. Springing from your unique mission, the organizational culture is the trunk that connects the root system with the branches and is integral to the structure and stability of the tree. The healthier and stronger the trunk, the more vigorously the roots and limbs flourish, and the greater the tree's potential to withstand any unexpected storms.

Why Is Culture Important?

Whether articulated or not, each organization has an implied code of acceptable behavior driven by its distinct, underlying core values and beliefs. While your Human Resources Department and employee handbook may attempt to guide policies, procedures, and outward behaviors, your culture operates below the surface, influencing how people treat each other, learn, communicate, interact, follow rules, and get things done.

Your culture affects everyone in your organization, from executives to customer service representatives, and powerfully guides the boundaries of both internal and external dynamics. There is virtually no area that remains untouched by this all-encompassing energy, and likewise, each person contributes to it—like water drops that merge to form an ocean, which is a force greater than the sum of its individual components.

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In any organization, our combined energy creates a one-of-a-kind thumbprint. When considering a brand, this thumbprint is what makes a company special, relevant and unique. As we become more aware of the "go-to" beliefs and behaviors that are inherent in our culture—and how they move us forward or hang us up—we can shift situations and outcomes.

What's more, "A high-trust culture is smart business strategy… [that] fuels performance, attracts and retains talent, and drives success," claims culture consultant A Great Place to Work.

POSITIVE EFFECTS

Recent research indicates that cultures that proactively nurture employee and customer engagement have a significant advantage over unengaged cultures.

+2.5

Organizations with highly engaged employees earned 2.5 times more revenue.

24%

Organizations that rate in the top 50% on employee and customer engagement perform 24% higher financially.

Global management consultancy, The Hay Group (a division of Korn Ferry), in association with the Centre for Economic Business Research, predicts that 192 million workers—23.4% of employees worldwide—are anticipated to change jobs between 2014 and 2018. Further research has identified employee engagement as a key factor to attract and retain talent. In their survey of 300 heads of engagement at Fortune 500 and FTSE 250 companies, more than 80% agree that their company needs to find new ways to engage its workforce in the face of this trend.

Likewise, *Inc. Magazine's* first-time compilation of The 50 Best Places to Work in 2016 emphasizes, "…building a workplace culture that allows your staff to grow with the bottom line is critical."

High engagement also has substantial financial benefits. A Gallup survey discovered that organizations scoring highest for employee engagement earn 2.5 times the revenue of the lowest rated. They also found that teams within an organization that rate in the top 50% on both employee and customer engagement perform 24% higher financially than teams that fail to engage their employees and customers.

The Impact of Organizational Culture

According to BusinessDictionary.com, "[Culture] affects the organization's productivity and performance, and provides guidelines on customer care and service, product quality and safety, attendance and punctuality, and concern for the environment. It also extends to production methods, marketing and advertising practices, and to new product creation."

A greater understanding of the strengths and shortcomings of your culture gives you the opportunity to apply those insights from a culture-conscious standpoint
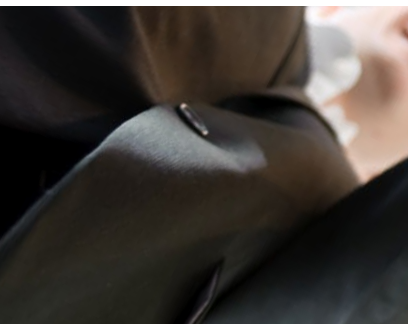
to support the structure, communications, people, and performance of your organization. Initiatives can be both internal—such as hiring and onboarding, management structure and titles, customer service, the financial area of the business, the building design and environment, employee benefits and salaries, talent attraction and retention, merger and acquisition plans, and cross-team collaboration; and external—including brand communications, community service, board of directors' attitudes, customer support, and client satisfaction and retention.

In addition, there are more intangible corollaries of culture that impact your organization in more subtle ways, such as:

- Communication tone and style
- Who "fits in" and who doesn't
- Formal vs. casual approach
- Teamwork vs. independent work style
- Rigid or flexible hours
- How employees dress
- How the office "feels"

In their 2014 book, Cracking the Culture Code: The Key to High Performing Organizations, co-authors Libby Sartain and Brent Daily claim, "…culture means everything: how you interact with one another, how decisions are made, how you prioritize, how solutions are uncovered and how rewards are determined. Culture prescribes how we behave on-the-job, whom we hire, who gets promoted and who does not… Your culture is the DNA of the business. To make it stick, your business must reveal its core and define its relationships with employees, customers and other constituents."

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The Hidden Influence of Sub-Cultures

Cultures not only differ between organizations, but several studies have shown that there can also be numerous sub-cultures within a single organization. [1]

According to Wikipedia, "Although a company may have its 'own unique culture,' in larger organizations there are sometimes co-existing or conflicting subcultures … For example, computer technicians will have expertise, language and behaviors gained independently of the organization, but their presence can influence the culture of the organization as a whole."

In our own direct experience, we have observed this dynamic in action in environments like advertising agencies, where "Creatives" (art directors and copywriters) and "Suits" (account executives and client support) are often at odds in their work approach, attire and even attitudes. Think "Mad Men" (but without all the martinis and cigarettes).

"Mad Men" © Copyright AMC

Characteristics of Culture

People tend to adjust their behavior to match the perceived values of their organizations—often subconsciously. A foundational study in this field, published in 1991, identified seven of the most common characteristics that can be measured to profile an organization's culture, depending upon how much each trait is prioritized and valued within that organization. [2]

1. **Innovation and risk taking.** The degree to which employees are encouraged to take risks and innovate the performance of their jobs.

2. **Attention to detail.** Degree to which employees are expected to exhibit precision, analysis, and accuracy in their work.

3. **Outcome orientation.** Degree to which management emphasizes results over the processes used to achieve them.

4. **People orientation.** Degree to which management considers fairness and how decisions will affect people in the organization.

5. **Team orientation.** Degree to which work activities are organized collaboratively around teams instead of individuals.

6. **Aggressiveness.** Degree to which aggressive and competitiveness are encouraged or discouraged.

7. **Stability.** Degree to which activities emphasize maintaining the status quo.

A more recent addition to this list by some experts has been:

8. **Agility.** Degree to which the organization responds to change.

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In the present day, the consultants at CultureIQ define strong, high-performance companies as sharing 10 Culture Qualities: *Innovation, Support, Mission & Value Alignment, Responsibility, Agility, Wellness, Collaboration, Performance Focus, Communication* and *Work Environment.*

Often, there is a disconnect between the employees' perception of their organization's culture, based on direct experience, and how the executives and management envision the culture as it is "supposed" to be. Over time, this can lead to misunderstanding, low morale and compromised productivity.

That is why it is vitally important to gain a clear understanding of your current culture, as it is perceived by all members of your organization, even if the results are surprising or disappointing. Armed with that knowledge, you can then more effectively address any disparities to bring the culture more in alignment with your organization's core values.

Understanding Your Organization's Culture

Some form of corporate culture has always existed by default since the origins of business. But it is only in recent years that awareness has grown and systems developed to define and deliberately evolve a particular, desired culture.

However tempting it might be for leaders who seek to impose a culture that isn't genuine for their organization, we strongly suggests that you avoid the temptation. Depending upon its authenticity, culture can either create a powerful brand ambassadorship with dynamic engagement of employees and clients or it can create a contrived experience in which everyone struggles to understand and play their part.

Ensuring that your culture is aligned with your organization's values begins with gaining a clear understanding of the culture as it exists today. As a leader, do you have a strong sense of what your culture is and how it affects all of the people in your organization? Keep in mind that your perception from the top may look very different than what is experienced on a daily basis by the rank-and-file employees.

A good way to get this process started, as suggested by author Carter McNamara, is to closely observe the daily interactions at your organization (and ask others to do the same), then ask a series of probing questions:

"*Describe the culture of your organization. Consider what you see and hear, not what you feel and think.*

a. *Who seems to be accepted and who doesn't? What is it about those who are accepted as compared to those who aren't?*

b. *What kinds of behaviors get rewarded? For example, getting along? Getting things done? Other behaviors?*

c. *What does management pay the most attention to? For example, problems? Successes? Crises? Other behaviors?*

d. *How are decisions made? For example, by one person? Discussion and consensus? Are decisions made at all?*"

For a more formal assessment beyond this initial self-evaluation, there are now numerous models that represent different ways to identify an organization's culture and explore its ramifications more deeply.

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THE CULTURETALK SURVEY SYSTEM

One of the newest and most innovative tools is the CultureTalk Survey System, which was created by our own research team, based upon the archetypal approach first developed by famed Swiss psychologist Carl G. Jung, and later expanded to business applications by Dr. Carol Pearson.

HOW DO JUNG'S ARCHETYPES APPLY TO AN ORGANIZATIONAL ENVIRONMENT?

Archetypes are simply characters and stories, representing recurring patterns that we all know and recognize, such as the Hero's journey, the wise Sage, or the intrepid Explorer. The CultureTalk Survey System measures the presence of 12 archetypal storylines. As an organization discovers its predominant archetypes, everyone is able to meet on the same page with a clear understanding of what is working within your culture, and where you might want to make adjustments to come into greater alignment with your mission.

What's more, it helps to realize that sometimes your greatest strengths may have a "shadow" side. For example, while the Hero has a great deal of stamina and knows how to inspire employees to do their best, such an incessant focus can also burn people out.

Sartain and Daily, in <u>Cracking the Culture Code</u>, stress the importance of storytelling to create and maintain a highly engaged culture. "Employees… need to absorb ideas and develop their own emotional connection with the organization, its origin, mission and values. That can come through stories that spark that emotion…people love to tell and hear the stories of their origins. All company legend and lore begins with its creation story."

UNDERSTANDING THAT FUELS GROWTH

Thus, CultureTalk provides a new framework of understanding that fuels personal growth and organizational fulfillment, opens doors to a more conscious and positive way of interacting and communicating, and helps people realize their greatest potential, while supporting organizations to carry out their unique missions.

First and foremost, it is a neutral, non-judgmental tool to assess your baseline culture as it exists today. It creates a report of the unique archetype profile of the organization and enables you to understand the human qualities of behavior within your culture. Additionally, an organization can revisit the survey year over year to continuously assess culture shifts.

It is important to ask, 'Are these the behaviors we want to keep exemplifying or are these ones we want to abandon and replace?' Our tool can be used as an annual touchpoint by your leadership to bring the company together around a meaningful and ever-evolving culture code.

For more information, visit our website at www.culturetalk.com.

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[1] Edgar Schein (Organizational Culture and Leadership: A Dynamic View; Jossey-Bass, 1992), T.E. Deal and A.A. Kennedy (Corporate Cultures: The Rites and Rituals of Corporate Life; Harmondsworth, Penguin Books, 1982; reissue Perseus Books, 2000), and J.P. Kotter and James L. Heskett, (Corporate Culture and Performance; The Free Press, 1992).

[2] O'Reilly, C. A., III, Chatman, J. A., & Caldwell, D. F. (1991). People and organizational culture: A profile comparison approach to assessing person-organization fit. Academy of Management Journal, 34, 487–516.

Ready for more?

Here are three opportunities to dig deeper!

❶ Discover your Archetypes (and how to use them most effectively) with our mini e-course – *An Introduction to Archetypes*

THIS COURSE INCLUDES:

• Our full 72-question *CultureTalk for Individuals* Archetype assessment

• A robust report with:

- • An in-depth profile of your Primary Archetype
- • Your score across all 12 Archetypes
- • Your Archetype at Work
- • An Overview of your top Two Supporting with a link to their full reports
- • Your Archetype in Relationship
- • An Overview of your Latent Archetype

• Course videos that offer a deep dive in each of the 12 Archetypes.

• We will walk you through a simple validation experience that allows you to identify your Core and Supporting Archetypes, develop a personal purpose, or brand statement and create a personal growth action plan.

To sign up, click here.

❷ Get Certified and bring CultureTalk to your clients!

If you are a coach, trainer or consultant curious about bringing Archetypes into your leadership, team and culture-building initiatives, our CultureTalk Certification is our pride and joy.

The CultureTalk Certification is an 8-week advanced certification that has helped so many businesses, organizations, consultants, and coaches offer more value, provide better services for their clients, and stand out in the market place—all through creating a framework of culture.

It offers a simple, yet practical, story-based framework for measuring organizational culture and translating it into a strategic asset that can be designed, shifted, operationalized, and led.

Check out the details for our CultureTalk Certification program here.

❸ Hire a Certified Partner

If you'd like to learn more about bringing this system into your organization, we'd love to connect you with one of our **CultureTalk Certified Partners.**

Thank you so much for reading this guide and we hope you got value out of this for your business, your clients, or your own personal benefit.

Stay in touch and if you have any questions or want to learn more about any of our offerings feel free to reach us at:

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