

Why Culture Matters: Insights for Creating and Maintaining an Organizational Culture

Culture, within a company or organization, is like an iceberg. Just as we can see only the tip of the iceberg, most of what constitutes a company's culture is below the surface.

What we can see are things like physical office space, how the employees dress, and behavioral norms. But these visible things are not the whole picture, says Wharton management professor Sigal Barsade, who has extensively researched the subject of culture within corporate organizations. That's why if you are working to sustain or change the culture within your company or organization, or are charged with hiring or promoting employees who will be a good fit, you need to understand what's below the surface. The values and assumptions that rarely get questioned are the ones that most organizations take for granted.

That's why Professor Barsade recently presented her research to a group of HR executives during Wharton Executive Education's inaugural Global Human Resources Executive Summit. In the weeks since the event, many of the participants have reported that they are already applying some of the key concepts they learned about during Professor Barsade's session on organizational culture.

Crystal Clay, director of Learning and Development at ACE, an insurance company based in Bermuda, said Professor Barsade's research is highly relevant to her company. "You can't change culture overnight; it can take three to five years to shape. Her iceberg analogy is perfect—just trying to change what you can see won't work."

Two Key Questions

Suzanne Martin, Google's head of Global People Development, Brand & Marketing, says, "we have a very good organizational culture; it's almost mythological. But it's very important that we don't rest on our laurels; we have to continually stress-test it."

“ We usually speak very directly when talking about our culture. But asking ‘what do we reward?’ and ‘what do we punish?’ is a good way to make sure we are doing everything we need to do to support our culture. ”

— Suzanne Martin, Head of Global People Development,
Brand & Marketing, Google



Martin is using Professor Barsade's two key questions ("What do we reward? What do we punish?") to help open up discussions of how organizational culture is being developed and sustained. "This is a different approach. We usually speak very directly when talking about our culture. But asking 'what do we reward?' and 'what do we punish?' is a good way to make sure we are doing everything we need to do to support our culture."

Mike Silverberg, head of Global Financial Services Talent at KPMG based in Toronto, also sees the value in the two questions. "It's a very practical way to really understand your culture. So much happens beneath the surface that we must pay attention to, and asking these questions starts to get to the core of it." Silverberg also recalls Professor Barsade's advice about highlighting only three values. "I really like this approach. Making this type of change will take some time in our large matrix organization, but we are already thinking about it."

A "Felt Connection"

L.L. Bean is known for a culture that supports and nurtures its employees. For the company's HR Director Sarah Cox, Professor Barsade's research into relationships in the workplace, and specifically the importance of the "felt connection" people can have with one another, was compelling.

"It prompted interesting conversations back at work," she says. "We do have that felt sense of connection here, and getting reinforcement of its importance based on her research was powerful."

Crystal Clay found the connection between organizational structures and culture "enlightening."

Professor Barsade says that to develop and sustain culture, structural supports, including systems, procedures, and formal statements of philosophy, must be in alignment with it. Clay says she has debriefed with some of the key executives in her organization on the structures shaping their culture.

"It's important to make this connection, as it can be a barrier if the structures are not aligned with your objectives. You can have the best values, but if they are not supported structurally, it won't work."

Key Insights

Professor Sigal Barsade's research into workplace culture presents a different way of developing a new set of best hiring practices. Here are three of her key insights:

- To better understand your culture, ask two questions: What do we reward? What do we punish? These are underlying assumptions that people often take for granted, but becoming more intentional about them can have a strong impact on organizational change.
- Limit your value set to no more than three powerful and easy-to-remember attributes or characteristics that reflect the organization.
- Your systems, procedures, accountability, and metrics support your culture. If they're not in alignment, these structures can be a barrier to sustaining it.

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