

The Impact of Culture

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I teach leadership in several universities. One thing that has disappointed me is the discussion of corporate culture in most of the MBA textbooks. They usually leave out the most important parts of culture. This topic has fascinated me for years. The success and longevity of any organization is directly linked to its culture. We sometimes notice the parts that make up culture, but often they are transparent because they are just a part of doing business in a particular group. If we stop to think about what defines culture and work to manage or influence it, we can uncover some powerful leadership leverage.

Most of the Leadership textbooks I have read describe the culture in terms of physical attributes that characterize an organization. For example, here is a typical list of the things purported to make up a company culture.

1. Physical structure
2. Language and symbols
3. Rituals, ceremonies, gossip, and jokes
4. Stories, legends, and heroes
5. Beliefs
6. Values and norms
7. Assumptions

The above list is a montage of the lists in many textbooks. When you think about it, these items do go a long way toward defining the culture of an organization. Unfortunately, I believe these items fall short because they fail to include the emotions of the people. After all, organizations are made up of people, at all levels, interacting in a social structure for a purpose. Let us extend the list of things that make up the culture of an organization.

1. Is there a high level of trust within the organization?
2. To what extent do people have the opportunity to grow in this organization?
3. Do people feel safe and secure, or are they basically fearful?
4. How do people treat each other on their own level and on higher or lower levels?
5. Is the culture inclusive or exclusive?
6. Do people generally feel like winners or losers at work?
7. Is the culture one of reinforcement or punishment?
8. Are managers viewed as enablers or barriers?
9. Are people trying to get into the organization or trying to get out?

10. What is the level of satisfaction for people in this organization?
11. Can people “speak their truth” without fear of reprisal?
12. Do people follow the rules or find ways to avoid following them?

I could go on with another 20-30 things that relate to the human side of culture. I hope you agree that the items above are at least as important as the items on the first list in terms of describing the culture. Why then do the textbooks on leadership not mention them when they discuss culture? It baffles me. Perhaps the view is that these “people-centered” items are best discussed separately and only the “system-centered” items define the culture. Personally, I do not agree with that.

Let’s zoom in on just one item of my list above: item #1. The level of trust in an organization is actually the most significant part of the culture in my book. The reason I put Trust in the front and center of culture is that with high trust, all of the other things (rituals, ceremonies, values, language, etc.) work to engage people in the business. With low trust, you can have all the trappings, but people will laugh at you behind your back.

You are probably familiar with the CEO who spouts out the values at every chance, but does not live them, so there is no trust. The values are just a useless pile of words. In fact, they are worse than useless because every time the CEO mentions the values it reminds people what a hypocrite he is.

Why is Trust so powerful? Let’s contrast a few dimensions for a company with high trust versus one with low trust to view the impact.

Problems

All organizations have a steady stream of problems. If the culture is one of low trust, each problem represents a high hurdle to overcome. We have to stop everything and have a meeting to figure out who said what and try to unscramble the mess. If there is high trust, first of all there will be fewer problems, but then the remaining problems are easily overcome, like pebbles in the road we kick aside with our shoe. We can focus energy on the vision rather than the problems.

Communication

In groups with low trust, trying to communicate is like walking on eggs. Every word or phrase is a potential trigger for a sarcastic remark. Things are frequently taken the wrong way and create damage to control. With high trust, communication seems easy. People have the ability to “hear between the lines” and instinctively know the intent of the message even if the words come out wrong. Employees are not coiled and ready to strike anytime there is an opportunity.

Focus

In areas of low trust, people are focusing on protecting themselves or bringing other people down. Most of the energy is directed inward to the organization in numerous battles that really don't help the organization succeed. If trust is high, people are feeling aligned so their focus is outward at the opportunities (customers) or threats (competition). This shift in focus from inward battles to outward opportunities is huge in terms of organizational success.

Rumors

When trust is low, rumors spring up due to poor communication. Since there is nothing to retard them, they take on a life of their own. The rumors and gossip spread like wildfire all over the organization creating significant damage control for management. In areas of high trust, there will still be rumors from time to time, but they will be easily extinguished before they do significant damage. This is because people believe management when they say something is not true.

Attitude

Look at the people in an organization of low trust; what is their general attitude? Usually it is one of apathy. They need their job in order to live, but they dearly wish it wasn't such a struggle. Now look at the attitude of people in an organization of high trust. You will see passion and motivation to really help the organization succeed. The difference here is huge in terms of organizational survival. For one thing, customers notice the difference immediately. You know the feeling of sitting in a restaurant where the trust level between management and the servers is low. You get an uncomfortable feeling and may not even realize why you decide to not patronize the place again.

We could go on with numerous more examples of the difference between a culture of high trust and low trust, and that is only the first item on the list. I hope it is obvious that having the right kind of culture makes all the difference in the ability to survive in business. Take the time and energy to work on your culture, The ROI is astronomical.

*The preceding information was adapted from the book **The TRUST Factor: Advanced Leadership for Professionals**, by Robert Whipple. It is available on www.leadergrow.com.*

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