



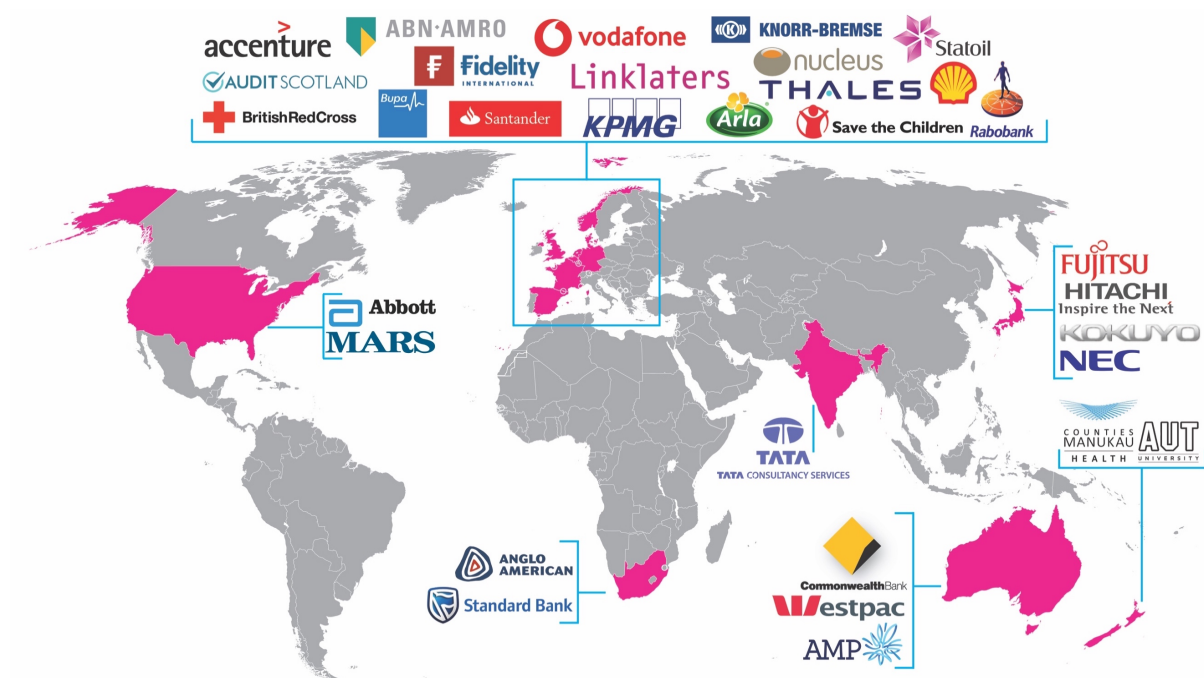
Shifting Cultures

Masterclass Report



FUTURE
OF WORK

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Introduction

More than 90% of employees believe that culture is more important to an organisation than compensation.ⁱ In fact, research by the Talent Board found that 41% of all job candidates search for information about company culture, prior to applying.ⁱⁱ

“Culture is the organisation’s immune system.”

- Michael Watkins
Professor of Leadership and Organisational Change
at IMD

In addition to its role in attracting an engaging talent, organisational culture is linked to both direct and indirect business outcomes, with a study by Harvard Business School in 2003 finding that culture had a significant effect on a company’s long-term financial performance. Specifically, a performance-oriented culture resulted in benefits to financial growth. Similarly, a culture of innovation was also shown to have a direct effect on individual and economic performance, looking at data from the most globally successful companies.ⁱⁱⁱ Meanwhile, a culture of speaking up was shown to enhance innovation and collaboration within organisations.^{iv}

In order to reap the direct and indirect benefits of culture, it is pivotal for organisations to understand the culture employees’ desire, and to ensure alignment with the culture, eradicating cognitive dissonance at the individual level. The benefits highlighted suggest a call to action for HR and leadership teams to critically examine and future-proof their organisational cultures.

We explored this challenge with FoW members to understand exactly what their aspirations and challenges are in this area. First, we conducted an in-depth literature review to identify the trends affecting organisational culture, drawing on an array of fields such as psychology, sociology, anthropology and politics. These insights were augmented by the practical experiences of Consortium members who joined a series of Focus Group calls. These focus groups elicited the highest sign-up rates to date, testament to the importance of this theme for members, and the conversations benefitted from insights of 60 executives from 15 organisations. Finally, we identified case studies to expand our knowledge of future-proofed best practices.

This FoW report reflects the insights of our multi-dimensional research approach, as well as the practical insights shared by our delegates and expert guest speakers at The Shifting Cultures Masterclass, which took place in London on the 6th February 2018.



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Why now?

In an organisational context, culture is a learnt set of beliefs and values, most commonly illustrated at work through actions, behaviours, mission statements, expectations and goals. The result is a constantly changing array of habits, values and behaviours, which can only be changed through collective effort. Today, culture is one of the hottest topics around, seen as the answer for unleashing innovation, productivity and business performance. Studies of American companies show that an emphasis on having a ‘strong culture’ is a necessary ingredient for excellence. Concurrently, however, through the rise of social media and other digital tools, companies have also been increasingly under scrutiny for potentially negative and toxic elements of their culture, making it a high priority for building a sustainable and healthy organisation.

During the focus groups, FoW members identified three common elements of culture that they are seeking within their organisations;

- **Innovation:** the ability for employees to foster ideas that create value for the company. FoW consortium members mentioned that innovation is often linked to a culture of risk-taking. Some barriers to innovation include: lack of shared vision, risk aversion, lack of time, resources or staff and fear of criticism, among others^v.
- **Collaboration:** the ability for employees to engage in working relationships across company networks, in an open and trusting way. Some barriers to a collaborative culture include: organisational silos, internal competitiveness, geographical barriers, a lack of trust, and hierarchical company structures^{vi}.
- **Agility:** the ability for employees to quickly reconfigure processes, people dynamics, use of technology and strategies^{vii}. Some barriers that focus group members mentioned to an agile culture included: organisational reluctance to change, strict company processes and structures, and a fear of experimentation.

In addition, we also heard from members about the key questions that they were tackling within their respective organisations. Some of these questions included:

- 1) Are sub-cultures a necessary part of our organisation?
- 2) Any employee can be an influencer – how can we identify them?
- 3) How can digital tools enable behaviour change?
- 4) How do we achieve a culture of agility, flexibility and collaboration?

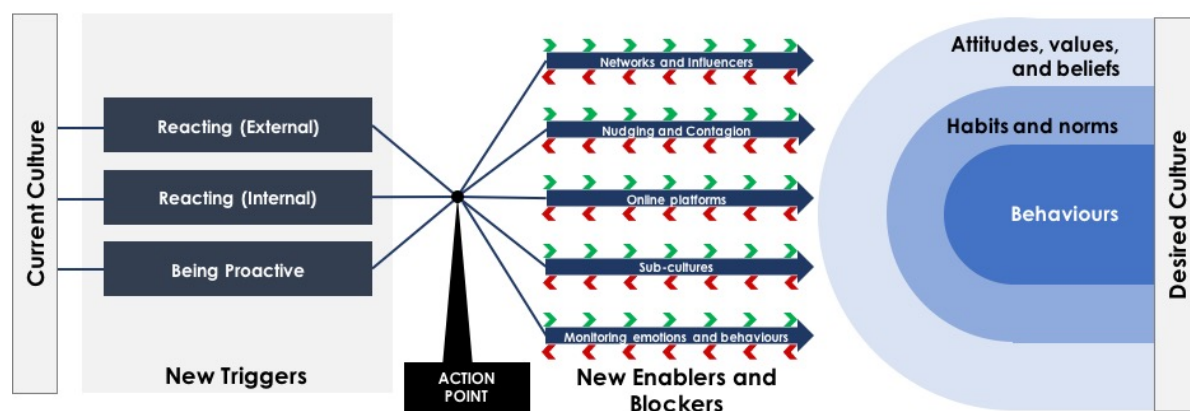
The following sections of this report explore what it takes to understand and shift an organisation’s culture.

The FoW Model of Shifting Cultures

The process of culture change is complex, collective and a continuous challenge for organisations. To begin with, when companies consider a cultural shift, they must first explore what behaviours and values they would like more of, and less of.

For example, if a company is looking to adopt a more collaborative culture, it is key to identify what behaviours and values encompass the desired collaborative culture, to assess what is needed more, and what is needed less.

To help organisations achieve their desired culture, we have developed the FoW Model of Shifting Cultures (see below). This can be separated into five distinct stages: the current company culture, the triggers, the action point, the enablers and blockers and finally, the newly desired company culture.



Current Culture: this can be described as the behaviours, attitudes and values within an organisation, before it chooses to embark on a culture change initiative.

New Triggers: Triggers are defined as external and internal forces that disrupt the working environment to the extent that the current company culture is no longer deemed fit for purpose. Long-standing triggers include a new leader in an organisation, or a change in regulation. In this report, we consider the new triggers that are disrupting organisational cultures.

Action Point: This occurs when a set of triggers becomes strong enough to necessitate culture change, and the organisation chooses to act on it.

New Enablers and Blockers: Culture change is enabled and blocked within organisations by a range of factors, including the behaviours role modelled by leadership, the signalling from performance management systems, and the degree of hierarchy in the organisation. In this report, we look at the new enablers and blockers that can respectively help and hinder an organisation seeking to shift its culture.

Desired Culture: This consists of the behaviours, values and attitudes that the company would like to adopt. The extent of cultural change implementation can be divided into three levels; the higher the level, the more engrained the old and new culture. These are:

1. **Explicit Change:** New behaviours are practiced by some individuals in the organisation.

2. **Continuous Explicit Change:** These new behaviours become habits and norms as they become both continuous within an individual and collective, between individuals within an organisation.
3. **Implicit Change:** The attitudes, values and beliefs behind the habits and norms are changed. This is the hardest level to achieve. Once the attitudes, values and beliefs are altered, the behaviour becomes non-conscious and proceeds without deliberate intention or conscious thought.

It is important to note that this model is in constant flux – triggers constantly change, new enablers and blockers develop, and what is perceived as desired behaviours, habits and values, continuously also evolve. Over the course of this report, we will take you through this model, highlighting the most future-focused aspects that companies can begin to consider and practice.



New Triggers

Triggers are defined as external and internal forces that disrupt the working environment to the extent that the current company culture is no longer deemed fit for purpose. Within our model, we have detailed three main types of triggers for culture change:

- **Reacting External Trigger.** These include forces outside of the company, including demographic changes, technological advancements and changes in societal expectations, such as increasing awareness of diversity indicators such as LGBT+ in the workplace.
- **Reacting Internal Trigger.** These include internal challenges within a company. For example, an organisation reacting to micro-aggressions and a possible toxic culture. In addition, if a company goes through a merge or acquisition, this may prompt an internal reaction for a culture change initiative.
- **Being Proactive.** Alternatively, in some cases, an organisation will choose to carry out a culture change programme, regardless of any triggers necessitating change. We call this being proactive.

As companies begin to consider why culture change may be necessary within their respective organisations, it is important to explore the new external triggers affecting the workplace today. Specifically, some new external triggers *include*: demographic shifts changing employee preferences, a more diverse working ecosystem and shifting power structures.

3.1 Demographic Shifts Change Employee Preferences

Demographic shifts often result in a change of employee preferences. Radical needs, in particular, describe a shift in people's expectations that results in a desire for social and cultural change. Created by social conditions or new ideas, they emerge when people develop contradictory needs to those currently catered for by the organisation, its practices, processes and culture.

An example of this at the societal level is that attitudes around family structures have dramatically evolved in recent years. For example, in 1960, 65% of families consisted of married parents, with only the father employed. This figure has dropped to just 21% today, as working mothers continue to increase in the workforce. In terms of employee preferences, more working mothers means that employee preferences are changing in regard to certain company values, such as - values around company progression paths that do not inadvertently disadvantage parents, paid paternity leave and flexibility of working hours.

Another example of change at a societal level are the dramatically changing views around transgender rights, triggered by the revelation that one in 137 US teenagers identify as transgender. In fact, the estimate of the transgender population in the United States has doubled in the last five years^{viii}. On an organisational level, this results in a change of employee preferences around inclusivity and diversity. A practical example of this would be the need for organisations to incorporate gender neutral bathrooms, to help encourage and signal a culture of inclusivity.

Finally, a more future-focused example, is changing attitudes around the three-stage life – education, work and retirement. As around 50% of children born today in advanced economies can expect to live to more than 100^{ix}, this is leading to a redefinition of age – for example, what was considered the appropriate age of retirement, at 65, is no longer tenable in a 100-year life. On an organisational level, this means both changes in values around long-term tenured employees and the current understanding of the retirement age.

It is important for organisations to understand and prepare for demographic shifts changing employee preferences. In doing so, companies can better rationalise the type of desired culture its employees may have.

3.2 Shifting Power Structures

On a practical level, as more women and other minority groups enter the workforce, this shifts power structures and societal expectations within organisations. What is considered a positive culture now, is different to what was considered positive, or acceptable, twenty years ago. Likewise, what is considered acceptable behaviour today may be viewed differently in years to come.

Power structures, both within societies and organisations, have dramatically shifted over the last twenty to thirty years. Traditionally, organisational power structures were strongly male-dominant. Women had little decision-making power and social influence^x. In fact, men's decisions and behaviours profoundly shaped social and cultural expectations in the workplace.^{xi} As such, activities rooted in chauvinism, hyper masculinity, dominance and violence were both tolerated and accepted as the societal norm.^{xii} However, as these power structure shift and women gain more influence in organisations, this has given women and men the opportunity to question some of these behaviours and activities. In addition, a lot of research supports this shift in what is accepted within the workplace as hyper masculine cultures have shown to increase incidents of sexual assault, and other forms of psychological damage to employees, both male and female.^{xiii} As such, it is important for organisations to critically analyse their own culture and call into question how future power structures may shift as well.

Exposé on Toxic Culture: The Presidents Club

An example of changed societal expectations is the recent revelation of the Presidents Club. Described as a charitable trust that emerged sometime in the mid-1980s, the club attracts the most esteemed and elite figures from politics, business and the world of celebrity, gaining notoriety for its men-only dinner parties. In 2018, a UK newspaper, the Financial Times, sent two undercover reporters posing as hostesses, to investigate the event¹. Madison Marriage, one of the reporters stated that in her six hours at the event, she was groped several times, presented with lewd comments and requested to join dinners and bedrooms elsewhere in the Dorchester Hotel, where the event was hosted. After these revelations, the Presidents Club announced it would be closing down, denounced by Parliament as well.

The fact that the Financial times was able to send in two female reporters to investigate this event, is indicative of shifting power structures, which have allowed this club to be both discussed and exposed, for its members' toxic behaviours towards women. As power structures continue to shift, companies must prepare for this to ensure they do not end up cultivating today, what will be considered to be a toxic culture in the future.

3.3 A More Diverse Working Ecosystem

In addition to demographic shifts and shifting power structures, today's workforce is also increasingly dispersed across geographies, functions and boundaries. The gig economy is a key example of this, with freelancers and contractual workers changing the workplace ecosystem. It is particularly important to consider how culture transfers across this fault line.

While freelancing is most often viewed as a beneficial flexible working arrangement, it can easily cross the line into becoming a form of exploitation. Creating and sustaining a form of

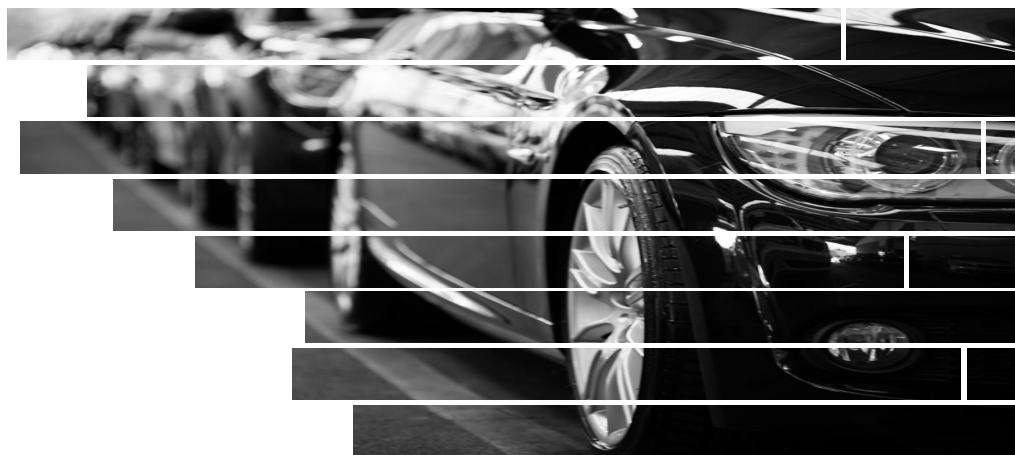
organisational culture is more difficult in the private workplace than the shared workplace, especially when employees are in competition rather than part of a community. In addition, fatigue and psychological wellbeing can easily go unnoticed for contingent workers, and this combination of potentially low support, low pay, coupled with high demand, poses a risk for the development of a toxic culture. For instance, research commissioned by the BBC finds that flexible workers (including those on zero hours contracts, self-employed, freelancers and gig economy workers) are more likely to report experiencing unwanted sexual behaviour than regular employees (43% and 29%, respectively).

This is especially true for organisations in which employees report directly to an algorithm rather than a human, such as MobileWorks.^{xiv} As more people turn to freelance working, it will become increasingly vital for companies to be future-ready by anticipating this shift and successfully integrating this new workforce into the core values of the company.

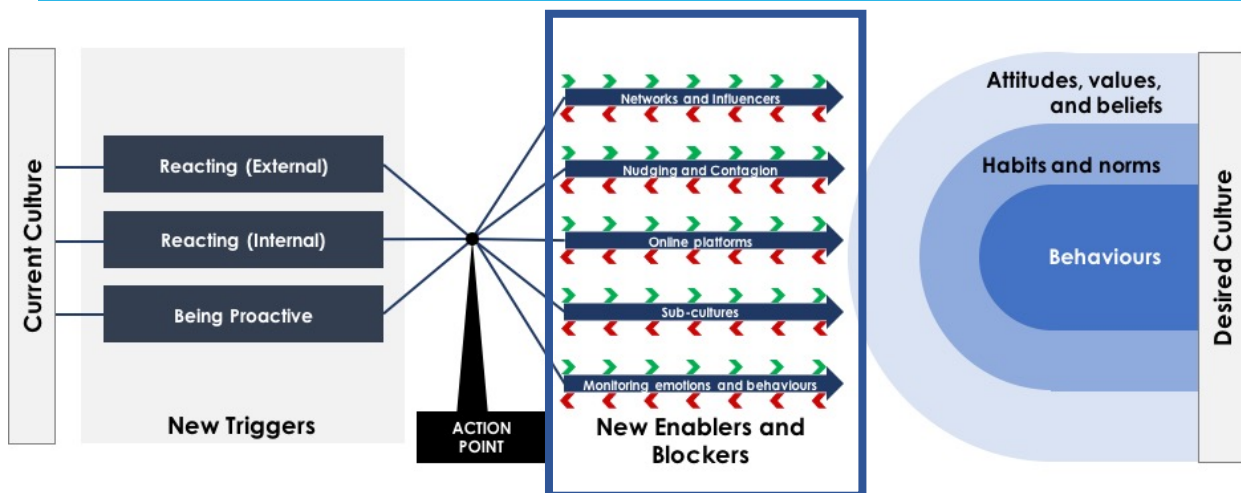
Toxic Culture at Uber

In the past year, Uber has been under fire for a toxic corporate culture, which promoted, among other things - sexism and other forms of abusive behaviour. Then CEO Travis Kalanick resigned, employee Susan Fowler wrote an exposing blog post about a sexual harassment claim, and other employees followed suit detailing accounts of aggression and sexual abuse at the organisation.

Toxic cultures do not explode suddenly, but instead are curated over a long period of time and can have irreversible effects on an organisation. Toxic cultures can damage morale, harm employee engagement and ultimately lead to departure of talent. Specifically, women leave and deprive the organisation of an indispensable resource, particularly at higher levels. Collectively, all these outcomes indicate how allowing a toxic culture to foster can affect the long-term viability of companies, as well.



New Enablers and Blockers



The triggers mentioned above, reach an action point when the culture is no longer perceived as fit for purpose by the organisation and its leadership team. Once the organisation reaches this action point, it is crucial to identify the enablers necessary for shifting the culture. At the same time, there are blockers that companies should be aware of, which can act as barriers to cultural change:

4.1 Online Platforms

Technological tools such as online platforms are tasked with transforming an organisation's cultures and the notion of creating a 'digital culture' has become a common pursuit within organisations. However, our research reveals that having new digital tools alone is not sufficient for shifting employee behaviours, habits, norms and values.

Instead, digital tools are an enabler for culture change – what this means is that digital tools can help to facilitate a change in culture, usually when accompanied by other enablers such as leaders, influencers, nudges and physical cues in the environment. For example, Yammer is a tool that encourages behaviours such as collaboration and teamwork. However, if influencers and leaders are not engaged with this tool, the digital enabler (Yammer) alone will not have sufficient strength to shift the company's culture around collaboration. Instead, it is the cumulative effect of enablers combined together, which help gradually shift company cultures at both the implicit and explicit levels of culture change. In addition to Yammer, some other examples of online platforms that our consortium member companies are using include:

- Workday – A cloud based financial and human capital management software. This tool helps to analyse workforce costs, talent management, payroll, time tracking, compensation and workforce planning and recruiting. Linklaters use this to promote an agile culture – employees no longer need to go through HR and other hierarchies to make decisions as a result.
- Degreeed – An educational tool that enables academic, professional and lifelong learning. It connects internal learning and talent systems to worldwide ecosystem for organisations. An example of a company using this is KPMG, who found that it helped with the fostering of their culture of learning and development.
- Knome – An internal social networking platform, used by TCS in order to democratise the company and increase employee collaboration. Today, it has over 300,000 users and over a million posts. TCS have also used this tool to identify influencers within their organisation. Full case study available at www.fowlab.com/library

4.2 The Use of Social Media

A company's culture is no longer something that can be concealed internally. Social media allows a company to both promote their culture positively as well as have negative aspects of their company culture exposed. Every person within an organisation is able to use social media to channel their views about the company and to provide their take on its culture. HR and leadership teams should not underestimate the power of this, with the Edelman 2017 Trust Barometer revealing that employees are deemed the most trusted spokespeople to communicate on the treatment of employees, business practices and innovation efforts within organisations. The rise of social media has revolutionised company culture, increasingly shifting it from being internally implicit to being externally explicit.

One example of a company putting this enabler into practice, is L'Oréal. The cosmetics company accomplished this through a social media campaign strategy whereby two hashtags were introduced: #LifeatL'Oréal and #L'OréalCommunity. Employees were encouraged to share their own perspectives on working life and culture on social media sites such as Instagram and Twitter, using these hashtags.

Through the use of social media, L'Oréal increased engagement at work whilst fostering a positive corporate culture. The hashtag campaign led to an increase of 200,000 unique Instagram impressions as well as a considerable increase in conversion rates on L'Oréal's career website, increasing their talent pool. By showcasing their culture online, L'Oréal ensured that they attracted employees who were already aligned with the current company culture at the company. In addition, social media particularly attracts millennial jobseekers, the largest group currently entering the workforce.

This demonstrates how technology can be a great tool to strengthen employer branding and company culture. Their efforts highlight that digital developments can showcase and foster culture externally through social media hashtags such as #LifeatL'Oréal. A few other organisations have also begun to benefit from social media as an enabler for culture. A detailed example of social media usage at VaynerMedia is illustrated in the call-out box below.

However, when organisations consider social media as an enabler for culture change, it is important to be cautious about social media, relinquishing control for organisations. What this means is that once any person - regardless of status, either customer or employee - is able to express thoughts about an organisation, it becomes impossible to monitor or control this dialogue. As such, in relinquishing control, companies must be prepared to face potential scrutiny, on a global scale. An example of this is with Southern Rail, when they attempted to use social media to oppose union action. Using the hashtag, #SouthernBackOnTrack they called on their customers to tweet about the disruption caused by union action and voice their concerns.^{xv}

However, the campaign backfired with passengers articulating concern with Southern Rail, their customer service and their treatment of employees. As such, this example illustrates how whilst social media can be a great tool to spread company culture on a global scale, it can also be potentially dangerous, as companies surrender control, as well.

Making the Implicit, Explicit at VaynerMedia

Gary Vaynerchuk, CEO and co-founder of Vaynermedia, is a leading figure when it comes to understanding the use of social media and the benefit it can have on organisations. He is a firm believer in using social media as much as possible, to gain a competitive edge over other companies and focuses his efforts on two actions on social media to help promote his company's culture to investors, clients, and future employees. First, he uploads a daily video blog (vlog) illustrating what it is like to work at his company, Vaynermedia, on his YouTube channel. The vlog, titled 'DailyVee', shares his daily meetings with colleagues and customers at the company.

Each video is approximately 15 minutes long and tries to capture unseen interactions that happen every day during Vaynerchuk's life within the organisation. For example, in one video, he shows an excerpt of a conversation between himself and long-term employee, Andrea, during which she declared that she was going to be leaving the company to pursue her dream of travelling. The video captures his response, saying 'good for you' after she announces her leave. In making visible these moments, Vaynerchuk uses social media to build his personal brand and company culture. In fact, to further add to this example, Vaynerchuk then wrote a blog post about Andrea and why she chose to leave, as well as uploading the full meeting between himself and Andrea as a separate YouTube video. In doing so, Vaynerchuk could use social media to showcase a real-life example of what it is like to work at Vaynermedia and the culture the company promotes – an HR and human-driven organisation.

In addition to his YouTube channel, a second way in which Vaynerchuk uses social media to promote the company culture at Vaynermedia, is his use of live stories on Instagram. Going live on Instagram allows Vaynerchuk to speak and interact in real-time to his followers. The benefit of this tool is that unlike his YouTube channel, going live on Instagram allows you to 'live in the moment' of the VaynerMedia company culture, instead of watching back an edited version of a clip. For example, in January, Vaynerchuk announced on Instagram Live that his employees had entered a raffle to win tickets to the Super Bowl. He then proceeded to announce the winners live on Instagram, commenting on the winning individuals and articulating stories about them. Again, in doing this, investors, clients and future-employers can understand VaynerMedia's company culture, and this can attract them to the company. Vaynermedia is currently significantly above the curve in terms of its use of social media. However, social media is quick, cheap and easy to use, and any company can invest in social media to help make the company's implicit internal culture, explicit to the world.

4.3 Influencers and Networks

To encourage collective adoption of a new culture, it is important to invest in influencers. Influencers are 'people who can, because of their knowledge, skills and position in the company network, and not their formal hierarchical power, shape the views of multiple colleagues'. The behaviours of influencers have increasingly significant effect on the company population as a whole. With more trust in influencers, employees are more likely to adopt the behaviours, values and attitudes practiced by these relatable role models. Further, as humans want to naturally reduce their cognitive dissonance, seeing people with reference power manifest certain behaviours, increases the adoption of these behaviours.^{xvi}

Research by Yoonjin Choi and Paul Ingram, (2017), explored the identification of influencers through investing semantic networks and shared values. Choi and Ingram describe culture as a structure of shared meanings that people use to make sense of the situation. For example, a collaborative culture allows people to create structures of shared meaning to help them

understand and interpret situations, construct strategies for action, and communicate actions to others.

Using semantic network analysis, Choi and Ingram looked at the shared meanings of constructs. In the research, Choi asked questions such as “choose three people who are valued, and then...why is this person valued?”. Using this information, Choi mapped out the culture, showing that some concepts were central, and some were distant. Cultural fit and indeed the strength of an influencers is then defined as the degree to which an individual has a shared meaning, access frames of centrality.

She then identifies the influencers that have high cultural brokerage in the sense that they can understand the company across the various fragments of the whole cultural landscape, personifying behaviours of cognitive flexibility. In addition, they found that people who are able to shift between frames are more able to be innovative and make sense of situations. Using these types of semantic networks is an exciting way for companies to be able to identify and make use of key influencers within their organisation, like health insurance company, Aetna.

In the early 2000s, Aetna, was losing nearly \$1 million a day, after merging with U.S Healthcare.^{xvii} Instead of adopting U.S. Healthcare’s more aggressive ways, Aetna remained rigid in the prevailing culture, resulting in a major culture-clash company wide, between employees of the two organisations. When John Rowe became Aetna’s fourth CEO, he implemented many strategies to help foster a ‘New Aetna’ culture at the company. One of the employed strategies was Rowe’s use of influencers. Specifically, Rowe pushed for an effective networking strategy of culture and sought out around 25 influencers within the company. These influencers could give him direct insights from employees as well as disseminating the ‘New Aetna’ culture both formally and informally across the organisation. Fast forward a few years and influencers as an enabler of culture change, coupled with other enablers, helped to facilitate a dramatic shift in Aetna’s employee satisfaction and earnings. In fact, from May 2001 through to January 2006, Aetna’s stock price significantly increased from \$5.84 to \$48.40 a share.

4.4 Micro-behaviours

Enabling workplace culture change requires an understanding and altering of micro-behaviours. Specifically, negative types of micro-behaviours are defined as small, thoughtless unfairness, often unintentional, and directed at someone who is perceived to be different. These behaviours are often indicative of unconscious bias or incomprehension of another employee’s differences. The collective practice of such negative micro-behaviours can lead to the formation of toxic cultures.

Research has highlighted two strategies to help resolve such workplace inequities. Firstly, it is important for leaders and influencers to call out negative micro-behaviours in the workplace. Next, it is important for leaders and influencers to provide micro-affirmations, congratulating the efforts and achievements of employees. This helps to reduce the role of micro-inequities at work. In doing so, employees’ behaviour becomes conditioned through negative repercussions and positive reinforcements, provided by both leaders and influencers.

4.5 Nudging and Contagion

Nudge theory is a concept in behavioural science where positive reinforcements and indirect suggestions influence the motives, incentives and decision making of groups and individuals. Behaviours happen over time; the boundaries of right and wrong also continuously shift, and nudges can help control the shifting of these boundaries. Nudges embedded in the moral environment help facilitate employee behaviours and decision-making. An example of nudging is that when green footprints are painted onto the ground, facing a rubbish bin,

people are more likely to use it, and reduce littering habits. In regard to shifting company cultures, if an organisation were to be fostering a culture of sustainability, the company could put up a display showing the daily energy consumption at the workplace. This gentle nudge has shown to reduce energy consumption in workplaces, helping the development of a sustainable culture.^{xviii}

Professor of Behavioural Economics, Lisa Shu, of the London Business School's research on nudge theory has shown that whether they intentionally chose this role or not, organisations are inadvertent architects of their employees', customers', and shareholders' decision-making. However, whilst effective nudges do change the choice environment, the beauty is that they do not require a huge organisational change or intervention.

One example of nudging and its effect on honesty, is research by Shu, showing that signing a form at the beginning makes people more honest, than if they were to sign it at the end. This is because, signing at the beginning of the form makes moral standards salient, right before they are needed most, putting morality at the front and centre of our mental spotlight during the most tempting moments. Most forms already require signing a pledge to honesty at the end of it—it's something we're already doing, just not in the most effective location. In fact, signing after reporting is just as effective as not having a signature at all.

Signing first is one intervention among several that collectively show how even the gentlest of nudges can still impact behaviours of much greater financial impact and ethical importance. The power of this intervention is that since it is such a gentle nudge: it does not impose on the freedom of individuals; it does not require the passage of new legislation, yet it can profoundly influence behaviours of ethical and economic significance.

These nudges are most impactful when focused on changing the behaviour of leaders and influencers. This is because the behaviours of these groups are highly visible and has a contagion effect on other employees.

4.6 The Hidden Benefit of Sub-Cultures

Today's workforce and talent ecosystem is increasingly dispersed across geographies, functions, services and boundaries. 'Fault lines' are boundaries or divisions within an organisation that contribute to the creation of subcultures. These subcultures are often the drivers of continuous culture change within an organisation.

During our primary research, many consortium members commented on the potential benefits of having sub-cultures within organisations. For example, some mentioned that cultures naturally should differ according to the type of work people are doing. Others voiced that sub-cultures help keep diversity of thought alive within their organisation.

In fact, sub-cultures can have both negative, positive, and neutral effects on company culture. This depends on whether its values conflict with the dominant culture's core or peripheral values. Core values are central to an organisation's functioning. Peripheral values are desirable but not believed by members to be essential to an organisation's functioning. Understanding dominant and peripheral values, there are a few different types of sub-cultures that can exist within an organisation. These include:

- 1. Enhancing subcultures:** these identify more strongly with the dominant culture than the norm. They act as reinforcements for the current culture.
- 2. Orthogonal subcultures:** these embrace dominant values but hold their own set of distinct but not conflicting values – exists harmoniously with dominant culture. This can be a potential enabler for desired culture change. What this means is that if a sub-group within an organisation possesses a peripheral culture that is agile, for example,

without losing the dominant culture of the organisation this could encourage this peripheral culture to become a part of the dominant culture, across the organisation.

- 3. Countercultures:** a counterculture is in conflict with the core values of the dominant culture. Produced in strong cultures, and paradoxically, are likely to strengthen dominant culture. For example, GM valued loyalty and conformity, while the counterculture valued independence.

As highlighted above, orthogonal subcultures in particular, can act as a powerful enabler for culture change within an organisation. These orthogonal subcultures can encourage constructive controversy and more creative thinking about how the organisation should interact with its environment to serve as the spawning grounds for emerging values that keep the firm aligned with the needs of customers, suppliers, society and other stakeholders.

In addition, companies can counter problems produced by silos by institutionalising mechanisms to help support cross-functional collaboration through flexibly deployed teams. Spotify, for example, has provided a much-talked-about model of multidisciplinary teams, or squads, made up of a mix of employees from diverse functions, including marketers, engineers, product developers, and commercial specialists. This case study is explored further in the call-out box below.

The benefit of sub-cultures at Spotify

Spotify decided to restructure their engineering teams into autonomous squads of no more than eight people. They granted this autonomy as a gesture of trust in the strength of their corporate culture, aiming to harness motivation and ultimately enhance quality.

Spotify reinvented their organisational structure of over 2,000 employees to form cross-functional and self-organising agile teams known as squads. Each squad works toward a common company mission but has the autonomy and delegated responsibility to work on a chosen project. By giving full authority over decision making throughout the process of designing and building a product, individual and team accountability is stressed, with squads having complete visibility over their successes and failures.

The key belief within Spotify is “alignment enables autonomy – the greater the alignment, the more autonomy you can grant”. As such, the organisation ensures that all objectives and goals are aligned within and across squads before beginning a project. A leader’s role is to communicate the problem that needs to be solved, and why, while the squad’s role is to collaborate in finding the best solution. Squads purposely do not contain an appointed leader – any leadership role within teams is informal and emergent.

This model of autonomy and empowerment extends beyond individual teams to knowledge sharing across the organisation. Rather than defining and enforcing practices and processes from the top down, best-practice methods are determined from the bottom up; a tool or practice becomes standardised only after popular adoption from multiple squads. Spotify introduced the concept of Guilds for this purpose, which facilitate experience sharing horizontally.

Spotify has succeeded in building a strong engineering culture that is both closely aligned and autonomous; the squad structure allows for a mindset of agility and innovation without sacrificing accountability. Striking this balance between autonomy and accountability has demonstrated increases in motivation, product quality, and fast releases within Spotify. Further, the culture’s focus on continuous improvement is reflected in increasing employee satisfaction ratings, which reached 94% in 2014. Spotify’s structure and culture are commonly thought of as a jazz band – each squad plays an instrument, but also listens to the others and the overall piece to make beautiful music.

4.7 Combatting Cultural Lag

Successfully shifting a company's culture is a complex challenge for many organisations and one of the reasons for this is 'cultural lag'. Cultural lag, a blocker of cultural change, describes the period of adjustment between the arrival of new technological innovations and their acceptance by the company's wider workforce, with the former often occurring at a faster rate than the latter. It is faster to discover a new tool, then to integrate it into the culture. For example, it took 50 years between the invention of the typewriter and it becoming commonplace in offices.

This is an essential part of understanding how organisational cultures change. Technological change creates new problems or opportunities that people must adapt to. It alters the day-to-day interactions between individuals, causing some people to break old habits and create new ones in their place. For this to result in a culture shift, however, these new habits must spread from individual influencers to a critical mass around the organisation and this often takes far longer than it did to introduce the new technology itself, resulting in cultural lag.

The challenge for organisations therefore is to understand what speeds up or slows down the scaling of this behaviour change. One example of a strategy to overcome cultural lag as blocker, is the practice of reverse mentoring sessions. At Microsoft for example, senior leaders engage in reverse mentoring sessions once every two months with more junior staff. During these sessions, they focus on how to improve business, technology, and employee programs among other themes. Specifically, the reverse mentoring sessions around technology help to combat cultural lag. This is because, as junior staff (the early adopters of technology) guide the senior leaders in terms of how to navigate platforms, deeper engrained habits of senior staff can be altered at a faster pace, reducing cultural lag. Fujitsu, a consortium member, also practice a similar reverse mentoring program at their organisation.

In addition, the use of gamification as an enabler to increase engagement on online platforms is another way in which cultural lag can be combatted. By increasing the incentive for employees to participate, the easier it is to facilitate change in behaviours, habits and norms within an organisation.^{xix} A successful example of this is Tata Consultancy Services (TCS) and their use of gamification in their learning platform for digital technology, FrescoPlay.

It is important to note that all the enablers mentioned above are most successful when implemented alongside other enablers, over a long period of time. Finally, it is essential to remember that human beings have a natural fear of change. In fact, when a company's desired behaviours or values are inconsistent with the employees' original actions and morals, this creates cognitive dissonance, a mental state of discomfort. In fact, fear of change as whole is the biggest resisted force to change within organisations, as we are all inherently afraid of change, potential failure and loss. Further, change also involves giving up something we consider 'good' for something we assume is 'bad', through fear. This is because, humans make an unconscious link between longevity and goodness, fostering this fear of change. As such, in addition to practicing and encouraging enablers, such as the ones mentioned above, it is vital for companies to communicate effectively and consistently with their teams, validating and acknowledging any fears of change that employees may have.

Masterclass Activity: Assessing Enablers and Blockers

At the Shifting Cultures Masterclass, members worked with their colleagues to assess the extent to which new enablers were practiced within their organisations. For each, they indicated the extent to which they enabled or blocked their respective organisation's ability to enhance one of four elements of culture: agility, collaboration, innovation and other (an alternative desired culture of choice). Delegates selected the element of culture they wanted to enhance, at the start of the activity. 59% of delegates opted to assess a culture of agility, including: TCS, KPMG, Arla Foods, Kokuyo, Shell, Audit Scotland, Fidelity, AMP Services, Fujitsu, Santander, NEC, Save the Children, Mars, and the British Red Cross. The next most popular component of culture was collaboration, chosen by 29% of delegates, including: Nucleus Financial, Hitachi, Linklaters, Commonwealth Bank of Australia, Vodafone, Knorr-Bremse Rail, Bupa and Standard Bank. Interestingly, Thales was the only organisation (4% of total companies) to explore a culture of innovation. Finally, Accenture and Rabobank chose to opt for the 'other' option, accounting for 8% of all participating companies.

Delegates then proceeded to stick their individual company's rankings on a group poster. The **pink** sticker represented a culture of 'agility', the **blue** sticker – a culture of **collaboration**, the **yellow** sticker – a culture of 'innovation' and finally the **red** sticker represented the 'other' option.

Analysing the contributions, we were able to identify insights for each enabler and blocker explored by our Consortium members. First, networks and influencers showed a very even spread in terms of acting as a blocker and enabler, depending on the company, for desired cultures. Nucleus Financial and Arla Foods both highlighted the use of these influencers as a strong enabler within their organisations. Second, nudging and contagion acted more as a blocker than as an enabler, overall for desired cultures. However, TCS and Linklaters still identified the usage of nudging as an enabler within their organisations. In turn, online platforms acted more as an enabler than as a blocker, overall. Interestingly however, looking at the specific desired cultures, online platforms enabled success for collaboration, but acted more as a blocker, for agility. A similar trend was seen with the monitoring of emotions and behaviours. Again, these tools on average acted as an enabler for collaboration, whilst being a blocker for agility. Nevertheless, Shell illustrated success with monitoring tools and the enhancement of an agile culture. Finally, the majority of organisations felt that sub-cultures acted more as a blocker than as enabler for their organisation. The only organisation to communicate sub-cultures as a strong enabler, was Mars.

Enablers and blockers	This enables or blocks the desired culture within our organisation	
<p>Networks and influencers</p>	<p>Strongly enables</p> <p>Enables</p> <p>Slightly enables</p> <p>Slightly blocks</p>	<p>Strongly blocks</p>
<p>Nudging and contagion</p>	<p>Strongly enables</p> <p>Enables</p> <p>Slightly enables</p>	<p>Strongly blocks</p>
<p>Online platforms</p>	<p>Strongly enables</p> <p>Enables</p> <p>Slightly enables</p> <p>Slightly blocks</p>	<p>Strongly blocks</p>
<p>Sub-cultures</p>	<p>Strongly enables</p> <p>Enables</p> <p>Slightly enables</p>	<p>Strongly blocks</p>
<p>Monitoring emotions and behaviours</p>	<p>Strongly enables</p> <p>Enables</p> <p>Slightly enables</p> <p>Slightly blocks</p>	<p>Strongly blocks</p>

New Technologies to Monitor

Finally, once the enablers have been used to foster a desired culture, it is important to assess whether or not the cultural implementation has been successful. In previous years, organisations had to make this assessment based on employee perceptions gathered through surveys and focus groups. However, today, there are several new tools attempting to monitor actual behaviours within organisations to provide a view of the reality. Some examples include:

1. Humanyze – A credit card-sized device worn by workers to monitor their mood and understand team dynamics, such as who is usually dominant in conversations and who appears most engaged. It draws on infrared sensors, microphones and an accelerometer, and all data is owned by the employee.
2. StatusToday – An AI platform relying on a regular supply of employee metadata, including files accessed to when you use a key card at a company door. The AI uses this metadata to build up a picture of how companies, departments and individuals employees normally function and flag anomalies in people's behaviour in real time.
3. All.ai – An app targeted towards women, that tells you during what portion of the meeting your voice was heard. Users can elect to use the app to help themselves speak up more, or for male allies, to try to talk less and support anyone who's often ignored when they speak during meetings.
4. Vibe - AI product that searches Slack messages on public channels for clues about employee satisfaction. It does this by scanning for keywords and emojis that represent an employee's state of mind, based on representations of five emotions: Happiness, irritation, disapproval, disappointment, and stress.

Focussing on the All.ai app, this tool may be effective if a company has strived to develop a culture of inclusivity. By measuring the portion of voices heard during meetings, leaders can analyse whether the cultural change implementation of inclusivity was successful or not, at the behavioural level. Furthermore, we can take this to understanding a deeper level of implementation, by aggregating the data from these apps. In doing this, we can learn about whether specific behaviours can be classified as habits or norms – once we know this, we can confirm that we have reached a deeper level of cultural implementation among individuals, as the behaviours are more engrained practiced on a regular basis.

At an even deeper level than behaviours and habits, there are also tools that help us understand and monitor emotions, attitudes and values. As attitudes and values are implicit they are both harder to identify and alter than behaviours or habits. However, some tools can help us understand and then attempt to change these implicit actions that would otherwise remain hidden:

1. Eye tracking - Eye tracking involves monitoring the user's eye, as it moves over the product. The mechanism consists of a monitor with an attached eye tracker. Used properly, eye tracking can give you unparalleled insights into the user behaviour.
2. Electroencephalography - In this method, electrodes are placed at various points on the scalp, to measure electrical signals in the brain that are created in response to emotions. Some of the latest EEG machines are completely wireless.
3. Galvanic skin responses - Galvanic skin response is a technology to measure the electrical conductivity of sweat on the skin. Certain emotional states such as stress or frustration cause the skin to produce more sweat.
4. Facial response coding – In facial coding, facial expressions are systematically analysed to determine the emotions that the user is undergoing. The major apparatus in this system is a web-cam. The analysis is performed by a specialised computer algorithm.

However, just one technology is not enough for a holistic understanding of a user's preferences. The ideal approach will involve several of these devices, with them complementing one another. The biggest advantage of combining the different methods is that you can learn different things from different devices. For instance, if the eye tracking device tells you which object on the screen is keeping the user's attention, the EEG machine will tell you what excites the user.

Our own in-house research tool at Hot Spots Movement monitors behaviours, habits, attitudes and values through online crowdsourcing Jams. The Jam addresses specific and complex organisational challenges by crowdsourcing ideas, opinions and actions from employees.

When exploring these new tools to monitor and understand behaviours and emotions, it is important to consider what this means about the future of data privacy. Who owns this data? How can organisations engage with talent to still maintain trust between employees and the company? The increasing possibility for employers to gather and assess large amounts of data on their staff raises both legal and ethical issues around privacy and data protection.

In regard to company culture, the rise of these tools creates the risk of triggering a culture of 'surveillance', whereby the intrusive nature of these tools and the lack of privacy can lead to increased sickness, stress and staff turnover¹. We are witnessing the first-class action suits of employees taking employers to court for lack of transparency about data collection and use. To prepare for and prevent this, it is important for companies to be clear about the workplace benefit of these tools and ensure that employees consent and ideally volunteer their data. Further, to avoid the intrusive nature of these tools both psychologically and ethically, organisations can anonymise data and only analyse it at an aggregate level. As such, while the benefits of tools monitoring and understanding emotions and behaviours are clear, organisations must still be careful when implementing these, in order to avoid the development of toxicity within their future culture.

Hot Spots Movements' Online Crowdsourcing Jams – A case study on Lloyd's Register



Operating alongside our Future of Work Research Consortium, led by Professor Lynda Gratton of London Business School, Jams combine our research on the future of work with our bespoke, online platform. We engage your employees in conversation over 48 -72 hours in an interesting and insightful dialogue. This could be a population of 1,000 or 30,000 people. After the Jam we analyse every comment made and use sentiment analytics

software to reveal the emotion behind each topic as the conversation evolves. We distil the most important messages and the most effective actions arising from the Jam, and deliver these to you in a concise report tailored to your requirements.

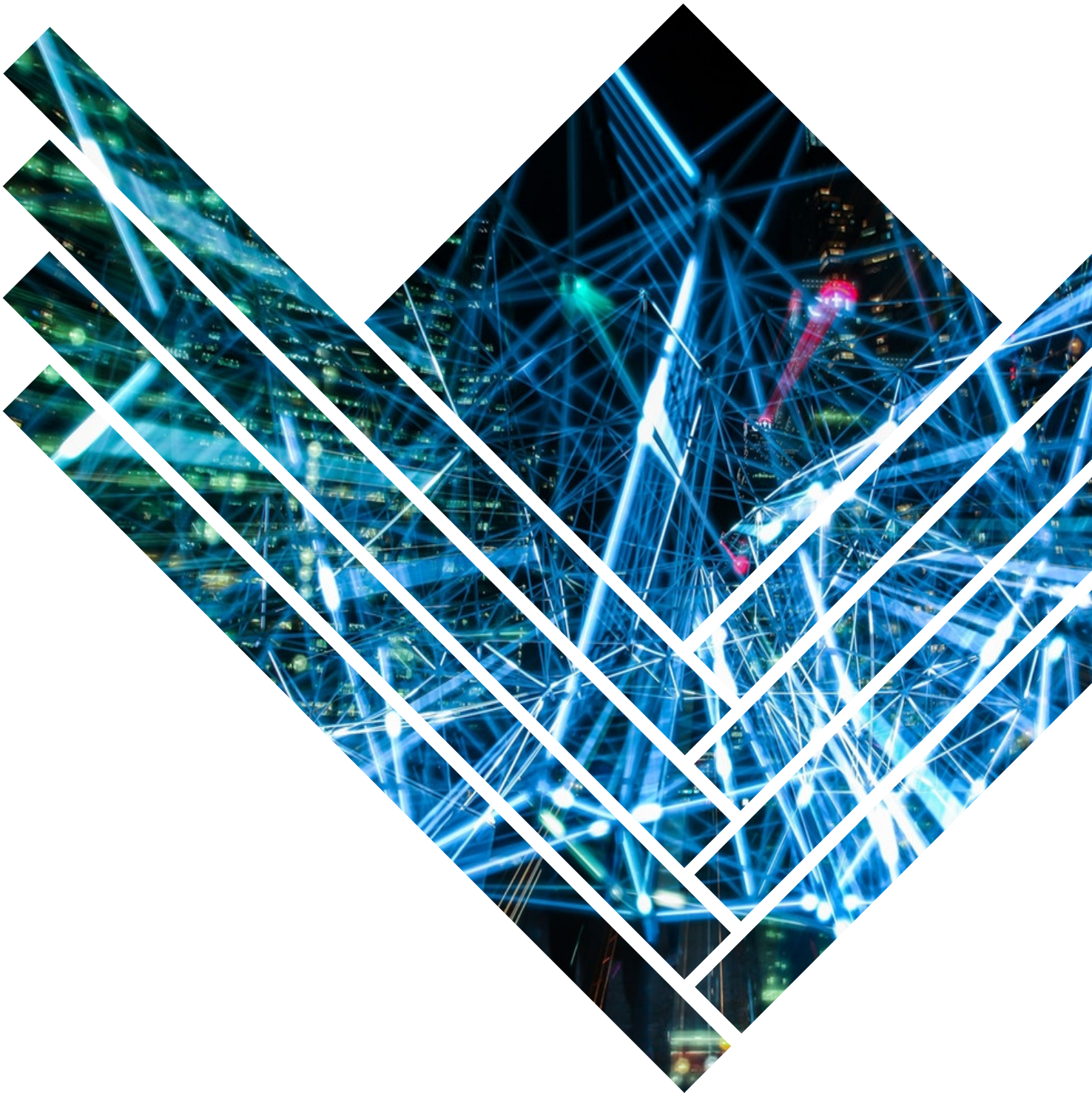
The Energy team at Lloyd's Register was embarking on an ambitious Organisational Change Programme (OCP). Leadership needed to make the OCP employee-led so the new structure would be embraced throughout the business. The Jam played a key role, surfacing ideas for the OCP and enabling engagement across the department.

The Outcome: The Jam contributed to four areas of the OCP:

- Business improvement programme for which it provided content
- New collaboration website due to the appetite revealed for collaboration and social media
- Leadership development through the 'Change Champions' identified by the Jam, with their characteristics now incorporated into their high potentials programme

¹ <http://www.futureofworkhub.info/comment/2017/12/18/managing-technology-personal-data-privacy>

- Evolving the organisation from hierarchy to network: Change Champions work in conjunction with traditional management hierarchy, focused on one challenge at a time



Key Messages and Concluding Remarks

Shifting Cultures proved to be one of the most popular themes explored by the Future of Work Research Consortium. Our research was augmented by the detailed insights shared by members as well as an abundance of information from not only traditional academic sources, but also a stream of investigations of corporate culture going to press at our time of researching. This leads us to three key questions we believe organisations must be asking themselves as they seek to future-proof their culture:

Are you preparing for tomorrow's expectations today?

The actions, behaviours and mindsets that define your current organisational culture must be fit not only for the expectations of society today, but also the aspirations for the years ahead. As you consider what your organisation's culture should look like in future, it will be imperative to study how the demographic make-up of your workforce will change, how societal trends are shifting, what inclusivity means and looks like, and in light of this, which of the behaviours and mindsets that are accepted today, will be rejected tomorrow. While the focus of recent reports on toxic culture has been on the harassment of employees within the workplace, this does not mean that this is the only area that will be subject to scrutiny in the years ahead. We anticipate that going forward, organisations will need to examine behaviours across all stakeholder groups – from employees, to contractors and clients/customers, and ask themselves: What are the behaviours and mindsets that guide these interactions, and will they stand up to public scrutiny five years from now?

Are you part of the conversation employees are having about your culture?

Social media tools have unleashed employee voice, with the result that organisational culture is no longer visible only to people within the organisation, but instead accessible to all. This trend is potentially game changing for organisations that use this increased visibility to attract talented people to the organisation by showcasing what was previously hard to prove, that 'this is a great place to work.' However, to realise these benefits you need to be actively engaged in the social media dialogue – being receptive to messaging, positive and negative, and by communicating yourselves. Easy first steps include creating hashtags that enable employees to voice their thoughts under one banner or conversation, and visibly engaging with feedback shared on ratings sites such as Glassdoor.com.

Are you harnessing the power of your influencers?

Any conversation about culture is essentially a conversation about human identity and behaviour. With this in mind, we explored the power of influencers in organisations – people who can, because of their knowledge, skills and position in the company network, and not their formal hierarchical power, shape the views and behaviours of multiple colleagues. We recommend that any culture change programme includes a specific focus on identifying influencers and then ensures that they are bought into the changes and embody the new, desired attitudes and behaviours.

We look forward to working with members to embed these insights, and future-proof your organisation's culture.

The Future of Work Research Team

About FoW

Over the last ten years, the Future of Work (FoW) Research Consortium has, so far, brought together a global community of 108 of the world's most influential companies, a number which keeps growing. By combining energetic live events with cutting-edge collaborative technology, we have connected more than 500 executives, all of whom are leading their organisations in preparing for the future.

Our Consortium is widely acknowledged as one of the most innovative and collaborative forums for exchanging insights, models and concerns about the future of work. Led by Professor Lynda Gratton, we unite academic research and organisational practice to deliver a unique multidisciplinary experience. Members of the Consortium benefit from access to the very latest academic research along with practical insights and have the ability to learn and develop in a way that is customised to their needs.

For more information on any of the topics explored in this report, please contact our research team: info@fowlab.com



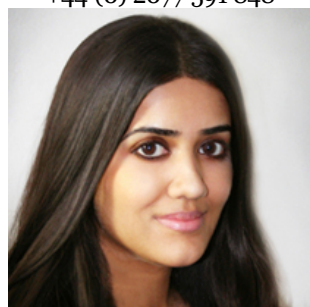
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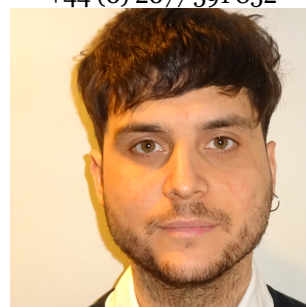
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