The Big Reset Playbook
Organizational Culture and Performance

the joshbersin company

> *"Once you start to change the culture of the company, everything else happens fast."*
>
> **Indra Nooyi, Former CEO of Pepsico**

We live in an ever-changing world. We are (maybe) emerging from what feels like an endless pandemic; contemplating decisions about the what, where, and how of work; perpetually dealing with digital transformation, digital disruption, and industry reinvention all at once; and facing continuous labor shortages in the middle of increasing inflation and societal and political challenges. Addressing every single one of these challenges comes down to one fundamental building block: the organizational culture we create.

This playbook will cover our learnings from hundreds of the world's best-run companies on how to create, sustain, and improve a high-performing culture.

What Is Culture?

Leaders around the world talk about culture—a lot. Whether it's business transformation, digital disruption, a merger and acquisition, remote work issues, or employee growth, all business priorities have a cultural impetus and impact.

Culture is "what people do when nobody is looking." The topic of culture is a CEO-level topic, and it represents all the values, behaviors, artifacts, implicit reward systems, and embedded practices that make a company work. You can "feel" the culture in an organization because it is often evident in people's behavior, enthusiasm, and the space itself. In today's network-oriented organizations, culture is what drives alignment and teamwork. Without the right culture to support the right business strategy, you can't win in the market.

Culture is not a nice to have, squishy topic; in fact, it's a survival strategy for every company.

The Culture Paradox: The Less You See, the More Important It Is

We've probably all seen the "culture iceberg"—a picture of what's above the waterline and below the waterline. Above are artifacts, spaces, and visual things that can be observed and touched. Below are assumptions, values, behaviors, rewards, and recognition. See Figure 1.

During the pandemic, many people worked remotely, and that "above the line" area shrunk considerably. After all, the Zoom meeting looks the same for every company, and the Slack or Teams messages will not vary regardless of which company is using these tools. Our research shows that the less visible and tangible an organizational culture is, the more you need to shape that culture with intention and then evolve it as needed.

Figure 1: The Company Culture Iceberg
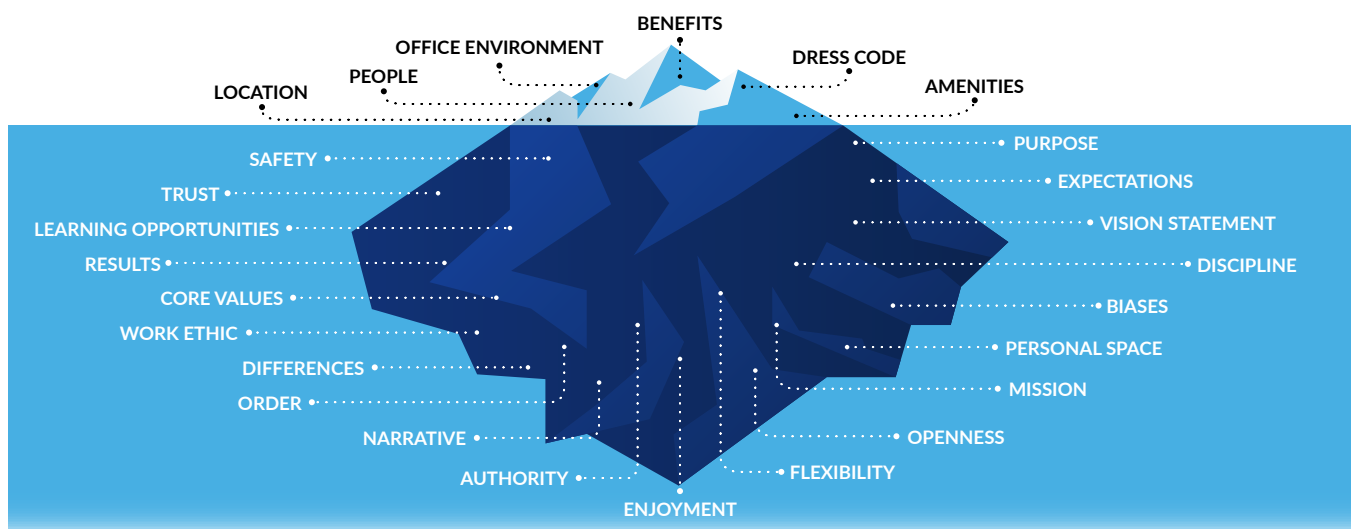
Source: The Josh Bersin Company, 2022 (based on Edward T. Hall's "The Iceberg Model of Culture")

Importantly, your culture needs to enable your business strategy. If your business strategy changes, then so does your culture. In today's rapidly changing environment, culture change has become a necessity. But how does culture change work?

Changing Mindsets and Behaviors

Culture change can't be done head-on or by addressing the culture itself. To implement culture change, it is important to understand that culture is not an input. Instead, it's an outcome of processes, structures, behaviors, and priorities. Additionally, culture is complex, and not just by definition; it's also a tricky concept to model. Therefore, culture change can't be achieved by mandate.

The values, beliefs, and norms that influence the behavior of people as members of an organization are all manifestations of culture. Just as employee experience works on the individual level, culture affects the collective. Still, culture is more than the sum of its parts: it's the glue holding everything together, with an undeniable impact that often goes unnoticed.

In this playbook, we go well beyond explaining culture and also discuss what feeds into creating a culture that can help both individuals and businesses thrive; to that end, we define new approaches to designing work, nudging behaviors, leading change, and involving employees all along the way.

The playbook covers the following topics:

- **The Culture Framework,** including the seven essential elements of culture and its impact on outcomes, based on our studies of thousands of organizations.

- **The Six Lessons of Culture and Performance,** based on discussions with more than 400 business and HR executives around the world, talking about culture and its impact on our companies.

- **Leading Practices for HR in Shaping Culture and Performance,** including five practices to enable a culture of performance and growth.

- **Operationalizing a Culture of Performance,** outlining five actionable, concrete, practical steps to create a culture fit not just for today but also for tomorrow.

The Culture Framework

Our research shows cultural elements are more impactful than others. Based on studying thousands of organizations and millions of data points, combined with hundreds of deep-dive interviews in employee experience; organizational design; diversity, equity, and inclusion; wellbeing; learning and development; and talent acquisition, we now know what works in culture change. Based on this, we developed our Culture Framework (see Figure 2).

Figure 2: Culture Framework

Growth Mindset	Purpose	Communication	Support	Collaboration	Appreciation	Wellbeing
Treating challenges as opportunities for growth	Aligning mission, vision, and Values	Making multiple communication pathways and channels available	Cultivating a sense of mutual understanding and trust	Generating opportunities and removing barriers	Formally praising employee contributions	Leveraging the right wellbeing strategies
Offering timely and personalized learning opportunities	Providing flexibility in the workplace	Fostering transparent, authentic, and honest leadership communication	Building habits and routines around helping others	Fostering agile teams	Offering compensation and rewards that are meaningful to employee lives	Cultivating a strong sense of belonging
Building diverse and inclusive workplaces	Encouraging value-driven leadership models	Encouraging people to share stories, information, and experiences	Training managers and leaders as coaches	Making multiple collaboration and co-creation tools available	Using fair and equitable compensation practices	Prioritizing physical and psychological safety

Source: The Josh Bersin Company, 2022

Without the seven elements of the Culture Framework, nothing else matters much. Below, we describe the seven culture elements in detail.

Growth Mindset

Companies with a growth mindset embedded in their culture are:

7× more likely to be recognized as great places to work

8× more likely to achieve high levels of engagement

Source: The Josh Bersin Company, 2022

In the book *Mindset*, the renowned psychologist and author Carol Dweck says success comes from having the right mindset rather than intelligence, talent, or education. But mindset is not just a personal trait. It's also a culture "essential," allowing organizations to respond to change and disruption more effectively.

A growth mindset helps people to see challenges as opportunities for growth and even necessary stretches to develop new skills and abilities. Additionally, a growth mindset enables people to see HR processes as more than steps that streamline operations and acknowledge them as conduits of culture.

Our Talent Acquisition research[1] has shown that companies that encourage a culture of mobility and growth are five times more likely to be recognized as great places to work and more than three times more likely to see increased innovation. Moreover, companies looking for candidates who exhibit a growth mindset with curiosity and creativity are more than seven times more likely to achieve high levels of engagement and more than eight times more likely to be recognized as great places to work.

Companies like Visa, AstraZeneca, and Walmart have invested a great deal in facilitating people's growth. They are designing their learning solutions around great learner experiences to allow people to not only access useful content but also get personalized recommendations and insights so they can find learning that meets their needs at the right time with relevant content and with a digestible format. *The Definitive Guide: Employee Experience* points out[2] that companies with a culture that supports learning are two times more likely to develop innovative products and services.

The most innovative companies around the world get this. "When we exercise a growth mindset by being customer-obsessed, diverse, and inclusive, and act as one Microsoft, that's when we can truly make a difference in the world," said Microsoft CEO Satya Nadella, who sees his role at as "chief culture officer."[3] But not all companies are there yet, and our Talent Acquisition research[4] has shown that some industries such as hospitality, education, and insurance don't have their radars set for candidates who demonstrate a growth mindset (or creativity for that matter).

Purpose

Companies that have a sense of purpose embedded into their culture are:

6× more likely to have high engagement and retention

Source: The Josh Bersin Company, 2022

Purpose is that rare alignment between the walk and the talk: the why a company is in business and the actions it takes to accommodate that.

Some organizations are well known for the level of alignment around their corporate purpose.[5] Organizations such as Unilever are known for their powerful mission and social

1   *The Definitive Guide to Recruiting: Human-Centered Talent Acquisition*, Josh Bersin and Janet Mertens, The Josh Bersin Company, 2022.

2   *The Definitive Guide: Employee Experience*, Josh Bersin and Kathi Enderes, PhD/The Josh Bersin Company, 2021.

3   "In First Person: Satya Nadella," Joe Whittinghill/Society for Human Resource Management, 2000.

4   *The Definitive Guide to Recruiting: Human-Centered Talent Acquisition*, Josh Bersin and Janet Mertens/The Josh Bersin Company, 2022.

5   *The Definitive Guide: Employee Experience*, Josh Bersin and Kathi Enderes, PhD/The Josh Bersin Company, 2021.

impact. Microsoft aligns everything to a mission to "empower every person and organization on the planet to achieve more." Deutsche Telekom's mission, "I will not stop until everyone is connected," takes on a new meaning in a world in which technical connectivity can mean the difference between isolation and inclusion, education and illiteracy, and work and unemployment. IBM goes even a step further, allowing employees to define the values of the company through their ValuesJams initiative.[6] People from around the world, across levels and roles, engaged in a broad online discussion that led to the company's value statements.

The acute transition to hybrid work during the pandemic era is a notable example of where the strategic business purpose and underlying alignment between vision, values, and work principles were put to the test. While some companies evangelized the return to the office as something that spurs productivity, engagement, and innovation, others allowed for more flexibility and let people decide by themselves. Dow, for example, has adopted a model titled "Design your day," which allows employees to craft their work location, activities, schedule, and support systems to personalize their work and maximize their growth.[7]

Our Employee Experience (EX) research[8] uncovers that companies that develop a clear values-driven leadership model are more than six times more likely to have high engagement and retention. And yet, not all organizations have a clear management philosophy and leadership models aligned to their values. Out of our surveyed companies, only a third of organizations in consumer products and education, and about two out of five companies in technology, media, and telecommunication companies are actually good at this practice.[9]

Communication

Companies that strive to ensure communication reflects their culture are:

6×   more likely to be an industry leader

5×   more likely to have productive employees

4×   more likely to adapt well to change

2×   more likely to innovate effectively

Source: The Josh Bersin Company, 2022

In his book *Sapiens: A Brief History of Mankind,* historian Yuval Noah Harari explains that one of the developmental milestones that allowed Homo sapiens to dominate over other human species present in its time was their superior cognitive capabilities. Long story short: they were able to communicate with each other in a way that had been impossible up until that point. Creating a system of syllables, words, and sentences enabled them not only to inform one another about imminent dangers but also to share stories.

When the pandemic hit, Patagonia offered multiple communication pathways for people to connect and identify common grounds. Encouraging people to talk about work,

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6 *The Definitive Guide: Employee Experience*, Josh Bersin and Kathi Enderes, PhD/The Josh Bersin Company, 2021.

7 *The Big Reset Playbook: Change Agility*, Josh Bersin, Kathi Enderes, PhD, and Nehal Nangia/The Josh Bersin Company, 2021.

8 *The Definitive Guide: Employee Experience*, Josh Bersin and Kathi Enderes, PhD/The Josh Bersin Company, 2021.

9 Ibid.

share stories, information, and experiences not only fosters trust but also boosts productivity. Our Employee Experience research[10] finds that when people communicate their experiences around remote work, they are five times more likely to be productive. Our Wellbeing research uncovers that companies that clearly communicate how employee data is used are four times more likely to adapt well to change and two times more likely to effectively innovate.[11] Our DEI (diversity, equity, inclusion) research finds companies where the CEO communicates DEI progress are more than six times more likely to have a diverse leadership team and be recognized as a leader in its industry segment.[12]

Communication is more than the mere exchange of ideas. An organization's style of communication is an essential element of its culture. Importantly, enabling open, transparent, and honest communication from the leadership will have a notable impact on employee experience, and ultimately, the culture. But good communication doesn't just happen. For example, IBM went through a series of A/B testing with its employees to identify the right messaging and format of its benefits communication.

Last, but not least, authenticity in communication can make (or break) organizational culture, especially when it originates from leaders. At the beginning of the pandemic, the CEO of a large healthcare organization started weekly video messages in which she talked about both the business and her personal life. These videos were not professionally produced but instead showed the CEO in a casual environment at home. This was extremely well received by employees who then went ahead to submit their own video responses. This is an example of modelling authenticity, offering insights into the person behind the leader and showing care for employees as people (rather than mere workers) in an impactful way—ultimately strengthening the culture through communication.

Support

Companies that have support embedded in their culture are:

7× more likely to be recognized as great places to work

5× more likely to satisfy and retain customers

4× more likely to meet or exceed financial targets

Source: The Josh Bersin Company, 2022

Dr. Edgar Schein, one of the moguls of organizational culture, sums up this culture element in his book *Helping: How to Offer, Give and Receive Help:* "Help in the broadest sense is, in fact, one of the most important currencies that flow between members of society, because help is one of the main ways of expressing love and other caring emotions that humans express."

Three basic requirements are needed for help to be successful. Two are coined by Dr. Schein and the third is prescribed by remote working: (1) understanding by the helper to get to the real need or problem to solve, (2) trust by the client (the person receiving help) so they share the actual source of frustration or confusion, and (3) an advanced collection of tools such as video conferencing, document management, chat tools, and next-generation interfaces to facilitate the interaction.[13]

Technology and telecommunication companies often build a strong muscle around helping others and it is a strong cultural

10 *The Definitive Guide: Employee Experience*, Josh Bersin and Kathi Enderes, PhD/The Josh Bersin Company, 2021.

11 *The Definitive Guide to Wellbeing: The Healthy Organization*, Josh Bersin and Janet Mertens, The Josh Bersin Company, 2021.

12 *Elevating Equity: The Real Story of Diversity and Inclusion*, Josh Bersin and Kathi Enderes, PhD/The Josh Bersin Company, 2021.

13 *The Definitive Guide: Employee Experience*, Josh Bersin and Kathi Enderes, PhD/The Josh Bersin Company, 2021.

element: 83% of tech companies we have surveyed are quite experienced at this.[14] But there are other notable examples outside of tech where support is prevalent. For example, Lego has designed its leadership principles from the bottom up, incorporating routines where helping others is a core element. Their leadership approach titled "Energizing everybody every day" allows for anyone across hierarchy and organizational boundaries to start support discussions called "campfires." Anybody at Lego can ask for a campfire and many occur every day. "Just today, we had a campfire with the company owner and eight people from minority groups to share their lived experiences," Lego's Chief People Officer Loren Schuster told us.

Helping each other is more than a culture essential: it's a solid business strategy. Our research[15] shows that companies that create a culture of support where people help each other are four times more likely to meet or exceed financial targets, more than five times more likely to satisfy and retain customers, and more than seven times more likely to engage and retain employees. They are also more than seven times more likely to be recognized as great places to work, and more than ten times more likely to create a sense of belonging. Furthermore, we know from our research on health and wellbeing[16] that when managers and leaders are trained to be strong coaches, the organization is eight times more likely to engage and retain their employees! The magnitude of the impact is astounding, and that's just one of the culture essentials.

Collaboration

Companies that have collaboration embedded in their culture are:

20× more likely to be recognized as great places to work

11× more likely to have high levels of engagement

6× more likely to attract new talent

Source: The Josh Bersin Company, 2022

There is an old proverb that says "If you want to go fast, go alone. If you want to go far, go together." Collaboration is, in effect, the element of culture that helps organizations thrive. Healthy work environments are created when work barriers are removed, and people are granted opportunities for collaboration. Our Change Agility study[17] shows organizations that are putting emphasis on increasing agility and productivity are more resilient and have cultivated agile ways of working over time. When Deutsche Telecom introduced agile ways of

Healthy work environments are created when work barriers are removed, and people are granted opportunities for collaboration.

14 *The Definitive Guide: Employee Experience*, Josh Bersin and Kathi Enderes, PhD/The Josh Bersin Company, 2021

15 Ibid.

16 *The Definitive Guide to Wellbeing: The Healthy Organization*, Josh Bersin and Janet Mertens, The Josh Bersin Company, 2021.

17 *The Big Reset Playbook: Change Agility*, Josh Bersin, Kathi Enderes, and Nehal Nangia/The Josh Bersin Company, 2021.

working, people reportedly felt that they were given a "voice" regardless of their role.

Fostering employee resource groups and supporting community-building outside company walls are two known vehicles that empower collaboration. Hilton uses "team member resource groups" as part of its business strategy, testing marketing and product approaches. John Hancock Investment Management, for example, includes videos from the chief executive officer (CEO), senior leadership, and other salespeople in their onboarding process to convey its culture and create a sense of community with new employees.[18] Kaiser Permanente executives are held accountable for contributing to their local communities through specific community service goals assigned to them.

Through our EX research,[19] we see that enriching the technological landscape with advanced collaboration tools such as video conferencing, document management, chat tools, and next-generation interfaces contribute to crafting a collaborative culture. The pandemic has accelerated the need and adoption of such tools, which help people feel more engaged and nurture their sense of belonging. In addition to the standard video conferencing tools (e.g., Microsoft Teams, Zoom, and WebEx) we are also seeing the rise of VR and AR-enabled solutions like Virbela and Bramble that aim to make users feel as if they are in the same room as their colleagues.

Overall, organizations where people are supported to build communities at work are more than seven times more likely to create a sense of belonging, and more than five times more likely to engage and retain employees as well as to be perceived as a great place to work[20]. Our Wellbeing research[21] reveals companies that not only pay fairly but also create strong communities and give employees tools to grow are twenty times more likely to be recognized as great places to work, eleven times more likely to have high levels of engagement. and six times more likely to be able to attract new talent.

Appreciation

Companies that have appreciation embedded in their culture are:

6× more likely to have high engagement and retention

Source: The Josh Bersin Company, 2022

Appreciation reflects people's attitudes and subsequent actions: the way their emotional stance is manifested into activities such as who gets recognized or rewarded.

Through our Wellbeing research[22] we know that appreciation through gratitude and praise can affect employee wellbeing both directly and indirectly. Gratitude helps people connect to something larger than themselves. Workers formally praised for their contributions report higher levels of happiness, productivity, and loyalty. But it doesn't just work for the person receiving the praise. People who praise others have improved metabolism and stress levels. Companies like Oracle, IBM, and 1800Contacts invest in appreciation through platforms that facilitate the expression of appreciation. But appreciation isn't necessarily intangible.

Rewards are a powerful lever in showing appreciation while cultivating employee engagement and wellbeing. However, our EX research[23] finds high-value monetary rewards are not necessarily the most impactful strategy. Companies who get this do frequent deep-dives into understanding what matters to their workforce and design their approach to offer rewards that are meaningful and diversified. Our research shows most companies in financial services (83%) and most players (72%) in the consumer products industry are generally better at this. Amazon, Chipotle, and World Wildlife Fund offer a range of reward

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18 *The Definitive Guide: Employee Experience,* Josh Bersin and Kathi Enderes, PhD/The Josh Bersin Company, 2021

19 Ibid.

20 Ibid.

21 *The Definitive Guide to Wellbeing: The Healthy Organization,* Josh Bersin and Janet Mertens/The Josh Bersin Company, 2021.

22 *The Definitive Guide to Wellbeing: The Healthy Organization,* Josh Bersin and Janet Mertens/The Josh Bersin Company, 2021

23 *The Definitive Guide: Employee Experience,* Josh Bersin and Kathi Enderes, PhD/The Josh Bersin Company, 2021.

options that are meaningful to their people, such as bonuses, public recognition, extra vacation, and group experiences like skydiving or city tours. And, especially post-pandemic, companies who leverage appreciation do not stop there.

According to PwC, 72% of employees with increased financial stress due to the pandemic are looking for an employer who cares for their financial wellbeing, and 57% of those that didn't experience increased financial stress are also looking for an employer who cares. Many organizations are now shifting attention to financial fitness to demonstrate their appreciation and have a meaningful contribution to the lives of their people.[24]

Research on financial stress shows that it can lower productivity and is associated with heart attacks.[25] Meanwhile, organizations that support employee financial fitness also encourage career progression and provide financial counselling and support. Companies are slowly and surely acknowledging the value of showing their appreciation in multiple ways. Johnson & Johnson offers student-loan guidance sessions for recent graduate hires, retirement planning for tenured employees, and legal aid to workers who face unexpected expenses. Metz Culinary Management now includes on-demand pay to the suite of financial programs it offers as an option to hourly workers who find themselves in urgent need[26].

Wellbeing

Companies that have wellbeing embedded in their culture are:

20×	more likely to exceed their financial targets
15×	more likely to engage and retain employees
10×	more likely to have lower absenteeism
5×	more likely to be able to recruit new talent

Source: The Josh Bersin Company, 2022

Healthy organizations are good for business, good for people, and good for society. Wellbeing is directly linked with belonging. Companies that create cultures where people feel that they belong, their contributions are valued, and

Wellbeing is an element of culture that lies at the core of an organization, encompassing a multitude of dimensions.

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24 *On-Demand Pay: Real-Time Pay to Make Workers Happy,* Josh Bersin and Kathi Enderes, PhD/The Josh Bersin Company, 2021.

25 *The Definitive Guide to Wellbeing: The Healthy Organization,* Josh Bersin and Janet Mertens/The Josh Bersin Company, 2021.

26 *On-Demand Pay: Real-Time Pay to Make Workers Happy,* Josh Bersin and Kathi Enderes, PhD/The Josh Bersin Company, 2021

their needs are heard, are more successful. Wellbeing is an element of culture that lies at the core of an organization, encompassing a multitude of dimensions.

In our Healthy Organization Framework[27], we identify seven major elements of wellbeing, each making a unique contribution to organizational health.

- **Physical health,** which reflects one's personal fitness and readiness to work.
- **Mental wellbeing,** which is a sense of positive outlook and support for psychological health.
- **Financial fitness,** which corresponds to financial security and equitable opportunities for growth.
- **Social health and community services,** which is a sense of purpose as well as the act of giving back.
- **Safe workplace,** which corresponds to physical safety as well as protected work practices.
- **A healthy culture** that reflects human-centered leadership and healthy ways of working.
- **Technology and HR capabilities** that promote easy-to-use wellbeing tools and services.

Our extensive research around DEI[28] shows companies leveraging the right wellbeing strategies to enrich their cultural context are more than five times more likely to be able to recruit new talent and even have lower annual healthcare claim costs! Moreover, organizations where people feel a strong sense of belonging are more than eight times more likely to listen to employees and act on results and more than five times more likely to support each person to present their authentic self. Meanwhile, when HR works closely with the business on their wellbeing strategy, they are twenty times more likely to exceed their financial targets.

Our research[29] shows 77% of surveyed companies prioritize the physical and psychological safety of their workers and 75% are focused on their wellbeing experience. Still, only 18% of companies actively balance employee workloads, and only 15% cultivate health and wellbeing at a local level. We also know that when leaders and managers actively participate

in wellbeing activities with the workforce, the organization is fifteen times more likely to engage and retain employees. And although we know that companies leveraging the right wellbeing strategies are more than ten times more likely to have lower rates of absenteeism, and more than five times more likely to be able to recruit more talent, businesses have a long way to go to effectively grow that cultural element. Only 68% of U.S. companies think of employee health and wellbeing as an essential part of their company's business strategy

The Right Culture Matters to Outcomes

Through our work with companies around the world, we have been able to uncover a selection of cultural elements that are not only helpful, but also quite impactful to the bottom line. Prioritizing focus on those essentials will save time in crafting sustainable organizational cultures that fit to your unique situation and pay huge dividends overall (see Figure 3 on the next page)

Working on culture takes a lot of arduous work and continuous effort. Focusing on the essential cultural elements helps bring structure to a theme that is often perceived as vague or unattainable. Working to improve culture requires a pragmatic and holistic viewpoint of the organization, the context, the people, the tools, and capabilities. And it needs dedication and alignment with all other aspects of the organization to achieve impact, given how it is ingrained in every aspect of the workplace. Still, working to strengthening culture, that glue that holds everything together, is your best bet in building an irresistible organization.

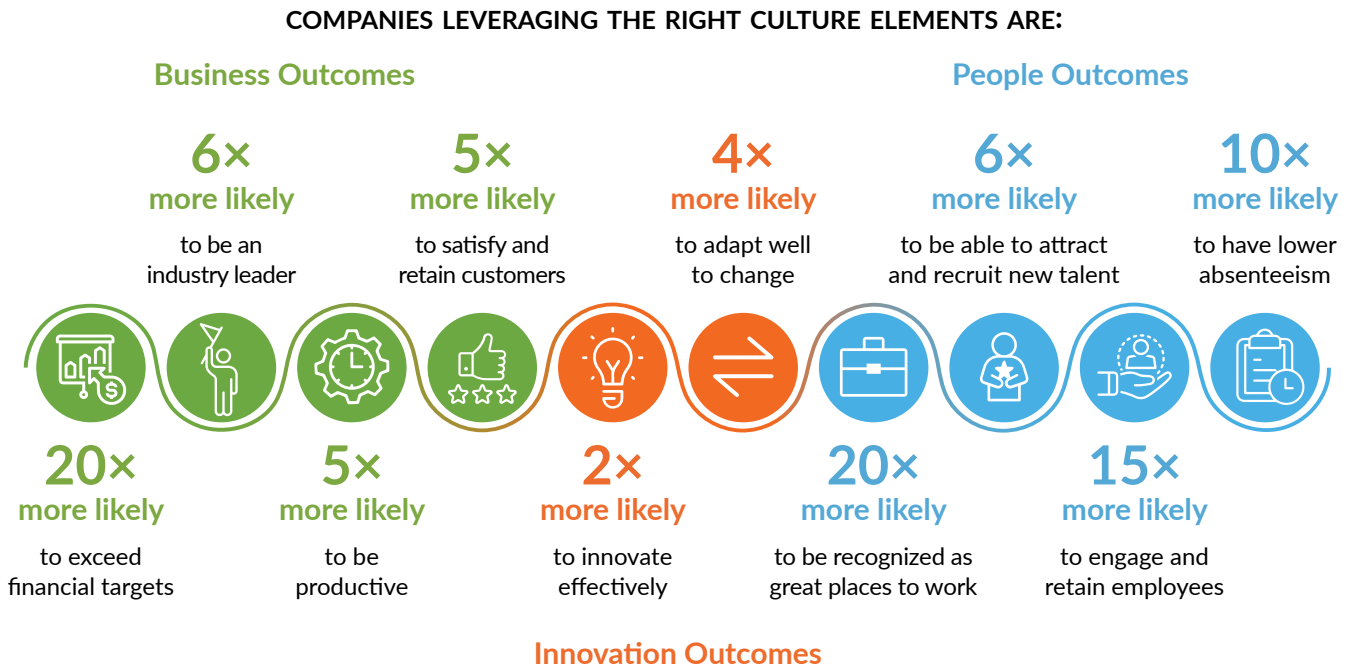# The Six Lessons of Culture and Performance

We talked about culture and performance with many HR, talent, learning, and business leaders, and we studied thousands of company practices and approaches on topics from pandemic responses to DEI, employee experience, HR technology, wellbeing, organization design, talent acquisition, hybrid and remote work, coaching and mentoring, and learning

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27 *The Definitive Guide to Wellbeing: The Healthy Organization*, Josh Bersin and Janet Mertens/The Josh Bersin Company, 2021.

28 *Elevating Equity: The Real Story of Diversity and Inclusion*, Josh Bersin and Kathi Enderes, PhD/The Josh Bersin Company, 2021.

29 *The Definitive Guide to Wellbeing: The Healthy Organization*, Josh Bersin and Janet Mertens/The Josh Bersin Company, 2021.

COMPANIES LEVERAGING THE RIGHT CULTURE ELEMENTS ARE:

Business Outcomes

People Outcomes

6×
more likely
to be an
industry leader

5×
more likely
to satisfy and
retain customers

4×
more likely
to adapt well
to change

6×
more likely
to be able to attract
and recruit new talent

10×
more likely
to have lower
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20×
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to exceed
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5×
more likely
to be
productive

2×
more likely
to innovate
effectively

20×
more likely
to be recognized as
great places to work

15×
more likely
to engage and
retain employees

Innovation Outcomes

Source: The Josh Bersin Company, 2022

and development since 2021. From these studies, we learned ten lessons about culture and performance that stand the test of time to bring companies enduring performance, employee creativity and innovation, and growth.

Lesson 1: Every business transformation requires a culture transformation.

Traditionally, culture is seen as a squishy "nice to have" that can be left to its own devices. In this scenario, culture sits outside of business strategy and is sometimes owned by "culture champions"—people who work on the periphery of business, in disciplines like "organizational development" or even "chief culture office" or similar roles.

This model of culture creation might seem efficient—after all, instead of working on culture change, people can focus more on the "hard aspects" of business, such as growing the customer base or developing products and services—activities that presumably drive more value.

But this model of culture creation is based on the implicit assumption that culture is not "core" to the business. In a world

where the only real differentiator between high-performing organizations and those lagging in the market is in the people and culture of the company, this fallacy can be detrimental to business success, and even be the cause of failure to thrive.

Culture is not "discretionary" or "ancillary" to business performance. In today's environment, transformation is a daily occurrence and comes in many forms:

- Industry transformation (like we describe in our Global Workforce Intelligence Project series for various industries), where companies must change their business models and approaches because of the environment changing

- Mergers and acquisitions (whether you are acquiring a company or are on the other side of the road, these actions are truly transformative)

- Leadership changes (a new CEO, COO, CFO, or other senior executives)

- Hypergrowth

- Market changes

- The pandemic

All these changes will require you to look at your culture in a unique way. A study by McKinsey showed that the most

successful transformations embed transformation in the way of doing business (see Figure 4).

What this means is that the culture of the organization—"the way we do business here" or business as usual—will need to shift, too. Whether it's a merger and acquisition, digital transformation, industry reinvention, or going to hybrid work— your culture must transform for any of these scenarios.

Examples of Excellence

When MRC Global, a 100-year-old company that had been highly successful with a top-down, hierarchical culture, pivoted their strategy of cost control to growth, the culture had to change, too. "We went from a mandate that the customer is always right to freedom of speech for our employees," explained CHRO Malcolm O'Neal. To grow, the company needed to allow innovation to happen, and the culture shift of autonomy and empowerment was key to this change.

The company had a mantra to "never lose a customer." "Now, we are using the construct of agility to draw lines that have never been drawn before, "said O'Neal. Customer service is still a core value, but the company has embraced a new way of thinking in which it is okay to be a for-profit enterprise. To promote long-term profitability and growth, the company now acknowledges some circumstances where it is acceptable to lose a customer. This culture change has enabled a shift to growth, transforming the business with it.
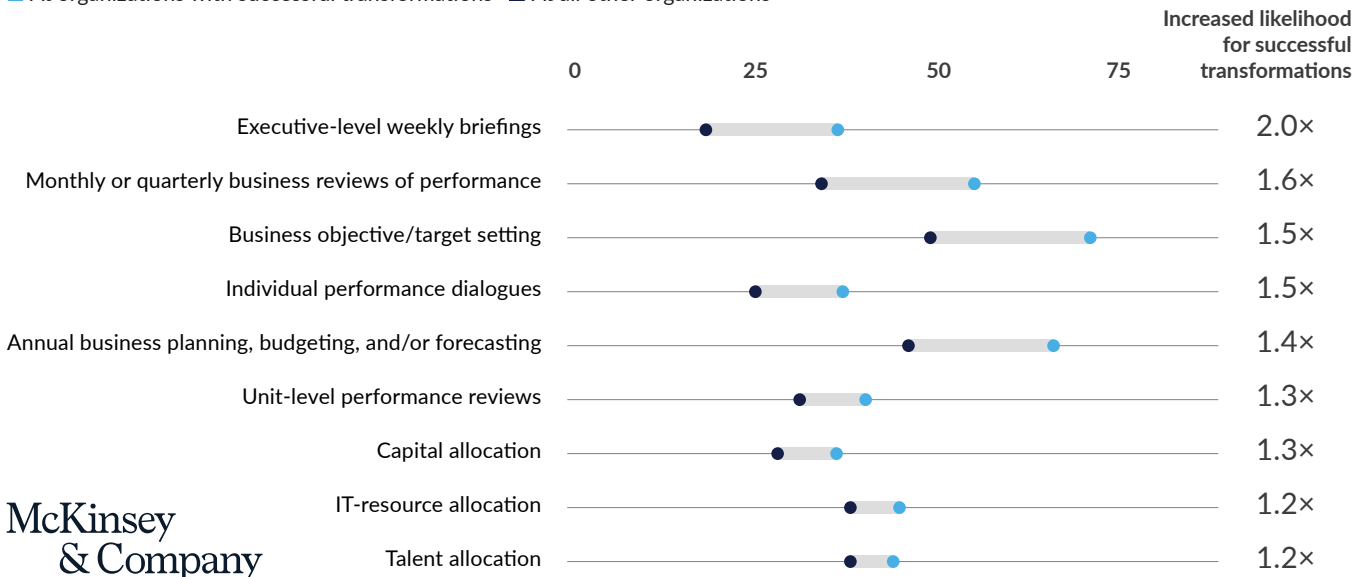
Citizen Bank has been on a massive transformation journey to agile ways of working for the last several years. Besides the technology organization, other parts of the business and HR are also transforming to be more agile, adaptable, and nimble— and the biggest adjustment is the culture and mindset change. Moving from a hierarchical, functional organization and "waterfall" approaches to cross-functional, customer-aligned teams in all areas, including HR, has been a big culture transformation.

Figure 4: Successful Business Transformation

Organizations with successful transformations are more likely than others to embed transformation disciplines into "business as usual" processes.

Processes that changed substantially as a result of the transformation, * % of respondents

🔵 At organizations with successful transformations† ⬤ At all other organizations

	0	25	50	75	Increased likelihood for successful transformations
Executive-level weekly briefings					2.0×
Monthly or quarterly business reviews of performance					1.6×
Business objective/target setting					1.5×
Individual performance dialogues					1.5×
Annual business planning, budgeting, and/or forecasting					1.4×
Unit-level performance reviews					1.3×
Capital allocation					1.3×
IT-resource allocation					1.2×
Talent allocation					1.2×

McKinsey & Company

* Respondents who answered "don't know/not applicable" are not shown.

† Respondents who said their organizations' transformations have been very or completely successful at both improving performance and sustaining those improvements over time

Source: McKinsey & Company, 2021

"We are changing mindsets, values, and behaviors, not just processes, so we can be more agile," an executive told us. One approach to this culture shift is focusing on helping those employees who do not recognize the need for culture change think more like entrepreneurs.

Lesson 2: Behavior change is what transforms the culture over time.

There is no textbook to quick-fix culture. Working to address culture-related challenges cannot rely on good intentions or stem from adopting someone else's good practice. It takes a nuanced approach, with time and effort continuously invested. Also, what works well for one organizational context may not necessarily work equally well someplace else, in a different industry or geography. Culture consists of several elements that are all interconnected and therefore, a holistic approach and systemic thinking are needed. All the elements that comprise organizational culture need to work in unison, much like the instruments of a symphonic orchestra that are meticulously tuned to help express the perfect melody.

Examples of Excellence

Schneider Electric has been pioneering the talent marketplace to create better careers for its people while also serving the organization's needs for skills and capabilities in new areas. The biggest challenge was cultural in nature—instead of creating top-down rigid career models and paths, employees are in charge to explore and define their own path, based on recommendations by the talent marketplace platform. "It's like handing your teenager the keys to the car," as Jean Pelletier, VP of Digital Talent, remarked. But change, they did. Instead of a top-down, management-driven model of career ladders, the company now has a veritable career lattice to climb. But change, they did. Instead of a top-down, management-driven

model of career ladders, the company now has a veritable career lattice to climb.

Herc Rentals aimed to make hiring processes more inclusive to bring on more diverse candidates. Their managers are mostly male, and some of them did not understand the benefit of a more diverse and inclusive environment. Instead of trying to change the culture head-on to be more inclusive, the talent team changed behaviors. For example, they used a process that required each candidate slate to have several diversity candidates.

Lesson 3: The physical environment has less impact on the culture than you think.

Early in the pandemic, companies were concerned about "losing their way" regarding culture because of the remote work mandate for all but "essential" workers. How would they portray their culture to new joiners who never set foot in their offices? How do they create a sense of connection, inclusion, and belonging when people are physically apart? And without physical artifacts to see and experience, wouldn't their culture get lost?

The opposite ended up being true. *The Meta 2022 Diversity Report* demonstrates the positive impact remote work has on diversity, equity, and inclusion.[30] Since 2019, the company doubled the number of Black and Hispanic employees in the U.S. and the number of women in the global workforce. As 75% of teams at Meta work in distributed teams, leadership attributes much of this progress to the work location flexibility. U.S. candidates who accepted remote job offers were substantially more likely to be Black, Hispanic, Native American, Alaskan Native, Pacific Islander, veterans, and/ or people with disabilities. And globally, candidates who accepted remote job offers were more likely to be women.

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30 *Embracing Change Through Inclusion: Meta 2022 Diversity Report,* Meta, July 2022.

Supporting this remote work with their own metaverse solutions (see Figure 5) helped establish a culture of connection.

Yes, you can create a thriving, inclusive, positive culture even without physical artifacts. But it takes effort and work to do so. And any company can do it—not just tech giants like Meta who use more than 1 quintillion different attribute combinations for Meta avatars, from skin tones to facial shapes and assistive devices, like hearing aids or wheelchairs so that everyone can feel represented and included.

How do you do it? By understanding the essence of your culture and intentionally designing ways for your employees to experience that culture that are not just part of the physical environment. Any interaction people have with your company builds the culture. How do people collaborate? How is performance evaluated? What gets rewarded and punished? How do leaders communicate to their teams? Culture is less about what people see and more about the experiences you create for them. Our Definitive Guide to employee experience has a wealth of information on how to create an environment of "equitable growth" where people can do their best and be their best.[31]

Examples of Excellence

Travel company Sabre is working on increasing transparency—a key attribute of a great culture. One way to do this is elevating the transparency and clarity on company objectives and how these elements translate to the real work of teams across the company. So, in addition to townhalls and meetings where executives talk about the company goals, teams in all areas of the company create a monthly one-pager to share information about how these company objectives are translated to their work. Sabre also created seven simple questions for creating team objectives that align to organizational objectives, fostering cultural attributes the HR team knows are important for success. For example, to foster a culture of collaboration across the enterprise and beyond functional boundaries, one question is What other teams need to be involved?

Figure 5: A Discussion in the Metaverse

Source: Facebook, 2022

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31 *The Definitive Guide: Employee Experience*, Josh Bersin and Kathi Enderes, PhD/The Josh Bersin Company, 2021.

Lesson 4: Human-centered leaders serve as cultural role models.

Every cultural transformation must focus on the role of leadership. Like it or not, leaders play an outsize role in shaping experiences, beliefs, actions, and outcomes. In traditional culture change, there is often a heavy focus on what leaders say. But while communication is critical, what's even more important is what leaders do.

Over and over, we see that if leaders walk the walk not just talk the talk, results of culture change are amplified. For example, if leaders encourage people to take care of themselves and find ways to destress but then model the opposite in their after-work behavior, sending out emails all evening and weekends, people will decide to do the same.

Human-centered leaders don't just say the right things but also believe in people as the source of competitive advantage and the key to business success. Therefore, they act in a way that allows every person to do and be their best, authentically modeling the company values. See Figure 6.

Examples of Excellence

Healthcare giant Cedar Sinai, based in traffic-laden Los Angeles, is considering buying apartments for its clinical staff. Otherwise, people spend several hours a day commuting to and from work, making an already taxing job even harder to do. The leadership at the company acknowledged the significant stress on their workers and is now acting accordingly to ease burnout. This act of empathy shows employees that the focus on employee wellbeing is part of the culture, not just lip service by executives.

McDonald's displays another example of human-centered leadership through its Ronald McDonald houses and kitchens that it opened to families, doctors, and nurses impacted by the pandemic to provide food and accommodation.[32]

Manufacturing company Dow developed leadership development maps that describe individual skills and networks of leaders. The leadership development journey begins with a leadership readiness self-assessment that each leader must complete. For many leaders, this is an insightful exercise

Figure 6: Business- vs. Human-Centered Leadership

Business-Centered	Human-Centered
Lead the business. People coming along for the ride.	Lead the people. They drive the business forward.
Goals, rewards, incentives, and alignment	Inspiration, skills, empowerment, relationships
Drive innovation with execution, innovation in a silo	Execution demands innovation every day
Focus on growth and change	Learn from problems to evolve organization
Proud, confident, knowledgeable, decisive	Humble, empathetic, listener, growth mindset
Focused on the inside, managing the company	Focused on outside, listening to customers, market
Pick favorites, rely on trusted confidants to succeed	Look for diverse performers, open to new people
Focused on problem-solving, accountability	Focused on systems thinking, why problems occur
Targets, budgets, plans	Vision, goals, and growth perspectives
Driven by financial success, job promotion	Driven by purpose, mission, grit, and passion
Massive change programs and initiatives	Iterative change, series of small, measurable steps

Business First, People Second
"People as a means to an end"

People First, Business Second
"People as the purpose of the business"

Source: The Josh Bersin Company, 2021

32   Ronald McDonald's House Charities®, corporatemcdonalds.com.

because most people think they are above average. If they get a low score on human-centered leadership capabilities like communication or empathy, they often disagree with the results. This, in turn can elevate humility, another human-centered leadership value in which Dow subscribes.

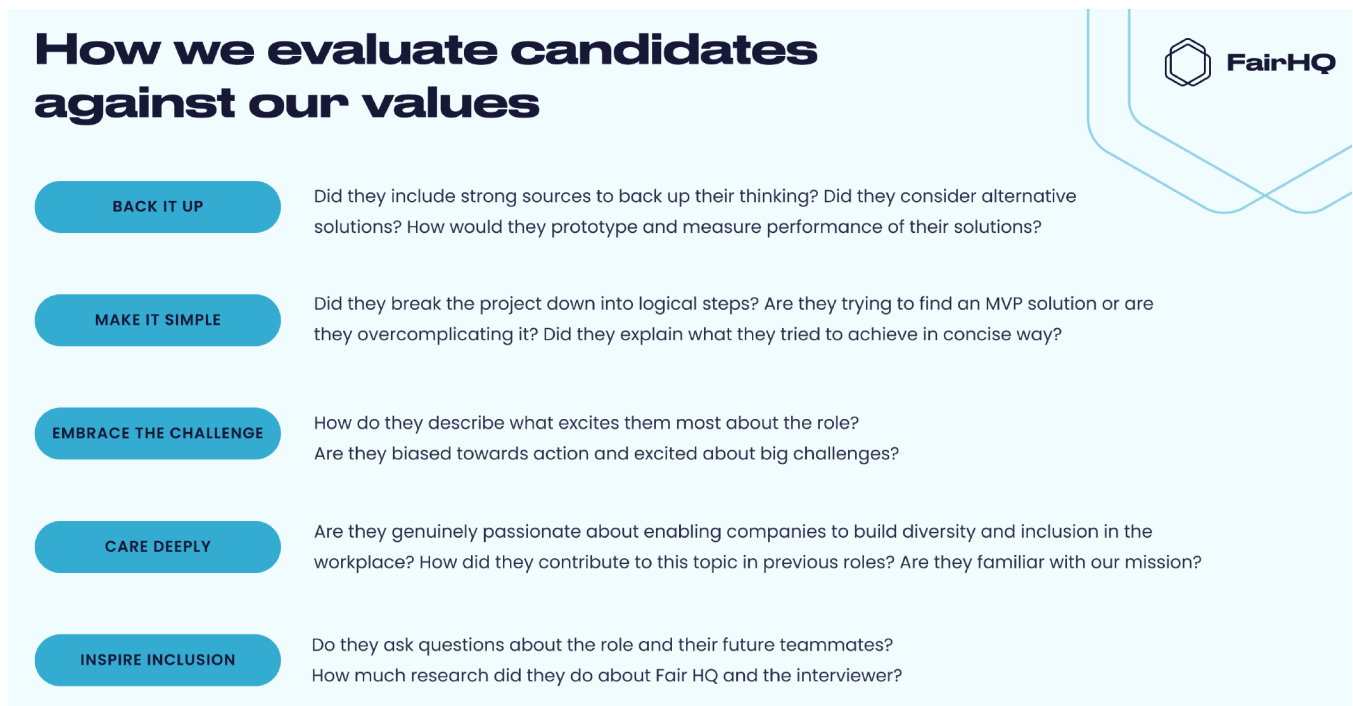## Lesson 5: Focus on values fit instead of culture fit to increase diversity.

If you've ever hired, interviewed, or applied for a job, you have been there: the culture fit trap. Maybe you've even heard about the "airport test": can you imagine yourself stuck in an airport for five hours with this person and still get along? This test does an excellent job at identifying if you can build personal connections with a candidate (and, in turn, if the candidate is like you since we are always comforted by sameness). What it doesn't do is evaluate if the person is aligned with the company values. So instead of hiring people who will fit into your personal framework of cultural values, you'll end up hiring an echo chamber of sameness that, in turn, inhibits diversity of thought, slows down innovation, and eventually creates worse business results, too.[33]

So how do you know if a candidate aligns with your company values? instead of using the airport test, you may want to evaluate out behavioral interview questions that tease out key values. For example, see how FairHQ evaluates candidates against their values (see Figure 7).

To do this kind of evaluation, you need to be clear about your own values, and then map how you will evaluate the candidate's responses against those values. The more specific you are about what "good" looks like, the higher the chances of finding those people who will add to your culture in a meaningful, values-aligned way.

The same paradigm applies to broader culture evaluation, like in a merger or acquisition (M&A). Repeatedly, "culture clash" has proven to be the key reason for a failed merger. But really, at the bottom of this is not a clash in culture but a clash in values. If the values are largely aligned, the companies will work together well, and it's best to leave the culture itself alone during the merger to avoid disruption of business operations. But if values are not aligned, nothing else will make the M&A be successful, even if the business strategy compatibility is a match made in heaven.

Figure 7: Evaluating Candidates Against Company Values

How we evaluate candidates against our values ◯ FairHQ

BACK IT UP — Did they include strong sources to back up their thinking? Did they consider alternative solutions? How would they prototype and measure performance of their solutions?

MAKE IT SIMPLE — Did they break the project down into logical steps? Are they trying to find an MVP solution or are they overcomplicating it? Did they explain what they tried to achieve in concise way?

EMBRACE THE CHALLENGE — How do they describe what excites them most about the role? Are they biased towards action and excited about big challenges?

CARE DEEPLY — Are they genuinely passionate about enabling companies to build diversity and inclusion in the workplace? How did they contribute to this topic in previous roles? Are they familiar with our mission?

INSPIRE INCLUSION — Do they ask questions about the role and their future teammates? How much research did they do about Fair HQ and the interviewer?

Source: FairHQ, 2021

33 *Elevating Equity: The Real Story of Diversity and Inclusion*, Josh Bersin and Kathi Enderes, PhD/The Josh Bersin Company, 2022

Lesson 6: Measuring culture makes it tangible.

As the adage goes, "What gets measured gets done." Corporate culture is an unalterable fact that you either manage actively, or it manages you. There is no such thing as having no culture, so it's important to be intentional about it.

But how do you manage a "soft" topic like culture? What does "good" look like? Who defines your culture? And how do you measure outcomes? See Figure 8 to start.

Our DEI research shows the most impactful practice for improving not just diversity outcomes but also employee engagement and retention, business agility and innovation, and profitability is listening to employees and acting on the results.[34] Why? DEI is a change effort (as we showed in *The Big Reset Playbook: Change Agility*), but it's also cultural in nature.

No matter what topic we study—employee experience, getting value out of your HCM solution, or how to build a healthy organization—we learn the same thing: listening to employees, digesting the insights, and taking action is integral to effective

change within an organization. Companies that use advanced people analytics and action-taking are 6.7 times more likely to effectively manage change and 7.7 times more likely to innovate well.[35]

But stopping at leading measures—listening to employees in many different formats—falls short of taking action. Yes, listening in many forms can help you identify the "voice of the customer," your employees, and pinpoint opportunities for improvement. But without also describing in tangible ways what your culture looks like and defining it for business success, these culture measures might become exercises to answer your curiosity, not actionable insights.

Perhaps most important, you need to define what you expect to be the outcomes of your culture change as this will help you identify if you are on the right track in your implementation, and course, you need to course correct along the way.

Mastercard put an entire measurement system into place to quantify culture, assess it, and improve it based on data-based insights. They call this the "Culture Health Index." Derived

Figure 8: Culture Measures

Leading Measures	Descriptive Measures	Leading Measures
• Annual and pulse surveys • Polls • Digital health platform engagement numbers • Wellbeing scores • Online conversations • Wearables • Biometrics	• Culture diagnostic (e.g. competing values framework) • Cultural assessments • Organizational network analysis (measuring connectivity)	• Employee health • Engagement • Retention • Business transformation • Innovation measures • Customer satisfaction • Financial performance

Source: The Josh Bersin Company, 2022

34 *Elevating Equity: The Real Story of Diversity and Inclusion*, Josh Bersin and Kathi Enderes, PhD/The Josh Bersin Company, 2021.

35 *The Definitive Guide: Employee Experience*, Josh Bersin and Kathi Enderes, PhD/The Josh Bersin Company, 2021

from the "Mastercard Way," the Culture Health Index is now a big part of prioritizing resources, allocating funds to the right places, and course correcting if the culture gets misaligned with business priorities and strategies (see Figure 9).

As data is at the heart of everything Mastercard does, it was imperative to quantify, measure, and report on the health of culture. "We believe that tools like the Culture Health Index are going to become a standard part of the toolkit that all HR professionals will need to understand and influence," said Michael Fraccaro, Chief People Officer of Mastercard. [36]

Examples of Excellence

When COVID hit, many companies—from Deutsche Telekom and Delta Airlines to Target and Walmart—stepped up their listening programs in a big way. Frequent surveys, pulse checks, and virtual discussion groups were a staple. But as we got more used to the pandemic, these practices waned, assuming that change was the norm, not something new.

Microsoft listens to a representative subset of their employees daily with a full survey, targeting these surveys to people so nobody gets the survey more than once a quarter. In addition to the survey questions, a few open-ended questions that can be targeted to specific topical points help inform change efforts. The people analytics team uses tools like natural language processing and organizational network analysis to supplement insights gained from other sources.

T-Mobile crowdsources suggestions using Crowdicity (by Medallia) to enable store employees to submit ideas and suggestions ranging from the strategic (how is the merger with Sprint going) to the personal (a new PTO plan) to the operational (we need a sign in Hawaiian stores telling people "No shoes, no shirt, no service")—all of this from their work iPads they use to serve customers. Ideas on how to deal with change—planned or unplanned— are also voted on, and people can see where implementation stands. Workers also win badges and awards for submitting ideas, voting on suggestions, as well as for those winning ideas triggering change.

PepsiCo used a crowdsourcing approach to identify process inefficiencies in their "process shredder" using Waggl (now part of Perceptyx). "We become agile—by being agile," said Sachin Jain, Senior Director, Global Talent Management. Rather than defining agile processes and approaches, the team tapped into the collective intelligence of their people to pinpoint outdated processes and bureaucracy, and to solicit ideas on how to remove them. Sachin and his team were surprised about the amount and depth of the suggestions, and how this bottom-up approach helped accelerate adoption of the new, streamlined processes.

Figure 9: Mastercard's Culture Health Index

Source: SHRM, 2022

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36   "Building a Data-Driven Culture Health Index," Michael Fraccaro/SHRM Executive Network, 2022.

IBM has been doing "values jams" for two decades, crowdsourcing ideas of what the values should be and how they manifest them in the real world. Based on hundreds of thousands of discussion threads, a smaller team is then tasked with consolidating the insights and surfacing the common threads. Rather than developing the values statements as aspirational statements of the senior leadership team, these values are expressions of the lived experiences of every IBMer—and they change over time, just like the people in the company and the environment.

Leading Practices for HR in Shaping Culture and Performance

As we've noted, a thriving organizational culture exists where there is also strong alignment between what an organization says and does. It's clear, then, that HR is poised to play an essential role driving culture and culture transformation. But rather than the traditional approach where top-down direction lands squarely in the CHROs lap to "make great culture happen," the world's best companies are positioning their people team as true cultural stewards. They are champions, coaches, and consultants.

It's a complex role to play—part advocate, part assistant, part guide, part mentor—but one that we believe HR is perfectly positioned for, given its relationships with and services to leadership, management, and the workforce. With this pivotal place in the heart of the organization, HR leaders can cultivate and inspire the target culture. In this section, we explore five key practices for HR to enable a culture of performance.

1. Upskill HR by building HR capability in organizational culture.

Through our global HR Capability Assessment project, we measure the maturity of HR teams across dozens of key skills and capabilities, from labor relations to L&D to diversity, equity, and inclusion to organizational culture. What we've

found in the data is that culture ranks among the lowest of all HR capabilities today. In fact, only 7% of HR organizations tell us they are highly skilled when it comes to understanding global organizational culture issues, and about the same number are proficient at assessing and changing the culture of their company. How can this be the case when CEOs have long looked to HR to "create a great culture"?

The easy answer is to assume that in today's landscape, with economic uncertainty and labor shortages, HR is right to focus on more pressing needs like building recruiting muscle or strengthening employee communications. But that's not necessarily the right solution. As we recently shared, the world's best HR departments are in fact laser-focused on building capabilities that are strategic, not tactical[37]. Organizational culture is among the core HR capabilities that sets these companies apart: nearly 40% of these leading companies say that assessing and changing culture is one of their most valued areas of practice in HR.

So how can people teams build this important strategic capability? Companies like Walmart, Microsoft, and Scotiabank are investing in their HR practitioners by developing learning pathways, fostering cross-functional teams, and creating job rotation programs inside and outside of human resources.

Scotiabank, for example, capitalized on the pandemic hiring freeze to place their recruiters into the business, where they were immersed in the culture of the units they served. When they returned to recruiting, the head of TA shared that all were better equipped to source and hire the right talent to add to that culture.

2. Walk the walk by modeling the target culture inside HR.

Decades of educational and organizational research has taught us that one of the best ways to inspire others is to model the behaviors we wish to instill. Our most recent Wellbeing research bears this out: when healthy work habits are modeled well by HR and leadership, their companies consistently rank higher on scores of employee engagement, performance, and innovation.

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37 ["New Research Shows That High Growth Large Companies Have Distinct HR Skills,"](#) Josh Bersin/joshbersin.com, July 2022.

When it comes to culture, the same principle applies. It's critical that HR begin by looking inward and determining if you are truly practicing what you preach. What is the culture of your own HR team? What messages do you send out to the organization about culture?

Consider the cautionary tale of a manufacturing company a few years ago, where a new CHRO was tasked with reinventing the organizational culture. Armed with this mandate, she began to build a thoughtful campaign across the enterprise—multichannel employee communications, refreshed hiring practices, leadership development programs, and more. But inside the HR department a toxic environment existed. A culture of fear defined by competitive relationships and low levels of trust had been long established. It didn't take long for business leaders to see the inconsistency and lose confidence in HR. The momentum of culture transformation was quickly lost, and the company suffered as a result.

Instead of following this unfortunate path, consider HR the first home of organizational culture. Role model the behaviors of the target culture across the people team and become the embodiment of company culture. If your aim is to build a culture of learning in the enterprise, invest in development opportunities for your team, foster learning in every role, and reward skill development. If agile culture is the goal, introduce principles of design thinking, iteration, and fast failure into your HR service delivery model. Have an eye on building a healthy culture in your organization? Ensure your own talent professionals are equipped with the tools and support they need to foster strong mental, physical, and social wellbeing.

3. Act as culture coaches by supporting and educating all leaders.

In the influential book *Organizational Culture and Leadership*, Edgar Schein famously wrote that the only thing of real importance that leaders do is to create and manage culture. He went on to say that if leaders do not manage culture, it overtakes them, and they may not even realize it's happening.[38] This remains true today: if leaders at every level don't embody and exemplify the target culture, that culture

will wither quickly, possibly being replaced by destructive, damaging behaviors.

In its stewardship role, HR must function as culture coach for leaders at all levels of the company. The people team can help leaders drive consistency and repetition of cultural expectations to ensure standards are set and upheld.

We often hear from HR executives that getting their senior leadership engaged in various people initiatives is challenging at best, impossible at worst. And yet the impact it has is undeniable. For example, in our recent Wellbeing research, we find only a third of companies say their leaders actively participate in wellbeing activities. But those who excel at this reap the cultural benefits—they're twice as likely to innovate well and fifteen times more like to engage the workforce.

Similar patterns have appeared in our research into learning and diversity: only about a quarter of leaders participate in learning and leadership activities, despite the desire among most companies to foster a culture of learning and growth. And less than half of companies say their senior executives regularly join or sponsor the employee resource groups that celebrate the diverse communities of their workforce.

For HR, the opportunity as culture steward is clear: consistently educating and encouraging senior leaders to take an active part in nurturing the desired cultural behaviors must be an important priority. This can happen through coaching, education, and guidance.

Ford Motor Company takes this mandate to heart as they continue to evolve their culture of resilience: their leadership development program now coaches its executives and managers to reflect on what it means to care for self and others and teaches them to engage directly with their teams to "show, not tell" about their own challenges and experiences. And one life sciences company we spoke to is on a mission to normalize mental health challenges like bipolar disorder, depression, and anxiety by encouraging its leaders to share, in meetings and online, personal stories about their own struggles or those of family members.

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38 *Organizational Culture and Leadership*, Edgar H. Schein/Wiley, December 2016.

4. Make the invisible visible by listening to employees.

While organizational culture may be defined by a company's leadership, it's impossible to ignore the impact and influence that employees have on bringing it to life and sharing it with their teams and peers. Getting a pulse on what is happening inside the organization can help HR and leadership understand just how the culture is manifesting, and where action needs to be taken.

As we've seen in our research again and again, listening to employees and acting decisively on the input can have a massive impact on all aspects of your organization: business performance, workforce engagement, innovation—it quickly becomes a mirror of where the culture is healthy and flourishing and where it's lagging.[39] And employees want to be heard. Recent research shows that 92% of employees believe it's important for their company to listen to their feedback[40].

But it's not enough to send out a single survey and expect your employees to tell all once a year, nor is it sufficient to gather data from the workforce and sit on the results. Both approaches will not only limit the value of the data you get back, but these approaches will also serve to damage trust and set you back in your efforts to strengthen culture.

Companies like Deutsche Telekom, Manpower Group, and M&T Bank understand the importance of strong listening frameworks and have put them in place to include both active listening (surveys, focus groups) and passive listening (sentiment analysis, organizational network analysis). These companies also ensure the insights collected are communicated clearly—the good, the bad and the ugly—and that action is taken.

When the pandemic struck, M&T Bank, with close to 18,000 employees in the Northeastern United States, began to supplement its annual employee engagement survey with a weekly pulse check-in. The shift quickly surfaced issues that employees were struggling with, issues that left unchecked would have severely damaged the culture of trust that the bank strives to uphold. For example, the check-ins revealed that not everyone working from home had the right equipment to conduct business, so IT provided managers with guidance on how to order necessary monitors, headsets, and other equipment at their discretion. The employee experience team also posted a list of issues that had been identified and addressed through the pulse surveys. This rapid response reinforced participation as employees saw that their voice made an impact.

At Manpower Group, a global survey remains one of the key tools that allow employees to share their thoughts on the company's practices—perceptions on everything from how ethical they believe the organization is to the accountability of their managers and teams. But it's effective because the CEO shares the feedback and regularly leverages the data to enact change at the global and local level: the company sees an 80% participation rate, evidence that the workforce feels safe to share their voice.

5. Design for culture by implementing people practices that drive transformation.

When it comes to supporting and driving culture, there is no better place for HR to contribute than through the people practices it employs in the company. We've listed some of the key programs and activities where HR can drive culture transformation in its day-to-day work.

Recruiting

Recruiting is perhaps the most direct lever HR can apply when it comes to an organization's culture. Focus your branding efforts to attract talent that aligns with your values and purpose, expand your sourcing pools to strengthen diversity across the workforce, and prioritize candidates with potential and perspectives over fit and experience to evolve your culture.

Onboarding

Onboarding is the first formal opportunity to communicate and demonstrate company culture with employees, and first impressions last. How do you want your newest talent to feel about your organization? Where do you want them to turn to build their understanding as they settle in? Creating a cohesive, cross-company onboarding strategy can serve to reinforce the target culture for new employees and create a virtuous cycle whereby they become ambassadors for their future peers.

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39 *Listening at Scale*, Josh Bersin and Kathi Enderes, PhD/The Josh Bersin Company, 2021.

40 2021 Employee Experience Trends, Qualtrics.

Total Rewards

While total rewards is often utilized as an attraction tool to bring in "the right candidates," it's also a useful instrument for HR to motivate the existing workforce toward the desired behaviors and actions of the target organizational culture. For example, companies who value teamwork and collaboration might design a bonus structure that is based on team success vs individual performance. Likewise, recognition programs in a performance culture could put the spotlight on top performers each quarter.

Performance Management

Performance management can be viewed as the policies and processes by which organizational performance is measured and adjusted. Because these programs reflect the goals and behaviors that are important in the organization, they send a strong message to the workforce about the true culture of the company, and which behaviors are desired. HR should consider how performance management aligns with or undermines the target culture.

Learning and Development (L&D)

L&D is another powerful way for HR to drive culture in the organization. L&D is a vehicle for educating the workforce on the values and principles of the organization. It's also a way to signal that the company prizes its people and is committed to their growth.

Operationalizing a Culture of Performance

Theoretically, no one would or could possibly disagree that the elements we discussed earlier in this report can create a positive culture. Things like growth mindset for example, are particularly important at a time when a third of the workforce is leaving every month in pursuit of better jobs and better lives.[41] Wellbeing is on every CEO's radar today knowing that 81% of the workforce is overwhelmed at the risk of burnout.[42] The challenge is less about defining what makes a positive culture but more in operationalizing the right culture for your organization.

Organizations need to carefully weave the elements of the culture they desire to create into talent processes, touchpoints, programs, and policies throughout the organization. The culture of your organization must be intentionally designed and systemically reinforced. It should mirror the mission and vision of your organization and should reflect in every aspect of the employee lifecycle—how you hire, who you hire, how you evaluate performance, how you develop leaders, and the reward systems in your organization.

The Great Resignation[43] is an era of reevaluation for workers all over the world as they use introspection and explore possibilities of what could lead them to being the best version

The culture of your organization must be intentionally designed and systemically reinforced.

41   *Corporate Learning research*, The Josh Bersin Company, 2022.

42   *Global Talent Trends 2022: Rise of the relatable organization*, Mercer, 2022.

43   "From The Great Resignation To The Great Migration," Josh Bersin/Joshbersin.com, December 2021.

of themselves and living their best life. It is also indeed a great time for organizations to reevaluate what their culture needs to be, for them to be the employer of choice where workers can unleash their best performance. In this section, we will go over guiding steps organizations can take as they embark on the journey of reevaluation, in pursuit of creating a culture of high performance. See Figure 10.

Step 1: Clarify the business context.

Culture is both an "input to" and an "output of" how the business drives results. We may never have an answer to what comes first—the chicken or the egg or the input or the output—but what matters is both the input and the output can be shaped. To do that, you need to understand what traits make your business most successful. If you're Amazon, then the answer might be customer service. If you're Apple, then the answer might be innovation. If you're McDonald's, the answer might be speed. None of these traits alone drive success but

are the epicenter of how the business differentiates outcomes through the products and services it delivers. What drives business performance is integral to "how people do work." It translates into individual performance and team performance and is the biggest influence on culture in the organization.

If you want to reevaluate culture, start with reflecting if your business is focused on the right things for driving success. Establish a clear understanding of what drives business success and corresponding strategic priorities. CEMEX, a global heavy materials manufacturing company in the cement industry, for example, focuses on "safety" at the heart of everything it does. As a risk-prone industry, it is committed to zero fatalities and zero accidents. The company's core mission is to build a better future for everyone—employees, customers, and the community. They take the mission forward by prioritizing the health and safety of its employees and delivering safe and sustainable solutions.[44]

Figure 10: Five Steps to Operationalizing a Culture of Performance

STEP 1	STEP 2	STEP 3	STEP 4	STEP 5
Clarify the business context.	Assess if the culture is aligned with the mission.	Define the required culture for your organization.	Activate the culture.	Continuously measure, enhance, and iterate.

Source: The Josh Bersin Company, 2022

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44 <u>"What Is A Capability Academy?"</u> Josh Bersin/Joshbersin.com, July 2021.

What really drives business success will be unique for every organization, and organically become a "way of working," and a part of the culture. Clarify for your stakeholders—employees, customers, partners, and shareholders—what business you are in and what makes your company successful. Then, work backward toward those outcomes. Amazon is known for its customer obsession. Ever since its founding in 1994, the company has clearly defined customer expectations. As the business grew from a local bookseller to a massive retailer, working backward from this fundamental customer obsession guided all decisions, even as the business model has changed.

In their book *Working Backwards*, former Amazon executives Colin Bryar and Bill Carr describe how all management decisions about elements of new business ventures, such as press releases and FAQs, were guided by an overarching principle: providing the best customer experience.[45]

Step 2: Assess if the culture is aligned with the mission.

Culture is often cumulative of the shared beliefs and value systems that connect individuals in an organization. But culture needs to be more than that. It needs to be an intentionally designed "system." An important exercise in establishing this system is a deep-dive analysis of the organization. What brought the company into existence? What is the mission and purpose? What values was the company established on? Do those values still apply? Do the systems and processes in the company embody those values? If not, what needs to change?

"We were founded by a pharmacist who created a cereal for malnourished infants," said Lisa Gibby, Vice President of Corporate Communications at Nestlé in the U.S.[46] It is this culture that forms the DNA of Nestlé, and it is expressed in its supportive culture. When Nestlé assessed systems and structures in the organization, it recognized the need to move from a functional orientation to a customer-based orientation and going back to the grassroots—a focus on supporting each other and their customers. Nestlé doubled down on "Nestlé-nice," which is the term that defines the company's supportive culture. Throughout its organization design project,

the company diligently build this trait into job design, reward systems, and performance evaluations. Messages were tailored for the needs of each audience, but all linked back to the CEO's mission and vision for the company.

Step 3: Define the required culture for your organization.

Having started with an understanding of what makes the business most successful and looking back at what made the business come to life will help you set a strategic and mission-aligned goalpost for what your culture needs to accomplish. Then, you should define what the culture should look like to accomplish those outcomes. Take your people along on the journey of defining your culture. IBM, for example, started ValuesJams in 2002—aiming to allow employees to define the values of the company. People around the world, at all levels, in all roles "jammed" about values, with hundreds of thousands of discussion threads resulting in value statements.[47] Lego used agile approaches to define its leadership principles from the bottom up, with a 15-person work team that was diverse by design.

Involve your employees in defining the culture. Start with listening to employees, crowdsourcing feedback and suggestions, and putting the power of identifying both problems and solutions into the hands of employees. Create a collective understanding of the capabilities and collaboration you need to drive the vision forward. Think of the new skills and behaviors that you need to cultivate across different segments involved—HR, leaders, and workers. Think of the capabilities and connections that already exist and can serve as enablers of change. Also think ahead to anticipate any potential barriers and how to mitigate them.

Also, as you ground your culture transformation in your strategy and mission, expand the definition of your desired culture to include the intended impact on society, communities, and the environment. In our DEI research, we found that a comprehensive DEI strategy, for example, translates not only to more diversity in the workforce but also to more satisfied customers—which is why companies such as Walmart and Hilton focus on supplier diversity and overall impact on

45 *Working Backwards: Insights, Stories, and Secrets from Inside Amazon*, Colin Bryar and Bill Carr/St. Martin's Press, February 2021.

46 "Power of Purpose: 4 Ways Leading Brands Deliver Social Impact," *Atlantic 57*, October 2017.

47 *The Definitive Guide: Employee Experience*, Josh Bersin and Kathi Enderes, PhD/The Josh Bersin Company, 2021.

communities.[48] Focusing on your mission not just within the confines of the organization, but expanding it externally, helps align your employer brand with the culture you create.

Step 4: Activate the culture.

Essentially, once the vision of change has been established, organizations need to plan how to get there. How will you drive accountability for culture-aligned behaviors? How will you tailor job descriptions and hiring mechanisms to hire people not necessarily for the culture you have but for the culture you want to create? How will you adapt performance evaluations to reward people who embody the desired culture and values? Juniper, a gaming company, for example, evaluates performance using a 4C model—contribution, capabilities, connections, careers. This model includes what people accomplish (contributions) as well as how they accomplish it (the connections they make, the capabilities they develop, and whether their professional interests align with the vision and the purpose of the company. The latter focuses on culture-aligned behaviors and is an integral part of how performance is evaluated and rewarded.

This part is where design thinking, agile principles, and user-centricity fit in. One of the foundational principles of agile is to start adapting processes and programs in small sprints where you validate effectiveness and expand scope. As you roll out any of these changes, communication is critical. Communicating throughout the process helps the change leaders refine the vision, affirm the value, and gain commitment from the organization to steer the culture transformation forward. It helps employees feel included and valued, and it also gives them an opportunity to participate in shaping the culture, thereby cultivating a greater sense of belonging.

Simultaneously, align your management and leadership model with the cultural transformation. "Managers create the conditions and experiences that bring out the best in employees, and they're the key to achieving our mission. At Microsoft, we expect managers to live our culture, embody our values, and practice our leadership principles daily so that we can better meet the needs of our customers. Satya [Nadella, Microsoft's CEO] reinforces these principles frequently and their importance to our success," said Joe Whittinghill, Microsoft's Corporate Vice President, Talent, Learning, and Insights.

Step 5: Continuously measure, enhance, and iterate.

Culture speaks for itself. A quick look at Fishbowl and Glassdoor reviews will tell you what your culture really is and whether you define it that way. Culture is essentially how things are done in an organization, and experience is how people feel about how things are done in an organization. To evaluate your culture, assess the seven elements that comprise a positive employee experience, as described in our Definitive Guide[49]:

- Meaningful Work
- Strong Management
- Positive Workplace
- Health and Wellbeing
- Growth Opportunity
- Trust in the Organization
- Technology and Services

Listen to what employees and ex-employees are saying about your organization, and then act on what you heard.

Enhance and iterate your systems to align with what you are listening to and continue to involve your employees in the solutions. Employees have the answers to most problems, and it's up to us to listen to them, make sense of what we are hearing, and drive change forward. Nominate culture ambassadors or champions who can role model and recognize the right behaviors in day-to-day work. Culture doesn't have to be an imposition or a forced ritual, but something that people want to be part of. Your culture ambassadors will drive that culture and assess if there are gaps that need to be addressed.

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48 *Elevating Equity: The Real Story of Diversity and Inclusion*, Josh Bersin and Kathi Enderes, PhD/The Josh Bersin Company, 2021.

49 *The Definitive Guide: Employee Experience*, Josh Bersin and Kathi Enderes, PhD/The Josh Bersin Company, 2021.

Conclusion

Ultimately, culture change is not a "process" but a cross-functional strategy that needs to be embraced by the C-suite. And it's also not a "project" that will ever be done. It's a huge area that includes many different strategies, practices, processes, systems, services, and technologies. It needs to be designed with intention and caution, because culture can make or break a company.

To change the culture, don't start with the culture. Start with the problem you are trying to solve, what success looks like, and why it matters to your company. Ultimately, culture is perhaps the biggest success factor of your company. And it's at the heart of making your organization truly irresistible.

Appendix

The Big Reset Working Groups

Started in March 2020, the Big Reset working groups have clearly transformed the way we share, ideate, and research ideas to transform for the new reality of work. Hundreds of hours of dialogue with senior leaders from across the globe and many different industries helped us understand trends and burning issues and supported leaders to share across company boundaries what works, what lessons they learned, and how to not just survive but thrive in a world of crisis.

After the first six sprints of five-week meetings in 2020 and 2021, we continued to convene meetings with executives and quickly realized that participant priorities and focus areas had evolved.

This playbook is the result of two sprints (sprint 7 and 8), conducted during late 2021 and early 2022. Senior HR, L&D, and talent leaders from many different companies served as faculty to facilitate weekly discussions, supported by our fellows to organize, coordinate, and communicate.

Throughout this report, we give detailed examples and case studies of what we discovered: how companies are applying new mindsets, practices, and approaches to build a culture of performance into their evolving organizations. Other findings and resources are available to The Josh Bersin Company corporate members.

The Josh Bersin Company helps companies around the world align, improve, and transform their HR and people strategies and achieve measurable results, offering independent advisory services, groundbreaking research studies and topical reports, and insights from our analyst team.

About the Authors

Josh Bersin

Josh founded Bersin & Associates in 2001 to provide research and advisory services focused on corporate learning. He expanded the company's coverage to encompass HR, talent management, talent acquisition, and leadership and became a recognized expert in the talent market. Josh sold the company to Deloitte in 2012 and was a partner in Bersin by Deloitte up until 2018.

In 2019, Josh founded the Josh Bersin Academy, a professional development academy that has become the "home for HR." In 2020, he put together a team of analysts and advisors who are now working with him to support and guide HR organizations from around the world under the umbrella of The Josh Bersin Company. He is frequently featured in publications such as *Forbes, Harvard Business Review, HR Executive, The Wall Street Journal, and CLO Magazine.* He is a popular blogger and has more than 800,000 followers on LinkedIn.

Kathi Enderes, PhD

Kathi is the senior vice president of research at The Josh Bersin Company, leading and developing research-based insights for all areas of HR, learning, talent, and HR technology. Kathi has more than 20 years' global experience, from management consulting with IBM, PwC, and EY and as a talent leader at McKesson and Kaiser Permanente. Most recently, Kathi led talent and workforce research at Deloitte. She is a frequent keynote speaker, author, and thought leader.

Originally from Austria, Kathi has worked in Vienna, London, and Spain and now lives in San Francisco. Her passion is to make work better and more meaningful. Kathi holds a doctoral degree in mathematics and a master's degree in mathematics from the University of Vienna.

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Stella Ioannidou is the senior manager of research at The Josh Bersin Company, where she drives empirical research on a variety of topics related to the skills economy, talent intelligence, and HCM excellence. Stella brings more than 17 years of experience across several industries with a notable presence in the financial sector and HR advisory. As a trusted HR advisor, Stella is known for bringing human-centered methodologies into the design of core HR processes and frameworks such as performance management, talent acquisition, and onboarding. An avid lifelong learner, Stella holds master's degrees in engineering, information systems, business administration, and adult learning.

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Janet is the director of research at The Josh Bersin Company, where she conducts empirical research on a variety of topics related to work and people as well as leading the development of fact-based insights for today's HR executive. With 20 years of HR consulting experience across multiple industries, Janet most recently led the human capital research program at IBM's Institute for Business Value. She has published key studies on employee experience, the enterprise skills gap, and the emerging role of the CHRO. Janet holds degrees in computer science, education, and psychology; her current research areas include talent acquisition, workforce wellbeing, and the application of artificial intelligence in HR.

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Nehal is the director of research at The Josh Bersin Company. In this role, Nehal drives empirical research on key workforce-related topics and the development of actionable insights and powerful stories for today's talent executives. Nehal has over 15 years of professional experience in human capital, with a focus on learning and development; performance management; employment value proposition; workforce transformation; and diversity, equity, and inclusion (DEI). She is the research leader for learning and leadership at The Josh Bersin Company. Prior to joining The Josh Bersin Company, Nehal was a global advisor for clients at Deloitte and published several studies on pertinent topics such as DEI, performance management, and bias. Nehal lives and works in India and has a master's degree in psychology. Nehal has also led deployments of benchmarking and diagnostic products at Gartner for clients across EMEA, APAC, and ANZ.

Contributor and Big Reset Leader

Mark Spratt

Mark is senior vice president of worldwide strategic planning and sales for The Josh Bersin Company. He also leads the Josh Bersin Academy's Big Reset initiative, created to help HR leaders address the unprecedented challenges of the coronavirus pandemic. He brings 20 years of management consulting experience to his clients. In senior advisory roles at Deloitte and PwC, he worked with clients on a variety of engagements ranging from preparing workforces for the future to enterprise HR transformations to integrated learning and talent solutions. Mark has dual master's degrees in public administration and social research from the University of Southern California; he also served as an adjunct lecturer for three years at USC.

Faculty

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Jennifer is responsible for recruiting, developing, and retaining top IT talent to best serve our customers. Her team strives to make Dell Digital a great place to work by growing future-ready talent, developing inspirational leaders, and improving overall employee satisfaction. She is focused on delivering best-in-class programs that enable a digital-ready workforce and give team members the skills and opportunities to be their best and do their best work for our customers.

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Mary has 10+ years of experience as an organizational development practitioner and has had a unique journey from operations into HR. Her core expertise lies across a wide range of people and HR processes. Mary drove change management and development initiatives across a wide range of industries and company sizes, including in global leadership roles at EY, Bank of America, and Relx. In 2021, Mary joined Preply, a rapid growth technology scaleup, to lead the global Centre of People Excellence.

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Andreas has 15+ years of experience within the HR domain, specializing in people analytics, systems, HR processes, and HR operating model design. Andreas held various leadership roles across a range of industries, from corporates and start-ups including Bank of America, Facebook, and Upfield, As a naturally curious person with a passion for data and helping people, Andreas has gained unique experience in HR but also in finance and operations. With this perspective, he approaches HR leadership from a true business partner perspective and balances strategic thinking with agile execution.

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Alex is leading design and execution of accelerated diverse representation programs across Nike in partnership with leagues, teams, signature athletes, key Nike groups, and organizations. Alex also has extensive experience driving change with senior executives through previous leadership roles in talent management, organizational development, total rewards, and digital transformation. Prior to Nike, Alex worked at Yum!, and spent several years at Deloitte Consulting in the Human Capital practice supporting global Fortune 500 clients.

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Dr. Reza Moussavian was recently senior vice president (SVP) at Deutsche Telekom Group. His mission was to transform Deutsche Telekom from a telecommunications network infrastructure corporation to a digital human-centric service company. In a previous role, Reza was SVP of Digital & Innovation where he successfully supported the digital and cultural transformation of Deutsche Telekom's overall organization in general and the HR organization in specific toward customer-centricity, digital transformation, and innovation.

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Noah works with business and HR leaders to develop and deliver world class learning and leadership programs that evolve Moderna's culture and skills and accelerate its mission and purpose. Prior to Moderna, Noah held various leadership positions at Intel, Deloitte Consulting, Korn Ferry, and Nokia to develop skills and capabilities for the future.

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Nazneen specializes in HR and talent strategies to drive business improvement. She has 25 years of experience working with leading HR organizations. Prior to her current role at NRHR, she was senior vice president and chief human resources officer for Health Care Service Corporation and executive vice president and chief global human resources officer for JLL.

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Daniel has nearly two decades of executional and thought leadership experience with Fortune 100 companies in the CPG, financial services, and retail industries. He brings expertise in the areas of strategy, diversity/equity/inclusion, marketing, multicultural market development, sales, change management, leading through ambiguity, training and development, emotional intelligence, professional speaking, large group facilitation, and motivation. In his current role, Daniel provides leadership for Target Corporation's D&I efforts.

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Manisha Singh works on enabling the people strategy through data-driven actionable insights and digital HR transformation. Manisha is a systems thinker and a futurist who believes that HR is the conscience-keeper of the business, human capital is the key differentiator, and that the future is human. She passionately champions diversity, ethical governance, and vocational education for youth.

Jill Sochor
Global Leadership Development Manager, Ford Motor Company

Jill Sochor is an experienced talent development professional, HR business partner, strategist, and educator. She is passionate about a holistic view of leadership development that includes wellbeing, inclusion, team effectiveness, and motivation. Jill is a collaborator and innovator who enjoys shaping white space and creating experiences in which leaders grow. Previous roles at Ford include human resource business partner, developing and implementing an organizational design and change management plan to enable transformation of all aspects of customer business

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Terry VanQuickenborne is a learning and organizational development professional, and executive coach. In her role as global head of global talent development at Zscaler, she leads the design and delivery of enterprise learning strategy and organization development service offerings. She has over 20 years' experience in organization and leadership development. She holds a master of science in organization development from Pepperdine University and has served as adjunct faculty.

Nancy Vitale
Chief People Officer, Omada Health

Prior to Omada Health, Nancy Vitale was the chief human resources officer for Genentech, where she was responsible for leading a team dedicated to creating a great place for the organization's 14,000 employees to do their best work. Upon leaving Genentech, she cofounded Partners for Wellbeing, an advisory and consulting firm dedicated to helping organizations create better places to work. Nancy also serves as a board member for the Make-A-Wish America Foundation.

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The Josh Bersin Company Membership

The Josh Bersin Company provides a wide range of research and advisory services to help HR leaders and professionals tackle the ever-evolving challenges and needs of today's workforce. We cover all topics in HR, talent, and L&D. The Josh Bersin Academy—built on our research and powered by Nomadic Learning—helps HR practitioners grow key foundational skills. Our corporate membership program provides HR teams and senior leaders with the skills, strategies, and insights to build cutting-edge HR and people strategies through a combination of research, assessments, professional development, exclusive events, and community. In 2022, The Josh Bersin Company introduced the Global Workforce Intelligence (GWI) Project to guide market-leading businesses and their leaders through the challenges of industry convergence while remaining future-focused.

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