



Organizational culture is the shared assumptions, beliefs, and unspoken behavioural rules that currently exist in the DNA of an organization.

Because we can't see or touch an organization's culture, leadership often deprioritizes managing culture. However, it has been proven that investing in creating a high-performing culture leads to financial improvements, stronger production, and better employee retention.

HERE ARE THREE REASONS TO INVEST IN YOUR COMPANY'S CULTURE

1. Strong Financial Success

According to an 11-year study of 207 large North American companies across 22 industries, companies that value well-managed corporate cultures experienced a 682% increase in revenue growth, as compared to a 166% increase in companies that lacked a culture management strategy. This translated to an increase in net income growth of 756% compared to only 1% in the companies that did not actively manage their cultures. Finally, the study asserted that corporations lacking strong company cultures underperformed by 20-30% when compared to companies with well-managed cultures.¹

2. Improved Productivity, Sales, and Quality

In 2017, Gallup reported that engaged workers improve customer ratings by 10%, increase sales by 20%, boost overall productivity by 17%, and reduce quality defects by 40%. Organizations with highly engaged employees also experience a 41% reduction in absenteeism. Unfortunately, only 13% of the global workforce is “highly engaged” and more than half of the workforce would not recommend their employer to their peers.²

3. Effective Recruitment and Consistent Employee Retention

Organizations with strong cultures attract and retain talent. Employees are more likely to stay long term when they have a sense of belonging to an organization. This translates to lower turnover, less costs associated with new hires, and better team chemistry. Gallup reported that highly engaged employees are 87% less likely to leave their jobs. Recruitment also plays a key role in developing a robust corporate culture; Forbes reported that 89% of hiring failures can be attributed to a lack of cultural fit between the employee and the company.³

¹ Kotter, J. P., and J. L. Heskett. *Corporate Culture and Performance*. New York: Free Press, 1992.

² Harter, James K., Frank L. Schmidt, Sangeeta Agrawal, Stephanie K. Plowman, and Anthony Blue. [The Relationship Between Engagement at Work and Organizational Outcomes](#). 2016 Q12 Meta-Analysis: Ninth Edition. Gallup.

³ Anderson, Erika. [“The Most Important Reason People Fail in a New Job.”](#) *Forbes*. 25 April 2012.