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# Creating an Effective Organisational Culture

*[Culture is] a pattern of basic assumptions, invented, discovered or developed by a particular group as it learns to cope with problems of external adaptation and internal integration that has worked well enough to be considered valid, and is to be taught to new members the correct way to perceive, think and feel in relation to those problems.<sup>1</sup>*

## Introduction

A clear culture eliminates ambiguity and helps people make sense of the organisation's priorities and actions. An effective organisational culture is one that causes people to feel passionate about what they are trying to collectively achieve, that keeps them with the organisation and attracts others to the organisation. When people feel engaged with the culture, the organisation will get the very best from those people – their discretionary effort and willingness to recommend the organisation, its products and services to others. This is simple and compelling theory. But seemingly constant organisational change and competing priorities mean that simple can quickly become complex to manage.

The purpose of this report is to provide a quick snapshot into the importance placed on the organisation's culture and how current practices are enabling that culture to be effective. A short series of questions were asked of 32 senior HR professionals at Penna's Strategic HR Network event on 10 July 2007. The topical questions focused on how these organisations were managing, communicating and measuring their own organisational culture.

## Is your culture managed?

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1. My organisation has a definite and identifiable culture	15.2%	78.8%	3%	3%	
2. Someone within our organisation is tasked with managing our culture	15.2%	33.3%	6.1%	39.3%	6.1%
3. Employees have been involved in defining our culture	18.2%	42.4%	18.2%	21.2%	

People become more aware of the verbal, behavioural and physical symbols of a culture when attempts are made to change them. Our snapshot group of organisations tend to fall into two equal sized camps when it comes to managing their culture. One group have an identified and managed culture, the other have an identified but unmanaged culture. Only two

organisations felt that they currently had no specific cultural identity and that someone is currently expected to develop and manage one. To build an engaging, change resilient culture, six in ten of our organisations recognise that the opinions and values of employees help shape how things are done. The culture is no longer seen to be defined by the leadership team.



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## Is your culture attractive?

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
4. As an employer, our culture is a key employee retention factor	24.2%	39.4%	21.2%	15.2%	
5. Job candidates are attracted to our organisation because of our culture	21.2%	54.6%	12.1%	12.1%	
7. If asked, our employees would be able to articulate our culture	6.1%	60.6%	21.2%	12.1%	

Effective communication about your culture in the employment market can help it to act as a talent magnet. If used as part of your recruitment communications, your culture can help potential candidates to self-select whether the culture would be suitable for their motivations and strengths. Get the communications right and the 'right kind of person' who can perform well in your culture will come to you. Get the communications wrong and you could be attracting and retaining people who will find it harder to reach their full performance potential. Twenty-five of our 32 organisations feel that their culture attracts employees.

Once they've joined, people will expect to experience those factors that were attractive to them at recruitment. If your culture is espoused to be all about collaboration and innovation, then your practices need to enable people to interact and behave in these ways. The reality of the employee experience needs to be clearly defined and this then needs to be accurately portrayed in recruitment communications in order for culture to be a retention factor. Otherwise, the misalignment can lead to disengagement and turnover as employees feel let down by a 'broken promise'. Thirteen of our organisations feel their employees could describe their culture and that it supports both attraction and retention.

## Is your culture effective?

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
6. Our culture helps us to stand out from our competitors	18.2%	30.3%	30.3%	21.2%	
8. We constantly measure our culture to improve business performance	6.1%	30.3%	15.2%	45.4%	3%
9. There is a demonstrable link between our culture and our bottom line results	9.1%	54.5%	15.2%	21.2%	

An effective culture will measurably contribute to the organisation's performance and differentiation from its competitors. Nine organisations in our sample believe their culture contributes to that differentiation, measure their

culture, and feel there is a demonstrable link to bottom line results. All of these organisations reported active management of their culture. Of the other organisations, the majority do not measure their culture.





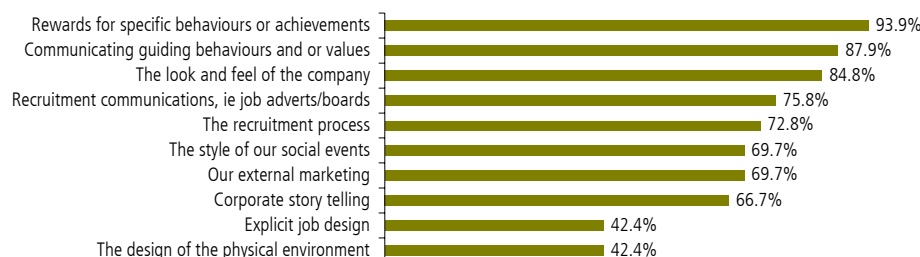
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## Communicating your culture

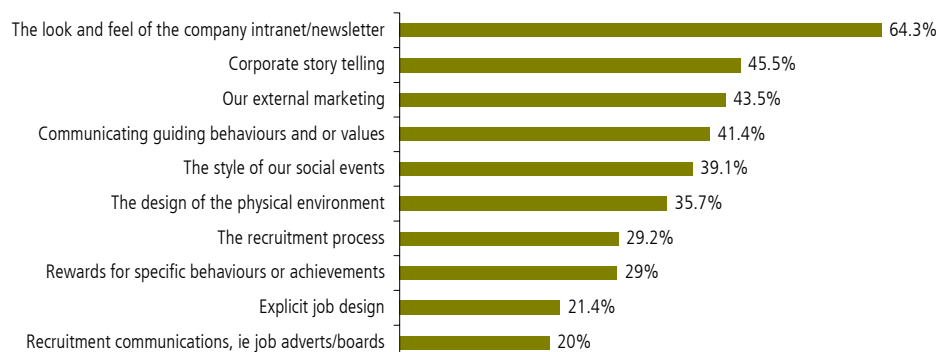
Employees may experience their organisation's culture through numerous channels or 'touchpoints'. For the organisations surveyed, they most frequently communicated their culture through the reward of specific behaviours, communicating guiding behaviours and/or values, and through the look of the organisation's intranet. Those organisations whose employees could truly articulate their culture also considered themselves to encourage story telling and style their social events to reflect their culture. Few organisations actively use their physical environment to communicate culture.

Where organisations reported that culture is a retention factor, they were more likely to report being good at story telling, recruitment communications and using the physical design to evidence the culture.

### 10a. We communicate to our employees about what makes us special through:



### 10b. We do this well



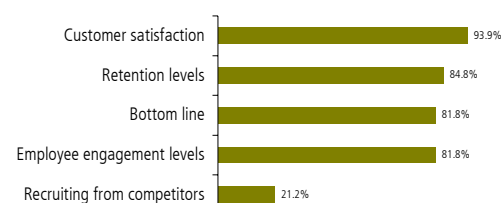


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## Measurement

All 12 organisations in our sample that measure their culture also measure customer satisfaction, employee engagement, retention and bottom line results. Ten of these also have a demonstrable link with their business performance. It seems that many organisations that make the effort to communicate their culture through numerous channels to those inside and outside the organisation do not subsequently measure their culture nor link it to business performance. Furthermore, some organisations do not take the opportunity to measure their culture through appropriate channels used for other performance measurement – such as their employee engagement survey.

### 11. We measure organisational success through:



## Summary

There are several levels at which organisations are using their culture to effectively boost business performance. Nine organisations actively manage an attractive and effective culture that contributes to their business performance and differentiation. Many other organisations are well on their way to developing such a culture. The main hurdle for many lies in a tangible alignment between practice and rhetoric. By gathering feedback from employees about what the culture really is like 'on the ground', how well they are enabled to live the espoused culture and to what extent this differs from competitors, organisations can gain a better sense of their culture's effectiveness.

### How Penna can help

Penna works with leading organisations achieve bottom line improvement through the performance of their people. We bring together expertise across the entire employment lifecycle:

- Recruitment Communications
- Executive Recruitment
- Executive Interim
- Leadership Development
- HR Consulting
- Career Transition

To find out how Penna can help your organisation call 0800 028 1715 or visit [www.penna.com](http://www.penna.com)

<sup>i</sup> Schein, E. (1985) *Organisational Culture and Leadership*, San Francisco: Jossey Bass