

5 Truths About Organizational Culture

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One of my manufacturing clients recently experienced the loss of two individuals as a direct result of the organization's culture. One was a high potential Black engineer, and the other was a senior executive reporting to the CEO. In both cases, they described in their exit interviews how the existing culture felt very closed to their diverse perspective and approach to work. The culture had, from their perspective, spit them out as too different.

This caused my client to take a hard look through surveys, focus groups, and soul searching for the truth about their culture. They recognized that the culture senior leaders thought they had created was not consistent with some employees' everyday experiences. There was a gap between their perception and the reality of the culture, which often leads to employee cynicism.

Every organization has a culture, and it is built from shared beliefs, expectations, vision, practices, and behaviors. At the very core of every culture are the foundational values from which core beliefs develop, which then determine accepted behaviors and practices. Over time, employees develop a shared understanding of the culture. Sometimes, as with my manufacturing client, the shared culture is so tightly woven that it becomes closed to new values and behaviors.

Leadership and culture. Cultures are birthed from key leaders who drive specific values and behaviors. They recruit and hire people who exhibit the values, develop onboarding and training programs to more deeply impart and nurture the values, and promote new leaders based on how well they demonstrate the values and related behaviors.

An established culture shows how people in the workplace should behave. A positive, healthy culture can help employees pursue and reach their goals. A great culture typically leads to improved performance, while a dysfunctional culture can undermine the organization's current and future success.

Culture and change. When an organization's culture is battered by circumstances in the marketplace or broader society, it must be capable of adapting to the changes and assimilating new values and ideas into the foundational fabric. Leaders must step forward and help define a new combination of values and behaviors that retain the best of the core values and blend new ones into the cultural fabric.

We have all experienced powerful marketplace and societal forces in the past three years that have rocked organizations at their core and illuminated the need for internal culture changes. Being headquartered in Minneapolis, I was keenly aware of the dramatic impact on my clients and other companies by the death of George Floyd and subsequent demonstrations. These events have led my clients to look more closely and train employees more specifically in the values of diversity, equity, and inclusion. This dramatic external societal change set in motion internal questions, dialogue, and initiatives that have led to changes in cultural values and beliefs.

Moreover, the lockdowns, mandates, and illness brought about by the COVID pandemic has impacted established cultures, as well. Cultures that put high value on in-person meetings to build and retain relationships were forced to look seriously at behaviors that were difficult or impossible to practice in the 'new normal'. Teamwork, camaraderie, and communication were among the values most negatively

impacted initially by working virtually. While this pandemic has not, for most of my clients, changed their fundamental values, it has changed the behaviors and practices needed to live many of their values.

These unanticipated external factors help us to understand that even the most high-performance and healthy cultures must adapt when a change tsunami occurs. This is when leadership is especially important in guiding the adaptations necessary in the face of change.

With these perspectives as backdrop, I suggest five truths about culture that are critical to understanding and functioning in the marketplace today:

Culture is founded on shared values. Often identified and described by early leaders, these values must then be communicated clearly to employees and accepted by them.

Values become accepted once they are understood deeply. Just using words to describe values is not sufficient; rather, organizations must ensure that every employee understands what the value name means, and which behaviors would illustrate each value. Some organizations call these behavioral attributes.

Underlying values become evident through supportive systems and behaviors. In the same way that 360-degree feedback instruments typically look at core competencies and specific behaviors that provide evidence for the competence, organizational values need related behaviors, beliefs, and assumptions that provide evidence of the value. If an organization characterizes collaboration as a core value, for example, then leaders must also identify behaviors that illustrate a collaborative mindset, be able to observe these behaviors day to day, and utilize reward systems that encourage the behaviors.

Diversity, equity, and inclusion are values. Recently, many organizations have brought in DEI consultants and trainers. These kinds of training initiatives need to emphasize that diversity, equity, and inclusion must be imbedded as shared cultural values, not just buzzwords. Employees must learn or relearn behaviors that show others there exist shared values related to diversity, equity, and inclusion.

Successful cultures require adaptation to new values, behaviors. Even the most effective, high-performance cultures encounter situations where they must re-evaluate and adapt. This adaptability is key to cultures continuing to be successful, as are feedback mechanisms to ensure behaviors are aligned with their values. Healthy organizations seek feedback from their employees to ensure that behaviors are aligned with values. Culture change requires deliberate work to understand the values that a culture is currently supporting through existing behaviors and systems, and then determine how to intentionally change the values through new behaviors and reward systems.