

RESEARCH SERIES

Uncovering Key Factors That Determine Culture Strength

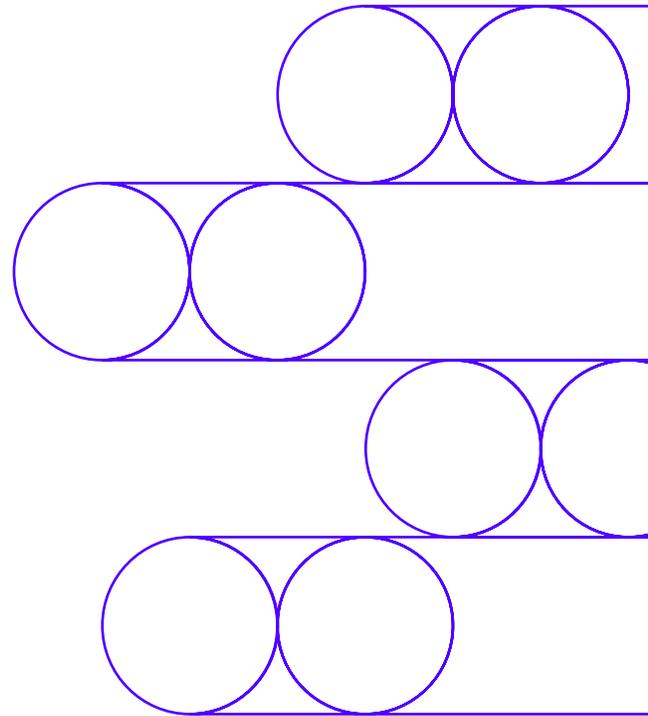
→ What the research says
about boosting your
culture strength by 62%

Research Overview

If today's workforce has any message to send to their corporate leaders, it's that they're done working for companies without a strong culture. **Culture is** no longer a "nice-to-have" item on your employees' job checklist, it's item **number one**.

Here are the facts

- Over **a third** of U.S. workers are willing to **pass on the perfect job** if company culture isn't a good fit.
- Even **higher pay isn't enough to keep U.S. workers** at a company where they feel like they don't belong—**68%** of Americans see benefits and corporate culture as more important than their salary.
- **Leadership is also leaving.** Managers are **2x more likely** than individual contributors to be looking for new jobs.
- Turnover is costly. Gallup estimates **employee turnover accounts for \$1 trillion in costs** for American businesses. On the individual level, it costs 1.5 to 2x the resigner's annual compensation package to replace them.



The right culture is a win for business leaders and a win for employees.

A successful workplace culture is much more than adding snacks to the breakroom and offering unlimited PTO. Rather, culture comes down to creating the right experiences that spur employees to achieve the results the company needs.

Culture, Redefined

Workplace culture is the experiences that shape employee beliefs, which in turn drive actions and results.

Culture isn't about feelings or ping pong tables. Workplace culture is the foundation company goals and results are built upon.

Quantifying What Makes a Strong Culture

To help business leaders more easily quantify the factors that lead to Culture Strength, we analyzed three years of Culture Partners data from ~5,000 employees in 26 organizations to determine which key measures predicted the strongest culture. Taken from The Results Pyramid® (outlined below), these factors include: Experiences, Beliefs, Actions, and Results.

Our analysis demonstrated that:

- Having clear results has the biggest individual impact on Culture Strength.
- Each of the four factors of The Results Pyramid support Culture Strength individually.
- Every level of the Pyramid supports the other levels to varying but statistically significant degrees.
- When all four levels of the Pyramid are combined, they have the greatest impact on Culture Strength.



If the [Great Resignation](#) has shown us anything, it's that employees are willing to put their two weeks' notice where their mouth is when it comes to prioritizing workplace culture. What can company leaders do to stem the tide? Take a proven, driven approach to workplace culture.

In this report, we dive into why a focus on culture is key for today's leadership, our statistical analysis of the factors predicting Culture Strength, a case study of how the method works for real clients, and actionable takeaways for business leaders ready to level-up their culture.

Employees want to know:

How will work add meaning to my life?

How will work make me feel connected to something bigger than myself?

Will work make me feel whole?

It's little wonder then that employees are fleeing companies that don't meet them at their level when it comes to answering these questions. Increased burnout, record-high quit rates, and low engagement numbers are all evidence of something that's not working in the broader work culture. A Gallup report found that 85% of employees are disengaged at work—the equivalent of \$7 trillion in lost productivity.



The Impact of Culture Strength in the Workplace

Whether intentional or not, your company has a culture. No, it isn't based on employee retreats, snacks, or perks, but rather repeated experiences that lead to—and reinforce—your employees' beliefs, actions, and results.

In an unprecedented environment where the Great Resignation, “quiet quitting,” and anti-work sentiments are all on the rise, it's more important than ever for company leaders to focus on workplace culture if they want to improve business outcomes. Never before have so many employees wanted to start a conversation about the nature of work itself.



The Good News

The contrary is also true. In the same report, when compared to the bottom quartile of engagement, companies in the top quartile tout:

→ 10% higher
customer metrics

→ 17% higher
productivity rates

→ 20% higher sales

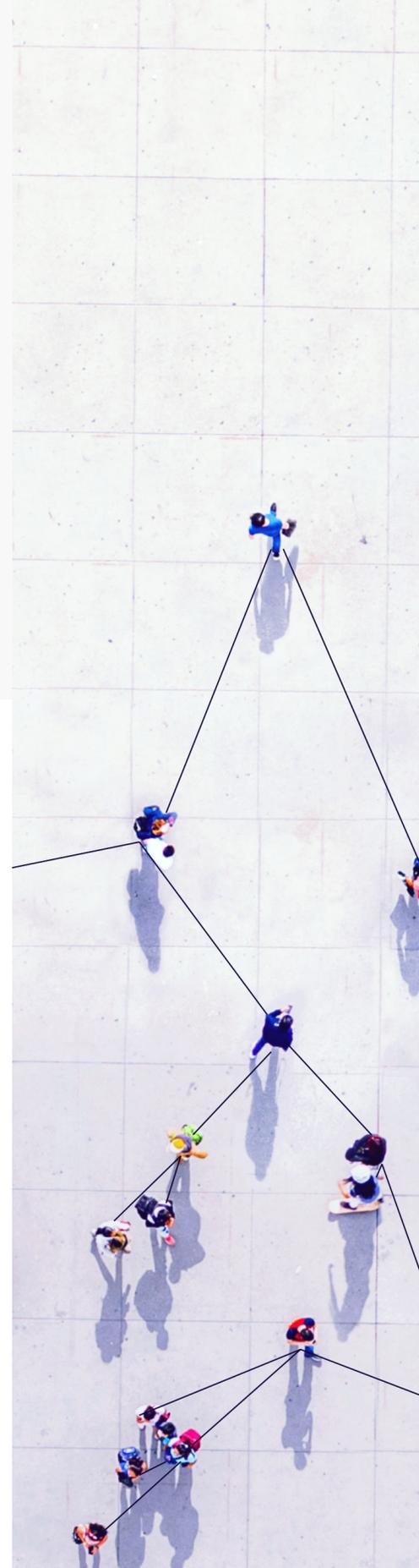
→ 21% higher profitability

Remember: One experience does not make a culture. Your purpose is your why, your strategy is your how, and your culture is the way you achieve strategy through sustained behavioral change. Many experiences combine to shape employees' beliefs about what it means to work at your company.

The Bottom Line

If company leaders are serious about improving outcomes, improving their Culture Strength is the first place to start. The role of the culture-first leader has evolved. It's less about telling people what to do and more about creating the circumstances where people can do well. Not only is it good for the bottom line, but it's the right thing to do.

To help leadership understand how to get there, we created a framework called The Results Pyramid.



Breaking Down The Results Pyramid

The Results Pyramid demonstrates how the successive foundations of work culture build upon each other to create results. Our Results Pyramid model is based on evidence from organizational science research, as well as our experience guiding three decades of cultural transformations with top businesses.

In this model, experiences lead employees to hold beliefs that influence the actions they take, which in turn affect the ultimate results of the company. To create a culture that affects end results, companies need to re-examine the experiences, beliefs, and actions of their employees.



It Looks Like This

→ **Results** are the summation of all of the other layers of the Pyramid: Experiences lead to certain beliefs; beliefs lead to certain actions; actions lead to end results. If you want your results to change, you have to change the experiences, beliefs, and actions that lead up to them.

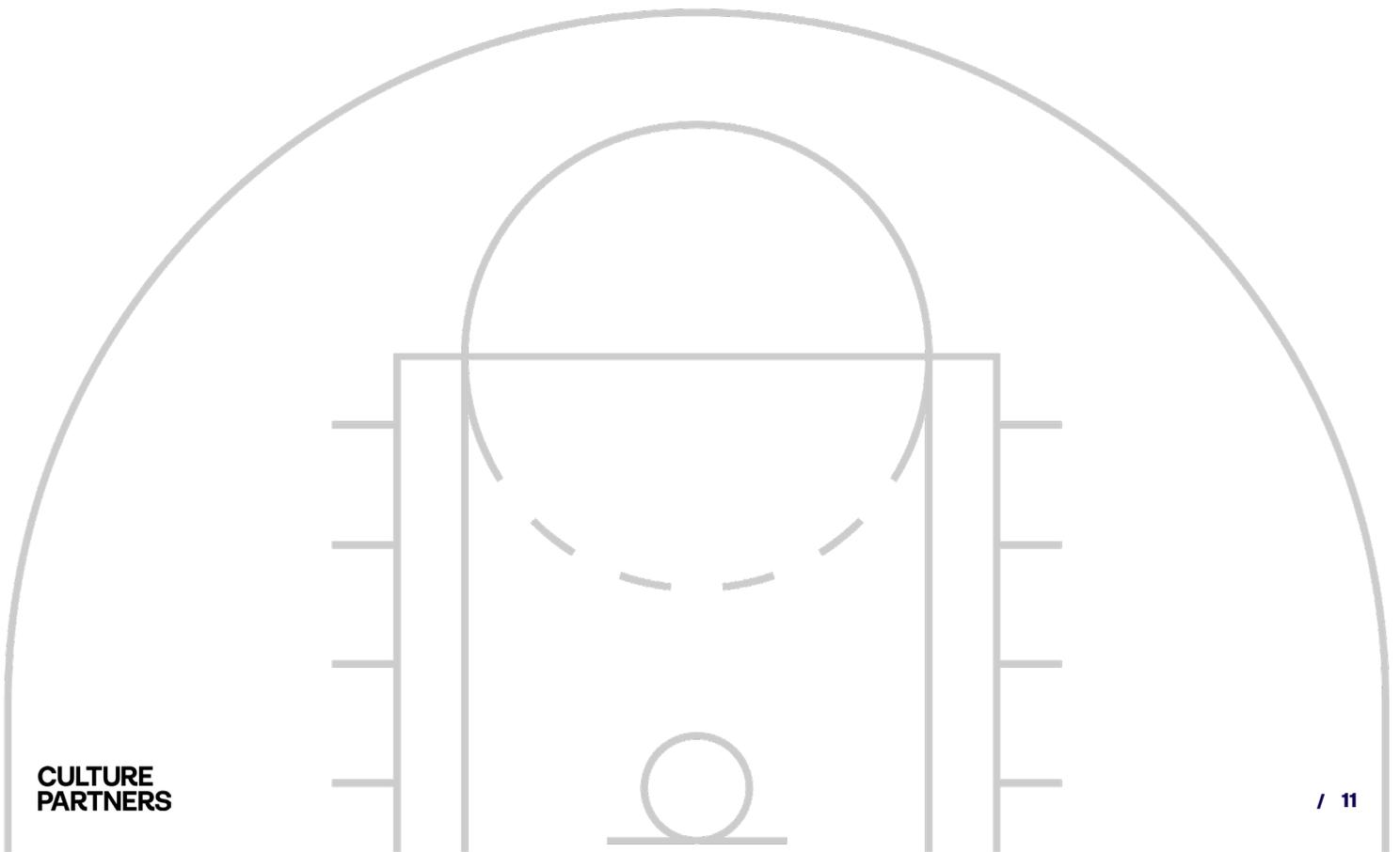
→ **Actions** stem from your intentions, which are predicated on beliefs and experiences. Because actions demonstrate whether employees have internalized an organization's values and goals, actions are the best way to measure the effectiveness of your culture. The actions you take lead to your end results.

→ **Beliefs** inform what you choose to focus on; they are intrinsic motivators. Your behavior, priorities, and goals stem from your beliefs. Both positive and negative beliefs are reinforced over time by experiences that support them. Your goals then affect the actions you take.

→ **Experiences** affect the perceptions you have about a company and your place in it. Internalized experiences drive your perception of workplace culture. These perceptions in turn affect the beliefs you hold.

How Michael Jordan Became the Greatest Basketball Player of All Time

The Results Pyramid is universally applicable to the human experience, not just at work. To illustrate how experiences shape our beliefs, actions, and end results, let's examine the life of basketball star Michael Jordan.



From Varsity Failure to NBA Star: How Experiences Shape Our Beliefs



While most people know Michael Jordan as one of the most successful NBA players of all time, he wasn't always at the top of the game. During his sophomore year of high school, Jordan was cut from the varsity team. While a naturally talented player, it became clear he wouldn't be able to rely on natural talent alone to get the results he wanted.

Getting cut from the varsity team was devastating, but Jordan became determined not to let the negative experience shape his future. He dedicated himself to working out, practicing his game, and letting hard work become his differentiator.

“Whenever I was working out and got tired and figured I ought to stop, I'd close my eyes and see that list in the locker room without my name on it, that usually got me going again.”

Michael Jordan

Ability Takes Hard Work

How Fundamental Beliefs Motivate Our Actions

Getting cut from the high school varsity team laid the foundation for Michael Jordan's stellar work ethic throughout his career. In other words, the experience created a fundamental belief that success couldn't be achieved by talent alone.

“Everybody has talent, but ability takes hard work.”

Michael Jordan

This fundamental belief in hard work led Jordan to act. Not only did Jordan practice harder and longer than any of his peers, but he also stayed motivated throughout 15 seasons in the NBA—never losing sight of his end goal and eventually becoming the greatest basketball player of all time.



Becoming the G.O.A.T.

How Results Are Dependent on Everything Else



Needless to say, Jordan's hard work paid off. He made the varsity team the following year, leading his high school team to a 19-4 record. The same ethic would take him on to win a college championship with the North Carolina Tar Heels, and eventually join the NBA as the third overall draft pick.

Over the course of his [career](#), Jordan scored 32,292 points, led his team to six NBA championships, and earned the title of NBA MVP five times. By all accounts, he is the most successful player of all time.

For Jordan, the experience of getting cut led to his belief in hard work. That belief led to hours and hours of practice, which in turn translated into tangible results on the court. This is the power of The Results Pyramid in action—when our experiences are strong enough to shape beliefs and actions, no goal is out of reach.

To examine the potential of The Results Pyramid for organizations, we decided to test exactly how each level impacts Culture Strength.

STUDY FINDINGS

Culture Strength improves by 62% when every layer of The Results Pyramid is applied.

Our analysis tested the relationships between each layer of The Results Pyramid to answer this fundamental question, **“To what extent do Results, Actions, Beliefs, and Experiences, individually and collectively, predict Culture Strength?”** In other words, how does each layer of The Results Pyramid impact culture?

To measure this, we sourced a large employee data set (4,960 in 26 organizations) of survey responses with questions from Culture Partners’ key client measures over the last three years. Using this pool of data, we grouped each question under one of the four factors of The Results Pyramid (Experiences, Beliefs, Actions, Results). We then ran a predictive regression model to assess both the impact of each individual factor on Culture Strength, as well as the collective impact of all four factors on each other.

Our findings were striking. On the individual level, each level of The Results Pyramid had a statistically significant impact on improving the step preceding it:

- Actions improved Results by 29%.
- Beliefs improved Actions by 28%.
- Experiences improved Beliefs by 19%.



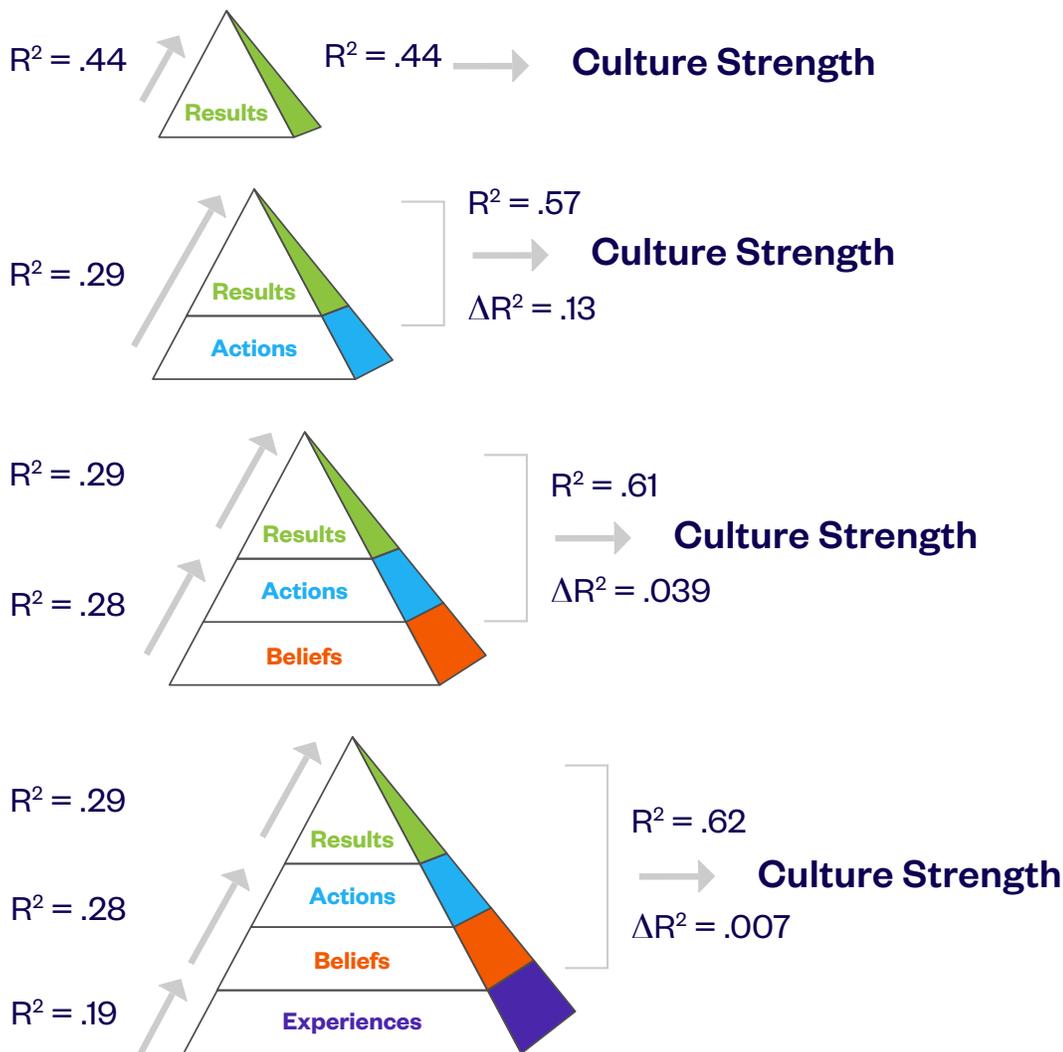


Collectively, every measure of The Results Pyramid was found to have a statistically significant impact on Culture Strength, which in turn increased as each layer of the Pyramid was added.

- Results improved Culture Strength by 44%.
- Results + Actions improved Culture Strength by 57%.
- Results + Actions + Beliefs improved Culture Strength by 61%.
- **Together, Results, Actions, Beliefs, and Experiences improved Culture Strength by 62%.**

Stepwise Regression Model of the Results Pyramid

In summary, all four levels of the Results Pyramid support Culture Strength. Every individual level supports each successive layer to varying but statistically significant degrees. Of the individual layers, Results had the biggest single impact on Culture Strength.



Notes

1. Results = Clarity of results; Actions = Engagement; Beliefs = Psychological Ownership; Experiences = Personal Development
2. R^2 measures % of change in Y predicted by a change in X. E.G. a 1 unit change Results (X) predicts a .44 unit change in Culture Strength (Y).
3. ΔR^2 measures the change in model fit when a variable is added to the model. E.G. the model where Results predicts Actions improves by .13 when Actions is added to the model.
4. Correlational linkages between levels of the Results Pyramid are displayed by arrows.
5. All models and changes in model fit are significant at $p < .001$ (i.e. 1 in 1,000 chance that the R^2 and ΔR^2 are due to random chance).

Report Methodology

We assessed five constructs in our total dataset (n=4960).

They include:

- **PO**, Psychological ownership (Beliefs)
- **E**, Engagement (Actions)
- **PD**, Personal development (Experiences)
- **CR**, Clarity of results (Results)
- **CS**, Culture Strength

We ran an iterative exploratory factor analysis (EFA) for items with the strongest face validity.

Our five-factor model found two item subscales for:

1. Engagement, or Actions (E4, E5)
2. Clarity of results, or Results (CR1, CR2)
3. Psychological Ownership, or Beliefs (PO4, PO5)
4. Culture Strength (CS1, CS2)
5. Personal development, or Experiences (PD1, PD2)

*a priori model; only Engagement factor has eigenvalue >1

	1	2	3	4	5
E5	.714	.260	.264	.336	.316
E4	.637	.238	.249	.248	.355
CR2	.213	.688	.265	.335	.269
CR1	.264	.667	.268	.294	.228
PO4	.265	.297	.687	.293	.228
PO5	.195	.211	.641	.261	.208
CS2	.329	.329	.289	.613	.324
CS1	.245	.363	.379	.597	.228
PD2	.216	.205	.202	.219	.613
PD1	.426	.233	.199	.242	.608

Extraction Method: Principal Axis Factoring

Rotation Method: Equamax with Kaiser Normalization

How The Results Pyramid Improves Culture Strength, Which Improves Outcomes

The impact of The Results Pyramid on Culture Strength isn't a new phenomenon. Independent research has long shown the power of cultures with strategically aligned experiences, beliefs, actions, and results.

For example, one study found that alignment on experiences, beliefs, actions, and results positively impacts:

- Operational and financial performance
- Innovation and customer satisfaction
- Employee satisfaction and retention

As the findings of this analysis demonstrate, a culture-led focus from

company leaders has the potential to create a huge impact on their organizations when it comes to improving business outcomes. Improving the clarity of results alone improves Culture Strength by 44%. **Combined, the levels of The Results Pyramid improve Culture Strength by 62%.** That's no small improvement!

To see how this methodology plays out in the real world, continuing reading for an example of how The Results Pyramid transformed the culture and the outcomes of an organization beyond their expectations.

“This model is gold. It's simple, and that is why it is so powerful. Your culture is inexorably tied to your results because your culture is what gets you those results.”

Jessica Kriegel, Chief Scientist of Workplace Culture, Culture Partners

How a Culture Focus Propelled Redstone Federal Credit Union Into a Record-Breaking Year

Redstone Federal Credit Union is among the 20 largest credit unions in the nation. In 2014, Redstone was thriving. They were hitting their goals, adding new members, and growing across every key metric. However, they sensed they could do more.

For example, one study found that alignment on experiences, beliefs, actions, and results could positively impact:

The Problem

An internal survey of the Redstone management team revealed two areas of improvement:

1. The company needed to be more organizationally aligned on its top 3-5 objectives.
2. Various departments were operating in silos.

The Approach

Redstone hired Culture Partners to address the concerns in their survey. Using a top-down approach, we implemented the following to help Redstone revitalize their culture with The Results Pyramid:

→ Results

- Redstone leadership wanted to be more organizationally aligned on top 3-5 objectives.
- Redstone wanted to get rid of departmental silos.

→ Actions

- Starting at the top, Redstone senior leadership symbolically “buried the hatchet” by writing down disagreements with each other and burying them in a hole.
- Senior leaders kicked off every employee workshop meeting, and two senior leaders co-facilitated each session.

→ Beliefs

- Redstone leaders built trust and inspired their entire organization to buy in to the cultural transition.

→ Experiences

- 950 Redstone employees across 27 branches participated in a comprehensive training program.
- Every manager completed a personal accountability plan.
- Every new hire completed a seminar conveying the organization’s values, vision, mission, beliefs, and key results.

“We know that every employee here has a heartfelt desire to help Redstone be the best it can be, which has really driven our success.”

Kathy Neyman, Sr. AVP of Culture and Leadership Development,
Redstone Federal Credit Union

Results

The results of the three-year cultural transformation were telling. 2017 was a record-breaking year for Redstone across a variety of business outcomes, including:

- 119% growth in employment
- 55% growth in annual non-interest income
- 1,052% increase in loans
- 1,179% increase in membership

This case study is a living example of the statistically significant, compounding impact that improving experiences, beliefs, and actions has on results. Because Redstone had a clear focus on their end results (improving the problem areas of the survey), they were able to improve their Culture Strength and in turn improve their outcomes. This is the power of The Results Pyramid in action.



CONCLUSION

Action Steps & The Way Forward

Improve your Culture Strength by 62% by improving employee Experiences, Beliefs, Actions, and Results.

Our analysis shows that The Results Pyramid works.

All four of The Results Pyramid levels support Culture Strength, and every level builds upon each other to create the strongest culture possible. When combined together, Experiences, Beliefs, Actions, and Results have the power to improve Culture Strength by an incredible 62%.

If a strong culture that delivers results is your goal, focusing on each level of the Pyramid to implement change can get you there. While changing culture is a massive undertaking, in this section we'll break down action items you can start with today to level-up your culture.

Clarify Results

The biggest learning from our study was the importance of clarifying results. This action alone can predict a 44% increase in Culture Strength. While it seems rather obvious, we find that the majority of our clients struggle to articulate their desired key results clearly.

Here are a few goals that can help when it comes to clarifying results:

- **Results should be Meaningful:** Hold others accountable for non-delivery of results. Remember: Accountability drives experiences. Experiences shape beliefs, which in turn determine actions. And actions lead to the end result. Without accountability for the result, there's no incentive to drive the experiences that lead to them.
- **Results should be Measurable:** Assign units of measurement in order to track progress. Write down, publish, and transparently track clear results, metrics, and deadlines. Little wins add up and boost morale.
- **Results should be Memorable:** Use the rule of three to make your results memorable. For example, what are the three daily results your culture is designed to achieve?

TIP:

Avoid the Action Trap

The action trap occurs when we forget to consider the underlying experiences and beliefs that lead to actions and results. Rather than alter the underlying experiences, we try to take new actions over and over to get new results. Instead of trying to change the action alone, ask: "What is the underlying belief leading to this action? How can I change the experiences that are leading to that belief?"

Own Your Actions

Make results personal to each team member. At Culture Partners we do this through workshops, consulting, coaching, learning platforms, and quarterly culture reviews. The end goal is to create experiences that increase employee fulfillment (and therefore performance).

Remember, a large body of research supports the following as primary levers to increase employee fulfillment. Your employees should be able to answer each of the following with ease:

Purpose

Can I connect what I'm doing to something bigger than me?

Autonomy

Do I have sufficient control to be a factor in the outcome?

Mastery

Is this something I'm capable of being good at?

Feedback

How much progress do I see relative to my goals?

Social Interaction

Do I feel a sense of community and safety on the team?

TIP:

Avoid the Inference Trap

The inference trap happens between our experiences and the beliefs we form about them. Because we're more likely to look for specific ways to reinforce our beliefs, the inference trap is the cycle of positive or negative reinforcement around our experiences.

For example, Michael Jordan could have developed the belief that he was a bad player as a result of the experience of getting cut from the team. Instead he turned it into the belief that talent alone wouldn't be enough for him to fulfill his potential. Your mindset is critical.

You can break the inference trap by first, asking employees what they think about their experiences at work, and second, disrupting negative experiences and continuing positive ones.

TAKEAWAY #3

Build Something Sustainable

Finally, a results-driven culture doesn't happen overnight.

Building your new culture will take time, resources, and ongoing development if it's going to succeed. At Culture Partners, we provide the resources to help companies:

- Design a plan to change using The Culture Equation
- Measure impact
- Activate employee fulfillment

(Purpose + Strategy) ^{CULTURE} = Results

TIP:

Create an Employee Journey

Being intentional about the journey every employee takes within your organization will set you up for success when trying to create a strong, sustainable culture. From attracting top talent to retaining top talent, every step along the way should be intentional. Here's a template to get you started:

Attract top talent through _____
Recruit the right talent by _____
Successful onboarding is _____

Ongoing learning and development is achieved by _____

Rewards and recognition will look like _____

Progression and performance will be measured with _____

Retention should be _____

A good employee exit looks like _____

About the Author



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Jessica is Chief Scientist of Workplace Culture at Culture Partners. In this role, she brings over 15 years of experience guiding global, national, Fortune 100 and other organizations across finance, technology, real estate, and healthcare industries on how to create intentional cultures that accelerate performance.

After she received her MBA and became a global consultant for a human capital management solutions provider, Jessica consistently saw highly-stressed leaders failing to deliver against lofty financial goals. She knew that if these leaders could transform their cultures, performance and profitability would follow. But, because culture is often viewed as 'woo' and an intangible, these leaders didn't know where to begin.

So, Jessica set out on a personal mission to quantify culture. Her doctoral research and consulting engagements with Oracle, Toyota, Lockheed Martin, the Federal Reserve, to name a few, led her to develop The Culture Equation - a tested model where strategy combined with 8 tangible and measurable 'Culture Dynamic Drivers' empowers your people to deliver consistent results.

Today, she serves as Chief Scientist of Workplace Culture at Culture Partners, where she advances the creation of results-driven workplace cultures for thousands of companies.

CULTURE PARTNERS

For over 30 years, Culture Partners has empowered clients across the world to harness the power of culture. Using human industrial-organizational psychological methods, we help organizations achieve record breaking results by connecting experiences, beliefs, and actions to those results through culture. Our culture management frameworks and tools help thousands of top organizations realize their potential by owning their growth.

Unleash the power of your culture.

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