



A fresh look at organisational culture

Fascinating insights, a revealing story
– shaped by the views of employees across the globe

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Welcome to our cultural quest

Culture. Every year, organisations worldwide invest billions in it.

Why? It might have something to do with the fact organisations with a healthy, engaging culture can enjoy 23% higher profitability, 18% higher productivity and 10% higher customer loyalty than those without.¹

Equally, research shows that a healthy organisational culture leads to enhanced employee engagement and happiness.

So, is any investment in culture a good thing – or do we need to better understand where to invest to get more bang for our buck? Are we paying enough attention to how organisational culture develops? Do we really have a handle on who creates it, nurtures it – and who makes sure it's lived and breathed in every corner of an organisation?



In short, are we putting our cultural investment in the right places?

The term 'organisational culture' was coined by Dr Elliott Jaques in his 1951 book, *The Changing Culture of a Factory*. After observing the workings of a UK-based bearings factory, he concluded that culture is something '*employees must learn, and at least partially accept, in order to be accepted into service*'.

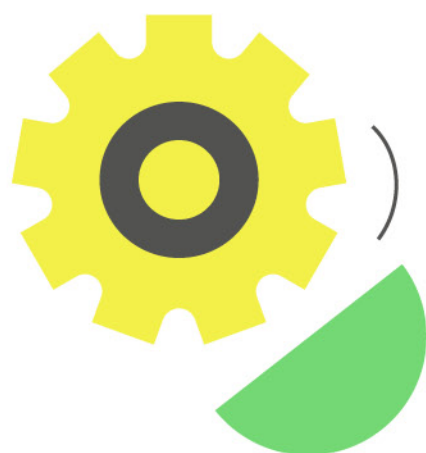
Over the past 70 years, the growing – and now general – consensus is that leaders are best placed to define and nurture a desired organisational culture.

As Gallup puts it, '*Culture begins and ends with leaders*'.

Yet when it comes to the way culture is created, we've started to observe what we believe is a further power-shift – from leadership to employees. This insight has come from our experiences of partnering with our clients, as well as what we're seeing and hearing across the wider industry, and in the media. And we've seen that shift ramp up rapidly since the start of the Covid-19 pandemic.

Tina Patterson from Forbes magazine summed this up beautifully when she said, '*The global pandemic caused everything to shift, and employees have awoken to their true power, which lies within. This is the reality we are living in today.*'²

And a 2021 report from BCW found that over half of all employees now feel more empowered to influence cultural change in their workplace than before the pandemic.³



So what impact is this shift in power having – on organisations, the people within them and the culture that holds them together? How should leaders respond? And what impact can internal communications professionals have in this changing cultural landscape?

We were keen to find out. So, we commissioned a piece of global research to understand current attitudes towards culture – what employees are really thinking, and who does – and should – define and build it in today's workplace.

This independent quantitative research was carried out in 2022 by research and insight agency East River Insight.

It sought the views of 1,510 respondents with a representative sample across age, gender, geographies, markets, job roles and tenure.

Do employees actually give a hoot about organisational culture?



Culture is influenced by multiple factors. Values, behaviours, beliefs, stories, mythologies and rituals – they all help to shape a culture that’s unique to that particular environment.

So it’s intangible. We can’t pick it up – but we can certainly feel it, sense it and see it in action. And yet, it is a force so powerful, it can propel an organisation towards success.

Or equally prevent it from achieving its goals and ambitions.

At H&H, we describe culture as *‘The sum of our beliefs, values and practices – the operating system that powers H&H’*.⁴ It’s the way we do things, and get things done.

Do employees have a grip on what organisational culture is, and what it means in their organisation?

They sure do. In our research, 76% said they have a good understanding of organisational culture, and 77% agreed they could easily describe it.

If we dug a little deeper, would the culture they describe – the one celebrated on their office walls, website and onboarding packs – match the culture they actually experience on the ground?

Daniel Coyle from 'Make Work Better' suggests not: *'The lesson of workplace culture is that we need to strive to separate the story from the reality. More often than not the mythology that a leader wants to tell you is just that, the story they'd like you to believe.'*⁵

Almost half (47%) of employees we spoke with reinforced this disconnect. They said the culture they experienced was not only different from the one they were being sold, but actually better. This sentiment was felt most profoundly by employees between the ages of 25 and 44, and amongst full-time employees.



'More often than not the mythology that a leader wants to tell you is just that, the story they'd like you to believe.'

Daniel Coyle from 'Make Work Better'

‘The culture I’ve experienced is better than the description of the organisational culture’

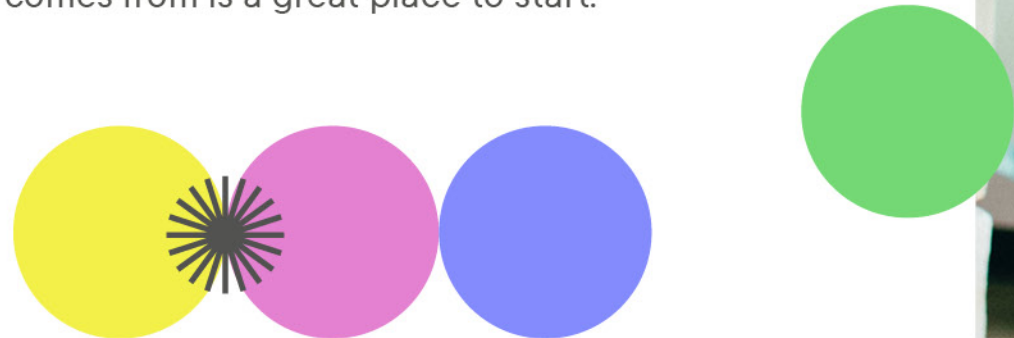
	Overall	Age 18-24	25-34	35-44	45-54	55-64	65+	Full time	Part time
Agree	47%	44%	51%	49%	45%	38%	36%	47%	39%
Disagree	17%	18%	18%	18%	15%	16%	10%	16%	18%

Results exclude respondents that neither agreed nor disagreed or was ‘not applicable’.

Any organisation seeking to build a culture that supports both their people and their bottom line to thrive needs to be wired into this disconnect.

Internal comms experts are in a brilliant position to do this. To ask, is our culture memorable, or just words on a page? Does it match the experience people are feeling on a day-to-day basis? And if not, what can we do about it?

Because if the culture being experienced is better than the one ‘sold’ to employees, we believe there’s an exciting opportunity to align and enhance the two. And to do this, we reckon understanding where culture comes from is a great place to start.



Top down or bottom up? Exploring where culture comes from



There's a long-held belief that culture is defined and created from the top of an organisation.

That it's up to leaders to show people what the organisation's culture is about and why. It's less than five years since William Craig at Forbes asserted, *'Every employee impacts an organization's direction, but leadership has by far the largest and most direct effect on company culture'*.⁶

This idea remains pervasive now – as echoed in OC Tanner's 2021 Global Culture Report, which states *'Effective leadership is one of the greatest fundamentals to building great organisational cultures'*.⁷

But this perception is starting to shift.

More recent schools of thought suggest organisational culture should be shaped and influenced by everyone, from the boardroom to the front line⁸. Yet even in these 'new' models of organisational culture, we see an unrelenting idea that people at the top of an organisation should hold the reins – that the board should define organisational culture.

Leaders should cultivate it through their actions. The likes of HR and middle managers should make sure the employee experience is designed in a way that supports everyone to live it and breathe it...

And then we get to the employees, whose role is absorb and adapt to a culture that's been defined by someone else – to simply live it and, if they're lucky, feedback on it, too.

Not quite so egalitarian as it sounds, is it? And it's not what many employees feel, either. We discovered most employees don't believe leaders should create or define a culture. Almost half (44%) agreed that people at the top 'have no idea' about the real culture of their organisation.

'People at the top of an organisation have no idea about its real culture.'



They overwhelmingly felt that culture should instead be created by employees – that it shouldn't just come from the top down.

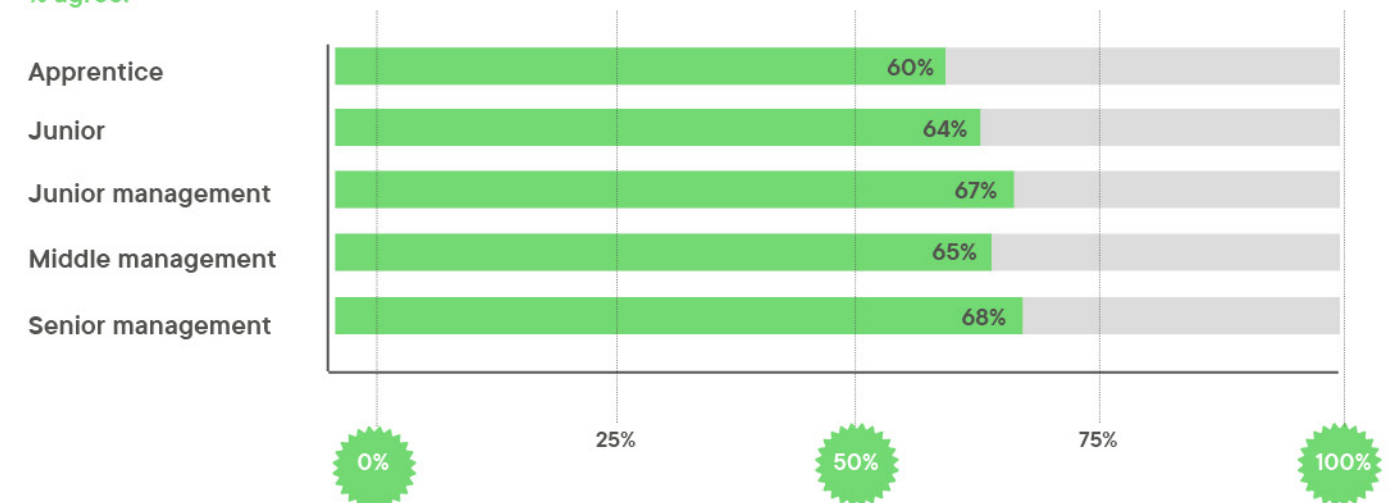
This sentiment was consistently reflected across all ages, genders, industries, regions, roles and levels of seniority.

And yes, that includes leaders themselves.

'Now more than ever it should be up to employees to create an organisation's culture – not a few board directors.'

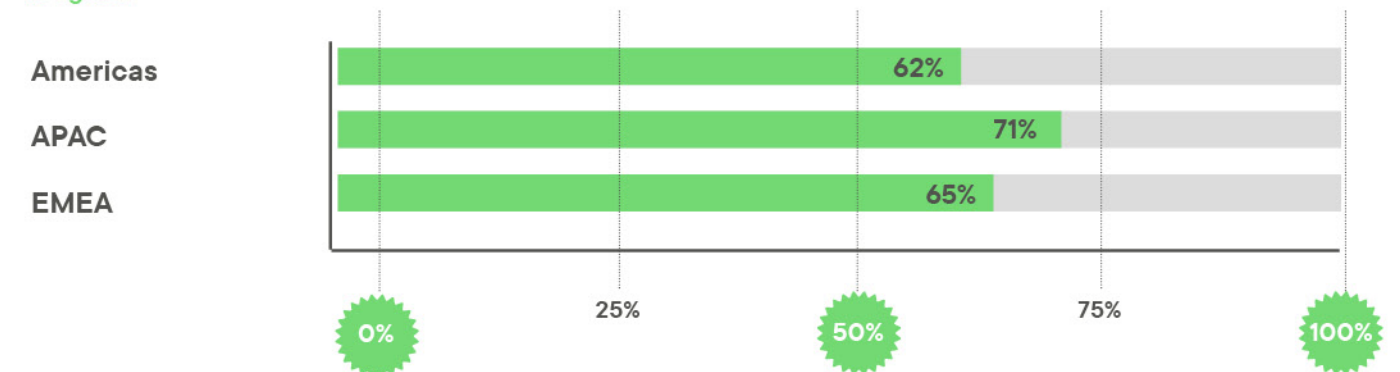
By level of role

% agree:



And region

% agree:



That's not to say leaders aren't important.

Employees told us managers remain one of the most trusted sources of information in organisations, after friends.

Yet 51% of people said that, despite trusting managers, they don't see how they can expect them to be part of a culture, 'just by telling me what it is'.

It's an interesting counterpoint to an article in 'Business Leadership Today' that states: *'Out of strong leadership, culture should organically grow and be communicated to employees, who reinforce the culture through their behaviors'*.⁸

Our findings mean we're going to have to agree to disagree.

We're not suggesting that CEOs should walk away from defining organisational culture altogether. But the evidence suggests there's real value in scrapping the top-down hierarchy – enabling employees to actively define, rather than just reinforce culture.



After all, psychological ownership – when we believe we have a personal stake in something – is proven to increase motivation, stewardship and loyalty, and in organisations it nurtures a sense of belonging.⁹

So isn't it time organisations went beyond merely expecting employees to live, breathe and share insights on culture, and instead gave them ownership and encouraged them to define and create it too?

This idea goes against the grain of traditional thinking – of having one unified organisational culture, fed down from the top. But it appears employees have a real appetite for defining culture. And, as we've already seen, many are already enjoying the benefits of living a culture that differs from the one articulated to them.

'You're on mute!' Culture goes hybrid



Before the global pandemic, hybrid working was an ideal many organisations had been exploring – yet in 2019, only 12% of UK workers were working from home at least one day a week, and only 5% reported working mostly from home.¹⁰

Covid fast-tracked the change – prompting employees worldwide to quickly set up office in their dining rooms, transform ironing boards into standing desks and generally taking many people by surprise. The number of employees working from home during the pandemic spiked rapidly, to 49%.¹¹

Arguably the biggest surprise wasn't how well most people adapted to remote working – it was that many actually embraced, and subsequently preferred, it.¹²

However, not everyone agreed.

In February 2021, Goldman Sachs' CEO David Solomon described remote working as *'an aberration that we are going to correct as quickly as possible'*.¹³

Solomon claimed his fears weren't just based on the perceived negative impact it had on collaboration. But he felt it was also affecting culture – particularly for the 3,000 new starters the organisation takes on each year.

And Barclays' Jes Staley said *'remote working made it a 'challenge to maintain the culture and collaboration that these large financial institutions seek to have and should have'*.¹⁴

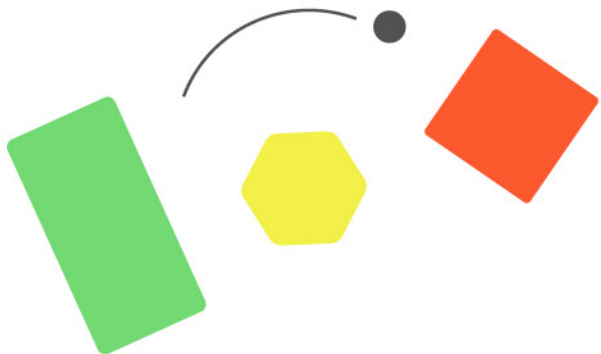
They weren't alone with these views. Post-pandemic, many organisations were scrambling to get people back through the office doors – driven by the idea that remote working was negatively impacting culture, and in turn profitability and productivity.

Did employees agree that organisational culture fell apart when they started working from home?

Overall, 41% said it didn't – compared with just 30% who said it did. And compared with their office and field-based colleagues, hybrid and home-based employees were even more likely to disagree.

'An aberration that we are going to correct as quickly as possible.'

David Solomon,
Goldman Sachs' CEO



'The culture of our organisation fell apart when we were working from home'

By type of working:

	Overall	Home based	Office based	Hybrid/ Flexible	Field based
Agree	30	31	29	33	33
Disagree	41	47	34	50	31

Results exclude respondents that neither agreed nor disagreed or was 'not applicable'.

And we discovered employees in the finance sector didn't agree with Solomon and Staley's views – far from it, in fact. They said they were more comfortable with remote working than most other industries.

The idea that culture is damaged by remote working was actually felt most strongly by those working in public relations, marketing and advertising. Perhaps these more creative industries are where face-to-face collaboration is felt to be more important?

By industry type:

	Overall	Marketing/ Advertising	FMCG	PR	Hospitality	Banking	Utilities	Aviation
Agree	30	56	21	55	17	25	21	18
Disagree	41	29	54	22	35	50	52	53

Results exclude respondents that neither agreed nor disagreed or was 'not applicable'.

Whilst the majority of employees didn't think remote working eroded their culture, it's worth noting that some did.

Because we don't all think the same or act the same. We have different beliefs, unique motivational drivers, diverse viewpoints. Only organisations that recognise this will be able to create an environment where everyone feels welcome – and is inspired to bring their best to the table – however and wherever they would like to work.

It all comes down to supporting employees to find their own 'tribe' – something that IC professionals can be proud to help drive forward. Let's take a look at how this diversity is already staking its rightful claim in culture.

Why a one-size-fits-all approach to culture is so last season

Organisations worldwide are increasingly investing in diversity and inclusion. Many have surely recognised the benefits of diverse voices and viewpoints that drive innovation, spark creativity, better reflect their customers and enhance engagement.

And there's a strong business case for it. The most diverse companies are more likely than ever to outperform their less diverse peers on a heap of KPIs, from innovation to profitability.¹⁵



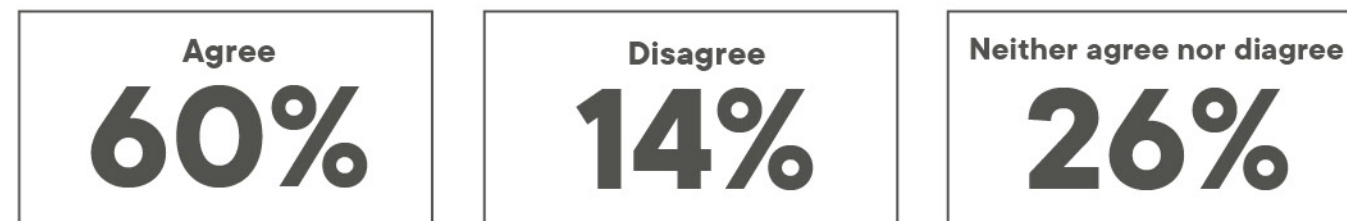
As leading HR software company, Breathe HR, put it, ‘diversity is fundamental for maximum productivity and overall business success’.¹⁶

Yet are some organisations perhaps in danger of ignoring this diversity when it comes to organisational culture – of instead promoting a single, unified culture with no chance of wiggle room?

When we think about it like that, it doesn’t quite make sense does it? Employees don’t think so either.

More than half agree it’s more important to celebrate diversity of personalities than one defined organisational culture:

‘Rather than a defined organisational culture, it’s more important to celebrate the diversity of employees’ personalities’



And more than half (60%) of employees agree that having a defined organisational culture suggests that ‘we’re all the same, that we behave and work in the same way’ – something that clearly doesn’t reflect the reality of today’s workplace.

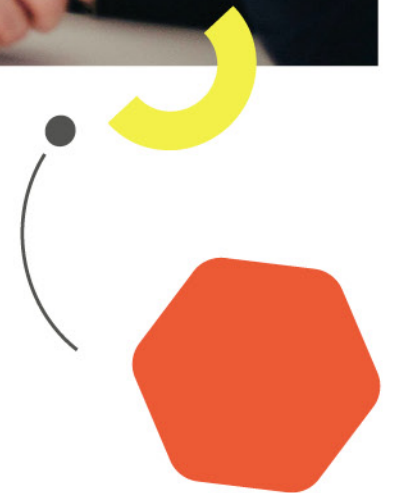
The Accenture Fjord Trends report reckons it’s ‘all part of a trend toward individualism and independence’: ‘People are questioning who they are and what matters to them and, in many cases, they’re finding new confidence to show up as themselves...’



‘People are feeling a stronger sense of agency over how and where they spend their time and attention’.¹⁷

Remember the disconnect touched on in the previous chapter between a desired organisational culture and the reality? If almost half of employees are experiencing a culture that’s better than the one described, then already we can see there are at least two different cultures competing in many global organisations.

And when we add into the mix the move towards individualism and independence, we start to appreciate how easily – and naturally – different cultures can evolve alongside each other.





Only when we understand the unique cultures within organisations can we welcome and encourage them.

The field of evolutionary anthropology offers a fascinating insight into the emergence of different cultures.

Robin Dunbar has dedicated almost an entire career to studying social groups. His research led him to the magic number – or rather Dunbar’s number – of 150.

This refers to the size limits of a cohesive social group – the number of relationships that can be comfortably and meaningfully maintained, before new groups start to emerge. So culture does have a size limit. And the evidence suggests this ‘limit’ is as relevant to neolithic farming villages and Christmas card lists as it is to organisational culture.

Except we don’t see it as a limit. We see it as an opportunity – particularly for IC professionals.

Through his extensive studies, Dunbar discovered that the glue holding groups or tribes together was language – that communications nurture relationships, form bonds and allow shared understanding. And this social ‘glue’ is the IC professional’s heartland.

If pockets of culture already exist in every organisation, communications can be the key to uncovering them. To finding out what makes them so powerful and engaging. And to understanding the values and beliefs that hold them together.

How? Well, almost a quarter (21%) of employees told us they learnt more about what was going on in their organisations through official communications than any other source. Communications teams made it into the top five sources of trusted information. And for sparking those valuable two-way conversations? A whopping 67% said employee surveys were a great way to have their voice heard.

Because only when we understand the unique cultures within organisations can we welcome and encourage them. Create employee tribes around common interests and beliefs as well as functional skills. And invent opportunities for like-minded people to connect and link up – for both work and social connection.

The result? Diverse and authentic cultures that allow people to bring their true selves to work – whilst protecting and celebrating culture as the precious intangible asset it should be.



Conclusion: Get ready to shift with the times



So organisational culture is an intangible force – and a powerful one at that.

As we've seen, the vast majority of employees don't agree it should be something that comes from senior management and is then just absorbed or perpetuated by them.

And it appears employees aren't too stoked about Jacques' observation that they 'must learn, and at least partially accept' organisational culture. Instead, they're displaying a real appetite to define and shape it themselves.

As one of the biggest shake-ups we've seen in decades to the world of work, the global pandemic – and the subsequent, sudden shift to remote and hybrid working – has had a significant impact on organisational culture. For many, this was a positive – and definitely not something they felt caused their culture to 'fall apart'. If anything, it's empowered employees to realise they can work on their terms, in a location that suits them – and still be great at their jobs.

This growing sense of empowerment has been pivotal in encouraging employees to champion individualism rather than adopt a 'follow the herd' mentality. And many are already doing it, whether they're 'officially' empowered to or not – leading to the emergence of individual 'mini-cultures' rather than the classic approach of one over-arching cultural template.



All these factors have impacted the way culture is shaped and nurtured in today's organisations. It's also changing what employees expect from an organisation's culture with almost half (46%) saying their expectations had changed – but their organisational culture hadn't.

But does any of this matter – could organisations simply carry on with 'business as usual' and accept that culture, like life, will find a way to evolve of its own accord? They could. But when we consider 70% of employees told us culture was important to them – and was 'something they'd consider when looking for a new job' – you realise that culture is absolutely critical to attracting and retaining the talent that will power organisations to success.

Imagine the impact if instead organisations embraced rather than fought against these shifts. If leaders and managers empowered employees to join them in defining organisational culture. And if IC teams had the freedom to use their established toolbox – the social 'glue' of language and communication – to ensure the culture conversation inspired every corner of their organisation.

Culture is intangible yet powerful. Diverse yet uniting. And as one of an organisation's most precious assets, it needs to be cared for and protected – from the moment it is defined right through its ongoing evolution.

And that's something everyone can get on board with – if they're given the opportunity.

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