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CREATING A POSITIVE CULTURE

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Introduction

The importance of HR to any business can be found in its leadership role in adding value through being a champion and caretaker of culture. As business leaders look to the future in a gradually improving job market, a number of problems related to culture confront them. If the economic improvement leads to more jobs, will there be qualified workers available to fill those jobs? Will a loosening of the job market result in some of the best people leaving the organization, since they are no longer afraid to take a chance? Will there be a flight from the formerly downsized companies as workers who took on two and three roles go looking for less stressful situations? As leaders look to answer these questions, it becomes clear that creating a workplace that is viewed as having a positive culture may be not so much a nice thing to do, but a necessity if a business is to attract and keep the brightest and the best.

Intellectual capital, or "talent," represents the value of today's organizations as it signifies the sustainable competitive advantage. According to studies by Boudreau and Ramstad presented at the 2003 SHRM Masters Series at the Annual Conference, technology and processes can be easily duplicated or copied, people can not.

Research has demonstrated that a positive culture can lead to a good bottom line. In an article for *Sports Journal* of the U.S. Sports Academy in spring of 2001, Jon Yean-Sub Lim and Fred Cromartie examined the relationship between positive culture and organizational effectiveness. "Positive organizational cultures have been linked to increased staff alignment, resulting in enhanced organizational effectiveness, heightened consensus regarding strategic direction, increased employee productivity, and advanced levels of employee commitment. […] Only when a critical mass of their employees has taken ownership and responsibility for the needed changes can an organization assure a competitive advantage in today's challenging marketplace" (Yean-Sub Lin and Cromarie,

2001).

There is even an academic focus on how positive culture can impact business. A group at the University of Michigan has a Web site and is doing research on this topic. Their Web page states:

"Positive Organizational Scholarship is an exciting new movement in organizational studies that draws on path-breaking work in the organizational and social sciences. It focuses on the dynamics that lead to developing human strength, producing resilience and restoration, fostering vitality, and cultivating extraordinary individuals, units and organizations. Positive Organizational Scholarship is based on the premise that understanding how to enable human excellence in organizations will unlock potential, reveal possibilities, and facilitate a more positive course of human and organizational welfare. POS does not adopt one particular theory or framework, but it draws from the full spectrum of organizational theories to understand, explain, and predict the occurrence, causes, and consequences of extraordinary individual, unit, and organizational performance" (University of Michigan).

What does a positive culture look like? Jason Miletsky in a 2003 article in *Digital Outpost Magazine* suggests the following guidelines to creating a positive culture:

> • Positive reinforcement—Accolades never hurt. Too often they are overlooked when moving on to the next project.
>
> • Freedom to create—Providing a little direction and a lot of trust is a solid formula for any design project.
>
> • Flexible work schedule—Rigidity in some industries is fine, but with the creative process a flexible schedule can work wonders.
>
> • No micromanaging—The impulse from a director can often be to micromanage a given project. Let the people you hired do the job they were hired to do.
>
> • Let the passion flow—Good creative design people bring a ton of passion to what they do for a living.

Though Miletsky is specifically talking about an industry (software development) where creativity is a necessary component, if the success of U.S. businesses is dependent on R&D and new technology, as some suggest, then all cultures may need to use these guidelines.

A real-life example of a positive culture effort can be found at the Indiana Regional Medical Center (IRMC) in Indiana, PA. The Center was a 2003 winner of a People Do Matter Award, an initiative in Southwestern Pennsylvania created to encourage effective practices in human resources.

IRMC was challenged with recruiting and retaining nurses and allied health care workers in a market shortage. They recognized the need to maintain and increase employee and patient satisfaction by improving the overall employee relations climate in the organization. They put into place a "People Practices" focus that included the following steps:

1. Address staffing issues and concerns.

2. Instill a total rewards philosophy and ensure competitiveness of compensation and benefits.

3. Improve communication to employees of the "big picture."

4. Develop strong leaders.

5. Enhance recognition programs and opportunities.

6. Build on the strong sense of pride in the organization.

The efforts resulted in across-the-board improvements in employee morale measured by employee opinion surveys done before and after the initiative. In addition, the organization noted decreases in employee turnover of 3% between 2001 and 2002 and continuing drop of .2% from 2002 as of the third quarter of 2003.

IRMC identified the lessons they learned as follows: "The success of any culture change effort relies on the abilities of all leaders in the organization. Our focus on leadership development has helped our success. Leadership practices such as rounding, personalized recognition and open dialogue are essential to moving from a culture of entitlement and distrust to a culture of performance and partnership. It is important during any culture change effort to celebrate the small wins and realize that change is a gradual process. IRMC recognizes that these efforts are just the foundation and that there are still many challenges and barriers to fully realize its people vision in totality. But, the current results show that significant progress is being made. A key factor has also been the support of senior leadership. Without the support, vision and championing of senior leadership, this effort would have not been possible" (James Kinneer, SPHR, CCP, Director, People Development).

Other examples of positive work cultures have been recognized and documented in the SHRM webcast, "Great Places to Work" available through the webcast library at *www.SHRM.org*.

Factors for Creating a Positive Culture

How does an organization establish a positive culture? According to Senn-Delaney Leadership Group, there are nine critical factors necessary for an organization to create

and sustain a desired culture (Senn and Childress, 1999). These include:

>• Create a shared vision.
>
>• Ensure that senior leaders are committed to the process and model the agreed-upon behaviors.
>
>• Define the guiding behaviors that support the organization's values.
>
>• Conduct a gap analysis via a cultural audit.
>
>• Connect the need for change to business case and results.
>
>• Remember that true behavioral change occurs at the emotional level, not intellectual level.
>
>• Create a culture of coaching and rich in feedback.
>
>• Remember that change requires a critical mass to negate old behaviors.
>
>• Align support systems to reinforce the desired culture (e.g., performance management, hiring/firing, training, recognition, etc.).

Creating a shared vision with all of the employees is a critical first step. A shared vision helps reduce resistance to change and enables all employees to contribute to success. Rather than working at cross purposes with each other, each can contribute to the total success. Since the profiles of the incoming employee populations suggests a need to have an impact—Generation X employees "do it their way" and Gen Y workers want recognition for their "part"—shared vision is a vital component to creating a positive culture using employees from these groups. Empathy, support, communications and opportunities for participation and involvement in establishing and maintaining the vision are the methods for engaging the employees.

Commitment and modeling of senior leaders when it comes to formalizing and communicating the vision are also critical. The role of the leaders in establishing and maintaining the culture is vital. There has to be a recognition and belief in the mission and vision by the top leaders—or the culture will not be positive or successful. Though the leadership establishes the mission, which is the prelude to visioning, they also need to establish the valued outcomes: specific performance outcomes and the valued conditions, as well as desired future state, if the organization will succeed. Finally, the leaders need to establish midpoint goals with concrete objectives, as well apply measures to evaluate the success of those goals.

For a culture to survive and thrive, it is generally accepted that leaders in the organization need to exhibit certain behaviors. Change-oriented leadership behaviors include tuning in to the environment, challenging the prevailing wisdom, communicating a compelling

aspiration, building coalitions, transferring ownership to a working team, learning to persevere, making everyone a hero.

However, leaders cannot create a positive culture alone—they must provide the necessary conditions for sustaining momentum. This includes providing resources (financial and human resources, support systems, including a network of people), identifying competencies (new knowledge, skills and behavior required for future cultural success) and establishing reinforcing behaviors by linking rewards to desired behaviors.

It is critical for the senior leadership of the organization, beginning with the CEO, to recognize that this endeavor is not a "12-month program," but rather a journey that may take up to five years. Transforming the current culture to the new or desired culture will create tension and dissonance within the organization. Maintenance of the status quo will be one of the most challenging resistors, so a committed, cohesive and aligned leadership team is paramount to success.

Two additional steps to consider in creating a positive culture are:

> • Establish an environment that supports and nurtures two-way and up-and-down communication.

> • Create a diverse workplace that values both commonalities and differences.

Without good communication modeled by leaders and reinforced and rewarded by the organization, little of the initiative will succeed. In addition, the acceptance of diversity and recognition of new and different ideas will facilitate necessary change in the organization.

The Role of the HR Practitioner

It may be clear by now that many of the critical components of the creation of a positive culture touch directly on the traditional roles and responsibilities of the HR function and the HR practitioner.

As a member of the leadership team, HR can facilitate the selection and development of leaders who can establish and maintain positive culture. In the recruiting of employees, identifying competencies and traits that support a positive culture and then hiring those individuals will help ensure the sustainability of the initiative.

HR leaders not only must practice the behaviors of the "change leader" listed above, but also position themselves and be viewed as champions of transforming the current culture to the desired state.

By providing reward systems, training, recognition and performance management systems that align with the desired culture, HR contributes to the success. For example, utilizing the performance management system to hold the leadership team accountable

for living the values and demonstrating the desired behaviors is essential to setting the tone and expectations of a leader. To put it more succinctly—set the bar high for leaders!

In the employee relations role, HR is often one of the first areas, if it is functioning effectively, to see and recognize resistance to change. In this case, HR can alert the rest of the management team and work to strategize actions that will continue the necessary critical mass.

A Step-by-Step Approach for HR Leadership

What can the HR professional do to champion a positive culture, particularly if she or he does not see it in the organization and if it is clear that management is not supporting a positive culture? The answer is that the path is not quick or easy—after all, the organization (unless it is very young) took a long time to get to where it is. It will take time and effort, but by following these steps there is a greater chance for success.

Step I: Be brave. Leadership takes courage. Being able to take risk by stepping up is something many HR professionals are not comfortable with doing. But not taking a chance means that improvement will never occur. Taking an irrational/unplanned risk is not wise, and the following steps will help calculate the risk and set the stage for a greater chance for success.

Step II: Validate the HR function. Develop credibility with top and mid-level management. First, make sure that those services provided by HR that are important in management's eyes are the best they can be. This customer strategy is one well known to the sales and marketing department. For example, it is possible to provide a very well made car, but if the customer only values the choice of colors and only black is available, the customer is not satisfied. Ask or survey management to find out what they value most and make sure it is the best that can be offered.

Learn the business by becoming educated about the products/services, customers, processes and functions of areas like finance, sales, etc. It is not necessary to become an expert in these areas, but knowing the language and having an overall understanding of what the organization does and what its challenges are in the marketplace allows HR to address the management audience in "their" language. Reading and research can be the route to this knowledge, but the quickest way is to *ask* the other managers to help the HR staff understand their areas. Asking another manager about his or her work shows respect and interest, something most people feel positive about.

By using HR services and sphere of influence, no matter how small, focus on making a change or several small changes that support a positive culture and can be measured to demonstrate success. For example, institute a recognition program for employees who make safety suggestions by publishing their pictures in the newsletter.

Step III: Lobby for a positive culture. Take a lesson from those Washington folks by building alliances with managers. When the HR professional approaches the other

managers to ask what their needs are in regard to HR services and inquires about their functions, it will be clear that certain managers are "kindred spirits" who can be counted on to help move the positive culture initiative further.

Nurture the alliances and work together to lobby the CEO or the board to see the value of a positive culture and how it impacts the bottom line by using some of the research and the small HR successes evidenced above. Change can only be sustained if the top management wants the change and if it is aligned with the organization's strategies and structure. Lobbying will need to continue beyond the initial decision to make the change.

Step IV: Recommend establishing a cross-functional group of culture champions to develop and implement an action plan. Better still, work to get some other manager— or the CEO—to suggest it. It isn't important that HR get direct public recognition, since the goal is to influence the change. Power can be subtle.

This is where employees have a chance to gain buy-in and become engaged in the process. The HR professional is a logical facilitator for this group. However, in some instances, it may be necessary to use an outside consultant or improve the HR practitioner's facilitation skills, since the ability to keep a group on task and productive without imposing the facilitator's ideas is not in-born.

It is critical at this stage to really understand what the employees value. By involving all levels of the organization, HR is more likely to see the "reality" of employee needs at any given time—something HR often thinks it understands, but in reality it may not. This was dramatically demonstrated recently in results of surveys done by SHRM and *USA Today* about job satisfaction comparing the views of employees and managers. The top job satisfaction component, according to HR professionals, was communications between employees and management. The employees rated job security as their top component (Sandler, 2003).

The action plan needs to include a vision, specific goals and action steps, much like a strategic plan. Timelines and measures of success are also important.

If the HR professional can't get buy-in for a group approach, she or he can develop an HR function action plan with input solicited from employees and initiate changes by working with the HR management allies. By documenting the current conditions and measuring results such as turnover, morale, productivity, etc., and then relating these to the bottom-line impact, evidence to support the change can be established in business terms.

Step V: Model a positive culture. Align all HR services to support a positive culture. As noted above, staffing, employee development, employee relations, compensation and rewards—all of HR must support a positive culture. Examine each area to ensure this focus is being met.

Step VI: Evaluate/improve. Set up specific dates and measures to review the state of the

culture. Employee surveys done correctly can tell a lot, but so can review of exit interviews and even lunchtime chatter. Observing how employees participate and engage in their jobs, how productive they are, even how clean they keep their work environment can tell much about the culture.

Step VII: Communicate successes with top management. Providing the top management with information on bottom-line results will reinforce the value contribution of the initiative and will make it more likely that they will continue their critical support.

Conclusion

Recognizing the importance of the human element in the future success of business means that the establishment of a positive culture that helps attract and retain the best of the best is a necessity. Research has shown that positive culture leads to better productivity and a better bottom line. HR professionals are therefore a critical component in this effort, since they have their fingers on the pulse of the employee population. Working effectively with the rest of the management team HR can directly impact the organization's success.

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