



The Real-World Importance of Corporate Culture

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Introduction

Crafting and activating corporate culture can be challenging. Many papers, speakers, and books discuss various aspects of corporate culture, from time-worn standards like Jim Collins' "Good to Great" to new classics like Dan Ariely's "Payoff". There are also company founders who are outliers in crafting unique cultures, like Jim Goodnight at SAS and Tony Hsieh at Zappos: leaders who've blazed new trails getting employees to completely buy into, and sustain, company culture.

But less often considered is how working individuals in the real world evaluate the value of workplace culture. For example: Do they think that the company actually cares about culture? How important is a company's culture to current employees? How do candidates consider it when researching prospective employers, and how do they do investigate it? Do they find it easy to identify corporate culture from their research and interview? Will their impression of the culture influence their decision to accept a job offer? Once onboard, can they actually recognize the culture and does that match their expectation created during their research and interview? And does the culture support their growth and development - which are key factors for employee retention?

This study explored these questions by surveying several hundred individuals. The respondents serve in a range of functions, from individual contributors to executives, in a variety of private firms across several scientific and technical industry sectors.

The results confirm some current experience, but also provide novel insights into how corporate culture matters to those in the workplace. These findings offer organizations and their leaders the opportunity to take on the status quo and proactively design their corporate culture. Armed with a new awareness of what it takes to articulate and activate their corporate culture, companies can attract and retain great candidates.



Methods

The survey opened with the following introduction: *“Corporate culture is increasingly considered to be a critical variable for attracting and retaining great people. This 5-minute survey is designed to investigate the real-world importance of corporate culture. All individual responses will be aggregated to create a summary report. Please use your most recent employment experience in your responses, if you are currently in transition.”*

The survey questions sought to define participant characteristics such as seniority and level. Other dynamics were also of relevance, including resources used by candidates in the job search process, the overall importance of company culture to participants, and how closely their pre-hire perception of that culture matched the actual culture experience post-hire. Finally, the study asked if participants could define company culture and to describe it.

The survey was open for two weeks and was emailed to over 3,500 professionals as well as soliciting feedback through social media channels. Notably, many of the professionals and executives surveyed hold advanced degrees (including Ph.D., MD, JD, and MBA), so the sample of respondents is a well-educated group with a scientific or technical focus.

Raw response data was imported into Microsoft Excel and plotted. Comments were categorized by the language used (as “positive, lukewarm, negative”), then independently reviewed in parallel by the authors to “affinitize” comments within each category (by grouping together comments that had common terms or concepts). The independent affinitizing was then aligned and “themes” identified within each category to yield high-level descriptors of positive, lukewarm, and negative cultural attributes.



Results: Overview and Demographics

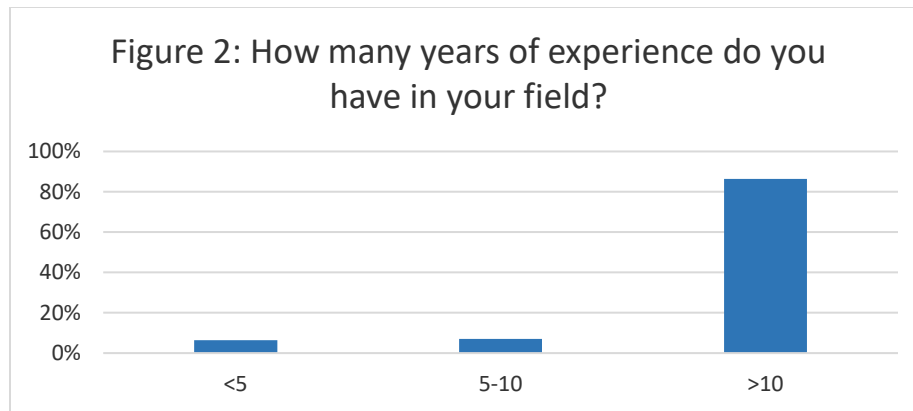
As in any “opt-in” survey, response bias is possible; the data obtained therefore are representative only of the responding population, and may not be representative of all possible responses. Granted that caveat, of ~3,500 individuals who were invited to join the survey, 170 responded, giving the survey results a margin of error of +/-7% at a 95% confidence level.

Demographic profile

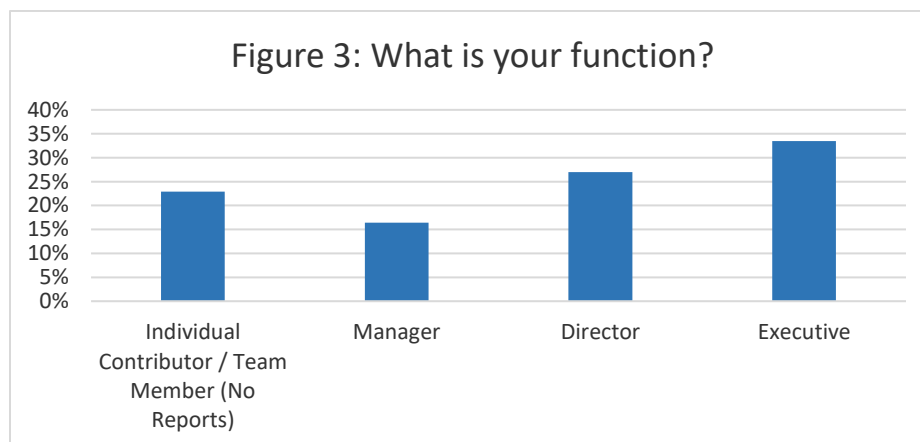
Survey respondents had a range of years in their present position, with 37% in their position less than two years, 27% for 2-5 years, 19% for 5-10 years, and the remaining 17% for over 10 years (Figure 1, below).



The respondents were experienced workers, as over 86% had more than 10 years of experience, and only 6% had less than 5 years (Figure 2, below).

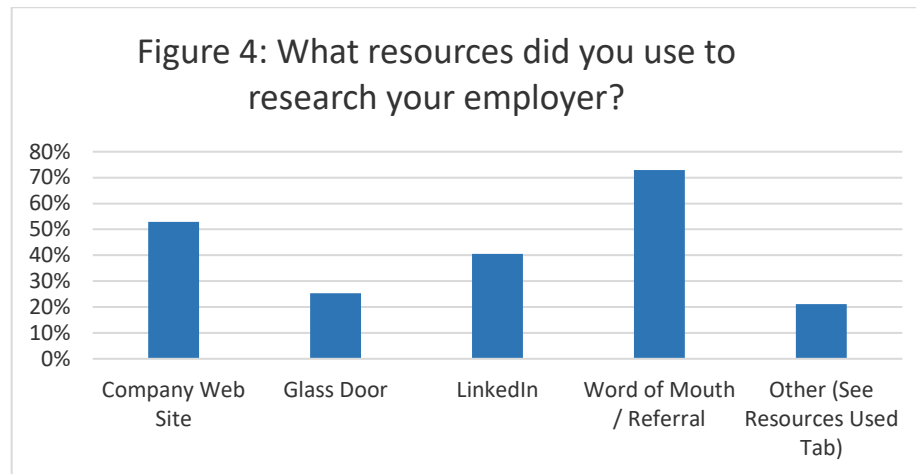


Functionally, the respondents represented a diverse pool, spread widely across levels: 23% were individual contributors, 16% were managers, 27% were director-level, and 34% were executives (Figure 3, below).





The respondents' primary source of information used in employer research was word of mouth at 68%, followed by the company website at 53%, LinkedIn at 41%, and then GlassDoor/Other, each at 25% (more than one response permitted; Figure 4, below).



Results: Culture

Ease of obtaining culture information

It was not easy for respondents to get a clear understanding of the recruiting company's culture information prior to hiring. Only 21% of respondents reported that it was easy to find out about company culture when they were job candidates, while 40% said it was moderately easy, and 39% said it was hard. Similarly, only 21% of respondents reported that their job interview had a significant focus on culture, while 46% said that was medium, and 33% said it was minimal (Figure 5, below).

Influence of culture to accepting the offer

In contrast to the relative difficulty in obtaining cultural information, culture was notably important in deciding to accept an offer: 55% said it was very important, 36% medium important, and only 10% said that was of low importance (Figure 5, below).

Culture: perceived versus actual

Despite the challenge of getting cultural information prior to accepting an offer, there was a fairly even distribution in how people felt their pre-hire perception of the culture varied from the actual culture: 25% cited a high variance here, 42% a medium variance, and 33% a low variance (Figure 5, below).

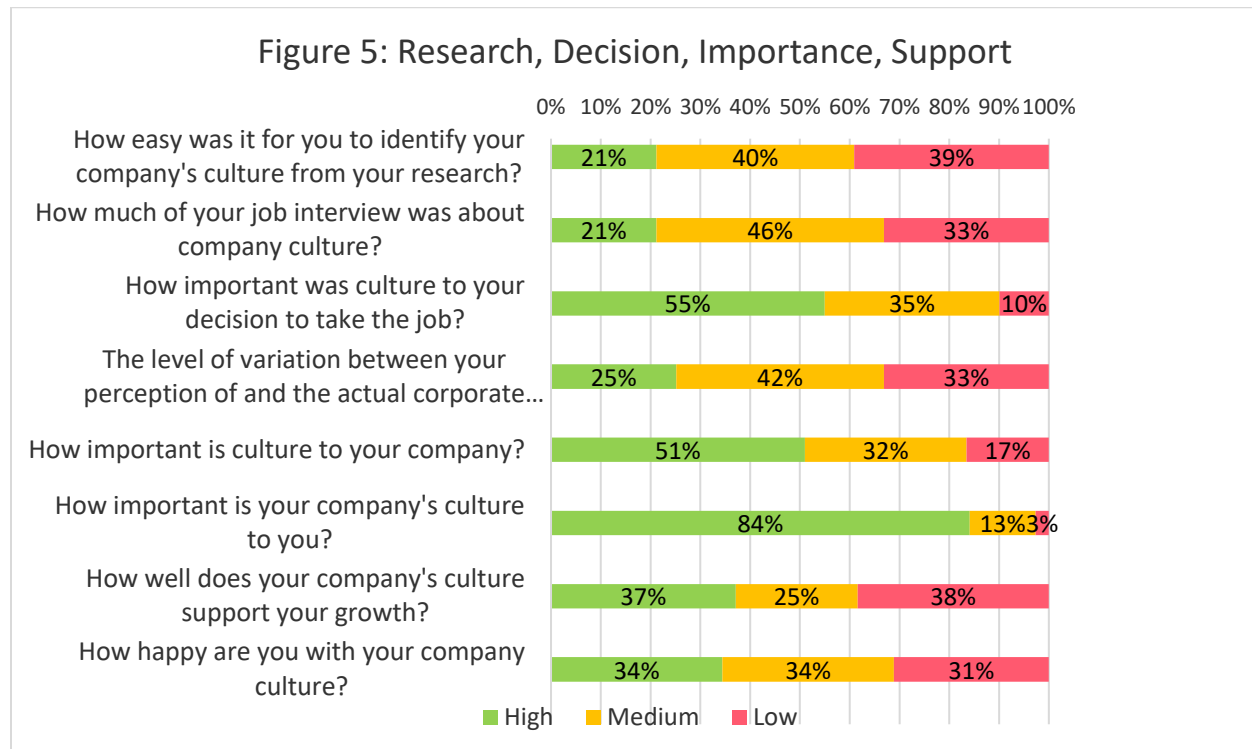
Importance of culture to the company and to individuals

Respondents felt that culture was generally important to their company (51% high, 42% medium, 17% low), but overwhelmingly valued culture themselves (84% high, 13% medium, 3% low; the strongest signal seen in these data) (Figure 5, below).

Growth and Happiness



In both their sense of company culture supporting growth, and in their reported happiness with their culture, respondents had fairly even distributions of responses (high-medium-low of 37%, 25%, and 38% for growth support; 34%, 34% and 31% for happiness) (Figure 5, below).



Culture Articulation

When asked if they could articulate their company culture, 61% of respondents said they could, 28% said they could not, and 11% gave no answer (data not graphed). For the respondents who articulated their culture, 56% used positive terms, 18% used lukewarm terms, and 26% used clearly negative terms (Figure 6, below).

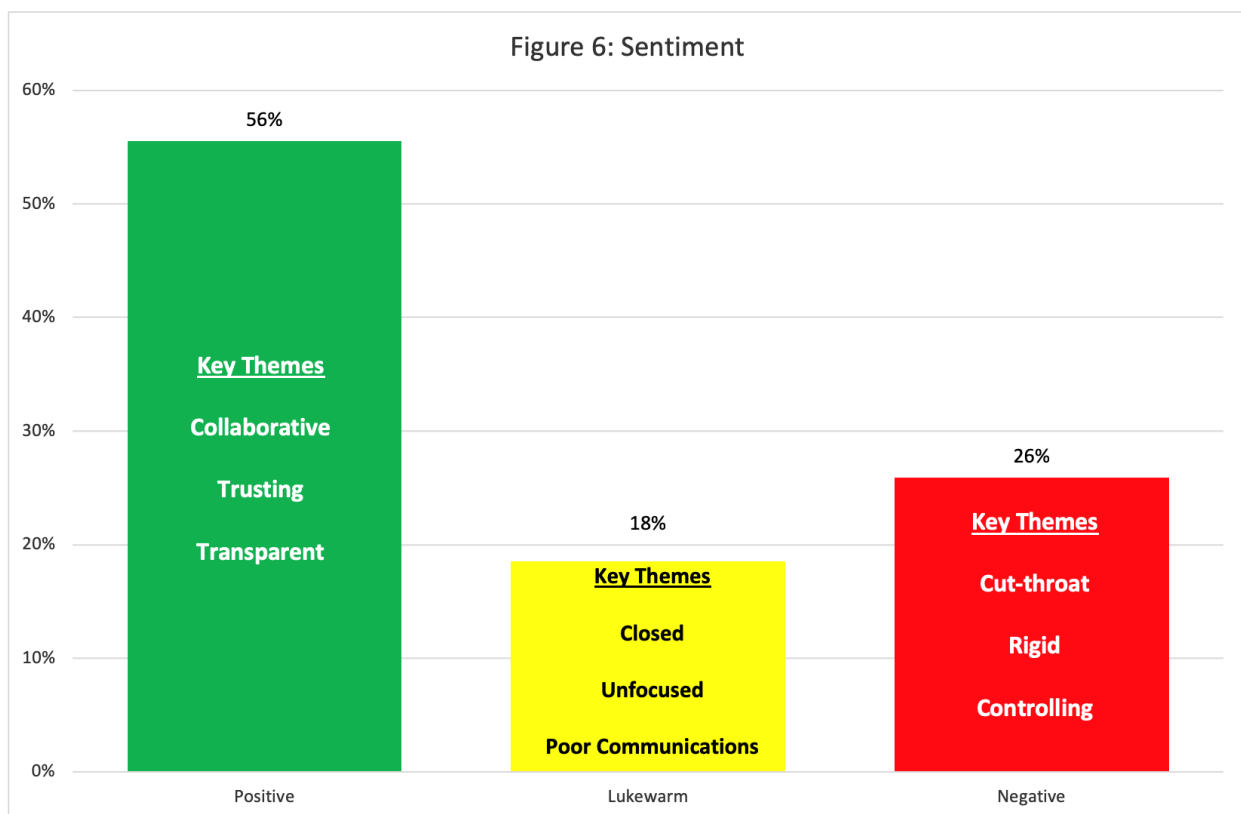
Examples of cultural articulation:

- Positive terms:
 - “Open communication, commitment to innovation and creativity, deep respect for coworkers, commitment to improving health over profit”
- Lukewarm terms:
 - “In flux, recent acquisitions have created old school/new school dynamic that is great in certain areas and making for a cultural challenge in others.”
- Negative
 - “Unethical. Low integrity. Say one thing, do another. Back-stabbing. Total lack of transparency. Silence voices that ask questions.”

Key themes identified in each were:

- Positive terms:

- Collaborative
- Trusting
- Transparent
- Lukewarm terms:
 - Closed
 - Unfocused
 - Poor communications
- Negative terms:
 - Cut-throat
 - Rigid
 - Controlling



Analysis

Unsurprising findings

Some of these findings are consistent with existing knowledge.

For instance, past lectures, research and books about culture are consistent with the current finding that people value culture very strongly (84% high + 13% medium).

Similarly, it seems fairly intuitive that cultures described as collaborative and trusting would be much preferred over those perceived as cut-throat and controlling: the film “Glengarry Glen Ross” springs to mind.

Surprises in the findings

Despite the fact that culture is clearly important to a candidate’s decision to accept an offer, very few people reported that it was easy to identify a company’s culture prior to or during the interview. 68% used word of mouth/referral as a research tool.

There is a clear disconnect between how much people value culture, and how much they think the employer values it. There appears to be a perception that management gives lip service (lacks genuine attention) to something that employees feel strongly about.

Importantly, there is a very widely-distributed response to how well staff think their company supports their growth and how happy staff are with company culture. These findings suggest that there is both inconsistent management support for staff and a wide variation in how companies address those areas.

One finding that is frankly disturbing is that over a quarter of respondents found their cultures to be cut-throat, rigid, and/or controlling – surely not things that any reputable business leader aspires to be, and surely not things that will sustain business success in the fast-changing modern marketplace.

All of these findings – especially the surprises – offer real competitive advantages for firms to improve that would dramatically increase candidate attraction, acceptance of job offers, and employee retention.

Conclusions

Corporate culture is a critically important component of business success. Across companies and levels, personnel value their company culture. Further, there is much opportunity for improvement. The findings of this study identify several specific recommendations for action.

To attract and encourage key candidates to join the company, companies must:

- Recognize the importance of their culture
- Make it easier for candidates to identify culture during the hiring process.

For existing staff, companies need to:

- Deliberately and visibly commit to defining and maintaining their culture
- Ensure that staff development is integral to their culture.

Companies can create positive cultures by intentionally fostering:

- Collaboration



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Businesses that make effective use of the valuable insights resulting from this survey can rise up and overcome the challenge of crafting corporate culture. They can help their people stay, be productive, and sustain their success.

