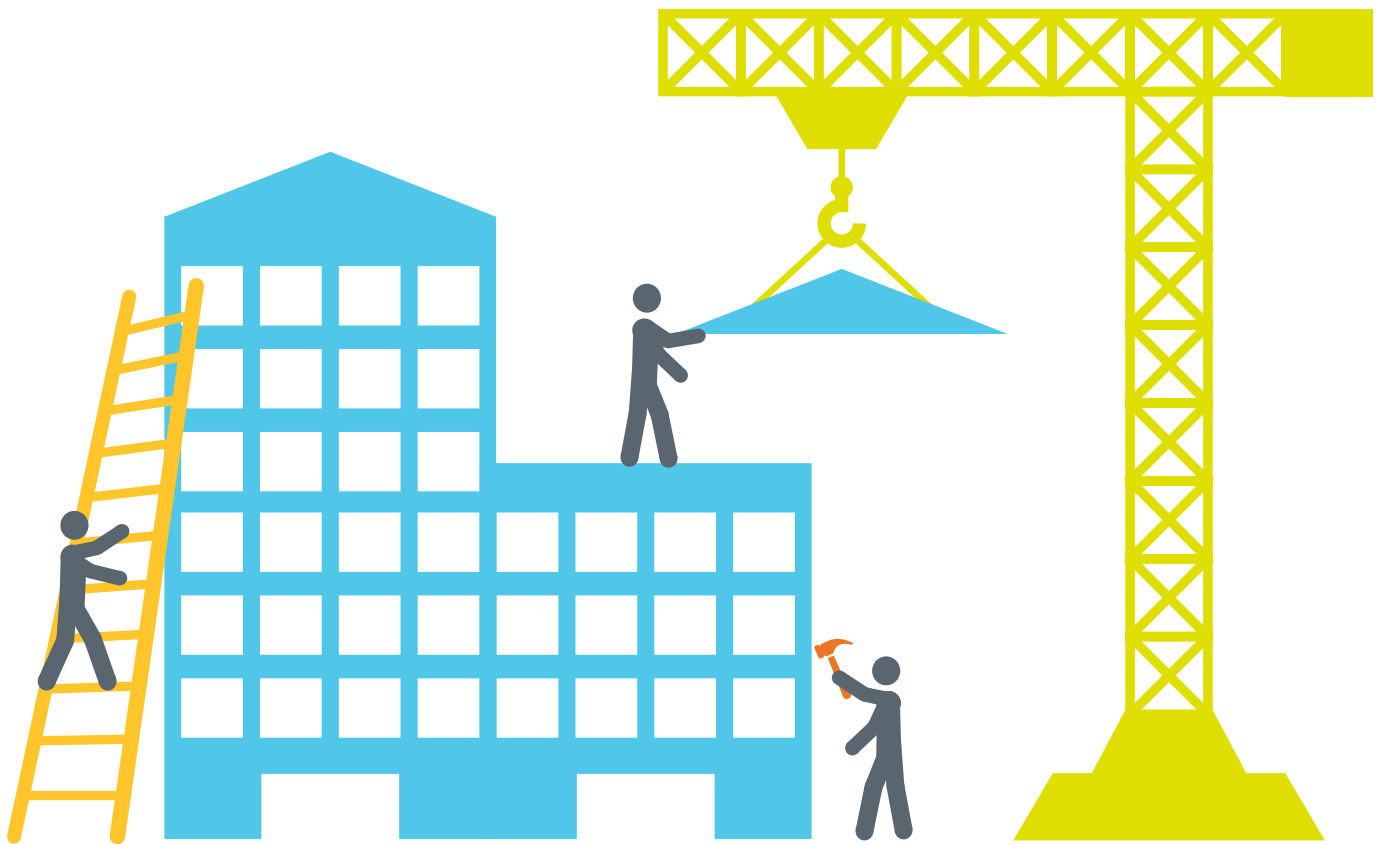




HAWORTH®



## How to Create a Successful Organizational Culture: Build It—Literally

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A Google search for “company culture” turns up over 290,000,000 hits in a fraction of a second, garnering headlines from *Forbes*, *The Wall Street Journal*, and other business publications. Why does culture earn so much press? Because it’s critically important, often misunderstood, and influences employee engagement—all of which ultimately affect financial performance.

Whether conscious or subconscious, culture evokes strong emotions that motivate employees to perform. Beyond engaging employees for the sake of revenue, a healthy culture can also foster collaboration and innovation. While much of what comprises culture is amorphous, research suggests that architecture, interior design, and furnishings provide a tangible way to support—or even change—the culture of an organization.<sup>1</sup>

### Workspace provides a foundation for culture.

If we agree that culture is important, shouldn’t workspaces reflect it? Most modern offices are built around functional considerations—increased density, one-size-fits-all workstations, office reductions, etc.—usually because workspace is viewed as a cost rather than a driver of performance. Recognizing space as a way to support productivity and company goals begins by first defining existing organizational culture, comparing that to desired culture, and then designing workspaces to expressly support the elements needed for change. Thus, the first step in linking culture to workspace is to understand an organization’s culture.

### 70 percent of the American workforce is not engaged.<sup>2</sup>



This low morale on the job comes at a high cost: In 2014, the Department of Economics at the University of Warwick found that a happy worker is 12 percent more productive than the average worker, and unhappy workers are 10 percent less productive.<sup>3</sup> In fact, **disaffected workers cost American businesses roughly \$450 to \$550 billion each year in lost productivity.**<sup>4</sup> An organizational culture that motivates employees can yield high returns.

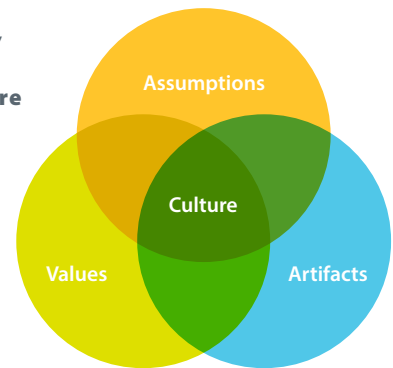
### What is organizational culture?

The term “organizational culture,” or “company culture,” is a relatively recent addition to our vocabulary from the 1980s. Most simply, organizational culture involves how an organization functions and expresses itself.

It’s the personality of an organization and encompasses three basic components:

1. **Values:** what a company does, its mission, and how it represents itself
2. **Assumptions:** the attitudes, often unconscious, formed through company processes and actions that inform what employees think
3. **Artifacts:** what a company represents in the form of products, technologies, publications, processes, dress code, location, and architecture

### Values, Assumptions, and Artifacts Define Organizational Culture



Culture creates a sense of order, continuity, and commitment that permeates every aspect of the organization, from how employees interact to customer perceptions. Culture is often difficult for an organization to articulate, but its impact is far reaching and influences management, process, products, employee attraction and retention, productivity, reputation, and ultimately the bottom line. Since 1982, when Tom Peters and Robert Wasserman, Jr. sparked interest in the topic through their book *In Search of Excellence*, organizational culture has increasingly come to be understood as an asset to enhance performance.

No matter how strong an organization’s planned procedures, culture trumps strategy when the two are not aligned. The best strategic concept won’t work in isolation, especially if it conflicts with the overarching culture of a company. For example, Apple Computer’s commitment to innovation is cultural, not process driven. As a result, the organization has flourished, virtually untouched by competition and with a distinct culture all its own.

1 Rex Miller, Mabel Casey, and Mark Konchar, 2014.

2 Gallup, 2013.

3 Andrew J. Oswald, Eugenio Proto, and Daniel Sgroi, 2012.

4 Gallup, 2013.

### Diagnosing culture establishes a starting point for positive change.

A company that doesn't understand its own culture is like a person without an identity. To encourage change and positive growth, the first step is to analyze the existing culture. Even if an organization is relatively satisfied with its culture, assessment is still important to provide a common language for a conversation about current culture, workspace, and direction for the future. It's typical to discover a difference between existing and desired culture, so diagnosis is critical in order to effectively implement a space that both supports desired culture and helps create ideal working environment.

Knowing the current culture allows workplace change to be enacted at a reasonable pace without alienation or resistance. A cultural diagnosis might also point to specific groups or departments—or sometimes even an entire organization—already in accord with the goal. Even in cases where the existing culture is satisfactory, it may still be possible to improve cultural alignment through targeted changes to values, behaviors, and workspace.

Cultures vary from organization to organization. In order to create a profile, it's useful to lay the values, assumptions, and artifacts of a company into a framework that reveals its basic tenets. The Competing Values Framework™, a model developed from the major indicators of effective organizations, provides this structure and has proven to be a valuable tool.<sup>5</sup>

### Cultural change doesn't happen by accident; it requires a well-planned change management process.

Cultural change generally arises in three forms:

<b>Evolutionary</b>	<b>Focused</b>	<b>Revolutionary</b>
Allowing change to occur slowly over time with sights set on company-wide transformation	Involving measures exacted upon only certain elements or subcultures	Forcing an entire organization to change course drastically

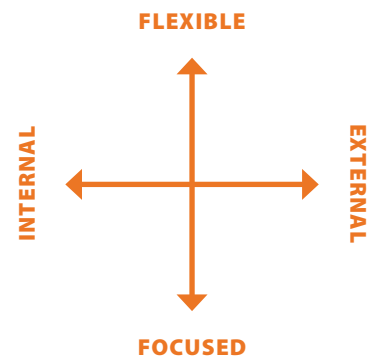
The latter approach can be turbulent and come with costs, such as employee turnover or low morale. One of the primary reasons that cultural change programs sometimes fail is because they are too drastic, demanding too much, too quickly.

### Culture types can influence the effectiveness of an organization

In 1983, after reviewing various studies, Robert Quinn and John Rohrbaugh determined that two major dimensions account for the broad range of indicators that make up an organizational culture.<sup>6</sup> These dimensions became the foundation for what is now known as the Competing Values Framework. The concept emerged from research that demonstrated a link between culture types and organizational effectiveness.

Two major dimensions emerged consistently:

- 1. Flexibility versus Stability:** This dimension focuses on order and control versus adaptation and dynamism. (Some organizations, for example, value managers who are adaptable, while other organizations prefer managers who are consistent.)
- 2. Internal versus External:** This dimension differentiates an internal orientation intent on integration, collaboration, and unity from an external focus on competition, differentiation, and rivalry. (Some organizations prioritize harmonious internal relationships and processes, while others focus externally on establishing a market niche.)



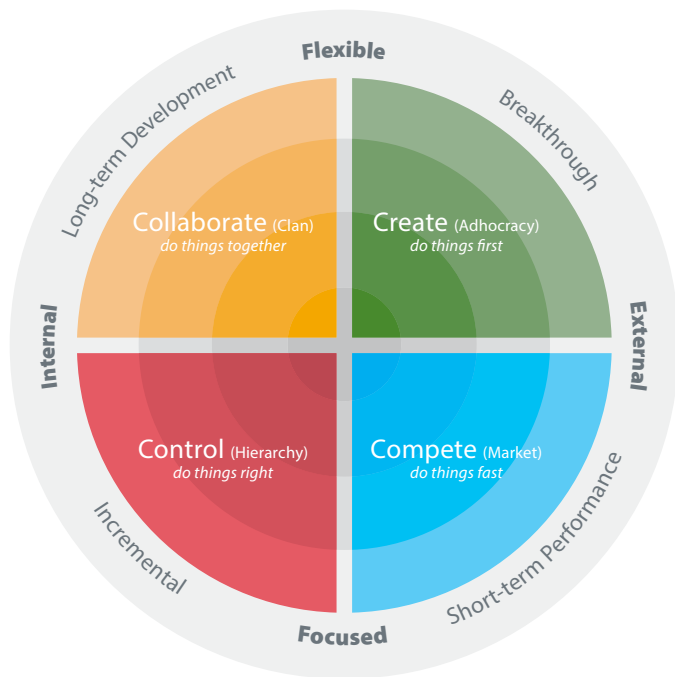
Note that this framework was developed as a positivist model with four core values that represent opposite, or competing, approaches for driving innovation and effectiveness (hence the name, Competing Values Framework). The opposing dimensions represent the values, assumptions, and artifacts of an organization—the very components that define organizational culture.

<sup>5</sup> Kim S. Cameron and Robert E. Quinn, 2006.

<sup>6</sup> R.E. Quinn and J. Rohrbaugh 1983.

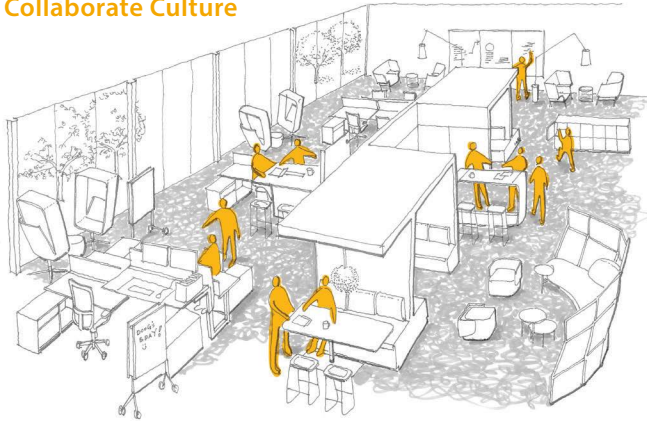
Together, these two dimensions form quadrants with each representing a distinct set of factors that categorize the different levels of an organization, including the company as a whole, regions, workgroups, or even individuals. Each quadrant—designated as Collaborate, Create, Control, and Compete—illustrates a pure example of a culture type. It's important to recognize the differences between each culture profile because organizations always have a dominant culture and may also contain many different subcultures. By understanding and accepting various cultures organizations can harness the differences for success.

**Organizational Culture Model:  
The Competing Values Framework™**



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### Collaborate Culture

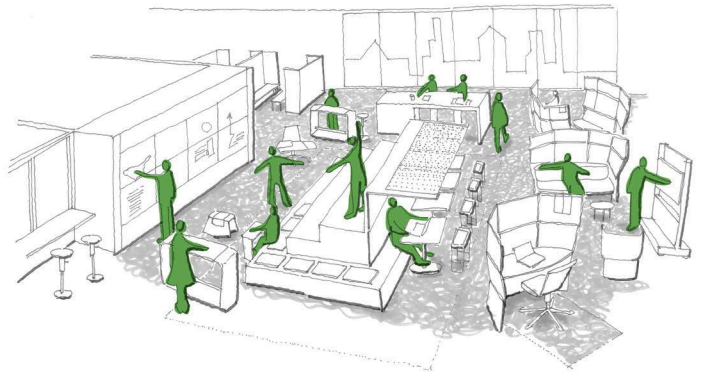


An organization that focuses on long-term internal development and team building and supports a work environment that demonstrates flexibility, concern for people, and sensitivity for customers.

Design implications include:

- Low ratio of individual to group space
- Informal spaces
- Medium enclosure
- Very flexible environment
- Organic layout

### Create Culture

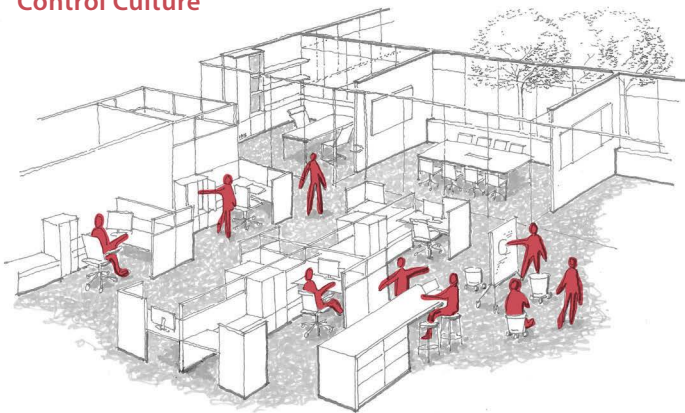


An organization that concentrates on doing things first by differentiating itself externally with a high degree of experimentation and individuality.

Design implications include:

- Low ratio of individual to group space
- Informal group spaces
- Low enclosure
- Highly flexible environment
- Organic layout

### Control Culture

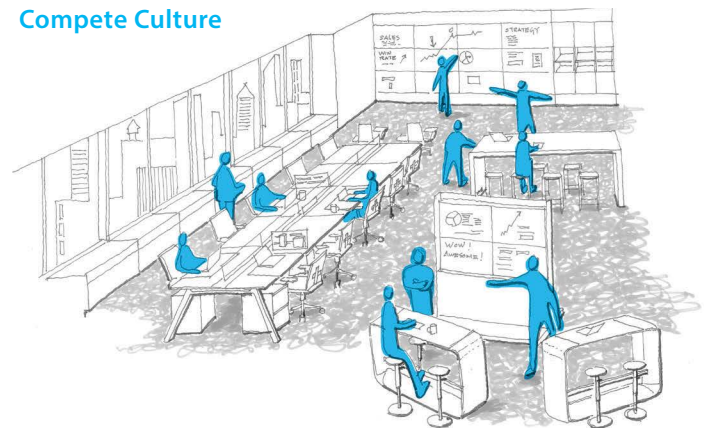


An organization that focuses on doing things right through internal procedure with a need for stability and control.

Design implications include:

- High ratio of individual to group space
- More formal spaces
- Higher enclosure
- More of a fixed environment
- Structured, symmetrical layouts

### Compete Culture



An organization that focuses on doing things fast through external competition with a focus on results.

Design implications include:

- Medium ratio of individual to group space
- Mix of formal/informal spaces
- Low to medium enclosure
- More structured, symmetrical layouts

The Competing Values Framework has been applied to a variety of industries, demonstrating that it's a robust tool to describe core approaches to values, assumptions, and artifacts.

### Subcultures function within different departments of an organization.

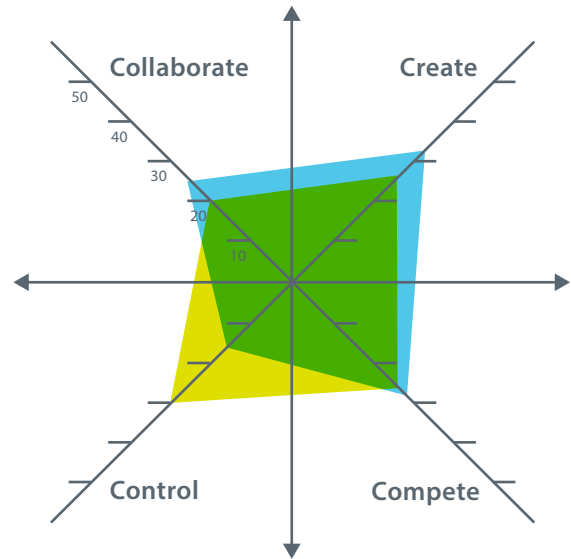
The advantage of pinpointing overall culture is that it provides a baseline, but it's important to note that culture is not necessarily homogeneous. An organization's overarching structure does not always match the approach of its internal departments. In fact, pure cultures of Create, Control, Collaborate, or Compete are rare.

The subcultures within an organization sometimes contradict the larger culture, adding to the complexity of diagnosis. The culture of a marketing team, for example, can be different from finance or IT. These differences allow departments to perform efficiently, based on their specific goals and functions, and are not necessarily an indication of dysfunction. Subcultures are a natural result of the evolution of an organization, although they are never truly independent from the main culture. Understanding the distinctions of individual workgroups is important because different cultures require different environments. Thus, one workspace design will not necessarily support every culture within an organization.

### Workspace can be used to leverage and change culture.

Workspace design in the form of common areas, meeting spaces, and individual workspaces are artifacts that can either help or hinder a company's effectiveness. Because architecture and design are intertwined with culture, the Competing Value Framework's categories are helpful as a foundation from which to create appropriate workspaces.

The critical achievement of workspace design is to integrate the various—and sometimes competing—cultures, values, and behaviors of people to meet company goals. Each subculture reflects a different image and requires different methods to work efficiently and collaborate. Control cultures, for instance, demand different work environments than Create cultures, distinctions that require contrasting approaches in design.



### Committed employees improve company performance.

Research shows that companies with low employee engagement suffer from a 32 percent decrease in operating income.<sup>7</sup> At the heart of employee motivation resides company culture—the prevailing values, assumptions, and artifacts of an organization and its employees. And the workspace itself is an important artifact that affects the efficiency and interactions of every employee. To engage workers, it's necessary to create an environment that motivates people, allowing them to innovate, collaborate, and work efficiently. Workspace strategy and design is a tangible opportunity to convert the office into a space that sets high performance standards.

Successful organizational cultures are intentional by design, not the product of default or serendipity, so how could your organization improve its performance? A cultural assessment of the workspace might be a valuable place to start.

<sup>7</sup> Rex Miller, Mabel Casey, and Mark Konchar, 2014.

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*Haworth research investigates links between workspace design and human behavior, health and performance, and the quality of the user experience. We share and apply what we learn to inform product development and help our customers shape their work environments. To learn more about this topic or other research resources Haworth can provide, visit [www.haworth.com](http://www.haworth.com).*