

Understanding the role HR plays in organizational culture

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The better the question. The better the answer.
The better the world works.



What is Culture?

Culture is defined by the implicit, unwritten rules that create expectations for how people choose to behave. It is about the “how” - how people collaborate, how decisions are made, how value is created, and how people motivate each other.

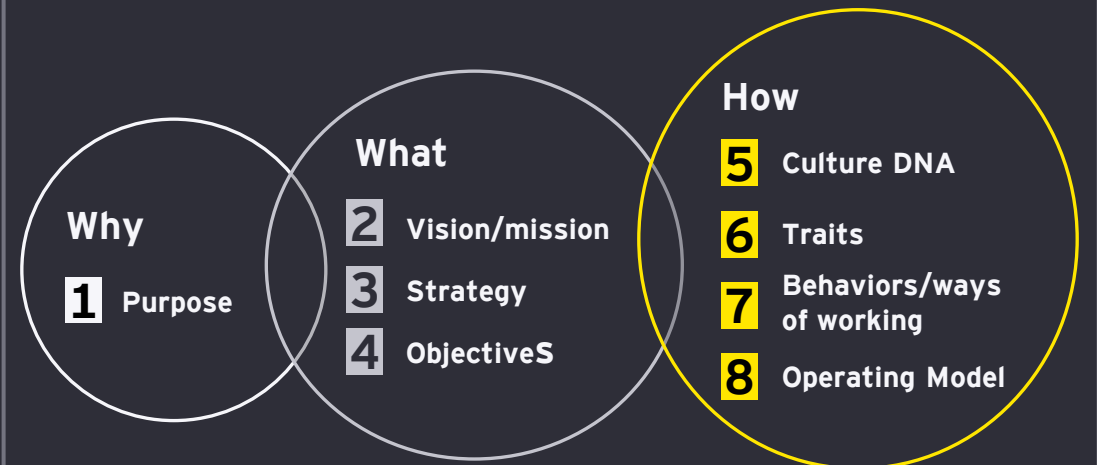
It is determined by the collective beliefs and values of your people and is manifested in behaviours, systems & symbols

Culture is created through the unspoken messages people receive about what is valued



Cultures take a **long time** and significant **effort** to make them stick in their systems, behaviours and symbols.

Culture is the “how” of your organization and can enable your business strategy



Metrics linked to business imperatives

(e.g., how things get done, how people work together, how value is created, how people are motivated, how people talk and make decisions)

Why should organizations evolve their culture

Culture Enables Strategy

Start your culture evolution strategically with “culture archetypes” - a way to clearly connect your business strategy with your people strategy. Declaring an organizational culture archetype - your cultural north star - articulates how you aim to create value through your people

Below are the five culture archetypes:

The Concierge

We make it all about our patients



The Optimizer

We are efficient



The Perfectionist

We focus on quality first



The Innovator

We Innovate



The Brand Ambassador

We build and protect our brand



It Has a Real Business Case

Culture has a strong impact on your business metrics. It is important to understand the relationship between cultural results and business outcomes.

- ▶ In today's market, companies with strong and targeted cultures have seen a 4x increase in revenue growth (Forbes, 2021).
- ▶ Fortune's annual 100 Best Companies to Work For list shows higher average annual returns, with cumulative returns as high as 495% instead of 170% (Russel 3000) and 156% (S&P 500) (Forbes 2021).

Customer Value

- Customer Experience and trust

People Value

- Employee performance
- Employee engagement
- Transformative leaders

Societal Value

- Community impact
- Equity of access to opportunities

Financial Value

- Improved financial performance
- Shareholder value

Certain Moments Require Culture Change

Certain aspects such as transactions, transformation and strategy shift require a culture change.

Below are common examples across global organizations:

Regulations

Increase in scandals leading to regulator mandates on culture and behavioural measures

D&I

Diversity and Inclusiveness are critical to achieve better business results and to compete for talent

Customer advocacy

More informed and empowered customers demand transparency and high ethical standards

M&A activity

Recognition that corporate deals succeed or don't in large part because of leadership and culture fit

Change in strategy & direction

Change results in new priorities with old ways of working and prevailing culture and behaviors

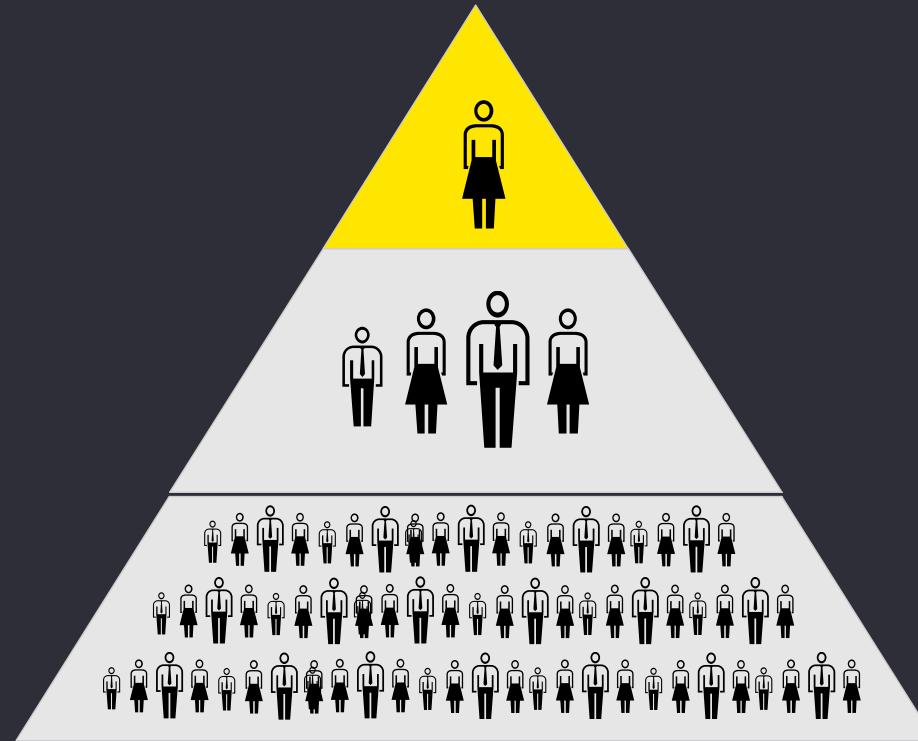
Disruption demanding innovation

Fast, agile disruptors enter the market competing for customers and talent

Our Foundational Beliefs Around Culture

Culture is defined and led from the top of the organization. Leadership is the architect of culture and then broadly owned across the entire organization.

- ▶ Engaging each part of the business is necessary to embed new culture and behaviours (such as inclusion). All the layers of the organization need to be engaged for change to stick



- ▶ Defining the characteristics of the desired culture would typically be initiated by Senior Leaders. From there, you want to engage Senior Managers across the business to build these out. Leveraging social tools and change networks to engage the broad workforce and create open dialogue

Our Future of Work Now (FWN) Framework

Operating model levers form the core of business execution and are often the first entry point in setting the transformation agenda

Operating environment levers form the **core of the employee experience**

Underinvestment in these areas is often the reason why transformation efforts never fully pay off



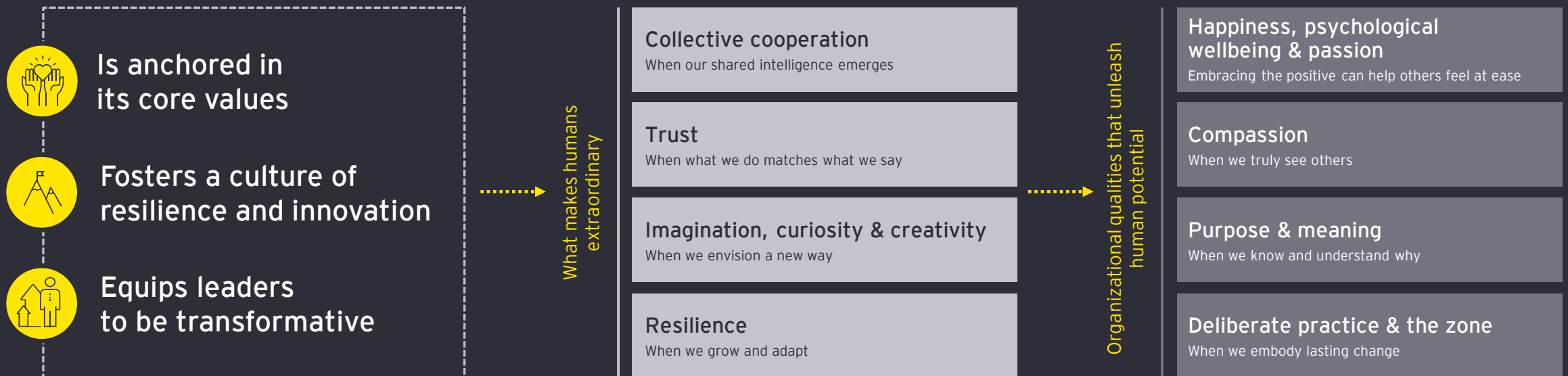
“Being the best run company (operating model) is not the same as being the best company to work for (operating environment)”

The FWN framework enables organizations to understand how to unite their business model and their workforce model in order to create the **ultimate customer / workforce experience**

Developing characteristics in organizations to unleash extraordinary power of humans

An organization that...

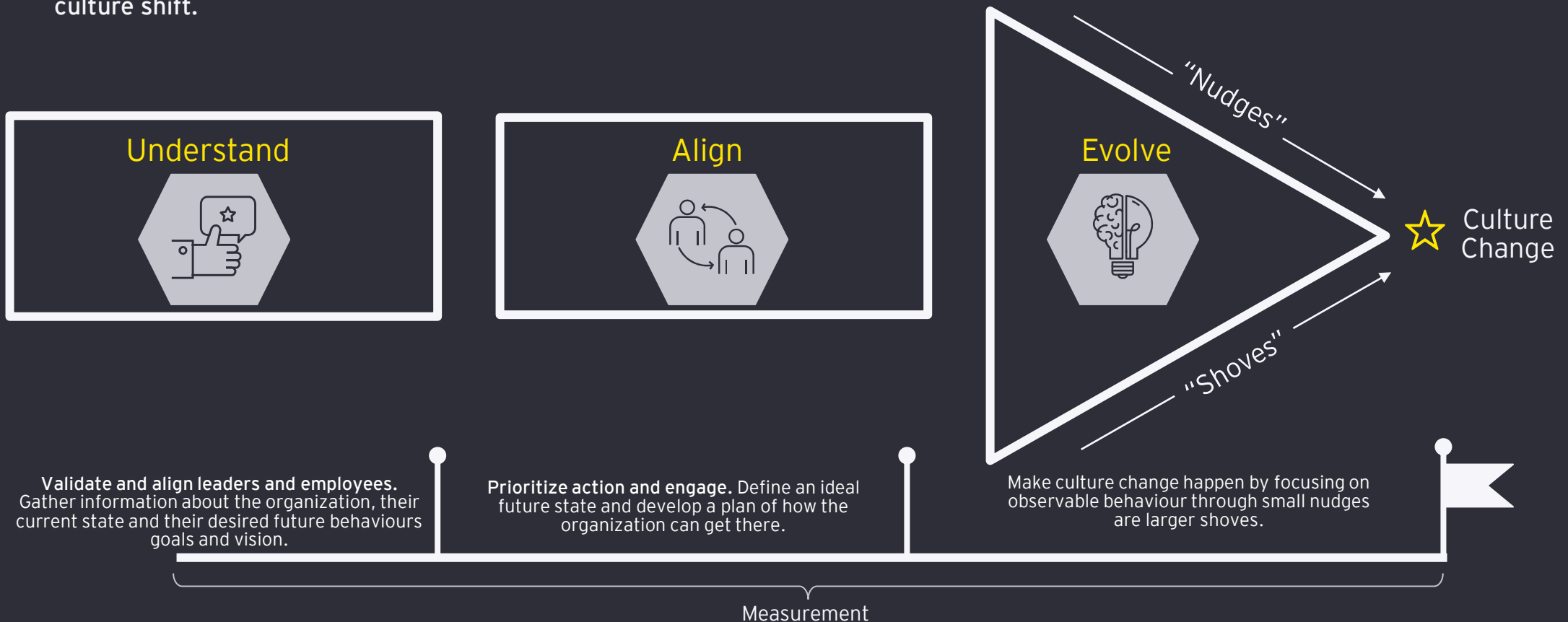
...will be capable of unleashing the full human potential of its workforce



Culture Evolution Overview

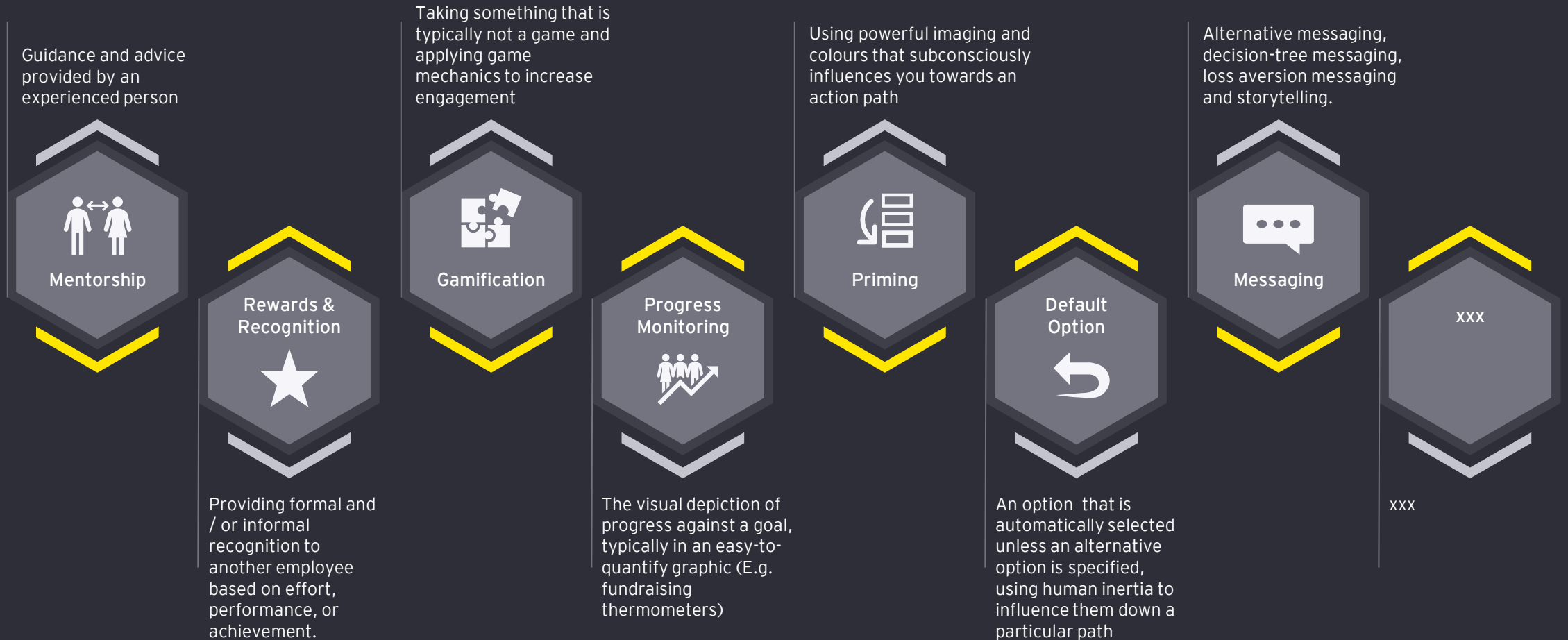
Our Culture Evolution offering aims to help organizations understand their current culture and activate a culture evolution towards their desired cultural vision.

- ▶ Digital tools, AI, and data analytics help to understand your culture; EY's design thinking process helps to align the organization on a cultural vision. And our approach to evolving your culture, enabled by the latest behavioural science insights, moves the needle on your culture shift.



What is a Nudge?

A **nudge** is a small and usually subtle intervention that influences an individual to change their behaviour. They are generally voluntary and non-intrusive to employees. Organizations can use nudges to influence behaviours of their people to align their people to their strategy. Below are examples of nudges that trigger employees to change their behaviour.



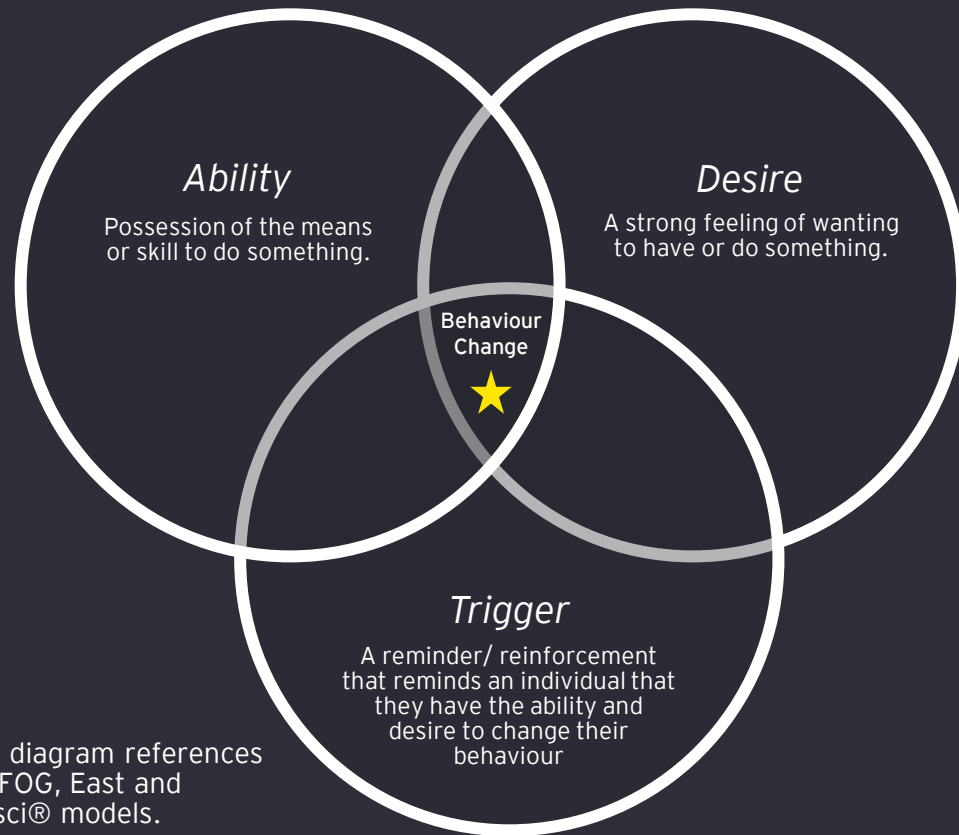
What is a Shove?

A **shove** is a significant and generally obvious intervention that pushes an individual to change their behaviour. These involve changes to the systems in the operating environment and are generally unilaterally forced onto employees. Organizations can use shoves to implement long term strategic changes. Below are examples of shoves that trigger employees to change behaviours.



How to design Nudges and Shoves: Bringing behaviour change to life

If an organization wants to implement a strategic change or go through a transformation that can require people to change their behaviour. This is influenced by 3 factors; an individual's ability to change, their desire to change and the triggers to change. These 3 factors intersect with one another and push an individual to change their behaviour.



This diagram references the FOG, East and Prosci® models.

An Example of Behavioural Nudges and Shoves:

An organization wants its IT Department to take on a more strategic and business-centric mindset when working with the business.

In order to do so, they use the following behavior change techniques:

- ▶ **Shove:** altering performance metrics and compensation to be based on internal business client satisfaction
- ▶ **Nudge:** sharing success stories of team members who go above and beyond, and offering a mentorship program to pair those teammates with others who are interested in developing their business-centric skillset
- ▶ In this example, the mentorship enhances the **ability**, and the performance metrics and compensation increases **desire** to perform differently
- ▶ The organization uses email messages and calls to action on a weekly basis to provide the **trigger** to apply the new mindset and behaviour at work.

The Role HR Plays in Culture



Five Cultural DNA Types

Five Culture Archetypes that translate strategy into culture (behaviors)

Innovation



We are entrepreneurial, focus on anticipating market needs, encourage and recognize ideas and support prudent risks

Brand



We build strong commitment and pride in our products and services while operating with integrity and respect

Customer



We gear everything we do on the customer, are relationship-based and empower our people locally to drive success

Efficiency



We optimize and are productive through a formal structure, defined roles and effective org-wide coordination

Quality



We strive for precision and excellence through continuous improvement, collaboration and a long-term view

Who you ARE

Who you want to
BECOME

Brands and their Archetypes



Innovation

We innovate.

We are entrepreneurial, focus on anticipating market needs, encourage and recognize ideas and support prudent risks.



Brand

We build and protect our brand.

We build strong commitment and pride in our products and services while operating with integrity and respect.



Customer

We make it all about the customer.

We gear everything we do on the customer, are relationship-based and empower our people locally to drive success.



Efficiency

We are efficient.

We optimize and are productive through a formal structure, defined roles and effective org-wide coordination.



Quality

We focus on quality first.

We strive for precision and excellence, prioritizing "zero errors / defects" over "speed" to continuously improve quality.

Enabling and Limiting Traits by Archetypes

	We innovate	We build and protect our brand	We make it all about the customer	We are efficient	We focus on quality first
Enabling Traits	Adaptive	Ethical	Customer-centric	Accountable	Accountable
	Collaborative	Inclusive	Empowering	Efficient	Careful
	Courageous Risk Taking	Passionate	Proactive	Process-oriented	Challenging
	Empowering	Resilient	Responsive	Results-driven	Collaborative
	Innovative	Visionary	Talent/people-centric	Well-organized	Transparent
Limiting Traits	Controlling	Disconnected	Bureaucratic	Bureaucratic	Making exceptions
	Micromanaged	Dishonest	Complacent	Making exceptions	Not taking responsibility
	Resistant to Change	Lack of inclusion	Disconnected	Not taking responsibility	Not transparent
	Slow	Playing favorites	Micromanaged	Place blame	Overworked
	Stuck in our ways	Unsupportive	Undervalue people	Slow	Unrealistic expectations

Breakout Rooms

Question 1

Should culture be owned by HR?

Question 2

What can HR do to drive Culture in 2023?