



Organizational Culture:

A lever for driving the
business strategy



Integration
Together, for the change you need

Contents

02
Why set culture as a priority?

03
Survey methodology

04
Key survey insights

1. Culture is valued, but not sufficiently prioritized on the agendas of company leaders
2. Culture is seen as a differentiator, but with gaps along the employee value proposition
3. Culture is key for guiding behavior and decisions, but demands coherent and continuous actions

08
The 6 stages of applying organizational culture

12
Which stage is your organization currently in?

13
Our experts

14
About Integration

Why set culture as a priority?

Culture serves as a source of energy that directs the behavior of professionals within an organization. **Companies that effectively translate their declared (official) culture into practice imbue their organizations with vitality and strategic coherence.**

Experience shows that those who prioritize culture achieve better organizational health, via stronger connections between individuals and the organization as a whole, but also an improved capacity to respond to market demands and deliver on their corporate purpose.

Among many of our clients, **we frequently see organizational culture assuming particular importance at several critical junctures.** This includes moments such as the succession of a new CEO, M&A processes, entry into new markets and whenever business performance is below expectations.

Regardless of the situation, there are several things to consider when approaching organizational culture:

- The starting point in any cultural journey **involves understanding the culture actually being practiced within the organization, and not merely the one that's officially declared or expressed as an objective.** While there is no right or wrong, it's essential for the leadership to diagnose the company's strong points that should be maintained, along with the development points that need to be addressed.

- **Cultural change demands taking a structured approach based on coordinated efforts** that are integrated with the business as well as its strategy. This will allow culture to mobilize individuals and create a basis for engagement.
- A connection must be established between theory and practice, meaning that **culture must be approached as an ongoing process.**

While each company goes through its own unique cultural journey, the essentials remain the same. Unlocking the power of organizational culture rests on three common elements:



Having the **senior leadership recognize culture as a priority** through short and long-term plans



Translating culture into **concrete actions, both formal and informal**, such as policies, rituals, communication plans, experiences etc.



Reflecting culture in everyday **behavior and decision-making**

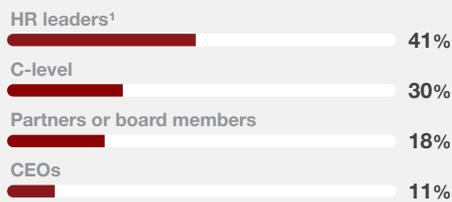
With this context in mind, we carried out a survey with the participation of different companies to identify how culture is being interpreted and applied in different organizations.

Survey methodology

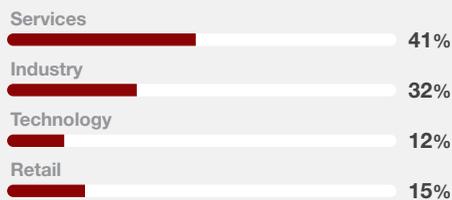
The survey aimed to **understand market practices on organizational culture as well as the different stages in which organizations find themselves** in relation to the topic. It was sent out to over 100 senior professionals from diverse areas and companies of different sizes and sectors in Brazil. The response rate was 70%, allowing us to achieve a highly relevant sample.

RESPONDENTS

POSITION



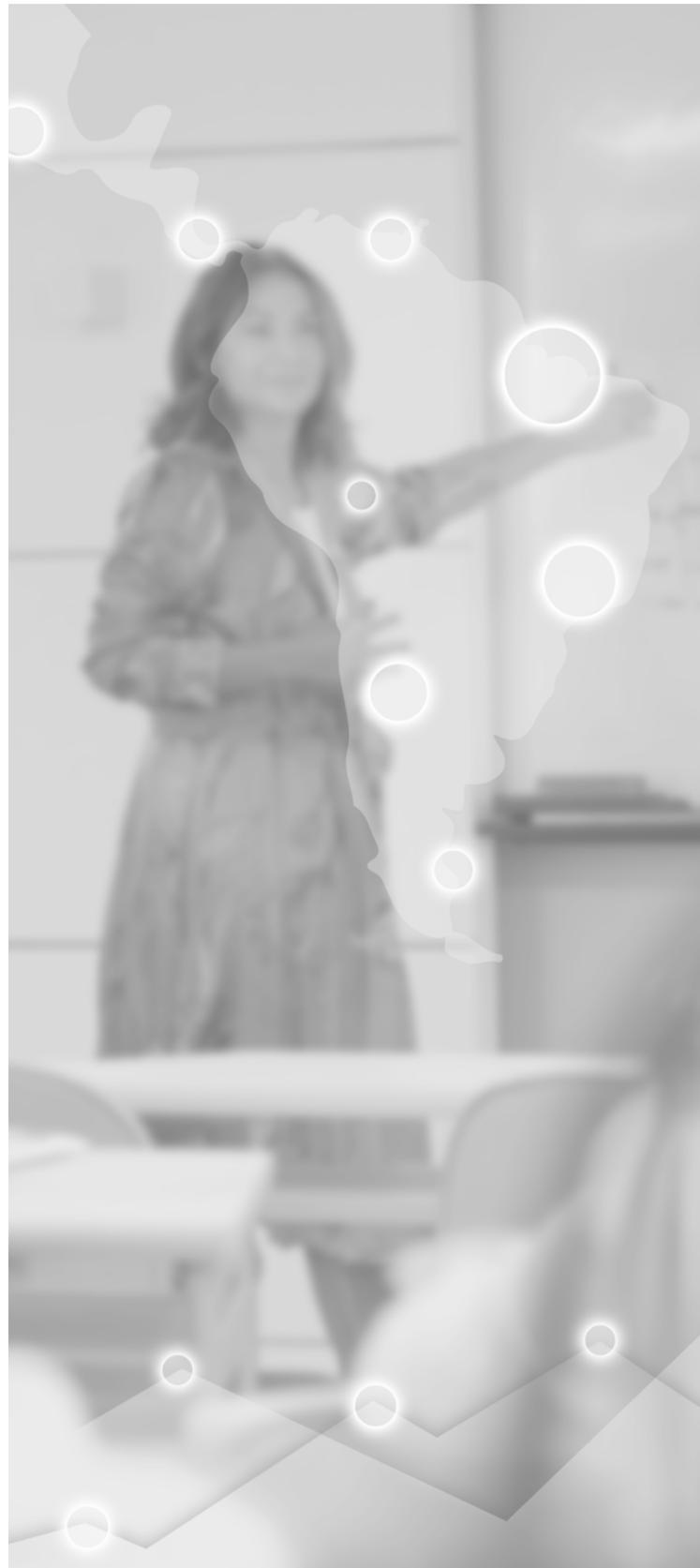
SECTORS



COMPANY SIZE



¹ C-level, directors and managers





Key survey insights

Organizational Culture



1 | Culture is valued, but not sufficiently prioritized on the **agendas of company leaders**



2 | Culture is seen as a differentiator, but with **gaps along the employee value proposition**



3 | Culture is key for guiding behavior and decisions, but **demands coherent and continuous actions**

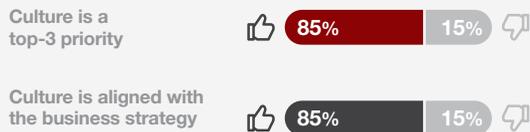


1. Culture is valued, but not sufficiently prioritized on the agendas of company leaders

“ Companies recognize the **importance of culture as a strategic priority**. Despite that, many respondents point out that the leadership is not dedicating time to the topic.

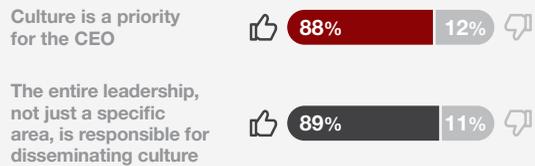
85%

of respondents believe that **culture is a top-3 priority** and that it's aligned with the overall business strategy.



88%

of respondents believe that **culture is a priority for the CEO** and that the **company leadership** is tasked with disseminating it.



42%

of respondents don't clearly recognize the leadership dedicating time to discuss culture in depth, with 35% pointing to a lack of supporting rituals.



35%

of respondents don't identify an area or professional within the organization dedicated to discussing culture and creating the related actions.



AGREE DISAGREE OR DON'T RECOGNIZE

IN SHORT

Implementing culture in a systematic way represents a serious challenge for organizations.



2. Culture is seen as a differentiator, but with gaps along the employee value proposition

Despite being viewed as a **valuable point of differentiation vis-à-vis employees**, many companies lose steam when concretely applying culture across the entire employee value proposition. This is especially the case for processes related to remuneration, communication and separation.

94%

of respondents view culture as a differentiator for attracting and retaining talent.

Culture is seen as a differentiator for attracting and retaining talent



But there's room for improvement – from recruiting up until closing the cycle.

44%

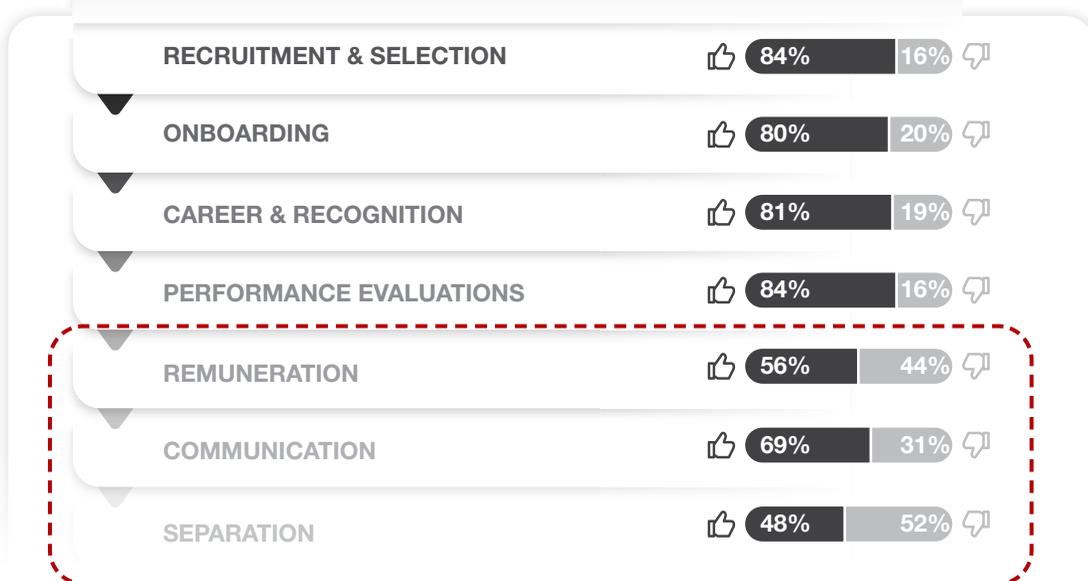
of companies don't connect culture with remuneration



52%

don't consider this factor as a basis for separation

CULTURE IN PRACTICE ACROSS THE EMPLOYEE VALUE PROPOSITION



IN SHORT

Culture needs to be **present from the very start of the employee value proposition**, guiding the design and application of all organizational processes, rituals, tools and symbols.



3. Culture is key for guiding behavior and decisions, but demands coherent and continuous actions

“ Culture is generally **perceived** in attitudes and decisions. However, many companies **fail to objectively measure** cultural adherence and **allow for discrepancies** to emerge in its application.

87% state that the company's defined culture is reflected in **decision-making**.

85% agree that the workplace is leveraged to advance the culture and **values** the company seeks.

Culture is reflected in the company's decision-making



The work environment is used to promote the company's values

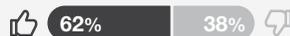


Daily feedback is based on expected cultural behaviors



Only **62%** believe that all levels of the organization have the same understanding of culture.

Uniform understanding of culture



And **45%** highlight the lack of tools for measuring adherence to culture.

Took for measuring adherence to culture



AGREE

DISAGREE OR DON'T RECOGNIZE

IN SHORT

Even if culture is **perceived**, a **lack of alignment** may exist in how it is translated and applied across levels of the organization.

The 6 stages of applying organizational culture

Organizations face specific challenges that place them in different positions along the cultural journey.

Our survey led us to identify distinct degrees of maturity related to organizational culture among the respondents: from those effectively extracting

value from culture to promote the business to those still playing with the idea of making the investment into culture.

Based on the results observed, we have established **6 stages of maturity** into which organizations can be categorized.

Organizational culture maturity stages

		STAGES						
		I	II	III	IV	V	VI	
theoretical ↓ FACTORS ↓ concrete	1	Recognize the importance of culture	—	✓	✓	✓	✓	✓
	2	Achieve strategic alignment	—	—	✓	✓	✓	✓
	3	Consider culture as a priority for the leadership	—	—	—	✓	✓	✓
	4	Plan culture based on governance	—	—	—	✓	✓	✓
	5	Design support mechanisms , both formal and informal	—	—	—	—	✓	✓
	6	Achieve coherence within the workplace , from hiring to separation	—	—	—	—	✓	✓
	7	Generate consistency across all levels of the organization	—	—	—	—	—	✓
	8	Sustain long-term focus	—	—	—	—	—	✓

Stages I & II of applying culture

“ **Recognition** and **strategic alignment** are the first steps for strengthening the organization's culture.

While most companies surveyed have turned culture into a strategic business priority, some still question its importance and others struggle to align leadership to start making it tangible in day-to-day practice.

INTEGRATION INSIGHTS for these stages:

- **Prioritizing implies choices:** The organization must have a clearly aligned vision that places the right degree of importance on culture –

considering it as part of the business strategy that can promote better results.

- **CEO as the captain:** To evolve and address the company's culture, actions must be led top-down, starting with the CEO.
- **Leadership must act:** Leaders must be disseminators, this means dedicating time to address, debate and structure the culture strategy.

I

II



VIEW OF CULTURE

The organization is still in **doubt** about the importance of culture and it is not yet formalized.

The organization sets culture as a **priority for the business but remains incipient** in its advancement.



MAIN CHALLENGES

- Raising awareness among leadership about the **need to act**
- Connecting culture with the **strategy** and **results**

- Creating **actions that lead to advancement** on the topic of culture
- **Connecting different organizational** areas to create a culture dissemination strategy and give it the needed importance



ACTION PLAN

- Provide **space for dialog** and engage the senior leadership
- Analyze if **competitiveness** is being lost, e.g., the retention of talent, capacity to attract new talent etc.

- Identify **strong points that should be prioritized** and choose 2-3 for advancing
- Start by **listening** and connecting culture to the business' current moment

Stages III & IV of applying culture

“ Translating strategy to practice is often the biggest hurdle.

A sizable number of the companies we surveyed have a solid basis but struggle to turn the culture they seek into concrete actions across their employee value proposition.

INTEGRATION INSIGHTS for these stages:

- **Coherence is crucial:** Strong culture lives on consistency between what’s said and what’s done. Insufficient coherence between the two can lead staff to interpret the defined culture in their own way – easily causing divergence in understanding.
- **Formal and informal initiatives:** We recommend having processes, rituals and tools in place, backed up by concrete experiences. Incomplete initiatives that fail to deliver excellence can have a negative impact and undermine perceptions of culture.
- **Impact vs. effort:** Focus on actions that generate impact and can become milestones on the journey. This will allow the organization to start reaping the benefits of a culture strategy sooner.

III

IV



VIEW OF CULTURE

The organization has **embedded culture in the business strategy** as a top priority but struggles to implement it.

The organization sets culture as **part of the business strategy and has concrete actions** but falls short in achieving overall coherence across different levels of the organization.



MAIN CHALLENGES

- Defining a **structure and rituals** to discuss and disseminate culture
- Training and capacitating leaders

- Establishing **actions that are consistent and connected** to each other as well as to the business strategy
- Creating a **space for listening and communicating** culture across different levels of the organization



ACTION PLAN

- Create a matrix that **maps and allows leadership to understand** cultural initiatives
- Prioritize incentives that promise to generate **the most value in the short term**, especially those related to understanding and training

- Create a **communication plan** for promoting a uniform understanding of the organizational culture based on practical examples
- Set up a **change management initiative** that involves and provides training for all levels of the organization

Stages V & VI of applying culture

“ The last mile of **full alignment and uniformity** can take time.

Our survey shows that many companies are quite advanced in their cultural practices. Despite that, a persistent challenge is remaining vigilant to address needed course corrections and keep providing the organization with concrete examples.

INTEGRATION INSIGHTS for these stages:

- **Measuring is important, acting is essential:** Reaching a common understanding of culture rests on the collaborative efforts of leadership

paired with measurement tools to gauge the effectiveness of their efforts.

- **Directed actions are needed:** Concrete actions should be in place to target the primary pain points identified by the monitoring tools.
- **Being exemplary in “moments of truth”:** The way that the organization behaves in critical moments will prove that the culture is true and coherent.

V

VI



VIEW OF CULTURE

The organization’s culture is **reflected in expected attitudes and behaviors.**

The organization effectively **aligns, communicates, implements and reaps the benefits** of culture – from theory down to practice.



MAIN CHALLENGES

- Having the capacity to **identify inconsistencies** and to utilize measurement tools
- Incorporating cultural **monitoring and evaluation** within rituals

- Keeping up **efforts to sustain culture**, discuss and adjust, especially when faced with large-scale transformations
- Developing professionals who lack full cultural adherence and turning them into **effective cultural disseminators**



ACTION PLAN

- Formally review culture in **governance rituals** and strategic cycles
- **Measure culture**, e.g. in performance reviews and company-wide surveys

- Accompany cultural advancements as well as **best practices** on the market
- **Learn from situations and disseminate the lessons** learned so that they are incorporated into organizational dynamics

Which stage is your organization currently at?

The first step of any cultural transformation is to assess the current state of culture at the organization.

With a clear picture of your cultural maturity level, the company can identify and prioritize the actions needed to strengthen its organizational culture. This will help improve the quality of the employee value proposition while also adding value to the business strategy in general and delivering results in the long term.



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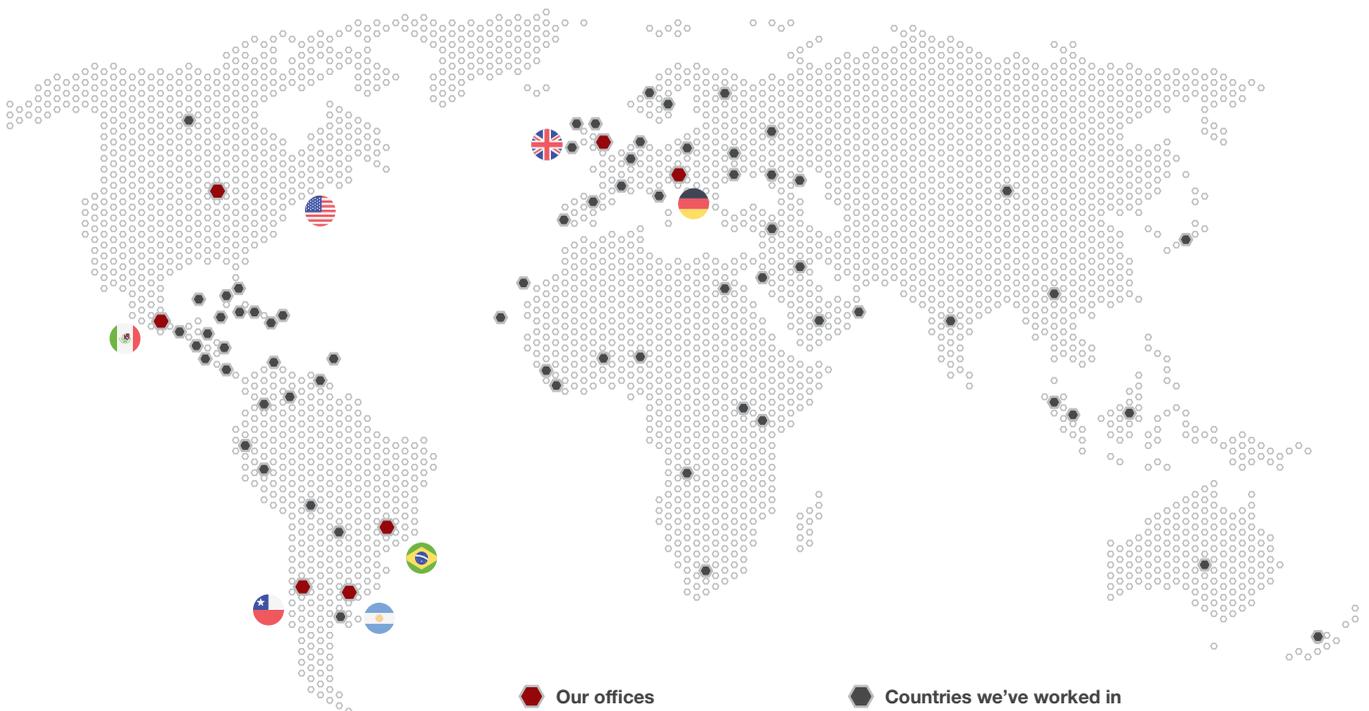


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