

A Matter of Culture

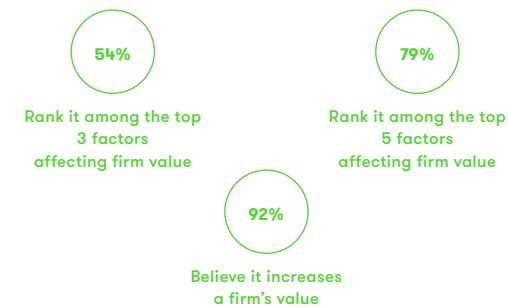
A recent study published by researchers at Duke and Columbia Universities set out to answer the following question:
Does culture matter?

After surveying 1900 CEO/CFOs across public and private enterprises, including in-depth interviews with 18 executives, the answer to the researchers' question was clear:
Culture matters a lot.



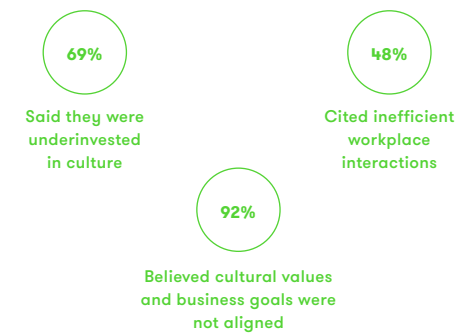
THE IMPORTANCE OF CULTURE

“When corporate culture is working at its best, it reduces dramatically the agency costs within an organization because you have an invisible hand at work inside of each of the employees that helps to guide their decisions and judgments in a way that the overall corporation would desire it to be.” —Survey Respondent



THE CAUSE OF INEFFECTIVE CULTURE

Only 16% of respondents felt their culture was where it should be. For the rest, their ineffective work culture was attributed to several reasons:



Furthermore, 85% of executives were concerned that an ineffective culture increased the chances of an employee acting unethically or illegally.

THE COST OF CULTURE CLASH

“I would definitely pay more for a company whose culture is closer. Less friction and assimilation cost, we can get it all done easier, faster, and at lower cost.” —Survey Respondent



THE EFFECTS OF STRONG CULTURE

Researchers found that when correlated to publicly available financial data, organizations with stronger cultural norms were found to experience higher profitability. Those cultural norms were also associated with higher Glassdoor ratings.

“Culture can be described as foundational. It is the most important thing because in some ways it can influence your ability to come to solutions to all the unknown problems and challenges that you will face from inception to growth.” —Survey Respondent