Organisational Culture: Beyond Employee Engagement | Whitepaper

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Summary

Jacob Morgan, in the March 2017 edition of the Harvard Business Review states:

"Organizations are spending billions of dollars in employee engagement programs, yet their scores remain abysmally low… because most initiatives amount to an adrenalin shock. When organizations make real gains it's because they're thinking longer term."[1]

He then goes on to explain this by comparing organisations which focus on short-term fixes for engagement, versus a longer–term view of the employee experience – the organisations' Cultures, and examining the differences in performance levels, particularly in terms of financial performance.

The purpose of what follows in this paper is to examine both Culture and Climate (engagement) and present a systematic way of measuring and changing employee experience within organisations in Australia and New Zealand.

A few interesting points in the literature and in our experience on Culture and Climate:

- Organisational Culture is not just another term for employee engagement.

- An organisation can have high employee engagement with a poor Culture but an organisation with a great Culture is bound to have high employee engagement.

- Whereas organisational Culture embodies elements such as agility, responsiveness, innovation and other key organisational characteristics, employee engagement is about engaged employees.

- Engagement does not cause Culture – in fact it's the other way around – Culture causes engagement, so the key to improving engagement lies in improving Culture.

- Like all measures of organisational Climate, engagement is a reasonable predictor of short-term performance. Long-term performance is better predicted by the organisation's Culture.

- Whilst engagement is clearly very important, we are limiting ourselves by focusing only on engagement. Engagement is a symptom, not a cause.

- By focusing only on engagement and organisational Climate data, we are only exploring *what* is happening, not *why* it is happening.

- It's not one or the other – it's about understanding the differences, how each impacts the organisation and getting a complete picture of how the organisation performs and why it performs at that level.
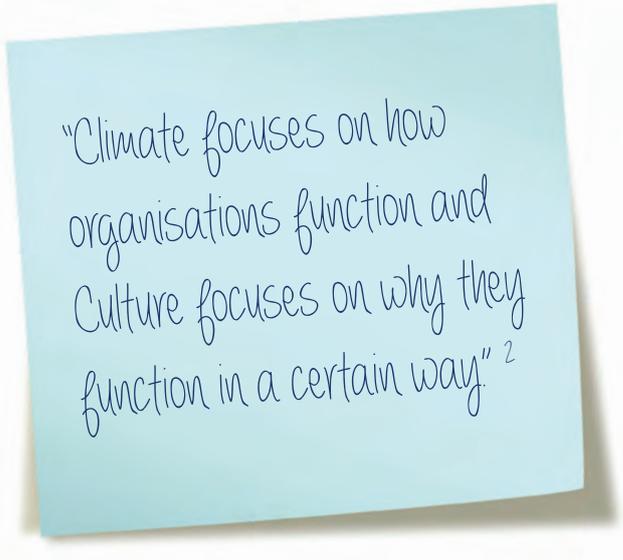
"Climate focuses on how organisations function and Culture focuses on why they function in a certain way." [2]

Introduction

Organisational Culture is not just another word for organisational Climate or employee engagement.

Organisational Culture and organisational Climate (including employee engagement) are two separate phenomena. All too often they are spoken about as if they are the same. They are separate but they are related.

The purpose of the paper is to explore those differences, to explore how they are related and to outline how organisations can leverage both Culture and Climate in their organisational development efforts.

Organisational Climate is made up of two variables:

- How people feel about being part of the organisation. This includes employee engagement, satisfaction and other individual level outcomes of Culture.

- What people think they see going on in the organisation. This includes teamwork, influence, clarity of purpose, perceptions of fairness and equity, diversity management etc.

Organisational Culture focuses more on how people believe they are expected to behave. This includes the norms and expectations of behaviour guiding people in terms of how they should deal with situations as they arise in their day to day work.

The key difference is that Organisational Climate is about perceptions and feelings, whilst Organisational Culture is about behaviour.

Employee engagement seems to have captured everyone's imagination right now. Either through traditional engagement surveys or newer pulse type measures, many organisations seem to be measuring engagement. From a leadership and management point of view it is important to understand that engagement is not the same as Culture. It does not cause Culture. It is not a substitute for Culture.

Experience has shown that it is possible to have very high engagement with a destructive Culture. Enron was the classic case of this. People loved working for Enron. The company was outstandingly successful. People even wrote books about how great they were. This high level of engagement and the media's love affair with its success masked a severely dysfunctional aggressive Culture that pursued profit at any cost with total disregard for longer term consequences and any semblance of risk management. The rest as they say, is history.

These elements of organisational life are like an iceberg – Climate is above the surface, it is easy to see and it is easy to understand. Culture is like the part of the iceberg that is under the water – it is hard to see, it is not obvious, and yet it represents 90% of the critical mass of the ice mountain and dictates how the iceberg responds to ocean currents.

Organisational Culture – What is it?

Robert A. Cooke, Professor Emeritus of the University of Illinois Chicago and creator of the Human Synergistics Organisational Culture Inventory® (OCI®) defines organisational Culture as:

"The behavioural norms and expectations, shaped in part by shared values and beliefs, that guide organizational members in how they should approach their work and interact with one another." [3]

Edgar Schein, Professor Emeritus of MIT and writer of the seminal text Organizational Culture and Leadership now in its 5th edition, defines Culture as:

"The accumulated shared learning of that group as it solves its problems of external adaptation and internal integration; which has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, feel, and behave in relation to those problems. The accumulated learning is a pattern or system of beliefs, values, and behavioral norms that come to be taken for granted as basic assumptions and eventually drop out of awareness." [4]

Harrison Millar Trice (Professor Emeritus Cornell) and Janice Beyer (School of Management State University of New York at Buffalo) define culture as:

"The observable norms and values that characterize an organization, influence which aspects of its operations and its members become salient and how members perceive and interact with one another, approach decisions and solve problems." [5]

David Needle of Kings College London defines Culture as:

"The collective values, beliefs and principles of organizational members and is a product of such factors as history, product, market, technology, and strategy, type of employees, management style and national Culture." [6]

Davide Ravasi (Bocconi University Milan) and Majken Schultz (Copenhagen Business School) define Culture as:

"A set of shared mental assumptions that guide interpretation and action in organizations by defining appropriate behavior for various situations." [7]
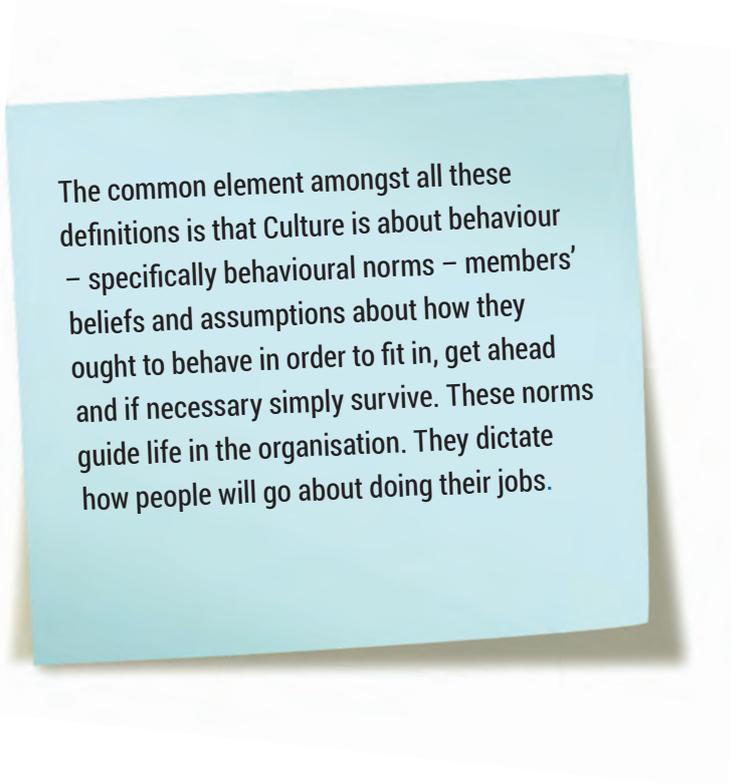
The common element amongst all these definitions is that Culture is about behaviour – specifically behavioural norms – members' beliefs and assumptions about how they ought to behave in order to fit in, get ahead and if necessary simply survive. These norms guide life in the organisation. They dictate how people will go about doing their jobs.

How does this play out?

Since organisational Culture is about behavioural norms – often unwritten rules about what works and doesn't work – Culture dictates how people will behave in every single situation they encounter in their everyday working lives. These norms dictate how people think – about their roles and themselves in relation to their roles.

Every time an organisational member finds themselves in a task or interpersonal situation, requiring a decision or some action, they will think one or more of the following thoughts:

Constructive thoughts	Defensive thoughts
What is the right thing to do?	How do I get out of doing this?
What is the best thing I can do in this situation?	What will get me the most 'brownie points'?
What will benefit the business or organisation most in this situation?	How can I keep myself safe from criticism and blame?
Does it help achieve the goal?	Should I just push it up to my boss?
Is this the right way or simply the easiest or quickest way?	I don't really want to do this so I'll just do enough to get through.
This is a challenge – what can I learn from this experience?	What do I have to do to keep my boss happy?
What will help the team?	What will make me look good?
What are the alternative courses of action here?	How do I cover my backside if it goes wrong?

Which one it is will be determined by the organisation's Culture.

So in everyday activities, transactions and situations, the organisation's Culture determines:

- What happens when someone deals with a customer?
- What happens when mistakes are made?
- What happens when problems arise?
- What happens when priorities need to change?
- How does information flow around the organisation?
- What happens when decisions need to be made?
- What happens when a problem needs to be solved?

- What happens when unsafe work practices are 'easier' than the safe approach?
- What happens when conflict between individuals, teams or departments occur?
- How do we handle people who are 'different'?
- What do I have to do to get noticed?
- How do we treat our suppliers?
- How do we treat each other?

Organisational Climate – What is it?

Benjamin Schneider, Professor Emeritus at University of Maryland, defines organisational Climate as:

"Employees perceptions of their work environment." [8]

In later writing he refined his definition to:

"The meanings people attach to the interrelated bundles of experiences they have at work." [9]

Roderic Gray, a UK based consultant, academic and author defines Climate as:

"The feelings someone on the inside have about the organizational context in which they find themselves." [10]

Wendell French of the University of Washington (and a frequent visitor to Australia & New Zealand) and Cecil Bell define Climate as:

"Peoples' perceptions and attitudes about the organization – whether it is a good or bad place to work, friendly or unfriendly, hard-working or easy-going and so forth." [11]

Robert Stringer (consultant and faculty member Harvard Graduate School of Business Administration) defines Climate as:

"A set of measurable properties of the work environment, based on the collective perceptions of the people who work in the environment and demonstrated to influence their motivation and behaviour." [12]
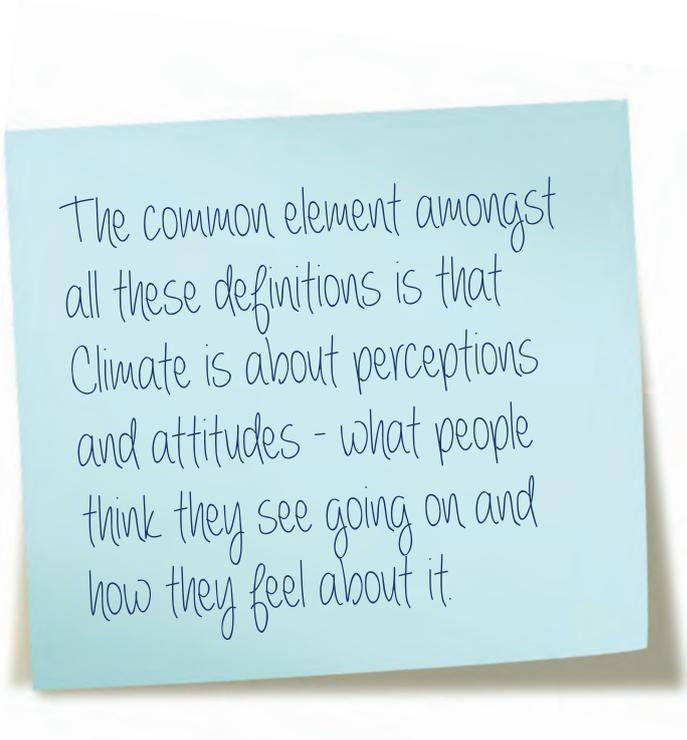
The common element amongst all these definitions is that Climate is about perceptions and attitudes - what people think they see going on and how they feel about it.

How does this play out?

Since organisational Climate is made up of two separate but related variables:

- Perceptions – what organisational members see going on and the meaning they attach to this, and

- Attitudes – how organisational members feel about what they see going on and how they feel about their organisation, their managers and their jobs.

Organisational Climate plays out in a number of ways:

Perceptions

- How useful and fair the performance management system is.
- Whether or not people think their ideas are listened to.
- The extent to which members feel they get adequate training – both on-the-job and courses attended.
- How well the remuneration system is working – particularly in terms of equity and member satisfaction with salary/wages.
- How well the selection and promotion system works – again particularly in terms of fairness and equity.
- How effectively members think the talent management system is working.
- The extent to which members are satisfied with their own career development prospects.
- How effectively members rate their own supervisors and management and leadership in general.
- The extent to which members clearly understand their roles and what is expected of them.
- The extent to which members believe they can influence how things get done.
- How effectively members think the organisation handles diversity and inclusion.

And so on.

Feelings

- How satisfied members are in their jobs.
- How engaged employees are with their organisation.
- How motivated members feel.
- Whether or not they feel their team members work well together.
- How stressed/relaxed they feel on the job.
- How secure/insecure they feel in their jobs.
- How they feel about their personal work/life balance.

And so on.

Climate and Culture - They're both important

One (Climate) tells you **how** you are functioning as an organisation, the other (Culture) tells you **why** your organisation is functioning that way.

Climate tells you what people think they see going on and how they feel about it. Culture tells you how people believe they are expected to behave when doing their jobs and dealing with each other.

Climate is an important indicator of current effectiveness, Culture will tell you how well your organisation can sustain that effectiveness over time. There are famous examples of organisations having a great Climate and being seen to perform very well at a certain point in time, but eventually coming unstuck because of their organisation's Culture.

So best to focus on both. They are not alternatives. They each tell part of the story.

Smart organisations understand the differences, how each impacts the organisation's ability to perform at a high level and that both are important – they tell different stories and together tell the full story of what's going on in the organisation and the impacts on performance and the implications for effectiveness.

The key lies in integrating Culture and Climate so that they work together to help foster high performance and long-term success.

"Climate focuses on how organisations function and Culture focuses on why they function in a certain way." [13]

The relationship between Culture and Climate – Metaphor #1: The Iceberg

ORGANISATIONAL CLIMATE (E.G. ENGAGEMENT)

Easier to see and easier to change

Shot-term implications for performance

What most organisations act upon

Outcomes of Culture/symptoms of Culture

ORGANISATIONAL CULTURE

Harder to see and harder to change

Long-term implications for performance

Better predictor of performance over the long term

Can be measured and developed

A metaphor often used to illustrate the relationship between Culture and Climate is that suggested by Professor Schein in early editions of his seminal book Organizational Culture and Leadership; the iceberg.

Culture is like the part of the iceberg that is under the water – it is hard to see, it is not obvious, and yet it represents 90% of the critical mass of the ice mountain and dictates how the iceberg responds to ocean currents.

The part above the water is easier to see and shipping vessels can develop strategies around "using it" - avoiding it and maintaining a safe course. But captains and navigators need to be aware of the possibility that the underwater section may well protrude beyond the outer edges of the surface part, so they cannot assume that what is under the surface is the same shape as that above the surface.

The relationship between Culture and Climate – Metaphor #2: The Lily Pond

In the 5th edition of his book Organizational Culture and Leadership[14] published in 2017, Professor Schein introduces a new metaphor – the lily pond. Like the iceberg metaphor, the lily pond has something going on at the surface level that you can see and manage.

Going beyond the iceberg metaphor, the lily farmer can feed and tend the lilies and see how well they are growing. The farmer can judge the quality of the colour and the size in his/her efforts to grow the very best lilies. This represents the Climate.

But what the lily farmer cannot see so easily is what is going on under the surface. Is there toxic algae growing on the river or lake floor? What is the quality of the water that feeds into the river or lake? Is there something going on below the surface that could destroy the lilies? Will the river or lake provide a sustainable long-term base for lily farming? This represents the Culture.

It may not be visible but it will determine the long-term viability of the lily farm. An important aspect of this new metaphor is that it recognises that Culture can and does change. Although what's going on beneath the surface may not be obvious, it can be 'controlled' and strategies can be put in place to improve what is going on down there.

Integrating Culture and Climate

After researching organisational Culture and organisational Climate for over 30 years, Dr Robert A. Cooke designed a model to integrate both, and show how each influences the other. He calls it his "How Culture Works model".

In his model he shows the causal relationships between Culture and Climate. He clearly distinguishes between the perceptions (how we do things around here) and feelings (how we feel about being around here) aspects of Climate, and illustrates how Culture (how we are expected to behave around here) moderates the impact of perceptions on feelings and attitudes.

IDEAL CULTURE	CAUSAL FACTORS	ACTUAL CULTURE	OUTCOMES
Values	Cause	Impact on Norms	Effect

STRUCTURES
Influence
Empowerment
Involvement

SYSTEMS
Selection & Training
Appraisal/ Rewards
Goal Setting

MISSION & PHILOSOPHY

TECHNOLOGY
Job Design
Interdependence

SKILLS/QUALITIES
Communication
Leadership
Bases of Power

INDIVIDUAL MOTIVATION
Satisfaction
Intention to stay
Role Clarity
Security & Stress

GROUP
Teamwork
Coordination
Quality

ORGANIZATIONAL
Quality
Customer Service
External Adaptability

How Culture Works Model from Robert A. Cooke, Ph.D., and Janet L. Szumal, Ph.D., Organisational Effectiveness Inventory™ (OCI/OEI) Feedback Report, Human Synergistics International, Plymouth MI. Copyright © 1987 - 2016. All rights reserved. Used by permission.

As the model illustrates, understanding how Culture and Climate work together means looking at 4 separate but interrelated components:

1. Ideal or Preferred Culture (values)

Most organisations have established a statement of 'core values'. These represent a set of desired behaviours – they describe the way senior executives want people to behave. These set the 'baseline' for behavioural expectations.

2. Causal factors
(perceptions of organisational practices - Climate)

These are the antecedents of Culture – they 'come before' and determine what the Culture will look like – how people believe they are expected to behave in order to fit in, get ahead and at time simply survive. Dr Cooke's research has identified these to be:

Articulation of Mission: Simply having a set of values is not enough. They must be real, they must be alive, they must be visible and they must be meaningful. How effectively these are articulated throughout the organisation influences the organisation's Culture. Alongside this is the organisation's mission and/or vision statements.

Why does the organisation exist, who is it there to serve and what is its role in the wider society? How these are expressed influence the organisation's Culture.

For example: the organisation reflects its true preference through the ways they emphasise shareholders, customers and/or staff in their mission statements.

If such statements are all oriented towards shareholder wealth, no matter how much management talks about customer service, people will believe that it's all about profitability. Perhaps the organisation has printed 'core values' everywhere for everyone to see, but when asked, top executives can't even remember what they are.

Structures: How the organisation's structure allows people to have influence, get involved, be empowered and contribute to how the organisation functions. Can people influence what goes in the organisation? Are their ideas listened to? Are their opinions asked? Is authority very centralised or decentralised? How much influence at various levels of the organisation do people have? All of these send a message regarding how people should behave.

For example: An organisation reaps the benefits of economic efficiencies from a highly centralised structure, but then expects people at lower levels to use their initiative and take accountability, when the structure actually reinforces the notion that they are not trusted to make decisions.

Systems: What messages do people take from what gets reinforced throughout the organisation? What gets rewarded? What gets punished?

Human Resource systems are powerful reinforcement mechanisms for giving people messages about what gets rewarded and what gets punished. Who gets promoted? How do people get promoted? How are opportunities made available? Do people receive the training they need to do their jobs and how does the organisation deal with diversity?

Appraisal and reinforcement systems – how the organisation monitors and reinforces performance sends a very powerful message regarding what is important. Are measures based on objective criteria? Is there a clear line of sight between effort and outcome? Are people being held accountable for performance outcomes they can actually influence? Can people rely on good performance being recognised and rewarded, or are mistakes emphasised and blame prevails?

Goal Setting systems – how the organisation goes about motivating people to achieve results also sends important messages – are goals clear and challenging? Are people involved in the process? Are goals fully accepted?

For example: a forced choice performance appraisal system reinforces the belief that performance is based more on comparisons than actual performance, resulting in minimal sharing of information and competition rather than co-operation.

Job design: How jobs are designed has enormous impact on the organisation's Culture. The key question here is – how motivating is the job itself? Is the job designed and structured to allow people to realise their full potential or is it designed to maximise efficiency through standardisation, compartmentalisation and specialisation? How much autonomy, variety, identity and significance is built into the design of jobs? Are jobs designed in ways that allow the people performing them to see how well they are performing or do they need feedback from supervisors in order to know how well they are performing?

For example: Jobs are designed in ways that limit autonomy but then management is surprised when their requests for innovative thinking and performance accountability fall on deaf ears.

Communication and Leadership: How effectively an organisation communicates up and down the organisation impacts on Culture. Downwards communication needs to be timely, complete, credible and consistent. Upwards communication needs to be forthright, uncensored, provided voluntarily and acted upon. The content of such communication is also important. It should be more than simply facts and figures. It should be to promote discussion and how to solve problems.

Leadership needs to show a balance of task and people orientation, with leaders facilitating work achievement and interpersonal connectedness. It is also about how much the leaders communicate expectations for excellence. How leaders lead and how managers manage is at the very heart of organisational Culture. Do managers and leaders role model excellence, do they facilitate peoples' ability to achieve and do they work together to illustrate collective effort?

For example: Top management want to build a sense of 'one organisation', but downwards communication is all about how each division or business unit is performing, reinforcing the siloed business. Leaders and managers talk about the importance of Culture, but their own behaviour doesn't genuinely role model the values and desired behaviours they espouse.

3. Actual Operating Culture
(behavioural norms and expectations - Culture)

The behaviours that are reinforced by the Causal Factors referred to above. These become the behaviours that people believe they should use in order to fit in and get ahead. Such behaviours could be:

Constructive behaviours – expectations for organisational members to strive for excellence, to learn and grow, to support each other, build relationships and work collaboratively. Operating Cultures with these expectations motivate people to perform at a high level, producing sustainable results over time.

Passive/Defensive behaviours – expectations for organisational members to be cautious, to push decision upwards, be tentative about ideas and ensure they please their managers. Operating Cultures with these expectations motivate people to seek security by hiding behind rules and regulations and rigidly adhering to procedures, making the organisation vulnerable to change and unsustainable over time.

Aggressive/Defensive behaviours – expectations for organisational members to be forceful, critical, competitive (against each other) and to put work before anything else. Operating Cultures with these expectations motivate people to seek short-term solutions that provide a 'quick fix' but create issues over the longer term. Whilst short-term performance may, under certain conditions, be strong, longer term performance is unsustainable.
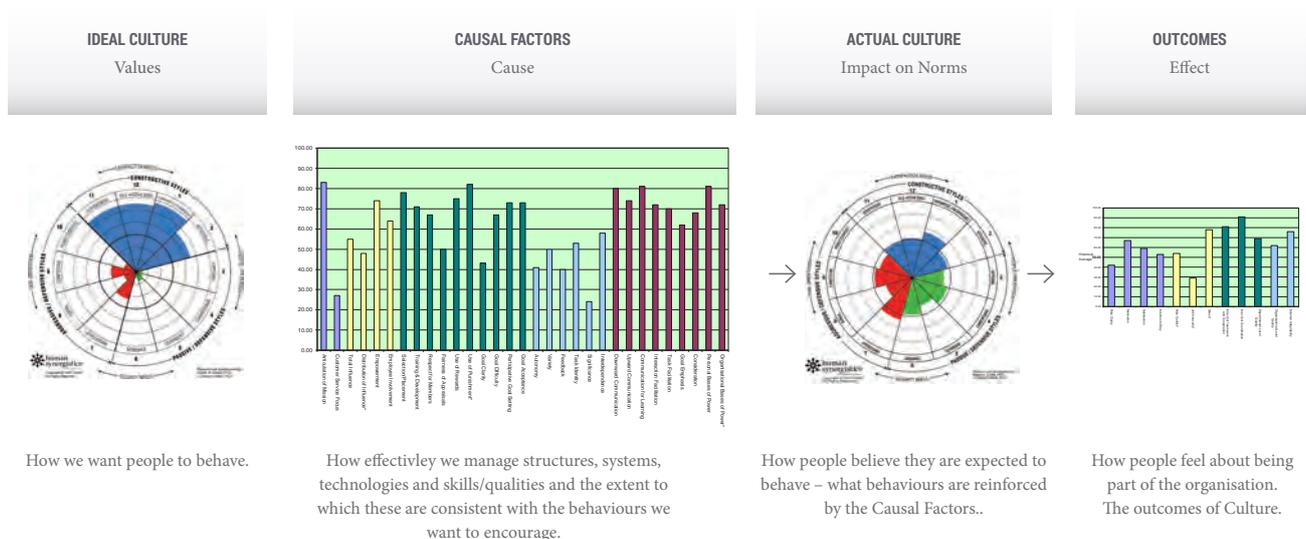
4. Outcomes (feelings - Climate)

Outcomes of Culture occur at the individual, group and organisational levels:

- Individual level outcomes include such factors as employee engagement, motivation, role clarity and stress,
- Group level outcomes include teamwork and inter-unit coordination,
- Organisational level outcomes include quality, customer service, organisational adaptability, safety and many other industry specific outcomes such as shrink rate in the retail industry.

Measuring and Aligning Culture and Climate

Based on Dr Cooke's How Culture Works Model, integrating Climate and Culture, we can:

1. Review what senior executives want in terms of organisational Culture (ideal Culture). This reflects the values of the organisation and the behaviours that executives believe will foster high performance,

2. Examine the extent to which organisational members see the organisations structures, practices and systems as being consistent with this ideal Culture (Causal Factors). These Climate type measures tell us how well the organisation is creating the context for high performance,

3. See the Actual Operating Culture that emerges from how the organisation implements these structures, practices and systems. This tells us the behaviours that are being generated by these structures, systems and practices, and

4. Review the Outcomes of this Culture at the individual (e.g. engagement), group (e.g. teamwork) and organisational (e.g. adaptability) levels. These Climate measures indicate performance outcomes.

IDEAL CULTURE	CAUSAL FACTORS	ACTUAL CULTURE	OUTCOMES
Values	Cause	Impact on Norms	Effect

| How we want people to behave. | How effectivley we manage structures, systems, technologies and skills/qualities and the extent to which these are consistent with the behaviours we want to encourage. | How people believe they are expected to behave – what behaviours are reinforced by the Causal Factors.. | How people feel about being part of the organisation. The outcomes of Culture. |

How Culture Works Model, Circumplexes, Causal Factors and Outcomes Summary Bar Charts from Robert A. Cooke, Ph.D., and Janet L. Szumal, Ph.D., Organisational Culture Inventory® and Organisational Effectiveness Inventory™ (OCI®/OEI Feedback Report, Human Synergistics International, Plymouth MI. Copyright © 1987 -2017. All rights reserved. Used by permission.

Through this, actions can be targeted at what will really make a difference and what will result in actual improvements reflected in improved operating effectiveness – financial metrics for commercial organisations or outcome related measures for Government or Not for Profit organisations.

The Impact of External and Internal Changes on Culture and Climate Survey Results

Common questions asked by clients:

- When is the right time to do a survey?

- We've just restructured, perhaps we should delay the survey for a while?

- Does an unexpected drop or upswing in performance impact on our survey results?

- We're in the midst of tough negotiations around our new EBA, will this affect our survey results?

- We've just offshored some of our administrative work, will this impact on our survey results?

Herein lies one of the important differences between organisational Culture and organisational Climate.

Climate, since it is based on perceptions and feelings, can vary with the prevailing sentiment during times of change. Change brings uncertainty. With uncertainty, particularly if the organisation has a defensive Culture, people may well feel insecure, feel less confident about the future of the business, and feel less positive about the organisation, and this can be reflected in lower engagement scores or less desirable Climate survey scores.

Since an organisational member's perceptions of organisational practices are influenced by their perceptions of fairness and equity in treatment of members by the organisation, such practices as offshoring and outsourcing may impact such perceived equity. Research shows that this will be reflected in members' feelings (Climate variables such as engagement). A recent example of such research is El-Din Khalifa and Truong (2010)[15] outlining statistical relationships and previous research into this relationship between perceived equity and Climate factors such as satisfaction and commitment.

Culture, on the other hand, since it is based on beliefs about how people should behave, is not. Changes such as offshoring, outsourcing and other such initiatives may result in altered perceptions of equity, but unless the organisation has changed the actual beliefs about what behaviour is encouraged and rewarded, there is no reason that this should impact on members' understanding of the behavioural norms and expectations within the organisation.

It is also worth noting that in our experience, when an organisation has a constructive Culture, amid times of dramatic change (such as offshoring and outsourcing), the actual impact of these changes on the Climate can be minimised by this constructive Culture. In these cases, despite these changes, employees' perceptions of fairness and equity do not materially decrease.

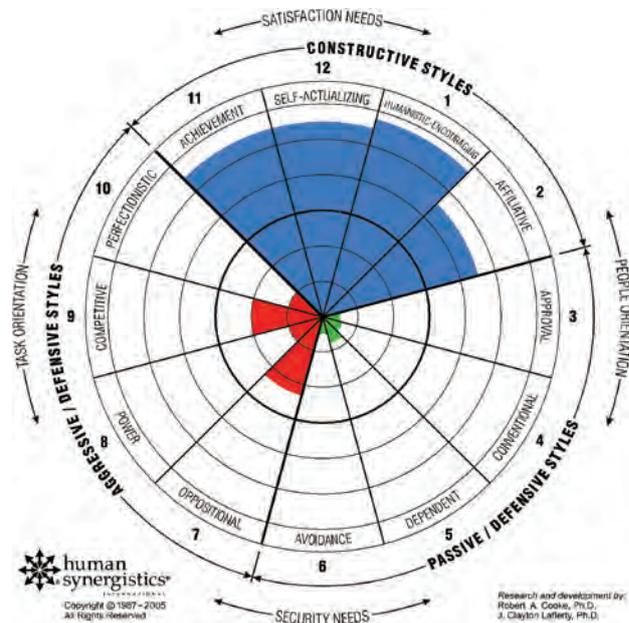# How Culture Can Build High Engagement

Actual organisational Culture profile of an Australian company with very high engagement scores.

An organisational Culture that enables high engagement builds behavioural norms and expectations of its members to behave in Constructive ways:

- Set challenging goals and develop plans to meet these goals. Strive for excellence and explore alternatives before acting. Think in terms of cause and effect and take on *challenging tasks and use good problem solving skills. This is plotted at 11 in the circumplex – Achievement*.

- Value creativity and quality over quantity. Learn and grow and take on new and interesting tasks. Enjoy your work. Do even simple tasks well and put your unique stamp on the job. *This is plotted at 12 in the circumplex – Self-Actualizing*.

- Be supportive of others, encourage others to learn and grow. Help others think for themselves. Be open to the influence of others and resolve conflicts constructively. *This is plotted at 1 in the circumplex – Humanistic-Encouraging*.

- Build strong relationships. Be friendly, approachable and open with others. Show concern for people, cooperate with others and treat people as more important than things. Think about the team's needs. *This is plotted at 2 in the circumplex – Affiliative*.

Along with these Constructive behavioural norms, there are minimum requirements to behave in ways that reflect either the Passive/Defensive or Aggressive/Defensive behavioural norms.

These expectations/norms for constructive behaviour lead to high motivation, high satisfaction, high personal commitment, high intention to stay and thus overall high engagement.

Human Synergistics Circumplex by Robert A. Cooke, Ph.D., and J. Clayton Lafferty, Ph. D.

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How Culture Can Limit High Engagement

Actual organisational Culture profile of an Australian company struggling to get their engagement scores up.

An organisational Culture that inhibits engagement builds behavioural norms and expectations of its members to behave in Passive/Defensive and or Aggressive/Defensive ways:

Passive/Defensive:

- Avoid conflict and keep relationships superficially pleasant. Be liked by others and gain approval before acting. *This is plotted at 3 in the circumplex – **Approval**.*

- Follow rules, conform and don't 'rock the boat'. Make a good impression and always follow policies and procedures. *This is plotted at 4 in the circumplex – **Conventional**.*

- Clear all decisions with superiors, please those in positions of authority and ask everyone what they think before acting. *This is plotted at 5 in the circumplex – **Dependent**.*

- Avoid blame and shift responsibilities to others. Push decision upwards, take few chances and lay low when things get tough. *This is plotted at 6 in the circumplex – **Avoidance**.*

Aggressive/Defensive:

- Gain influence by being critical and oppose the ideas of others. Find fault and focus on why ideas won't work. *This is plotted at 7 in the circumplex – **Oppositional**.*

- Take charge and be controlling (managers). Act forceful and tough and play politics to gain influence. *This is plotted at 8 in the circumplex – **Power**.*

- Compete rather than cooperate. Turn the job into a contest and out-perform your peers. *This is plotted at 9 in the circumplex – **Competitive**.*

- Avoid all mistakes and work long hard hours to pursue narrowly defined objectives and do things perfectly. *This is plotted at 10 in the circumplex – **Perfectionistic**.*

Along with these Passive/Defensive and Aggressive/Defensive behavioural norms, there are minimum requirements to behave in ways that reflect the Constructive behavioural norms.
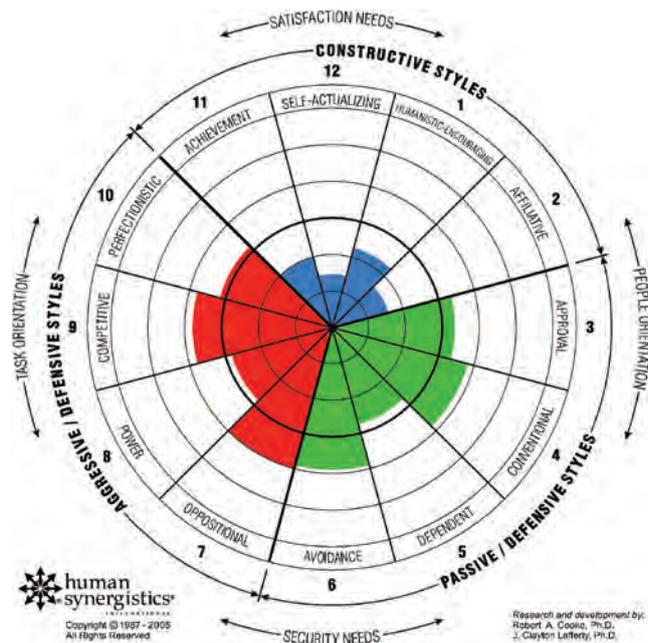
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How to Build a Culture that Drives High Engagement

Build shared meaning - mission and vision

For people to be interested enough to be committed to the organisation, they need to feel that what they do is important. People need to feel that their effort is making a difference. They need to feel that what they do is worthwhile.

Clearly articulating the organisations mission, vision, philosophy and/or values gives the organisation a unique opportunity to communicate to its members what the organisation sees as being important. What its priorities are, what role it plays in the wider society and what its contribution is.

This means much more that a slick advertising type slogan – it has to have genuine meaning – it has to resonate with the people – it has to capture the very essence of the organisations reason for existence.

What's more, it then has to be translated into action – the decisions made by the organisation need to be aligned with these statements. People are very quick to detect lack of authenticity when they see it. Having articulated the organisations meaning, purpose, what its values are and its contribution to society, senior executives must now use these as guidelines for decision making.

Articulation of mission is measured in the Human Synergistics Organisational Effectiveness Inventory™. Data from an analysis of 740 Australian/New Zealand organisations, selected from the local database show:

- Overall 65% of our local organisations score below the global average

- Only 9% score above the global high performing benchmark

- Organisations that do this well, have Constructive Cultures that lead to:

    - 60% higher motivation

    - 28% higher satisfaction

    - 28% better teamwork

    - 81% better cross functional coordination, and

    - The organisation is rated as being 55% more adaptable to changes in its external environment (innovation)

For an organisation to have high engagement there must be a shared, aspirational and meaningful understanding of the organisations desired contribution to society.

Allow people to get involved - organisational structure

The formal lines of the organisational 'wire diagram' are less important than how the structure actually operates. The structure represents the division of functions and roles. What we are more concerned with is how these functions and roles interrelate and coordinate to create a whole and how the structure facilitates or inhibits opportunities for people to influence what happens and the extent to which they are involved in helping the organisation improve the way it operates.

It is much more complex than the centralisation versus decentralisation debate. Some functions clearly need to be centralised, but centralisation need not lead to lack of involvement and influence away from the centralised core. Whilst some decision making may be centralised that does not mean that staff members outside of the centralised function cannot be given the opportunity to provide input to the decision making process.

For people to feel committed to the organisation they need to believe that they can challenge the status quo and that their voices will be listened to. They have to see that they have permission to step back from day-to-day operations and take time to think about the organisation and ways of improving it.

The level of influence and involvement allowed by the structure is measured in the Human Synergistics Organisational Effectiveness Inventory™. Data from an analysis of 740 Australian/New Zealand organisations, selected from the local database show:

- Overall 61% of our local organisations score below the global average

- Only 9% score above the global high performing benchmark

- Organisations that do this well, have Constructive Cultures that lead to:

  - 69% higher motivation

  - 37% higher satisfaction

  - 26% better teamwork

  - 93% better cross functional coordination, and

  - The organisation is rated as being 57% more adaptable to changes in its external environment (innovation)

Turn the shared meaning into everyday reality - human resources practices

Human resource systems such as selection and placement, training and development and performance appraisal, send signals to organisational members about what is important, what behaviour gets rewarded and what people need to do to be 'successful' in the organisation.

Organisational members make judgements about 'how to get ahead' in the organisation from how people get appointed, how people get promoted and how people get onto training programs.

The degree to which people are treated fairly and equitably is also an important precursor for engagement. Flexibility, adaptability and a lack of pre-conceived judgement (gender, ethnicity, age etc.) create a sense of openness to new experiences around the organisation.

Whatever forms the basis of the performance appraisal process identifies what is really important to the organisation. Whilst the old adage "what gets measured, gets managed" may be true, it's also a case of "what gets measured must be what's important". Organisations need to be careful to ensure that what gets measured is reflective of its mission, vision and values, otherwise people conclude that this is meaningless rhetoric if they are then measured and appraised on numbers that do not reflect these broader goals.

The effectiveness of HR practices is measured in the Human Synergistics Organisational Effectiveness Inventory™. Data from an analysis of 740 Australian/New Zealand organisations, selected from the local database show:

- Overall 53% of our local organisations score below the global average

- Only 9% score above the global high performing benchmark

- Organisations that do this well, have Constructive Cultures that lead to:

  - 75% higher motivation

  - 38% higher satisfaction

  - 25% better teamwork

  - 98% better cross functional coordination, and

  - The organisation is rated as being 63% more adaptable to changes in its external environment (innovation)

Reward the behaviours you want - reinforcement systems

Everyone knows the basic tenet of psychology – behaviour that gets rewarded gets repeated. But surprisingly very few managers are good at praising good performance!

But most are very quick to criticise mistakes.

The relationship between reward and punishment is a complex one. Reward good performance and you will get motivation to strive. Ignore good performance and you will get motivation to do nothing. Punish mistakes and you will get motivation to avoid blame.

Avoidance of blame is far too prevalent in too many of our organisations. When organisations fail to recognise good performance but are quick to point out mistakes, the result is general passivity in the Culture with people thinking more about avoiding blame than striving to excel. It's not about ignoring mistakes, it's about how the circumstance of the mistake is dealt with. Is the focus on blame or improvement? Are people given help to improve their performance?

And keep in mind that the word 'reward' probably doesn't mean money. Again, everyone knows that intrinsic rewards are more satisfying than extrinsic rewards, so why do organisations rely so much on extrinsic rewards? Assuming certain economic needs are being met, intrinsic reward, such as the sense of a job done well is much more motivating.

Management by excellence (a focus on what is done well) is much more effective than management by exception (a focus on what needs to improve).
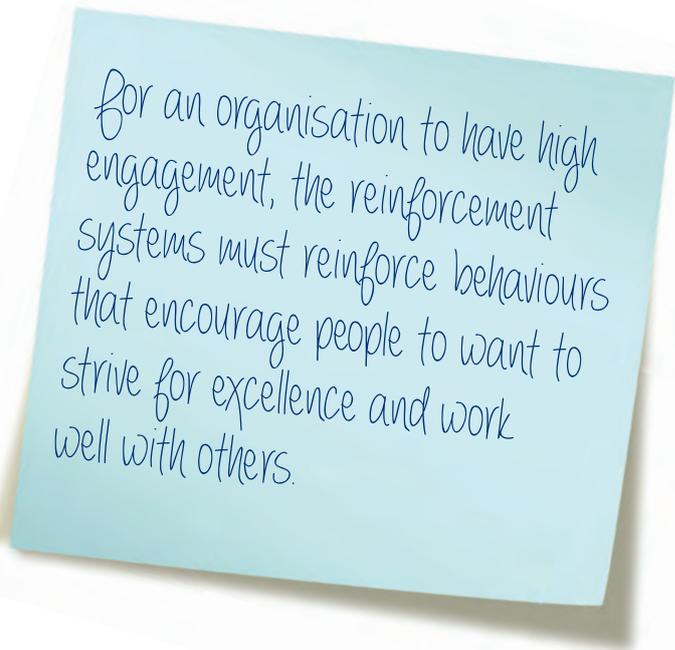
For an organisation to have high engagement, the reinforcement systems must reinforce behaviours that encourage people to want to strive for excellence and work well with others.

The effectiveness of reinforcement systems is measured in the Human Synergistics Organisational Effectiveness Inventory™. Data from an analysis of 740 Australian/New Zealand organisations, selected from the local database show:

- Overall 63% of our local organisations score below the global average

- Only 8% score above the global high performing benchmark

- Organisations that do this well, have Constructive Cultures that lead to:

  - 70% more motivation

  - 34% higher satisfaction

  - 26% better teamwork

  - 76% better cross functional coordination, and

  - The organisation is rated as being 46% more adaptable to changes in its external environment (innovation)

Give people lots of autonomy in their jobs - job design

The motivational potential of any job can be determined by the level of:

- **Autonomy** – the extent to which the job holder has discretion over how to go about certain aspects of his/her job.

- **Variety** – the extent to which the job holder has the opportunity to use a wide range of skills and abilities.

- **Identity** – the extent to which the job holder carries out a clearly identifiable (beginning to end) task.

- **Significance** – the extent to which the job holder views his/her job as having an important impact on other people.

- **Feedback** – the extent to which the job holder gets feedback about performance simply by doing the job.

The more these are present, the higher the potential for motivation. If they are not present to a reasonable level, people are just not intrinsically motivated by their jobs.

More importantly, if these are low, then the message people receive from this is that they are not required to think, they are not required to put their unique stamp on the job, and instead they are simply expected to 'just do the job'. Expecting people to be innovative when they can't even make basic decisions about how their job gets done is a classic example of rhetoric crashing up against reality.

The level of autonomy, variety, identity, significance and feedback is measured in the Human Synergistics Organisational Effectiveness Inventory™. Data from an analysis of 740 Australian/New Zealand organisations, selected from the local database show:

- Overall 74% of our local organisations score below the global average

- Only 9% score above the global high performing benchmark

- Organisations that do this well, have Constructive Cultures that lead to:

  - 54% higher motivation

  - 28% higher satisfaction

  - 27% better teamwork

  - 41% better cross functional coordination, and

  - The organisation is rated as being 28% more adaptable to changes in its external environment (innovation)
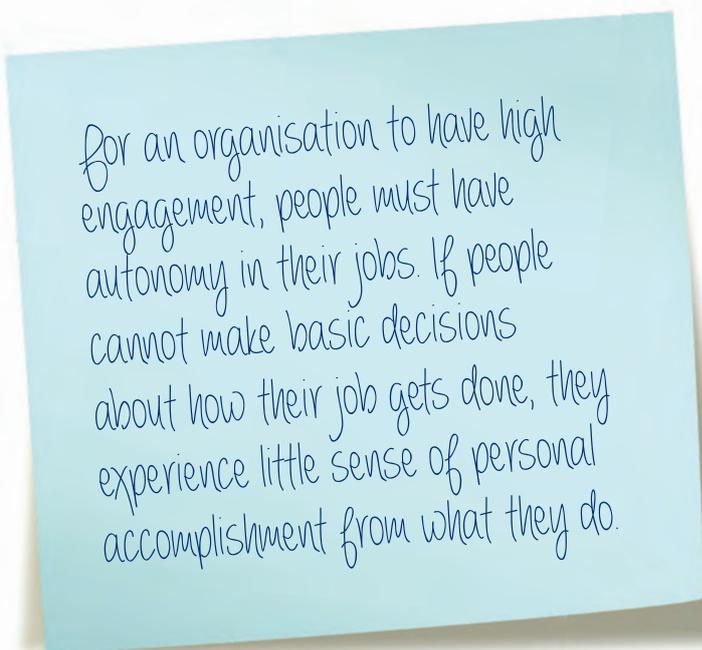
For an organisation to have high engagement, people must have autonomy in their jobs. If people cannot make basic decisions about how their job gets done, they experience little sense of personal accomplishment from what they do.

Communicate in ways that promote learning – Communication

What management communicates and how it communicates are significant influencers of organisational Culture. Both send signals to organisational members about what is important and what people should be interested in.

But it's not just about management communicating – communication is also about how the organisation handles the opinions and ideas of those inside the organisation.

To build a Culture that creates innovation, people need to know what is happening in the broader organisation, not just their business unit, as this widens their perspective beyond their day-to-day jobs. It also needs to emphasise interdependencies and how the organisation functions as a whole. Communication that is only about their part of the organisation limits the ability to innovate.

Communication downwards needs to be timely, complete, credible, consistent and not superficial. It needs to promote the big picture and in itself promote discussion, not just communicating decisions and facts and figures.

Communicating upwards needs to be not censored, what needs to be said (as opposed to what people think management want to hear) and be accepted, understood and acted upon.

There also needs to be an emphasis on communication as a learning tool – learning from mistakes, learning from opportunities and learning from unique examples of desired behaviours (e.g. customer service).
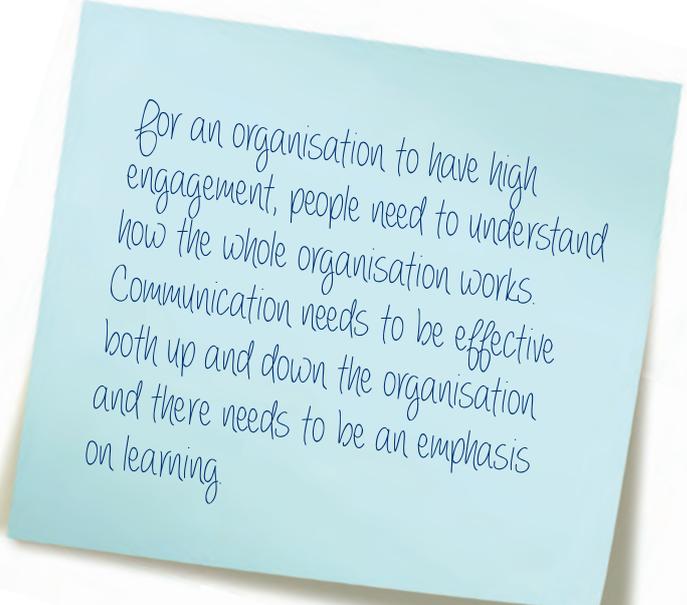
For an organisation to have high engagement, people need to understand how the whole organisation works. Communication needs to be effective both up and down the organisation and there needs to be an emphasis on learning.

The effectiveness of the organisations communication processes is measured in the Human Synergistics Organisational Effectiveness Inventory™. Data from an analysis of 740 Australian/New Zealand organisations, selected from the local database show:

- Overall 55% of our local organisations score below the global average

- Only 11% score above the global high performing benchmark

- Organisations that do this well, have Constructive Cultures that lead to:

  - 64% higher motivation

  - 32% higher satisfaction

  - 24% better teamwork

  - 86% better cross functional coordination, and

  - The organisation is rated as being 54% more adaptable to changes in its external environment (innovation)

## Give people great leaders and managers at all levels – leadership

Leaders have both a direct and indirect impact on organisational Culture.

Their direct impact comes through their own personal styles, the choices they make about approaches to leadership and management and how they apply the various skills of managing and leading.

Their indirect impact comes through the decisions they make about structure, systems, application of the organisations HR systems, goal setting systems, job design and how to use communication as a tool for development.

Leaders at all levels contribute to the development of the organisation's Culture. We are all clear on the importance of top level leadership, but many organisations fail to invest in their front line leaders. These are the individuals who build the Culture at the front line – often where most of the people in the organisation work and often where the information most relevant for new opportunities in the marketplace occur.

Our experience has been that all too often the front line leader is consumed by managing task related activities with little time left to manage the people related issues. They are often promoted into these jobs as they are the best at doing the jobs, and then it's only natural to seek comfort in the 'doing' rather than the 'managing'.
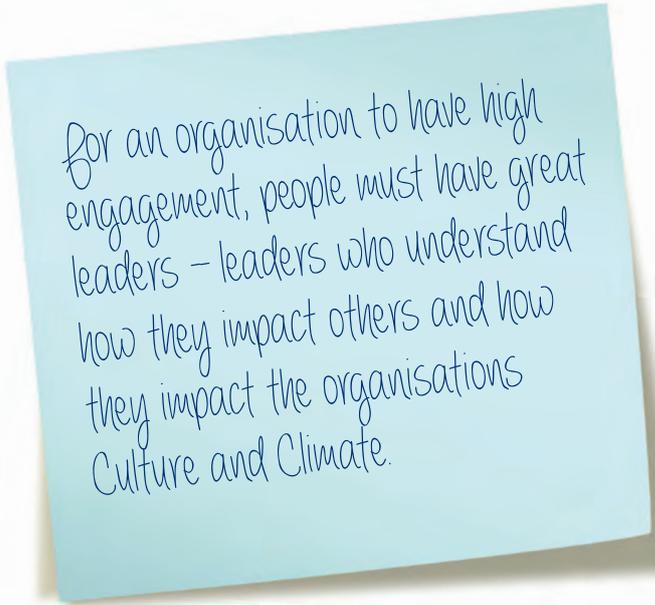
For an organisation to have high engagement, people must have great leaders – leaders who understand how they impact others and how they impact the organisations Culture and Climate.

The effectiveness of the organisations leadership is measured in the Human Synergistics Organisational Effectiveness Inventory™. Data from an analysis of 740 Australian/New Zealand organisations, selected from the local database show:

- Overall 73% of our local organisations score below the global average
- Only 8% score above the global high performing benchmark
- Organisations that do this well, have Constructive Cultures that lead to:
  - 76% higher motivation
  - 35% higher satisfaction
  - 27% better teamwork
  - 68% better cross functional coordination
  - The organisation is rated as being 45% more adaptable to changes in its external environment (innovation)

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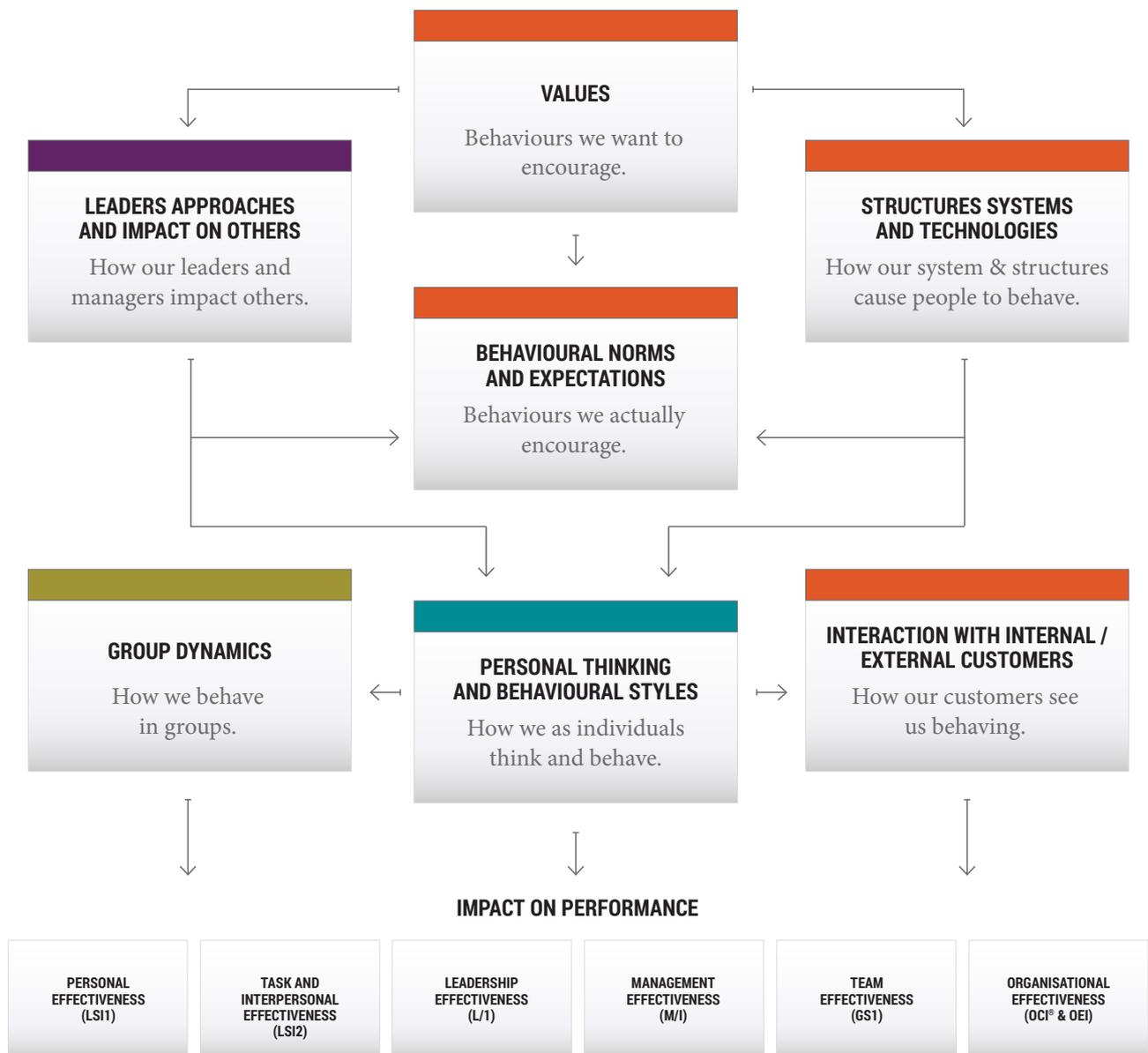
Tools to help you

Human Synergistics aim to make the intangible tangible. To take concepts such as organisational Culture and make them visible, tangible and real. Our survey measurement and feedback tools are designed to help you:

Identify your Ideal Culture	Identify your Current Culture	Identify what causes your Current Culture	The impact your Culture has on individuals, groups and your organisation
At the organisational level:			
What behaviours will help your organisation achieve its goals and excel at what you do?	What behaviours are currently being reinforced and how do people believe they are expected to behave? Is it helping or hindering?	How effective are your current organisational practices and how do they impact your Culture?	What impact is your Current Culture having on your organisation's ability to achieve excellence.
Organisational Culture Inventory® Ideal (OCI® Ideal)	Organisational Culture Inventory® (OCI®)	Organisational Effectiveness Inventory™ (OEI)	Organisational Effectiveness Inventory™ (OEI)
At the group level:			
What behaviours will help your organisation achieve its goals and excel at what you do?	Measure the behaviours used by group members during team meetings.	Link these to the performance of the group in terms of quality of decision making.	Guide team members through rational and interpersonal changes to improve group functioning.
Group Styles Inventory™ (GSI)	Group Styles Inventory™ (GSI)	Group Styles Inventory™ (GSI)	Group Styles Inventory™ (GSI)
At the individual level:			
Provide feedback on personal thinking styles and their implications for effectiveness.	Provide feedback on personal behavioural styles and their implications for effectiveness.	Provide feedback to leaders on the impact they have on those around them and how they personally influence Culture.	Provide feedback to managers on the impact they have on those around them and how they personally influence Culture.
Life Styles Inventory™ Self-Description (LSI 1)	Life Styles Inventory™ Descriptions by Others (LSI 2)	Leadership/Impact® (L/I)	Management/Impact™ (M/I)

A research based process of change management – scientifically proven steps in the change process – applying knowledge expertise and support for senior leadership and change agents.

Measuring Behaviours Across All Levels of the Organisational System

The Human Synergistics Integrated Diagnostics System

VALUES
Behaviours we want to encourage.

LEADERS APPROACHES AND IMPACT ON OTHERS
How our leaders and managers impact others.

STRUCTURES SYSTEMS AND TECHNOLOGIES
How our system & structures cause people to behave.

BEHAVIOURAL NORMS AND EXPECTATIONS
Behaviours we actually encourage.

GROUP DYNAMICS
How we behave in groups.

PERSONAL THINKING AND BEHAVIOURAL STYLES
How we as individuals think and behave.

INTERACTION WITH INTERNAL / EXTERNAL CUSTOMERS
How our customers see us behaving.

IMPACT ON PERFORMANCE

| PERSONAL EFFECTIVENESS (LSI1) | TASK AND INTERPERSONAL EFFECTIVENESS (LSI2) | LEADERSHIP EFFECTIVENESS (L/1) | MANAGEMENT EFFECTIVENESS (M/I) | TEAM EFFECTIVENESS (GS1) | ORGANISATIONAL EFFECTIVENESS (OCI® & OEI) |

Organisational diagnostics

Leader and Manager diagnostics

Groups and Teams diagnostics

Individual diagnostics

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