

What's All the
Buzz
About?

THE IMPORTANCE OF
COMPANY CULTURE





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What's All the **Buzz** About?

THE IMPORTANCE OF COMPANY CULTURE

Company culture seems to be at the forefront of the business world. Pieces about its importance flood business magazines, and it's hard to read a job posting that doesn't mention it. Some businesses have even leveraged a robust and healthy culture to create business empires. Google is a great example of that. The company has communicated a vision that employees understand and made its values clear to the public. Google consistently tops lists that rank organizational culture. Most importantly, it has shown the world that strong company culture pays off. Google is a recruiting and technological powerhouse, with millions of applicants a year and billions in revenue.

Company culture is not just a passing phase, and simply emulating Google or other successful corporate cultures is not enough. Many organizations struggle with the concept because building company culture takes time, consideration, and customization. Major companies put loads of resources into developing and maintaining strong cultures, and statistics show employees respond to those efforts when they're done properly.

So, what's all the buzz about?

Company culture is a significant factor for many when researching, interviewing, accepting, and ultimately staying at jobs. It matters so much that, according to a 2016 study by Fidelity, millennials would accept an [average pay cut](#) of \$7,600 to improve their work life and find better company culture. Understanding and cultivating company culture is imperative when it comes to the productivity and retention of employees.

When looking at your company culture, you must identify what it is, all the aspects that contribute to it, and how to measure it effectively. Most importantly, you must figure out how to make it successfully work for your hive.



What is Company Culture?

Company culture is hard to define as it has many attributes. Thus, many experts and companies have a hard time figuring out how to describe it succinctly and how to identify aspects of it.

Harvard Business Review defined culture by saying, “Culture is the [tacit social order](#) of an organization: It shapes attitudes and behaviors in wide-ranging and durable ways. Cultural norms define what is encouraged, discouraged, accepted, or rejected within a group.”

Using this definition, we can think of company culture as both the values of the group and the behaviors a company expects and exhibits day-to-day. Harvard Business Review pointed out that culture must be shared, pervasive, enduring, and implicit. Here’s what each of those things means in more detail:



- **SHARED:** Culture cannot be the work of one person or department and must be understood and lived by those throughout the company. It is the collective commitment to the purpose and behaviors expected. The most successful company cultures are partially molded by those working in the organization with the support of management.
- **PERVASIVE:** Whether written or unwritten, the expectations, values, and rules of company culture take hold throughout the organization and even in touchpoints with the public. It should always be clear in the organizational practices and processes and amplified by everyone in the company.
- **ENDURING:** Strong cultures become self-sustaining because people who don’t fit the cultural norms leave, while workers who identify with the culture stay, move into leadership positions, and help build a stronger hive.
- **IMPLICIT:** Culture is often silent. Without explicitly explaining the culture, it’s understood by everyone in the organization through the behaviors and habits of those working there. A good culture is not stated. Instead, it’s visible in all interactions with colleagues, customers, and the general public.

Harvard Business Review goes on to highlight eight distinct culture styles. Many of these styles can be at play in an organization at one time and none is the best. These styles can be applied to individuals as well as organizations, making discussion of these types of culture a great way to determine if a potential employee is the right fit for a role. They can also help employees and management figure out the source of routine pain points. They include:

- **CARING:** A culture focused on relationships and trust. These work environments are warm, concerted, and full of support.
- **PURPOSE:** These organizations try to do good for the long-term future of the world, and employees are united by that purpose.
- **LEARNING:** Individuals in these companies are encouraged to explore and be creative.
- **ENJOYMENT:** Work in these organizations is lighthearted, and employees bond through a sense of liveliness.
- **RESULTS:** These organizations focus on achievement. Members of these organizations should be outcome oriented.
- **AUTHORITY:** Working at a company like this, leaders and employees are expected to be competitive and bold.
- **SAFETY:** Those who like safe and predictable workplaces will love working in this culture.
- **ORDER:** These companies are based on structure and norms shared by all. People play by the rules and expect everyone to do the same.

While company culture may be hard to define and somewhat fluid, its role in a successful business cannot be overstated. What your culture looks like depends on organizational structure and the type of company and industry you work in. It also relies on the shared goals of the organization. Still, no matter where you are, the importance of company culture is only growing.

The Importance of Company Culture

Millennials tend to value company culture highly, even going so far as to give up money for the chance at a better work environment, which makes it clear that the importance of company culture spans through hiring and retention. From attracting a talented workforce to keeping them engaged in your company's mission, culture plays a lead role.

In fact, many companies are beginning to see that it's a mistake to hire on skills alone instead of cultural fit. Brad Feld, co-founder of TechStars and managing director of the Foundry Group said, "Many people default to choosing people who have [high competence](#) but a low cultural fit. This is a deadly mistake in a start-up, as this is exactly the wrong person to hire."

It's not only a mistake for start-ups. Companies that have been around for decades must also take a hard look at their culture and hire accordingly. Many organizational leaders understand that to thrive as a company, employees' career goals and values must align with the company's mission and culture. A strong company culture becomes the wax that holds the hive together and is good for an organization and its employees in many ways, including:

- **RETENTION:** Constant turnover stings. Turnover cost United States employers \$600 billion in 2018, and that number is expected to increase significantly by 2020 according to a [recent study](#). Retaining employees by keeping them engaged in your culture and mission is the key to keeping your organization from falling into the expensive trap of high turnover.
- **PRODUCTIVITY:** Employees who feel happier at work are more productive and care more about the company's future than those who simply drone on for a paycheck. When employees are disengaged, companies lose money. Entrepreneur stated that [disengaged workers](#) cost the U.S. up to \$550 billion annually in lost productivity.
- **WORK/LIFE BALANCE:** When employees feel trusted, they feel more empowered to strike a work/life balance that is comfortable for them. In turn, managers who trust their employees can spend their day focusing on things other than policing their employees and find a better balance, as well. Work/life balance also plays a role in retention.
- **PRIDE:** When members of an organization connect with and support the mission it promotes, pride results. When employees are proud of where they work, they become champions for the business by referring friends and speaking about it positively. They'll also likely stick around, rising into leadership positions and becoming shining examples of the company culture.

One reason company culture is important to employees is they spend a great deal of time at the office. People want to enjoy where they work and know that the work they're doing is impactful. That said, there are ways that company culture is beneficial even outside of the office, including:

- **REPUTATION:** Today's consumers take note of what they hear about a company. The internet makes it easier than ever to find out how a company treats its employees, the values that it stands for, and its policies. When consumers align with a company's culture, they'll be more likely to support and promote the brand. According to a study by Accenture, 63% of consumers prefer to buy from companies that reflect their personal values and beliefs.
- **HEALTH:** When employees are happy and engaged in their work, their stress levels will likely decrease. Better workforce health has positive results on your organization and society. Your employees will take less sick time, be more productive, and be more likely to participate in all aspects of the community.

With all these benefits, it's easy to see why focusing on company culture is a must. It's important to create an organizational culture that is sustainable and permeates throughout the entire workforce. Much thought is still being put into how to do that, and all companies must customize their approach. A company culture that lasts is vital to ensuring that your hive operates like a well-oiled machine and is its most productive.



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Creating a Company Culture That Lasts

While many employers say company culture is important, implementing a company culture that lasts is no easy task. Creating a set of unwritten rules and values that your employees and leaders will emulate takes time, thought, and effort. Knowing how to build a company culture requires an understanding of the business and what makes a healthy organizational environment as well as a connection with the individuals who make it up.

In 2014, Founder and President of WebFX William Craig wrote in Forbes about a few [key areas](#) that define company culture and help build a thriving organizational environment. They include clarity of purpose, employee engagement, an environment of trust, and continued learning.

Each of these aspects play a huge role shaping company culture and show an emphasis on both the values and growth of each individual employee. They also translate into steps businesses can take to improve culture. When looking at this list, as well as the list from Harvard Business Review, it's easy to see that company culture is a two-way street. There are expectations placed on employees of an organization, but those employees also expect a certain level of care in return.

It's important to create a customized action plan to make sure your culture is widely understood, accepted, and embodied in the company for years to come. Here are some steps you can take, no matter your organization or level, to ensure that your company culture is positive and stands the test of time.

MAKE CULTURE PART OF YOUR HIRING PROCESS

Company culture doesn't just happen inside the doors of your business. Instead, it must be clear to every person who interacts with members of the company. This is especially important in the hiring process.

Research shows that what companies think is happening in their hiring processes isn't the same as what candidates feel. A [study by CareerBuilder](#) found that 86% of job seekers think employers should treat candidates with the same respect as current employees and 78% feel the experience of a candidate is a good indicator of how a company values its people. That said, the same study showed that only 32% of candidates would rate their most recent interview experience as "very good."

It's imperative to be clear about your company's culture and use that culture to guide your hiring process to get great applicants and qualified candidates who identify with the mission and values of the company. According to Glassdoor, companies that invest in a good candidate experience increase their [quality of hire](#) by 70%.



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Make sure your company culture shines through, not just in what you say to prospective employees but how you treat them. Make them feel as though they are valued, even if they don't get the job. If your culture doesn't appeal to a candidate, they'll likely realize that on their own and move on before they're hired, protecting your organizational culture down the line.

PRACTICE WHAT YOU PREACH

Listing values and expectations for lower-level employees to follow but having leadership that doesn't respect those values and expectations in their work leads to weak company culture. Show the employees of your organization what's important by making it part of everything leadership practices.

Company culture must be a two-way street. In a hive, the queen is not above the worker bees when it comes to the mission. While roles may be different, the shared goals are not. What's expected of employees must also be expected from leadership for values and culture to be respected.

“While roles may be different, the shared goals are not.”

BUILD TRUST INSIDE AND OUTSIDE OF THE COMPANY

Trust is an important aspect of a strong company culture. Employees must put their trust in leadership, and in turn, leadership must put their trust in employees. When trust is practiced, your company culture will thrive and so will your bottom line. In a well-functioning hive, everyone has a role to play. All members of an organization must be able to count on each other to pull their weight and complete their parts to the best of their abilities.

Making trust a pillar of company culture must begin with management. When management creates an environment of distrust, such as tracking employee time too closely instead of placing emphasis on output, it's hard for trust to thrive at any level the organization.

Companies must also be viewed as trustworthy to potential candidates and the public. Human Synergistics International [FACTS Framework](#) has calculated the trustworthiness of U.S. companies since 2012. They stated that on average, the top 10 most trustworthy companies have outperformed the S&P 500 by more than 30% annually.

Building trust throughout an organization is not an easy task. That's because trust must be earned. Upper management can earn trust by being transparent, following through on what they say they'll do, and modeling behavior they wish to see in their employees.

Here are a few ways to implement a culture of trust in your workplace:

- Work hard to earn the trust of your employees.
- Review your company policies and ensure you are placing enough trust in your workforce instead of policing them at every turn.
- Be open and honest about both the good and bad aspects of the company's performance and future.
- Be consistently open and vulnerable with employees as well as available to them when needed.
- Avoid micromanaging by empowering your employees to do their best work in the way they see fit.
- Show your employees that you value them as individuals by getting to know them.
- Build a culture of accountability throughout the workforce.
- Promote business practices that encourage the public's trust in the organization.

These steps are complicated and different for each organization and culture type, but once trust is gained, the entire business will be stronger inside and out.

INVEST IN THE INDIVIDUAL

A company that favors short-term output over the long-term growth of their employees will have a hard time maintaining a healthy company culture. A study by Deloitte found many [benefits of continuous learning](#) in the workplace. High performing learning organizations are 46% more likely to be first to market, 17% more likely to be a market share leader, and have 37% greater ability to deliver quality products.

The study also stated, "Rapid change in business and organizations means everyone needs to constantly be learning. More and more people are looking for options on their own because they aren't getting what they need from their employers." The numbers support this conclusion. Only 38% of workers said they have opportunities for learning and growth in the workplace.

In a study by Forbes Insights and SilkRoad, researchers found that [lack of opportunity](#) to learn new skills or for education sponsorship was the second leading cause of employee turnover. Giving members of an organization the time and tools they need to better themselves will ensure the workforce is prepared to meet market needs and your employees feel fulfilled and challenged continually.

Continued education opportunities are also a sign of respect. Individuals devoting hard work to a company want to know that it's willing to invest in them. According to Glassdoor, 71% of millennials who are likely to leave their jobs in the next two years are unhappy with the leadership development being offered by their organization.

Spending time providing leadership opportunities and continuing education for your employees not only incentivizes them to stay but grows them into better personnel. Some ideas for investing in individual employees include:

- Continuous feedback to employees from direct managers
- Opportunities to attend conferences or take classes related to their job
- Goal-setting processes that examine where employees want to be and steps for getting there
- Opportunities for employees to challenge themselves by trying work that is outside of their job description but interests them

The numbers show that investing in your workforce pays off. Finding ways to help everyone continue to learn is a key step in promoting positive company culture and making sure each member of your hive feels valued.

FOCUS ON EMPLOYEE ENGAGEMENT

Employee engagement describes the relationship between an organization and the employees in the organization. When employee engagement is as it should be, employees and management feel their voices are heard and the company provides communication when needed.

An important component of engagement is being clear about where the organization is headed. As mentioned, it's important that everyone affected by the company culture buys into the purpose. If the values and purpose of the organization are unclear, it's hard for company culture to be shared and pervasive.

It's not enough for information from management to be clear, though. There also must be an avenue for employees to communicate with management. Many organizations have newsletters or updates from the CEO, but employees must feel empowered to provide feedback and even have opportunities to be the ones to present what's important to them. Creating two-way communication channels allows lower-level employees to take ownership of the culture by communicating their interests, concerns, and hopes for the organization.

A [2013 study](#) by Harvard Business Review found that 71% of employees surveyed ranked employee engagement as very important to achieving organizational success. Unfortunately, only 24% of respondents felt that employees in their organization were highly engaged. This might be because fewer than 50% of the companies in the survey said they could effectively measure employee engagement against important business performance metrics, such as increased market share. Furthermore, the study by Forbes Insights and SilkRoad found that poor employee engagement was the leading cause of unwanted employee turnover.

When it comes to company culture, employee engagement is a way to stand out. When employees feel heard, they will feel valued and gain respect for their employer. Employee engagement can come in many forms, including:

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- **SURVEYS:** Be sure the results are properly discussed after the survey is taken and honest feedback is not met with opposition from management.
- **TOWN HALLS:** This is where transparency is incredibly important. People know when their questions are being skirted or disregarded. Make sure leadership is willing to honestly answer the questions presented to them in town halls.
- **LUNCHES WITH LEADERSHIP:** Leadership must be accessible to employees for them to feel involved in the communication. Ensure that your top-level management is taking time to sit down and listen to the concerns and ideas of employees.
- **ONE-ON-ONES WITH DIRECT MANAGERS:** No one understands the day-to-day work of employees like their direct managers. Making sure that everyone has an open line of communication with their manager helps them feel engaged.

What engagement looks like for each organization differs, but the fact that it's imperative is hard to dispute.

MEASURE YOUR RESULTS

All these efforts won't result in much positivity if you're unable to measure how effective they are. Company culture has been proven to influence the bottom line for many companies, but how do you successfully measure company culture?

This is a complex topic, but it's easy to start by looking at a few things:

- **COMMUNICATION:** If your employee engagement is working, you should see it in the feedback you receive from employees and from managers who speak directly to lower-tier workers.
- **RETENTION:** Retention is an easy thing to measure. If you're seeing high turnover in your company, it may be time to reevaluate your company culture efforts.
- **EMPLOYEE HEALTH:** How often are your employees out sick? Do you have a wellness program, and are employees participating?
- **PERFORMANCE GOALS:** Are most of your employees and managers meeting their performance goals? If not, this could be indicative that they don't feel supported or empowered to grow in the company or that they are not engaged and enthusiastic.

These steps will help you fine-tune your company culture and ensure the organization is on the right track when it comes to creating a shared, pervasive, enduring, and implicit culture that will move your company forward.

Careers in Company Culture

The realization that companies must focus on culture to prosper has created plenty of opportunity for careers based around it. While company culture becomes everyone's job, whether they actively know it or not, the amount of planning and communication that it takes to ensure that your company culture is strong means some positions will need to devote time to it more than others. Here are some careers heavily influenced by company culture:

CHIEF CULTURE OFFICER

Companies such as Google have had their own versions of culture officers for many years, but now more and more companies are starting to see the need for the same. Chief culture officers devote all their time to successfully cultivating company culture and are often hired during times of organizational growth. They might be particularly helpful after a merger or acquisition to ensure that the hive's culture remains communicated and consistent.

This job could be part of the human resources team or even part of the executive leadership team. Either way, their most important job is making sure that company culture is reinforced from hiring and onboarding to daily work and recognition programs.

HUMAN RESOURCES MANAGER

Culture must be an important task of a human resources manager. Human resources managers oversee the hiring process, so they are truly at the frontlines of making sure the swarm of prospective employees understands the culture of an organization and fit that culture.

It's also up to human resources managers and their department to make sure the philosophy of the company is clearly communicated throughout the hiring process so that those who don't fit with the culture may identify that for themselves.

CHIEF EXECUTIVE OFFICER

A hive must believe in its queen bee. When a company decides that culture is at the forefront of its plan for growth, company culture becomes a huge part of a CEO's job description. Walking the walk and being available for feedback are responsibilities that often fall squarely in a CEO's realm.

The CEO is often the person others in an organization look to for leadership and examples. That means a CEO must live the organizational culture and practice what the company preaches in all his or her actions.

TEAM LEADERS

While the CEO can do his or her part, the people working with the majority of employees daily are the leaders of teams and departments. It's important for them to fully understand the company's culture, values, and mission and make sure that they are exemplifying it to employees as well as holding employees accountable for staying true to the culture.

Feedback from managers is also vital to measuring the success of company culture and ensuring the concerns of employees make their way to those who can change outcomes. When everyone is connected to their team leaders and team leaders amplify the culture, company success will likely follow.



Impact Company Culture in Your Hive

Various levels of communication and business skills are needed to influence company culture depending on the role you'd like to play. It's safe to say that anyone taking a leadership role in business should understand the impact of organizational values and how to cultivate them. An MBA is a great way to improve your communication skills as well as your understanding of business outcomes that depend on a strong culture.

King University proudly offers an [online MBA](#) that guides students through various methods of management and analysis as well as ethical practices in a contemporary business environment. The online MBA program prepares you for the next step in your career by focusing on fundamental managerial topics, including business communication, research methods, and statistics analysis. Skills in these areas can help you become a leader with company culture in mind, setting you up for long-term success.

King University's online MBA degree is meant for students with a minimum of two years of work experience looking to enhance their business skills. Online courses do not differ from those taught on campus but offer flexibility for the working adult. The case method, a four-step learning process, allows our students to get a complete understanding of the materials covered by reading and analyzing case data based on real-world scenarios.

To prepare you to lead in company culture, as well as many other areas of business, King University proudly offers many MBA concentrations online, including:

- **Healthcare Management**
- **Human Resources Management**
- **Marketing**
- **Management**
- **Management Information Systems**
- **Project Management**

With an online MBA from King University, you'll be prepared to thrive in your hive.