Culture Fit for the Future Report 2024

Contents

Foreword

> **"**
>
> Culture is a company's single most powerful advantage
>
> Forbes

In association with

FLINT
empowering change

Versify
Consulting

We know that with good insight, deliberate focus and collective leadership, workplaces can evolve their culture to preserve what is already great and transform the traits needed to be successful.

A thriving workplace culture attracts and retains talented people and valuable clients. Purposeful organisations are more profitable than their counterparts. Values-led workplaces deliver their priorities in a way which is **more effective, more efficient and more enjoyable.**

As the world around us evolves, this research sets out the mindset and behaviours needed to thrive, and a Culture Fit for the Future that any organisation can get excited about and can move towards with positivity and optimism.

Ella Overshott
Director, Pecan

Andy Loveless
Director, Pecan

"

Change is constant and relentless, work is complex and multilayered requiring multi-disciplined involvement; people want real, ethical, sincere engagement

Research participant

Go to our [Recommendations](#) for ideas on how to respond to each of the findings in your own workplace culture

Key findings

We uncovered three themes underpinning a Culture Fit for the Future.

One   Next level relationships for success

The relationship between employers and employees is stuck in transition. For a successful future, transparent, inclusive, adult-to-adult conversations are essential in resetting the psychological contract and creating meaningful work in high performing organisations.

Since the pandemic, many people have grown attached to personal routines that enrich their lives, whether putting a wash on, walking the dog, caring for loved ones, etc.

Some of these routines boost our wellbeing, support our productivity and fit in well with the preferences of other team members. However, the reality is that some personal routines do not, and our expectations of what is reasonable to expect from each other may need to re-adjust.

Equally, employers need to appreciate that being back in the office full-time may not be the answer and risks damaging productivity and engagement.

"

We need staff to be 'all in' to deliver the mission. We are going to need to change and evolve in the face of tech challenges, political turmoil and global shifts in power balances - plus we need to do the right thing for the planet and each other or we won't have much of a future.

Research participant

Key findings

Two   Teamwork redefined

The teething problems of hybrid-working are a distraction from creating a new type of collaboration that executes successfully. The focus needs to shift from place, to people.

An overwhelming meetings culture is perpetuated by an approach to teamwork that is still hampered by hierarchy and role boundaries. Instead, a 'team' must become the right matrix of people empowered to achieve an outcome. The place of work is determined by the type of work to be done and the strength of relationships.

Three   Everyday experimentation

With crowded change agendas and ever-changing environments, continuous improvement, risk management and innovation can feel difficult to prioritise.

Using customer and employee insight to select which problems to solve, and doing this with an experimental mindset, creates learning and value at pace. It makes progress possible without disrupting today's operation.

Why conduct this research?

We are surrounded by data proving that culture, engagement and productivity have significant room for improvement (see below). We know that with smart insight and deliberate focus, organisations can create a highly engaging, productive and satisfying culture that delivers for whoever they serve.
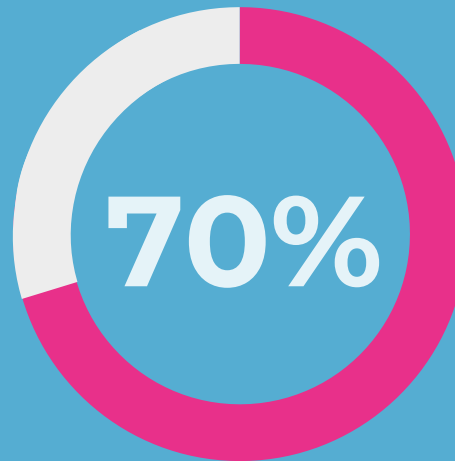
As our environment changes, we need to reset our relationship with work and 'the way we do things around here'.

We conducted this research to identify the mindset and behaviours organisations believe they need to thrive in the future. In doing so, we tested and refined Pecan's Culture Fit for the Future framework, a free 'self-check' tool to assess strengths and gaps in each of the traits.

62%

UK employee engagement is stagnant compared with 2022

70%

Managers account for 70% of the variance in team employee engagement

4x

The Times 100 Best Companies' stock performance is nearly 4x better than the market

Engage for Success Survey 2023

Gallup State of the Global Workplace 2024

Great Place to Work

The business case for culture

Employee retention was the number one impact chosen by respondents.

The opportunity to increase profitability by improving employee retention is significant. <u>Average employee turnover</u> in the UK is 34% and the <u>average cost per employee</u> (earning £25,000 a year or more) is £30,614. That's a potential saving of **£2.6m** for an organisation employing 250 people.

Respondents quoted innovation as the second biggest benefit of a culture fit for the future – whilst harder to quantify, it is undoubtedly crucial for organisations' survival in an ever-changing world.

Productivity and efficiency are next, both significantly impacted by employee turnover as tacit knowledge is lost, as well as by other cultural traits such as accountability and agility.
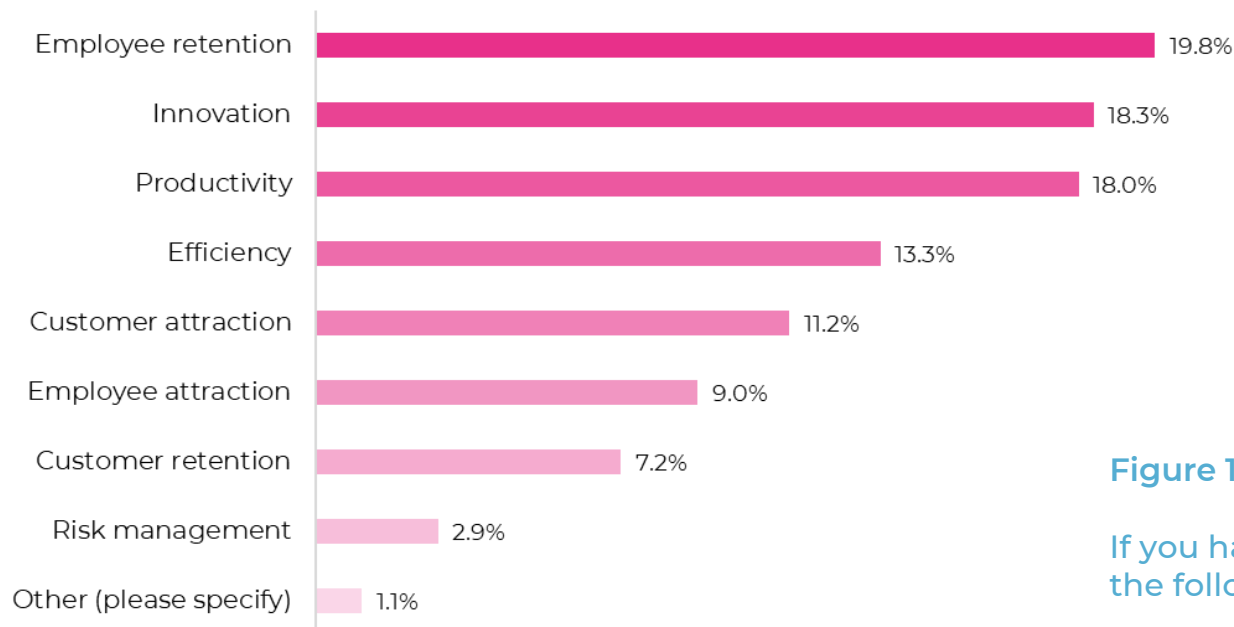
Employee retention	19.8%
Innovation	18.3%
Productivity	18.0%
Efficiency	13.3%
Customer attraction	11.2%
Employee attraction	9.0%
Customer retention	7.2%
Risk management	2.9%
Other (please specify)	1.1%

Figure 1

If you had a culture that is fit for the future, which of the following would be most improved?

Demographics

The survey was completed by 105 respondents between March and May 2024, with six follow-up calls to explore responses in more depth.

Respondents represent a wide range of sectors and sizes of organisation. They were spread evenly across organisation size, from less than 50 employees to those with over 5,000.

There was no significant variation in the themes and ratings across different sectors and size of organisation.

All nine traits were rated as important by all.

Subtle differences in ratings were influenced mostly by each organisation's current strengths and the areas it is needing to develop.
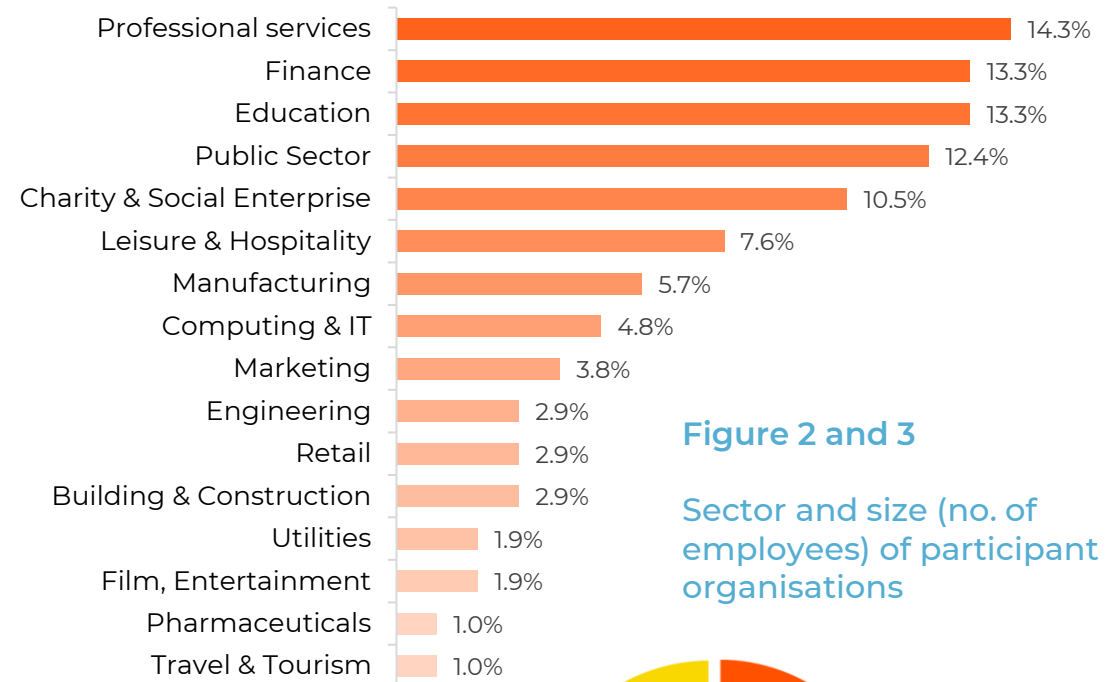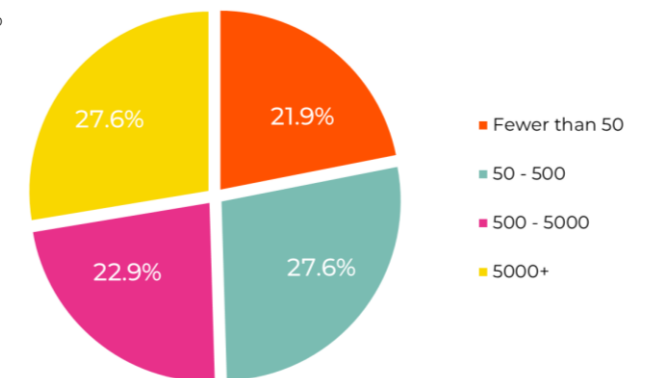

Sector	%
Professional services	14.3%
Finance	13.3%
Education	13.3%
Public Sector	12.4%
Charity & Social Enterprise	10.5%
Leisure & Hospitality	7.6%
Manufacturing	5.7%
Computing & IT	4.8%
Marketing	3.8%
Engineering	2.9%
Retail	2.9%
Building & Construction	2.9%
Utilities	1.9%
Film, Entertainment	1.9%
Pharmaceuticals	1.0%
Travel & Tourism	1.0%

Figure 2 and 3

Sector and size (no. of employees) of participant organisations

- Fewer than 50 — 21.9%
- 50 - 500 — 27.6%
- 500 - 5000 — 22.9%
- 5000+ — 27.6%

By 'culture' we mean the shared assumptions, beliefs, values and attitudes that influence behaviours and 'the way we do things around here'.

By changing any of these underlying causes, you can change the prevailing culture in an organisation.

Before testing Pecan's nine traits framework, we first asked for 'top of mind' words to describe the culture people believe is needed.

The Word Cloud below represents how often people used particular words, with the bigger words used most frequently.

Figure 4

What 3 words describe the culture you believe organisations need, in order to be fit for the future?

Fit for the future traits

The findings from our research led to some refining of our Culture Fit for the Future framework.

Ambition became **Purpose** as this better captures the spirit of everyone aligned to a common cause, rather than personally driven aspirations.

Growth became **Learning** to reflect the mindset that is needed, rather than potential confusion about focus on profit.

Collaboration was the most common word chosen by respondents and this is reflected in the description of **Agility**, introducing the idea of 360 Collaboration which extends beyond the boundaries of a traditional team.
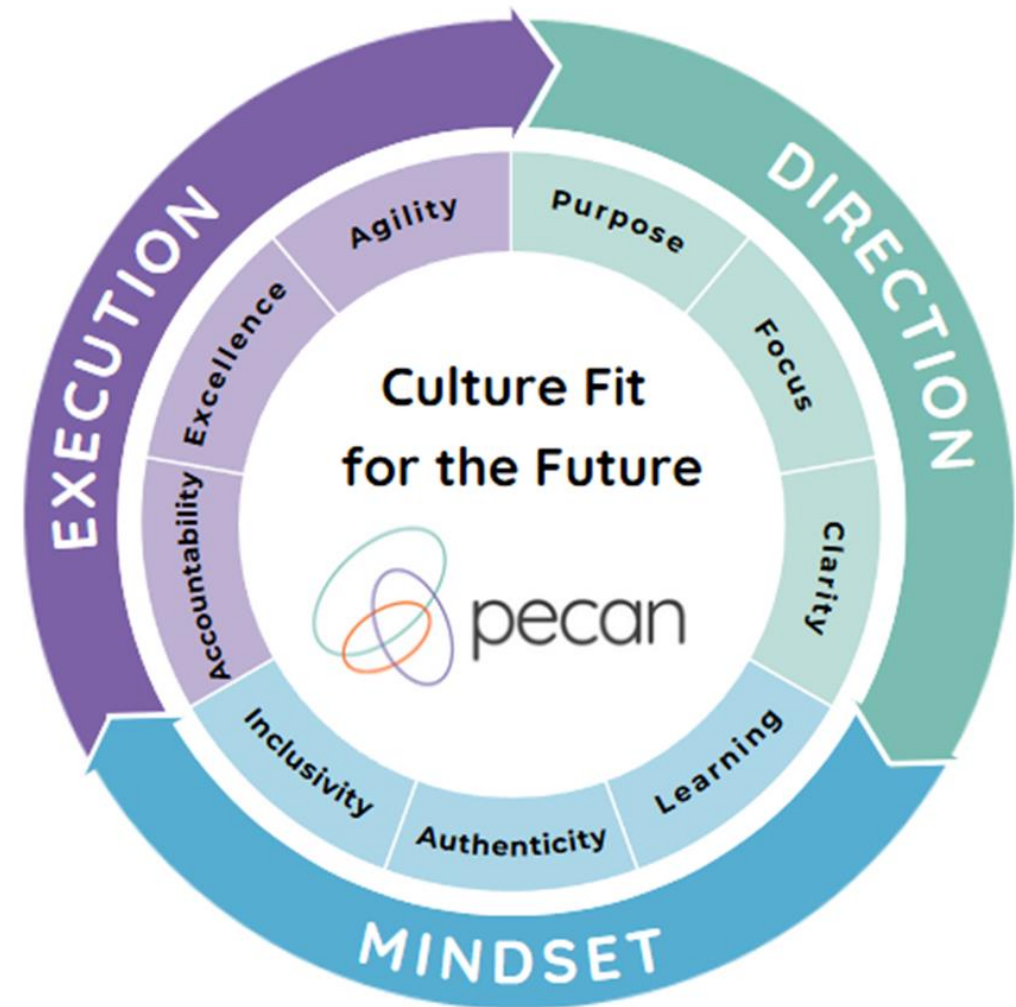
Purpose

The organisation's ambition and vision are inspiring and bought into by all.

Individual goals and decision-making are aligned to the organisation's purpose, and energy is focused on making a meaningful difference.

Average score   8.4

Younger generations entering the workforce are much more interested in purpose than simple business outcomes.

Organisations with a clear purpose, to which everyone is connected, are proven to be more successful both commercially and as great places to work.

Meaningful work is an intrinsic motivator of performance and contributes to wellbeing.

Focus

Everyone understands the priority outcomes required – their own and the organisation's.

These are regularly reviewed to ensure relevancy and success.

Average score   8.4

Respondents agree that strong focus is an important part of having a clear direction, but not at the risk of becoming inflexible.

The continually changing context in which organisations need to thrive means being able to switch focus to new priorities when needed.

There is interplay between the nine traits, with each supporting the others

Clarity

Roles, responsibilities and decision-making authority are clear, both in relation to delivering the strategy and to each other.

A framework of how we 'do' and 'don't' work around here guides behaviour and ways of working.

Average score **8.4**

The key opportunity here is to create a culture of empowerment and accountability.

This requires the right blend of process and communication to deliver an experience of freedom within agreed boundaries.

This includes how values, flexible and hybrid or remote working practices guide how people work together.

Learning

A prevailing growth mindset that drives curiosity, openness, emotional and social intelligence.

Customer and employee voice drive continuous improvement and innovation.

Average score 8.1

Equipping colleagues with the resilience to thrive in ambiguity is key. This includes being able to bounce back from mistakes and learn as a habit.

A learning mindset requires humility, a willingness to be curious about new ways to do things, to make mistakes, own them and make improvements or change direction at an individual, team or organisational level.

Self-improvement is a human need and a big motivator, especially for people early in their career.

Authenticity

People are encouraged to be themselves at work.

Conversations are respectful, sincere and honest.

Communications and decision-making have integrity and transparency.

Average score 8.4

Authenticity is at the heart of a culture with high trust and psychological safety.

This trait is increasingly important as teams negotiate a balance between individual preferences and team needs.

A personalised deal is the way forward, one which allows and supports each individual to be themselves and thrive at work within the context of their life.

The growth in stress and burnout for some, and disengagement for others, suggests this needs urgent focus.

Inclusivity

People are welcomed for who they are, the unique qualities they bring and their potential.

Diversity is valued and psychological safety is high, with participation actively encouraged.

Average score 8.8

Our experience is that, whilst inclusivity is rightly aspired to, the reality is lagging in most organisations.

Workplaces are increasingly diverse as international, multi-generational hubs of a whole range of talent.

'Inclusivity' does not mean 'anything goes' or that everyone must be involved in every decision. It's a belief that all humans have talent and potential. With the right conditions, diverse teams can deliver better outcomes than homogenous ones and remain unique.

Accountability

People and teams take responsibility for their output and impact.

It is safe to hold others to account, with no blame and high support.

Average score   8.7

Creating a culture of accountability is one of the most frequent challenges we heard from respondents. All the other traits work in support of accountability, and it can be difficult to achieve without them.

The role of leaders and managers is essential, creating an environment of high trust where people can safely call each other out if needed.

Coaching is an invaluable skill to unpack the root cause of underperformance, with respect and compassion, and leaders themselves need to be held to account for their effectiveness.

Excellence

Passion and energy and playing to strengths drive high standards.

Going the extra mile to deliver to quality and deadline is the norm.

Self-care is encouraged and supported.

Average score   8.3

To achieve high standards everyone needs to know 'what great looks like' in their role and be supported to achieve it.

This isn't about 'perfectionism', instead it's about a collective desire to do the day job brilliantly, for the benefit of customers or whoever the organisation serves.

In the drive to achieve excellence in performance it is essential to also have excellence in self-care. This builds stamina and enables sustainable high performance.

Agility

Change is initiated, planned, tested and embedded skilfully and efficiently.

Priorities are re-negotiated when needed, to ensure capacity to deliver.

360 collaboration* is expected, encouraged and rewarded.

Average score	8.5

This trait is ever more important given the pace of change in the world. Over-loading the operation with a heavy change agenda is a common pitfall.

Priorities need to be adjusted with a realistic understanding of capacity. The pandemic was a great example of agility in practice.

Silo working still prevails in many workplaces. The next level of collaboration is to create adult-to-adult, high trust team-working in all relationships – inside and outside the organisation.

*By 360 collaboration we mean driving for win-win outcomes with customers, leaders, colleagues and external stakeholders

"

These future fit cultural traits boldly confront the complex, messy, ever-evolving nature of work in modern times.

Four years on from Covid and we're still struggling to create a hybrid work framework without performance glitches. Younger generations are placing greater value on purpose to the extent that <u>nearly half have turned down an employer due to ethical misalignment</u>. And we cannot ignore how AI developments are raising both hopes and fears for the future of work, against a backdrop of fast-growing skills gaps.

How can we lead organisations well in this fast-shifting, volatile climate? It all comes back to continuously reviewing, crafting and adapting our workplace culture so that it drives organisational success no matter the hurdles.

Becky Norman
Managing Editor, HRZone and TrainingZone

> "
> **Although I think my executive team believe culture is key, following through on this isn't always done.**
>
> "
> **In a highly governed and process driven environment culture feels less of a focus than it should be. The words don't match the actions which impacts the culture.**
>
> Research participants

Blockers

With 70-80% of culture impacted by leadership behaviour, a lack of belief and action from the Executive Team is a fundamental blocker in some organisations.

Culture changes through conversation. If the Executive Team don't see the connection between culture and performance, they don't create sufficient space for the dialogue needed to shift mindsets and behaviours.

Figure 5

My Executive Team believe culture is key to the success of our organisation

|					
37%	41%	11%	5%	3%	3%
Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	I don't know

Enablers

100% of respondents to this research survey agree that culture is very important to success.

This shouldn't go un-noticed. When we founded Pecan over 12 years ago, the importance of 'employee engagement' was gaining momentum but the concept of 'culture' was barely talked about.

Business leaders and HR professionals increasingly understand that culture

- Can be deliberately designed and embedded to enable strategy delivery

- Has a significant impact on employee engagement, wellbeing and retention

- Contributes to customer satisfaction, retention and advocacy

- Ultimately impacts profitability

Figure 6

Culture is very important to the success of my organisation
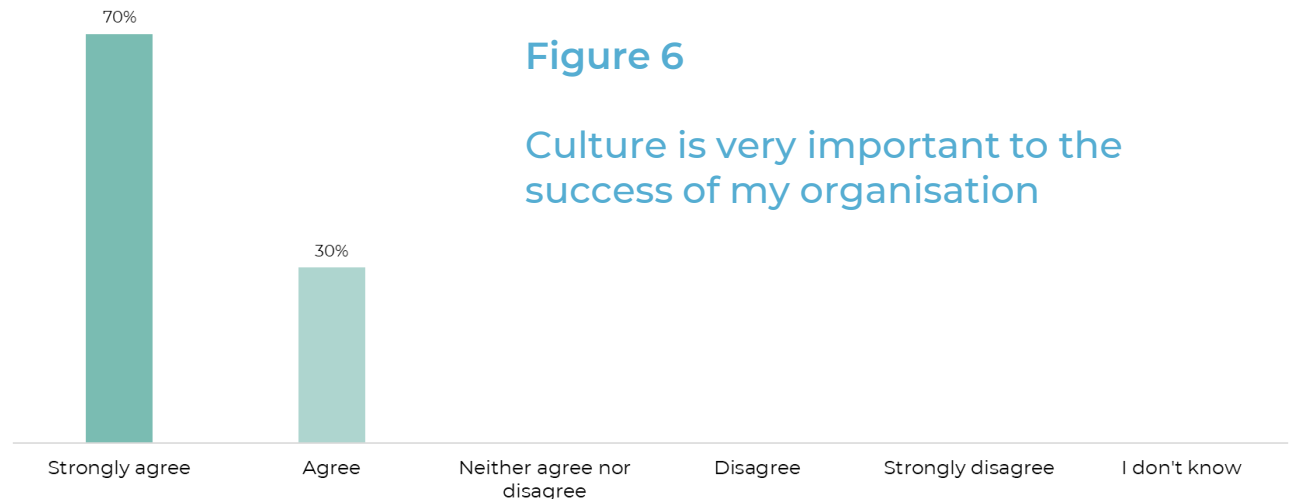
Enablers

Designing and evolving a culture fit for the future can feel like an overwhelming and expensive endeavour, but it doesn't need to be.

When you have deliberately designed the culture you need in terms of values and behaviours, and have good insight into your current culture, you can choose to focus time and resources on the enablers that will have the biggest impact.

Taking an experimental approach, focusing on a few small things done well and consistently gives you early 'wins', builds confidence that change is possible and strengthens the business case that culture makes a difference.

Demonstrating to the Executive Team how a shift in culture can support profitability and growth will keep it at the top of their priority list.

Our culture enablers framework

ROLE MODELS   WOWS   ORG DESIGN   POLICIES   ENVIRONMENT

> To get to the next level of greatness depends on the quality of the culture, which depends on the quality of the relationships, which depends on the quality of the conversations. Everything happens through conversations!

Judith E. Glaser
Conversational intelligence: How Great Leaders Build Trust & Get Extraordinary Results

Recommendations

An engaged Executive Team is the quickest way to accelerate progress towards a culture fit for the future.

Story-telling is a useful way to call out the mis-match between leaders' intentions and actions, joining the dots between behaviour, culture and performance.

It isn't always easy or realistic to change leaders' beliefs about culture overnight. Taking a 'show don't tell' approach will create new supporters more effectively.

Pick and choose the recommendations you believe will make the biggest difference and use them to build a business case for change.

Do a few things well.

1. Develop next level relationships

If you are stuck in a murky mismatch of expectations between employer and employees, take these steps to reset the psychological contract.

- Run a short survey and focus groups to find out what's working and what's not

- Find stories and examples that bring this to life, from diverse employees' perspectives and from the employer's perspective

- (Re) define a simple set of principles that guides the contract between employer and employee, including reasonable expectations about

    o Hours of work

    o Location of work

    o Career aspirations

    o Second jobs

    o Studying for qualifications

- Give people leaders the mindset, skills and tools to run socially intelligent 'reset' conversations with their teams, to reflect on what's working or not in their team, raise self-awareness of routines that people have grown attached to and are not working for the team

- Support people leaders to have emotionally intelligent, adult:adult conversations to re-contract with individuals where needed

- Strengthen everyone's resourcefulness and confidence to manage their own wellbeing

Reflection questions

- How consistent are people managers' expectations around working hours and location?

- How creative is the organisation in fulfilling career aspirations?

- How effective is the balance in responsibility for people's wellbeing?

2. Redefine teamwork

"Being connected has many levels of what this means, connected as individuals, connected within your team and then connected to the company vision and values".

As this respondent indicates, 'connectivity' needs to be at the heart of how teams form, operate and deliver. The importance of diversity to help us 'see round corners' will continue to grow, as our customer and employee demographics change.

- Teach people how to build strong relationships in a hybrid environment – based on trust and mutual respect

- Be clear about the shared purpose and objectives in all relationships

- Strengthen emotional intelligence. A tool such as EQ-i can be a helpful framework for individuals and teams to improve ways of working as well as wellbeing

- Make it easy for people to access the strengths, skills and experience across the organisation

- Involve people in decision-making who you wouldn't typically include

- Develop a shared understanding of what good empowerment looks like and how to do it well

- Shine a spotlight on teams delivering successfully – make it clear how the way they work achieves the best possible outcomes

Reflection questions

- Typically, do people focus on outcomes or activity?

- Where are the best examples of multi-skilled, matrix teams in your organisation?

- Which teams would benefit from greater diversity?

3. Introduce everyday experimentation

An experimental culture builds adaptability, and a clear, intentional focus on customers' needs and experience ensures resources are prioritised in the right areas.

"Organisations will need to think of new solutions to new problems, innovate and iterate constantly, and be open and honest about the challenges"

- Create clarity about the organisation's purpose, vision, wider context and priority goals in terms that everyone understands

- Share customer insights right across the organisation, so that everyone understands customers and their (changing) needs

- Establish channels to regularly gather insight from 'grass roots' employees – not just about engagement but about opportunities for business improvements and growth

- Get good at saying 'no' or 'not yet', encourage employees to regularly review priorities and stop activity that is not value-adding

- Develop straight-talking skills to ensure quality of praise and challenge is cutting-through and helping performance improve

- Develop coaching skills to get to the root cause of problems, generate creative solutions and unlock 'stretch for all'

Reflection questions

- How clear is the 'line of sight' from everyone's role to the organisation's priorities?

- When is the last time a 'grass roots' employee's idea was implemented?

- How often are projects stopped because they are no longer a priority?

> Culture is potentially the single most important area a business needs to focus on to increase engagement, motivation, retention, inclusion and innovation.
>
> It is often the area that leaders of organisations either forget or do little to influence. Small things can make the difference in providing a culture and environment that allows employees to thrive and feel included.
>
> I am hugely impressed and welcome this excellent and insightful research and hope that the results go a long way in helping businesses to increase their efforts on the behaviours that make a real cultural difference.

Monique Choudhuri
Managing Director, Versify Consulting

Culture will continue to be a significant driver of organisational success.

Forward-thinking leaders keep culture at the top of the agenda, to ensure it never becomes a crisis and is being used proactively to create an attractive and successful workplace.

By being deliberate and intentional, you can create a culture that is fit for the future, preserving what is already working and transforming the behaviours that are not.

If you want to invest in a culture partner, start with a good quality, external culture assessment that gives insight into the current unwritten rules and where to focus.

Partner with them to create a simple set of values that mix preserving what's great in your organisation's DNA, with what to aspire and evolve towards.

Translate them into behaviours and embed them through every cultural enabler until they become the new 'unwritten rules' in your organisation.

Find more support and inspiration

Insights

- For example, **How to develop a learning culture**

Podcasts

- For example, **How to build a strong and distinctive culture remotely across an international workforce**

Services

- For example, **Culture Change that Works**

"

As stakeholders demand greater transparency and accountability, regulators are scrutinising how organisations cultivate and sustain their culture. This growing emphasis on culture necessitates purposeful interventions to ensure a healthy and sustainable workplace.

This research underscores a critical shift: employers are increasingly acknowledging the importance of culture and are prioritising it at the highest levels.

My personal experience aligns with these findings. When companies dedicate time and resources to nurturing their culture, the results are transformative. Employees become more engaged, leading to improved retention and business results. Leaders committed to leveraging culture as a strategic asset are on the front foot in this competitive and changing world.

Alex Walker
Director, Flint Change

About Pecan

Pecan's purpose is to create cultures where people love to work and customers love to do business.

We believe culture change is about evolution not revolution - companies have core values that are fundamentally who they are. It's often as important to re-engage with these and play to strengths as it is to identify what needs to evolve and change.

The Pecan team have run high pressure, fast-moving operations in start-ups, SMEs and major corporates and led mergers, acquisitions and divestments—there aren't many culture challenges we haven't experienced.

We help clients shape their values and behaviours and embed these into the DNA of their workplace culture across a wide range of sectors including recruitment, utilities, financial services, higher education, fintech, social enterprises and wholesale supply.

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