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Culture fit

How to build stronger organizations through company culture and employee engagement

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From our CEO

Company culture and employee engagement has become an urgent priority for People and Culture leaders across the globe. Having a truly engaged workforce is crucial in today's fast-evolving digital world, pushing employers to look for the best ways to improve company culture.

It's no mean feat given that company culture is so difficult to actually identify.

According to Webster's Dictionary, culture is described as "the integrated pattern of human knowledge, belief and behaviour that depends upon the capacity for learning and transmitting knowledge of succeeding generations."

The fact is that company culture has nothing to do with the space you provide for staff to eat their lunch, that open plan office or employee handbook.

Culture refers to what a company does, says, how the people behave, the way they treat each other, the customers it attracts, and even how people feel when they're at work.

Daniel Coyle, author of The Culture Code says this about culture: "While successful culture can look and feel like magic, the truth is that it's not. Culture is a set of living relationships working towards a shared goal. It's not something you are. It's something you do."

Research shows that 90 per cent of Australian businesses jointly ranked a connected workplace and C-suite collaboration as their top priorities.

Yet only 38 per cent and 43 per cent respectively indicated a readiness to tackle these challenges.

The Global Human Capital Trends 2018 report by Deloitte also highlighted that 80 per cent of respondents predict an increase in the use of work-based social media platforms and instant messages.

The fact is that engaged employees are more likely to love their work, treat customers better, be innovative within their role and take on the role of advocate for your organization.

But the complex task of improving company culture and employee engagement is falling squarely onto the shoulders of the human resources team.

And despite the complexities involved, the fact is that company culture matters to employees, so it should matter to you, too.

We hope this report helps guide the process of improving your organization's culture.

Chris Astle
CEO
QSR International

1: Why culture matters

A good company culture can improve so many facets of a business. Productivity, sales, staff retention rates and creativity, to name a few. The fact is that employees are more likely to enjoy their time in the workplace when they fit into the company culture.

It makes sense. People are more likely to enjoy their work when their needs and values are consistent with those in the workplace. Happy workers also tend to develop more cohesive working relationships with co-workers. They're more productive, too.

The other factor is that company culture will happen, regardless of whether you manage it or not.

Successful people managers will take matters into their own hands to ensure employees grow into a cohesive team with a shared vision.

But there's plenty of room for improvement. A **survey** by Trupath Research reveals that that 64 per cent of all employees feel they don't have a strong work culture.

Culture refers to workplace behaviors. This means how people feel they ought to behave in order to fit in, get ahead and if necessary, simply survive. These norms guide life within a company, and dictate how people go about doing their jobs. It is about perceptions and attitudes – what people think they see going on, and how they feel about it.

Culture also includes a variety of elements, including work environment, company mission, value, ethics, communication, expectations and goals.

For example, some companies have a team-based culture with employee participation on all levels, where open-plan seating for all including management is part of the deal. Others have a more traditional and formal management style that expects long hours and on-call participation by employees. Others have a far more casual workplace without as many rules and regulations.

Making sure that employees understand the culture and feel part of it comes down to clear communication and the right style of leadership for your organization and type of workforce.

The other challenge for People and Culture leaders is ensuring that the growing number of casual or freelancers working in companies around the world feel engaged and are communicated with in an efficient manner.

Salesforce builds a culture of success and happiness

A culture of trust is at the center of everything done by Salesforce.

The US cloud software organization has been named number one of the Fortune 100 Best Companies to Work For List this year, up from the eighth position last year.

The company says culture is the key to its ability to attract and retain the best employees and the world's leading brands, and to its capability to drive change in its community.

Salesforce has managed to build a stronger culture despite dramatic growth over the past decade. It is a Fortune 500 company and the fourth-largest software company in the world, with more than 30,000 global employees across 25 countries.

The company says its culture comes to life through its behaviors, and the unique experiences it delivers. This includes seeking out strong performers who have gone 18 months without a promotion to help them find new challenges and paying employees 56 hours a year to volunteer in their community.

One employee said:

"This is an extraordinary, special place that really cares about their employees, customers and community alike. We are strongly encouraged to give back to the community. I feel I can be creative and offer solutions that really help the company be successful. Most importantly, I look forward to coming to work every day, working with our wonderful community and doing satisfying challenging work."

2: How to get the culture fit right

Sending out an annual survey to employees to assess internal culture is a common practice for many workplaces. But the problem is that companies often focus exclusively on measuring culture rather than opportunities to improve it, according to the Workforce Mobility and Employee Engagement Report, published in Australia by Telstra.

Metrics on their own might check a particular corporate reporting box, but they don't improve business outcomes.

Instead, companies need a more holistic, real-time view of employee engagement. This means measuring it more often via smaller, more regular and more focused checks on staff – commonly known as pulse checks. This way, important issues such as time of day, everyday stressors, deadline pressures, location or team relationships are recognized and organizations can understand what's really going on in the workplace.

6 more ways to get employee engagement right:

Spread the word:
When recruiting, tell interviewees what your company stands for, and have an honest conversation about whether they would fit in with that culture.

Listen:
For people to feel valued and committed to an organization, they need to believe that they can challenge the status quo and that they will be listened to. They have to see that they have permission to step back from the day-to-day operations and take time to think about the organization and ways to improve it.

Give autonomy:
Give staff discretion over how they go about certain aspects of their role. You can't expect people to be innovative when they can't even make basic decisions about how they job gets done.

Lead by example:
A culture is shaped by how company leaders act. But rather than recite the mission statement, exemplify what the company stands for.

Think about the Virgin Brand and how Richard Branson embodies the company and how he wants the world to see it: fun, bold, brash and spirited. It's about being the main source of inspiration for other employees who want to join the company.

The biggest cultural blockers in an organization is leaders not walking the walk. Outlining your culture is one thing, but management needs to emulate that, too.

Employers also want to know how their day to day role actually links to organizational strategy, so constant communication is key here.

Tell the world:
Culture can be a competitive advantage when recruiting. So, include a few lines about your culture on the company website under the About Us page, as part of the mission and values. Consider adding testimonials from employees to communicate culture to potential new employees.

Research:
Publications and websites such as Business Insider and Entrepreneur also create annual lists of organizations with notable company culture.

Make sure you stay on top of trends, that you're learning from others by watching what they do that works. Don't forget that preferences continually change, so make sure you stay on top of them.

Manage from the top

Organizations need to actively manage their employer brand, so look for opportunities to share this and manage external perceptions properly.

Improving employee engagement within the workforce comes from the top. Senior leaders must articulate and model a clear vision to all employees, and should encourage open communication from staff. Continuously demonstrating that employees have an impact on their work environment is also important, according to the Australian report, Workforce Mobility and Employee Engagement report by Telstra.

Managers also need to foster healthy relationships with employees, and continuously demonstrate that employees have an impact on their work environment. The key is to ensure that employees have a sense of empowerment, the report says.

Top tips to improve organizational culture:

- Improve performance management processes and accountability
- Provide employee training and development
- Enhance effectiveness of the senior management team
- Raise employee engagement
- Improve leadership development programs

Source: The Conference Board, 2015

3: Employee experience equals customer experience

It's no wonder CEOs take employee experience so seriously. The fact is that employee experience and customer experience are inextricably linked and can be better for the bottom line. There's endless research out there that links employee engagement and Net Promoter Scores.

Improving employee experience is paramount for many companies. According to Temkin Group, a survey of 180 companies with $US500 million or more in annual revenues revealed that 55 per cent want to be best in their industry when it comes to customer experience.

The Temkin Employee Engagement Index **found** that companies that outperform their competitors in both financial results and customer experience have more engaged workers.

Highly engaged employees are five times more likely to recommend the company's products and services, four times more likely to do something that is good, yet unexpected, for the company, and three times more likely to stay late at work if something needs to be done. They're also more than five times more likely to recommend an improvement at the company.

Numerous studies confirm that people who frequently experience satisfaction, enthusiasm and genuine interest are more likely to succeed in the workplace. Employees that fit in with the company culture are more likely to want to work for a company longer.

In fact, **research** by IZA World of Labor show that a positive mood makes staff want to spend more of their time in more creative tasks, which leads to more innovation. Positive emotions also improves memory and performance.

Temkin recommends improving engagement levels by mastering employment engagement by appropriately informing, inspiring, instructing, involving and incentivizing staff.

Case study: How Hubspot repaired its company culture

Software developer and marketer Hubspot **has been open** about a critical bug in the company's culture code.

The company, which has grown to 2000 employees across seven global offices has updated the Culture Code more than 30 times after feedback and contributions from staff.

In fact, the company has been through dozens of iterations of the company code and spent hundreds of hours talking to staff about what they love, or don't love about Hubspot.

The company came up with the acronym HEART to describe the qualities that people value in co-workers. These qualities were Humble, Effective, Adaptable, Remarkable and Transparent.

But these qualities omitted the value of empathy. Mistakenly hiring people who weren't empathetic was contributing to a changing company culture, Hubspot admits.

"In this day and age, empathy is more important than ever. As we scale our company, what will differentiate us in the future is what differentiated us in the past: We fundamentally care about our customers and each other," the company reveals on its blog.

By sharing this idea internally, staff agreed that empathy was the right move. So, the Code was updated once again, removing the word Effective and replacing it with Empathetic. Going forward, Hubspot is committed to fixing bugs as they appear in the company as it evolves and grows.

4: Return on investment

Measuring company culture and employee engagement has always been a challenge for companies. But the benefits far outweigh the challenges.

One piece of research from Gallup **suggests** that companies with engaged employees outperform those without by a whopping 202 per cent.

While employee engagement is an immeasurable concept, the fact is that employee output and productivity levels are measurable.

Aspects such as length of service, staff attraction and retention rates and actual earnings by staff can also be measured.

Often, determining what to measure is the biggest obstacle. Start by considering how much your company loses by working with disengaged employees, and how much can be gained by engaging or re-engaging them.

Gallup's State of the American Workplace **report** shows that up to 70 per cent of employees are disengaged in the workplace, costing companies between $US450 billion and $550 billion in profitability drains.

A Glassdoor **report** found that companies with engaged employees outperform those without by more than 200 per cent.

Companies that invested 10 per cent more in employee engagement also increased profits by more than $2,400 per employee each year.

It also found that a strategic approach to employee engagement and company culture inspired employees to advance the employer brand, saving companies both recruiting (22 per cent) and cost-per-hire fees (50 per cent).

The ROI of an engaged workforce:

- ✔ Save money on recruiting
- ✔ Save time on recruiting
- ✔ Increase candidate quality
- ✔ Raise productivity levels
- ✔ Increase retention rates

Conclusion

As you can see, company culture can have huge and valuable ramifications on an organization. And with some serious commitment from management and engagement from staff, a radical overhaul can be achieved in a relatively short space of time.

While measuring and improving company culture and employee engagement can be complex, its importance to employees is high; it should not be overlooked.

After all, getting a seat at the executive table is a big pain point for HR professionals. But by utilizing data to prove that you've improved engagement and subsequently bolstered the financial position of the organization, management will be thanking you for years to come.

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