



Organizational Culture:

A lever for driving the business strategy

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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**

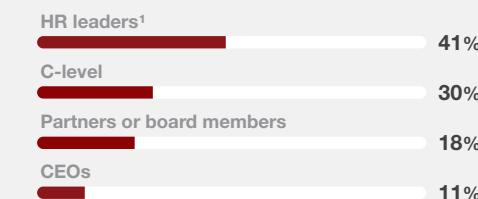
With this context in mind, we carried out a survey with the participation of different companies to identify how culture is being interpreted and applied in different organizations.

Survey methodology

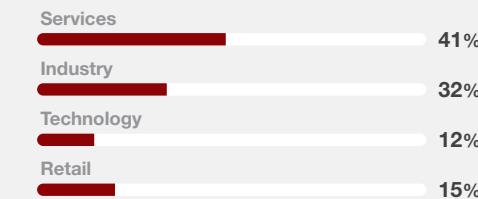
The survey aimed to **understand market practices on organizational culture as well as the different stages in which organizations find themselves** in relation to the topic. It was sent out to over 100 senior professionals from diverse areas and companies of different sizes and sectors in Brazil. The 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.

Culture is a top-3 priority

 85%  15% 

Culture is aligned with the business strategy

 85%  15% 

88%

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

Culture is a priority for the CEO

 88%  12% 

The entire leadership, not just a specific area, is responsible for disseminating culture

 89%  11% 

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.

Leadership has clear rituals for reviewing the corporate purpose/values

 58%  42% 

Regular meetings take place for the leadership to discuss culture

 65%  35% 

35%

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

Area/professional dedicated to culture

 65%  35% 

 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

Like 94% Dislike 6%

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

RECRUITMENT & SELECTION

Like 84% Dislike 16%

ONBOARDING

Like 80% Dislike 20%

CAREER & RECOGNITION

Like 81% Dislike 19%

PERFORMANCE EVALUATIONS

Like 84% Dislike 16%

REMUNERATION

Like 56% Dislike 44%

COMMUNICATION

Like 69% Dislike 31%

SEPARATION

Like 48% Dislike 52%

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**.

Culture is reflected in the company's decision-making

Like 87% Dislike 13%

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

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

Like 85% Dislike 15%

Daily feedback is based on expected cultural behaviors

Like 73% Dislike 27%

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

Uniform understanding of culture

Like 62% Dislike 38%

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

Took for measuring adherence to culture

Like 55% Dislike 45%

AGREE

DISAGREE OR DON'T RECOGNIZE

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.

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 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.



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.
- **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



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



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



- 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

▪ **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.

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

V

VI



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



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



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

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.

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

- 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**

- 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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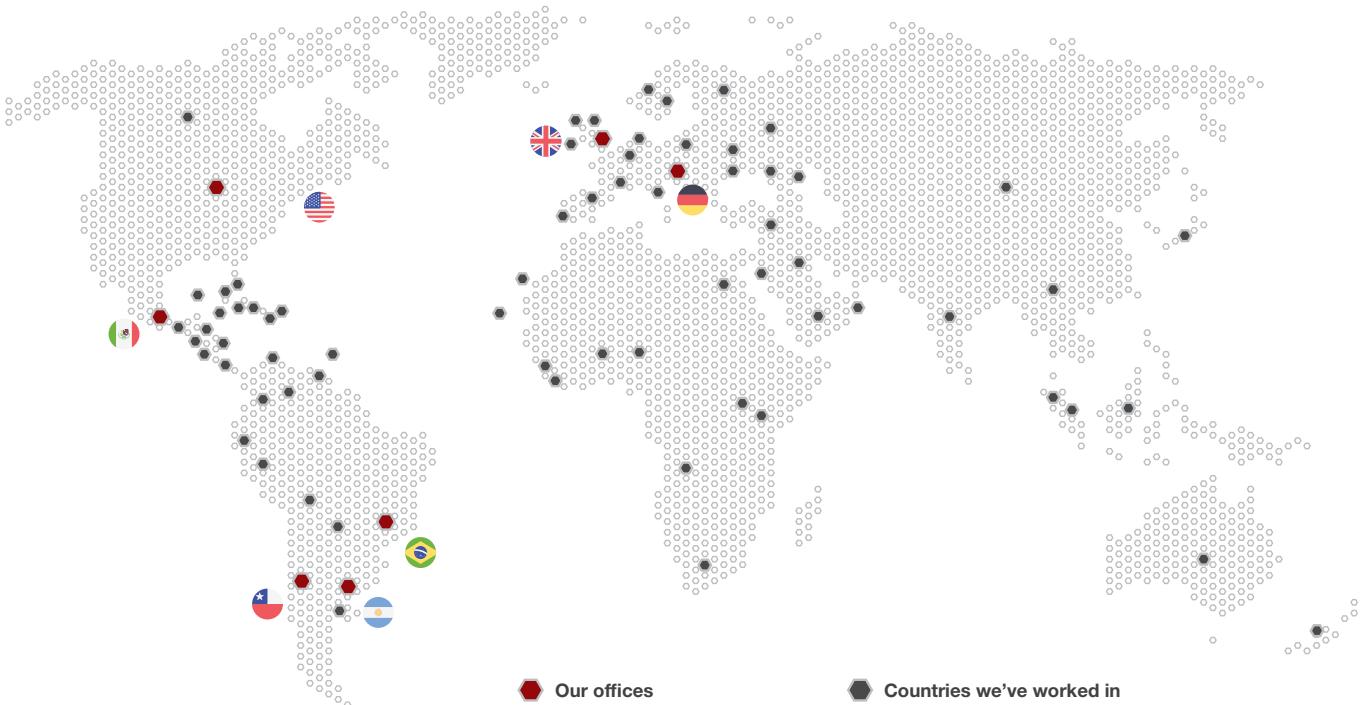


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About Integration

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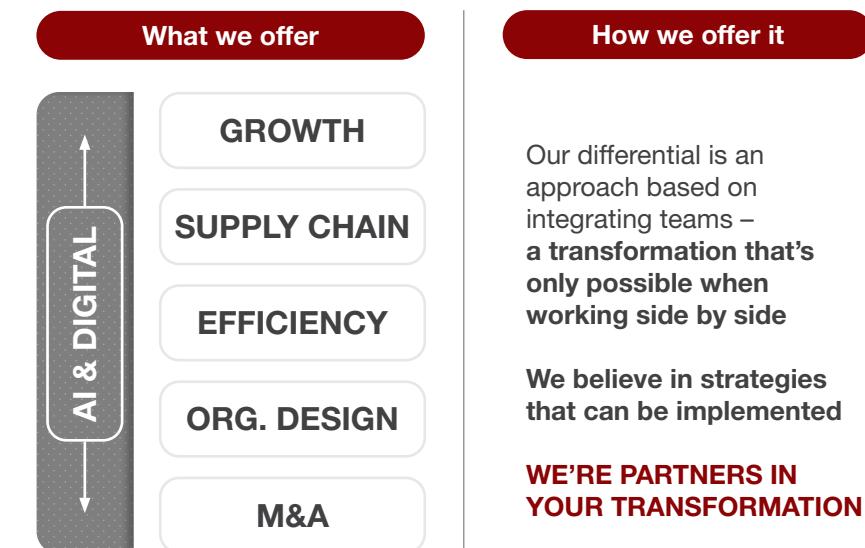
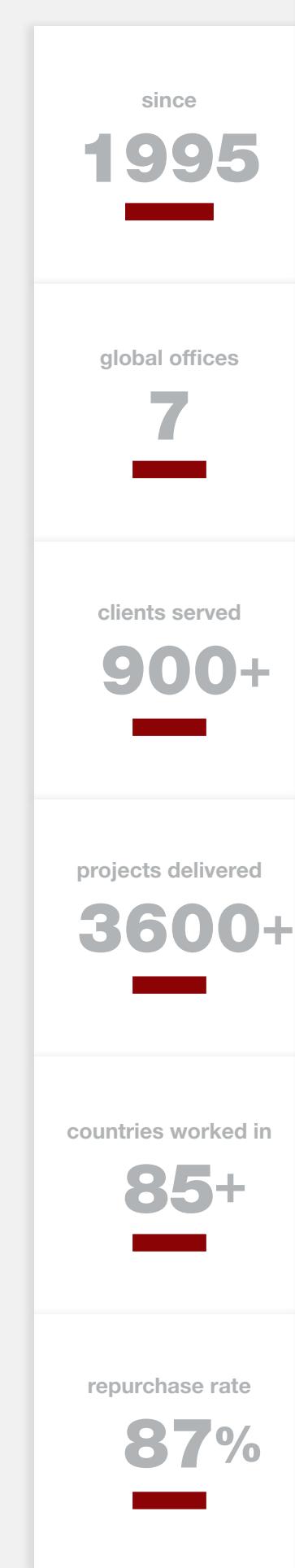
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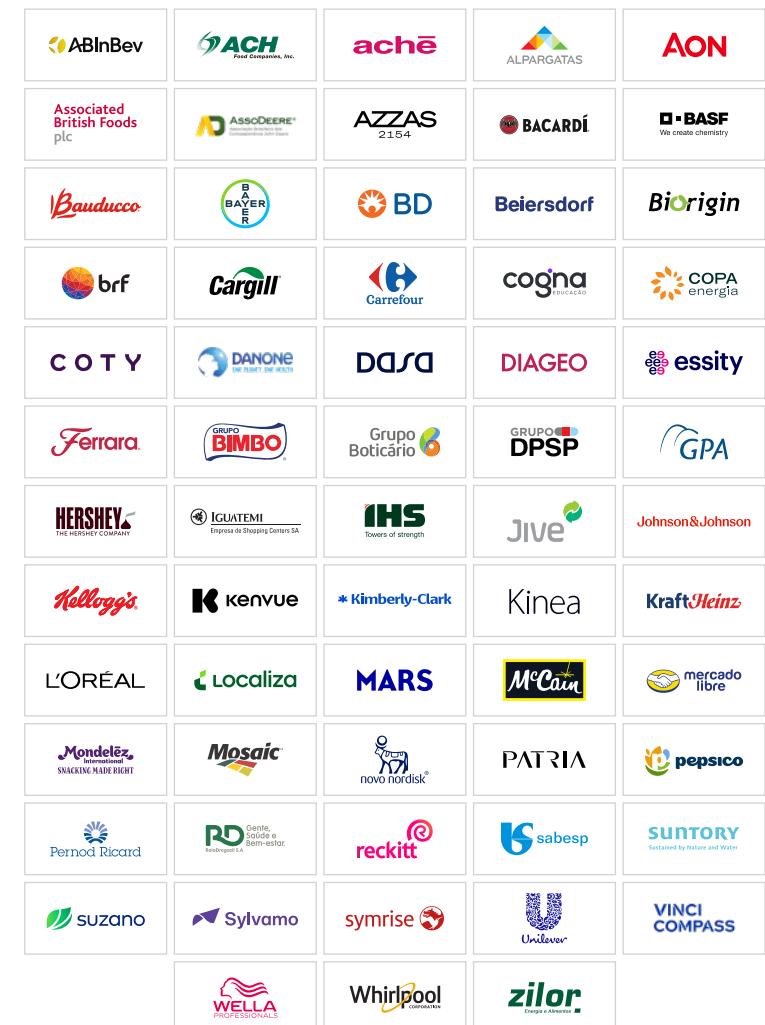
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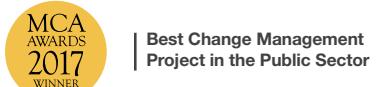
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