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viewpoint

Workplace culture – is it making or breaking your business?

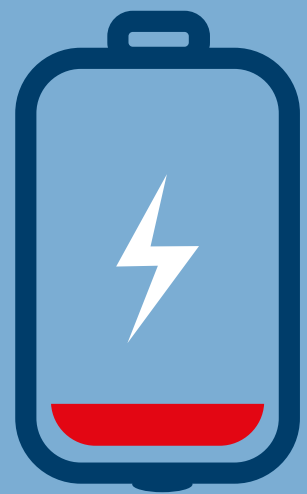
Looking at the effect of culture on productivity and health.

Firstly, let's make sure we're all agreed on what exactly we're talking about when we say workplace culture. It's the personality of a business, defined by the attitudes and assumptions of a group of people working together for a common cause. Workplace culture is created by or perhaps emerges from a mix of an organisation's leadership style, their values, traditions, beliefs, interactions, behaviours and attitudes¹.

Your culture can be extremely powerful, guiding interactions between employees, managers and executive leadership and can manifest itself in the hours people work, the dress code, what benefits they're offered, their workspace, and significantly in staff recruitment and retention.

The saying 'culture eats strategy for breakfast' is trying to tell us that the best strategy in the world can and probably will fail if the will of the people tasked with implementing it is lacking. Negative culture can stifle brilliant ideas and positive action. As we said – it's powerful stuff!

“Negative culture can stifle brilliant ideas and positive action.”



Why invest in workplace culture?

Given what we've just told you – this might seem a bit obvious, but it's surprising how many well-staffed wealthy organisations only pay lip service to the idea of creating and maintaining a positive and productive culture.

“... when considering where to work, 82% of employees surveyed across 10 of the largest economies in the world² said culture was a vital factor for them.”

But they ignore its impact at their peril. The culture of an organisation is an extremely important part of the decision-making process for an employee when considering where to work. 82% of employees surveyed across 10 of the largest economies in the world³ said culture was a vital factor for them.

While HR and management teams will recognise this – after all surely no management team wants to create a negative culture at work and no department is going to actively look for ways to heap stress on employees – there is no denying that a positive, healthy and motivating workplace culture is incredibly hard to engineer.

Not only does culture place a crucial role in an employee's motivation, relationships and progression, it can also affect their health. The World Health Organisation (WHO) considers the workplace a big enough factor in global health that it has campaigned on improving culture for more than a decade. It says a healthy workplace is one where workers and managers use continuous improvements to protect and promote the health, safety and wellbeing of workers and the sustainability of the workplace⁴.

“A positive culture also has a direct impact on the bottom line.”

Studies have shown that a strong corporate culture – one that allows the company and its employees to adapt with the changing world – are associated with healthy financial results. Back in 1992 a study into 200 firms highlighted the performance of 12 organisations with this type of culture – on average they saw a 682% increase in revenue growth over an 11-year period, compared to twenty firms without this culture whose growth was lower at 166%⁵. Of course, there are many variables, but this indicates that a healthier, happier workplace drives business success and evidence to support the impact of positive workplace culture and healthier employees is plentiful.

The impact of workplace culture:



Staff turnover:

when companies have a poor culture, almost 50% of employees may start looking for a new job⁶ and unhealthy workplace culture contributes to 40% of turnover costs⁷.



Healthcare costs:

one estimate is that 'high job demands' generate \$45bn in annual excess healthcare costs⁸. Stress can lead to other unhealthy behaviours like smoking, drinking and overeating which can also increase healthcare costs by as much as three times⁹



Absenteeism:

a key indicator of poor workplace culture, absenteeism costs organisations an average of US\$41bn annually when looking at Australia, Canada, the United Kingdom and the US^{10,11}



Overall business

success: the shares of companies that won a “Best Place to Work” award significantly outperformed (by 115.6%) the S&P 500 Index. In contrast, a portfolio of 30 companies with the lowest employee satisfaction rates underperformed the market by 29.5%¹²

What impacts culture?

The statistics are compelling and there are many factors employers need to consider when addressing workplace culture. Everything from physical work space to company philosophy and leadership style will have an impact. Breaking down the different forces in two distinct categories – visible factors and invisible forces – can help employers understand these better.

“...more than a third of Americans say they have experienced discrimination... during their working career.”

Visible Forces



Work overload – almost a third (32%) of employees surveyed in MAXIS GBN’s global research¹³ stated workload or lack of support was one of the greatest sources of stress in their life. This problem is getting worse, with people twice as likely to report being “always exhausted” now compared to 20 years ago¹⁴.



Working arrangements – work schedules can affect almost every aspect of our health and the modern workplace attitude to being ‘always on’ can create health issues. In the UK, 72% of workers say they reply to work-related emails in their free time and 35% check their phone for work immediately before they go to sleep and as soon as they wake up¹⁵, adding to stress levels.



Organisational structure and climate – the formal structure and policies of a workplace create the foundations on which its culture is built. Office politics, unclear reporting lines, lack of effective consultation, lack of participation in the decision-making process or unjustified restrictions on behaviour can all have a negative effect on workplace culture.



Physical environment – work environments can affect health, mental and physical performance, stress levels, resiliency and sleep. It’s been reported that temperature, noise and lighting in offices influence an employee’s ability to complete tasks, their job satisfaction, their productivity and even their mood and ability to sleep¹⁶

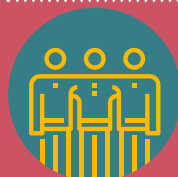
Invisible forces



Unfair treatment and discrimination – more than a third of Americans say they have experienced discrimination, bullying, harassment or other forms of aggression due to their race, gender, appearance or age during their working career¹⁷. Workplace discrimination causes lower job satisfaction, a lack of commitment, decreased job performance and an increased intention to leave¹⁸.



Effort-Reward Imbalance (ERI) - the ERI Model shows what employees put in and the rewards they receive. Leaders who fail to reward employees for high effort bring out negative emotions and sustained stress in the employee¹⁹.



Relationships at work – strong social support from peers can relieve job strain, moderate the effect of stress on health²⁰ and lower the rate of burnout, not to mention increase job and life satisfaction²¹.



Sleep deprivation – sleep deprivation leads to absenteeism, difficulty with concentration and organisation, avoidance of social interaction and lack of patience. A poor workplace culture could be impacting someone’s ability to get a full and restful night’s sleep²².

Changing workplace culture

I think it's probably fairly clear by now that workplace culture can have an incredibly significant impact on the mental and physical wellbeing of employees, which in turn can affect an organisation's performance and its medical costs. Changing or improving a workplace culture is one of the most challenging projects a management team will ever face.

While every organisation is unique and should design its own individual approach to the workplace, below are some recommendations that could help inspire organisations looking to create and build a positive environment staffed by healthier, more productive, more creative employees.

Recommendations for improving workplace culture

1. **Know where you are** – the first step for any organisation seeking to change their workplace culture. There are many consultancies and tools that can help to do this but simply taking a conscious and objective look at the current state of the workplace is a good start.
2. **Embrace and inspire employee autonomy** – micromanaging is ineffective, inefficient and does little to inspire trust. Helping employees to establish autonomous work teams and make their own decisions, while reining in bosses who are bullying, can help employees feel empowered and trusted.
3. **Practice flexibility** – flexibility can mean many things but will always be valued by employees. Allowing staff to work when they're most productive means employers can accurately measure the quality of their work. Companies who granted employees more choice in how and when they work have been seen to grow substantially while reducing staff turnover²³.
4. **Don't be down on downtime** – employees need to rest and recharge in order to deliver peak performance and the optimal work-to-break ratio is 52 minutes to 17²⁴ minutes. Ensuring employees take all their holiday is also important – the proportion of US employees doing so has fallen over the last five years²⁵.
5. **Invest in your office environment** – a greater initial investment in the office environment could be a huge cost saver in the long run. While the estimated cost of redesigning for wellness runs between US\$150 and US\$500 per employee²⁶ even a 1% increase in productivity makes such a decision highly profitable.

Organisations are missing a valuable opportunity if they choose not to prioritise workplace culture or ignore the impact it has on the health of their employees. Positive workplace cultures, where the environment and policies support good health and especially mental wellness, perform better.

The opportunity to address a variety of chronic conditions related to workplace culture promises healthcare cost savings in the long term. Fulfilling the duty of care to employees, organisations create a sense of loyalty where staff are more engaged and less likely to leave.

Our NEW whitepaper “Workplace culture: helping or hurting your business”, which will be published on 18 February, looks at this crucial subject in much greater detail with additional advice and recommendations for employers seeking to change or improve their own culture.

Make sure you check maxis-gbn.com for updates.

¹<https://www.yourerc.com/blog/post/Workplace-Culture-What-it-Is-Why-it-Matters-How-to-Define-It.aspx>. Sourced Dec 2018.

²MAXIS research conducted by Citigate Dewe Rogerson, January 2019

³MAXIS research conducted by Citigate Dewe Rogerson, January 2019

⁴https://www.who.int/occupational_health/healthy_workplace_framework.pdf. As at Dec 2018

⁵<https://www.forbes.com/sites/johnkotter/2011/02/10/does-corporate-culture-drive-financial-performance/?refURL=&referrer=#7e9e97517e9e>. As at Dec 2018.

⁶Columbia University, Job Satisfaction and Employee Turnover Intention: What does Organizational Culture Have To Do With It. Fall 2012

⁷Jeffrey Pfeffer, Dying for a Paycheck, HarperBusiness 2018 <https://jeffreypfeffer.com/books/dying-for-a-paycheck/>. Sourced Dec 2018.

⁸Jeffrey Pfeffer, Dying for a Paycheck, HarperBusiness 2018 <https://jeffreypfeffer.com/books/dying-for-a-paycheck/>. Sourced Dec 2018

⁹<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3765337/>. Sourced Dec 2018.

¹⁰AES International. Sourced Dec 2018.

¹¹HR Advance, Absenteeism - the Aussie culture of entitlement, February 2018

¹²Glassdoor Research, Does Company Culture Pay Off?, March 2015

¹³MAXIS research conducted by Citigate Dewe Rogerson, January 2019.

¹⁴Harvard Business Review, 'Burnout at Work Isn't Just About Exhaustion. It's Also About Loneliness', June 2017

¹⁵<https://www.cv-library.co.uk/recruitment-insight/brits-falling-victim-always-on-work-culture/>. Sourced Dec 2018.

¹⁶<http://welllivinglab.com/research/theme-health/>. Sourced Dec 2018

¹⁷Kessler et al., 1999, <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4849428/#B45>

¹⁸Ensher et al., 2001; Lim et al., 2008; Raver and Nishii, 2010; Nielsen and Einarsen, 2012

¹⁹Johannes Siegrist(1996), Adverse Health Effects of High Effort Low Reward Conditions, Journal of Occupational Health Psychology <http://web.comhem.se/u68426711/24/Siegrist1996AdverseHealthEffectsHighEffortLowRewardConditions.pdf>

²⁰Caplan & Jones (1975), Effects of work load, role ambiguity, and Type A personality on anxiety, depression, and heart rate, Journal of Applied Psychology, 60(6), 713-719. <http://dx.doi.org/10.1037/0021-9010.60.6.713>. Sourced Dec 2018.

²¹<http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.826.5608&rep=rep1&type=pdf>. Sourced Dec 2018

²²<https://www.ncbi.nlm.nih.gov/pubmed/17425222>

²³https://www.gensler.com/uploads/documents/2013_US_Workplace_Survey_07_15_2013.pdf

²⁴Based on a study by social networking firm the Draugiem Group. <https://www.managers.org.uk/insights/news/2016/january/why-you-should-never-work-for-longer-than-52-minutes>. Sourced Dec 2018.

²⁵<https://www.cnn.com/2018/01/30/unused-vacation-costs-workers-66-billion-in-lost-benefits.html>

²⁶Rex Miller, The Healthy Workplace Nude, 2018

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