NURTURING COMPANY CULTURE: A LOVE STORY

HELPING TO MAKE YOUR COMPANY A GREAT PLACE TO WORK
Welcoming a new employee into your company is the beginning of a relationship. And like any relationship, we show new employees our best face and then we hope that when the bloom is off the rose, they will love and not leave us.

The success of that relationship is entirely dependent on the atmosphere we create for them to work in. Are you building a supportive culture of appreciation, or is your office space seething with bitter undercurrents?

This collection of some of our most popular blog posts will offer you some constructive advice and actionable tips on how you can build a company culture that will inspire passion and commitment from your employees.
When you walked to your office, you might see a fashion model or the next Jay-Z. We had our own enormous health club, which was probably the most sophisticated workout space below 23rd Street. We had three spa-like treatment rooms and every single employee got a weekly 30-minute massage. When you told people who your employer was, they were jealous. Everyone wanted to come to our parties.

It was also the unhappiest place I ever worked. Despite the trappings, the space was filled with discomfort, condescension, and arrogance. Weekly meetings to discuss new ideas were stiff and agonizing and feedback was based on indeterminate and seemingly capricious measures. No one wanted to take any chances so of course there was no innovation. The gym was empty because no one wanted to risk being seen in less than perfect shape. People were always trying to palm off their massages, because we were too scared to stop working and we just wanted to get out of there.

Scratching the surface of this super luxe, ultra groovy, majorly happening environment, you found the real culture: aggressive and fearful.

While the most interesting, forward-thinking companies place great emphasis on culture, efforts often focus on appearances or management theories rather than on the creation of honest relationships that create actual community.
A quick Google search on “how to create a great corporate culture” reveals these suggestions from the likes of Inc., Forbes, and HBR:

- Invite people to throw wadded-up pieces of paper at you when you say something wrong in a meeting.
- Work in a big open space where no one has a personal chair or work surface or continually rearrange where people sit.
- Post a corporate dream map to inspire people forward.
- Instill camaraderie by making people run up and down steps to show them what it is like to do their best.
- Know your “wow factor.”
- Make it hard for people to get a job there by telling them how much will be expected of them that they’re probably not up to, so when you hire them, they’ll work extra hard to prove themselves.
- Work on the beach; take singing lessons together; install a bell to ring when a sale is made; help people get more sleep; have fun games, snacks, and surprising furnishings.

Some of these may be really fantastic ideas, but they won’t ensure you a great culture.

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At best, they set the stage for great culture to (hopefully) arise and at worst, they are unsustainable gestures meant to game culture rather than create something genuine.

In my experience, when people talk about what a great place their company is, they don’t usually mention fun outings or office design. They don’t even mention money. They talk about how engaged they are. How much they are learning. How proud they are to have a seat at the table. People feel engaged when they are acknowledged. Acknowledgement doesn’t mean praising or agreeing. It simply means taking an interest in the other person’s point of view and offering a clear response. If you find it praise-worthy, an interesting conversation can arise. If you find it off-target, a different interesting conversation can happen. If it makes you angry, upset, delighted, or confused—these too can be interesting. Nothing is off limits and people feel trusted and appreciated.

Openness and trust may or may not be your cup of tea—but if you want to innovate, if you want creativity, if you want breakthroughs, you are going to have to develop a taste for them. Without
openness and trust, you will only get defensive turf-protection rather than bold new thinking. Openness and trust don’t come from running up and down steps or throwing wadded-up pieces of paper. They come from connecting, person to person, over and over, and sustaining that connection when there is agreement and when there is confusion.

When we say we want to create a flourishing corporate culture, we each have to ask ourselves if this is really what we mean. If “culture” is a device we are employing on the quickest route to success and profits, no problem. Just recognize it for what it is. Hopefully, you will end up with a good reputation and a lot of money.

But if you want to create a workplace that changes people’s lives and the way business is done, that leads to products and services that are mind-numbingly innovative and powerful, culture can’t be a device. It has to be lived. For it to be lived, you’re going to have to open your heart to the people around you and engage both their intelligence and their confusion with equal confidence.

I believe that as we go forward, we will see that success belongs not to the cleverest or the most charismatic but to those who know how to care. To connect. To extend themselves authentically. Thus your ability to create culture is not so much about what you say or how you design your space. It is about who you are.

Engagement is what leads to a culture that is vital, innovative, and invested in absolute success. It is personal, it is human, and it is genuine. After all, these are the values leading-edge companies espouse for their marketing campaigns and they take root in the way we treat each other. So keep those singing lessons and massages coming, but try to make authentic relationships with the actual humans you work with along the way.

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**ENGAGEMENT IS WHAT LEADS TO A CULTURE THAT IS VITAL, INNOVATIVE, AND INVESTED IN ABSOLUTE SUCCESS.**
In HR we often rely on common sense. But there is a dark side to common sense that HR needs to stay aware of. Sometimes our instincts will steer us the wrong way. Behavioral psychologists call this “cognitive bias”. It will affect perceptions, it will affect objectivity, and it will affect relationships—in both positive and negative ways. That makes it very relevant to culture management and to you.

Cognitive biases are something most of us cannot avoid. But once you know how to spot them, you can see them all around you. They are the instinctive leaps our minds make—our gut reactions and things we “know”, though we’re not sure how we know them. Scientists believe they are a relic of evolution: little shortcuts programmed into our minds to help us process faster. But they sometimes lead us just as quickly to the wrong conclusions.

Here’s an example: Under the “Halo Effect” bias, we tend to lump together positive qualities, and assume where one attractive quality exists, others also exist. This is why we often assume that attractive people are also more talented, more competent, or more cooperative than their less attractive counterparts. This bias is why, regardless of qualifications, better looking people are hired more often.

This little bit of everyday irrationality—caused by patterns in our memory, our need to rationalize what we see, and the human desire to build patterns out of information—is a sort of shorthand of the brain that distorts reality and causes flaws in our judgment.

You can see, therefore, how spotting and understanding cognitive bias in your own thinking is a very useful skill for HR. But even more useful is identifying and managing them when they are affecting our organizational culture. By understanding cognitive biases, you can both protect against them, and sometimes use them to your advantage.
Here are eight common cognitive biases you might want to look out for in your organization:

**BIAS 1 THE BANDWAGON EFFECT**

People tend to go along with what other members of a group are doing. (Also known as the Herd Mentality.)

What it means to you: If you can get the “herd” going in the right way, or give the perception that it is moving that way by gaining influential champions for your projects, you have a better chance of gaining participation throughout your organization.

**BIAS 2 HYPERBOLIC DISCOUNTING**

When presented with two similar rewards, people show a preference for the one that arrives sooner rather than later.

(To test this, ask around your office whether people would prefer $50 now or $75 a year from now—or how about $100 five years from now? Studies have shown that overwhelmingly people will take the money now, because they perceive a greater value.) People—and indeed animals—have been proven to discount the value of a later reward by a factor that increases with the length of the delay.

What it means to you: When providing recognition and rewards that you wish to make a strong impact, be sure to deliver those awards quickly, so that they are in hand while their impact is strongest—as close as possible to the event that inspired them.

**BIAS 3 THE INGROUP BIAS**

People naturally polarize into groups. This bias means people tend to view “their” group as better, while outsiders are collectively viewed as inferior.

What it means to you: To avoid the negativity, competition and roadblocks associated with polarization, do what you can to homogenize, tear down silos and make your company feel like it is one big group, not a collection of fiefdoms or opposing teams.
People tend to ignore information which does not fit with their beliefs while they weigh agreeable information more heavily. What it means to you: This is a great bias to remember when performance review time rolls around. Managers will be creating evaluations that fit with their beliefs about employees, and possibly discarding critical information. Make sure you provide managers with as much diverse, crowdsourced data about employee performance as possible, to avoid a single point of failure around this bias.

People tend to develop a preference for things merely because they are familiar with them. What it means to you: By increasing frequency of exposure to a concept within your organization, you will have a better chance of increasing acceptance and even preference for that concept. For example, repeated exposure to company values can help to ingrain those values in the hearts and minds of employees.

People pay more attention to and give more weight to negative rather than positive experiences and information. What it means to you: This bias is why the “feedback sandwich” has grown in popularity. While sandwiching criticism within praise is somewhat controversial, there is no doubt that increased positive interactions within your organization can help counteract this powerful and morale-killing bias.
People will defend and prefer the status quo, seeing it as better, more legitimate, and more desirable than new alternatives.

What it means to you: This bias intensifies when a system is under threat and explains why change often comes hard within organizations. People have a cognitive bias that prefers the system they already have. Sensitivity to this bias when implementing change is critical. Be sure you account for this natural resistance, give employees a chance to air their concerns, and offer assurance and strong evidence to support planned changes in your organization.

Information is better recalled if exposure to it is repeated over a longer span of time, rather than occurring only once or grouped together in time.

What it means to you: This means that your initiatives should be focused on long-term, iterative campaigns and programs to induce change, with many “.touches” to encourage learning and information retention, rather than one-time, “big-bang” events, awards or announcements.

Look for ways to spot and eliminate these biases within your organization and keep your culture strong and positive.
Gratitude comes in many forms. Researchers of gratitude define it as: “an emotion which occurs after people receive aid which is perceived as costly, valuable, and altruistic,” or “an emotion that (is) directed towards appreciating the helpful actions of other people,” or even “appreciation of one’s abilities, or of a climate in which such successful work (is) possible.”

No matter how one defines it, one thing is clear, feeling and expressing gratitude yields side benefits for our emotional and physical well-being. For your employees, this can translate into:

- A more positive workplace
- Happier, more optimistic employees
- Lower stress
- Better teamwork
- A culture of helpfulness
- Lower absenteeism and better physical health

Here’s the evidence:

Gratefulness Increases Emotional Well-Being

A 2007 study published in the *Journal of Research in Personality* found that “gratitude is uniquely important to well-being and social life.” That study showed a relationship between gratitude and well-being that was independent of personality factors (extraversion, neuroticism, openness to experience, conscientiousness, or agreeableness), and proved that over time gratitude leads to lower stress and depression and higher levels of social support. The authors of the study call for therapists to employ gratitude as a clinical tool, saying: “giving people the skills to increase their gratitude may be as beneficial as such cognitive behavioral life skills as challenging negative beliefs.”

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Grateful People Get Along Better with Others

A paper published in 2009 in the *Clinical Psychology Review* by researchers from Hofstra and several UK universities claims that people who express gratitude are more extroverted, agreeable, open, conscientious, and less neurotic. The study suggests that gratitude is associated with habitual positive well-being and a wide variety of adaptive personality traits conducive to developing and maintaining positive relationships:

“Grateful people were less angry and hostile, depressed, and emotionally vulnerable, (and) experienced positive emotions more frequently. Gratitude was also correlated with traits associated with positive social functioning; emotional warmth, gregariousness, activity seeking, trust, altruism, and tender-mindedness. Finally, grateful people had higher openness to their feeling, ideas, and values (associated with humanistic conceptions of well-being, and greater competence, dutifulness, and achievement striving.”

Grateful People Sacrifice for the Greater Good

In a study published in 2010 in the American Psychological Association Journal Emotion, researchers found that “gratitude functions to enhance cooperative as opposed to selfish economic behavior.” Even when dealing with strangers, and no prospect of reciprocity, the subjects who were grateful made their decisions based on what was good for the group—even when it was against their individual interest. Gratitude, the researchers argued, had a direct and positive influence on judgment.

Grateful People Sleep Better

A 2012 study from a group of Chinese researchers looked at the combined effects of gratitude and sleep quality on symptoms of anxiety and depression. They found that higher levels of gratitude were associated with better sleep, and with lower anxiety and depression. Those results were echoed in a study by the University of Manchester. Sleep, in turn, has been linked with things like improved memory, healthier weight, lower stress, and higher levels of creativity, stress and attention.
Grateful People Achieve More

A study by researchers from the University of California asked subjects to keep a daily journal of things they were grateful for. Two other groups kept journals of daily annoyances or general daily observations. Those assigned to keep the gratitude journals showed significant increases in determination, attention, enthusiasm and energy, when compared to the two other groups. Likewise, in a study published in the *Journal of Happiness Studies*, researchers surveyed 1,035 high-school students and found that the most grateful had more friends and higher GPAs. Even athletes benefit from gratitude.

Grateful People Pay It Forward

In one 2006 study conducted at Northeastern University, researchers sabotaged participant’s computers and had a “helpful observer” jump in to help. Afterward, the students who had been helped were more likely to volunteer to help someone else with an unrelated, and time-intensive, task. In this study, gratitude was shown to be far more powerful than simply inducing a good mood.

Grateful People Are Less Aggressive

At the University of Kentucky, some students in a study received praise for their writing, where others got a scathing evaluation. Next, students played a game against the person who’d done the evaluation, in which they could blast them with white noise. In general, the insulted writers retaliated with loud blasts of noise. But among those insulted writers, some had been instructed to write essays about things for which they were grateful. Those students who had written about their gratitude were less likely to blast noise at their critics. “Gratitude is more than just feeling good,” says Nathan DeWall, who led the study. “It helps people become less aggressive by enhancing their empathy.”

Grateful People Are Physically Healthier

At the University of Connecticut, researchers found that gratitude has a protective effect against heart attacks. According to expert Robert Emmons of UC Berkeley’s Greater Good Science Center, it also strengthens the immune system, lowers blood pressure, reduces symptoms of illness, increases resistance to pain, correlates with better exercise habits, and encourages us to take better care of our health.

Gratitude can also aid in recovering more quickly when you have health issues. In a study of organ recipients, scholars from UC Davis and the Mississippi University for Women found that patients who keep journals of their appreciation scored better on measures of mental health, general health and vitality than those who keep only routine notes about their days.

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Grateful People Are More Resilient to Trauma

Studies of Vietnam War veterans have shown that gratitude is significant in helping people to maintain emotional well-being after traumatic life experiences.

It turns out that expressing gratitude in writing also has powerful benefits. In a study at Kent State, Professor Steve Toepfer examined the effects of writing letters of gratitude on happiness, life satisfaction, and depression. Said Toepfer: “The more letter writing people did, the less depressive symptoms they had. They improved significantly on happiness and life satisfaction. By writing these letters – 15 to 20 minutes each, once a week for three weeks to different people – well-being increased significantly.”

Researchers at the University of Pennsylvania had similar results when they asked subjects to write and personally deliver a thank you letter to someone who had never been properly thanked for his or her kindness. Subjects had a huge and immediate increase in their happiness scores. This impact, said researchers, was greater than that from any other intervention, with benefits lasting for a month.

In addition to all of this, it appears that grateful people have better love lives. =)

All of this just goes to show that being thankful and appreciative, and making opportunities—for yourself and for your employees—to feel and express gratitude are investments that pay off exponentially. “We are all walking around with an amazing resource: gratitude,” said Steve Toepfer, author of the Kent State University study. “It helps us express and enjoy, appreciate, be thankful and satisfied with a little effort. We all have it, and we need to use it to improve our quality of life.”
Employee happiness has become an important and growing business concern over the past few years, as more and more companies recognize the benefits of having not just satisfied and engaged employees—but also employees who are happy and in good moods. Health, safety, productivity, absenteeism, customer service, profitability—it seems there is not a business metric out there that is not impacted by how happy your people are.

Here are 5 things to consider as you try to build a happier workforce in your organization:

Did you know that happier workers help their colleagues 33% more often than unhappy ones? Happy employees also achieve their goals 31% more often, and are 36% more motivated in their work. This is according to joint research from the Wall Street Journal and iOpener Institute.

1. **OFFER MEANING AND ALIGNMENT**

People want to feel like they are part of something bigger than themselves—whether it is the team, the company or the community at large. Some employees actively search for companies that have strong values and give back to society. For many employees, meaning is as simple as a desire to be aligned with the company goals and mission, and to feel like a valued member of a team. A study conducted by researchers at the University of Alberta found that companies who focused employees on the meaning and purpose in their work experienced a 60% drop in absenteeism and a 75% reduction in turnover.

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According to recent research by SHRM, growth and professional development is among the top demands of job seekers in the U.S. labor force. Likewise, a CornerstoneOnDemand claims that one of leading causes of employee dissatisfaction and turnover is a feeling of stagnation or a disconnect with company goals. That study also reports that in the past year, only 1/3 of employees have received training and development opportunities, and two-thirds of employees aren’t receiving adequate feedback or recognition. As Eric Mosley writes in *The Crowdsourced Performance Review*:

“Think about those intense work times when the team is all pulling together and its total focus on creating something amazing keeps team members working after midnight. A lot of those happiness boxes are ticked off in those heroic times: Feeling like you’re progressing toward a goal, feeling optimistic; feeling like you’re part of something bigger than the day-to-day work; and feeling like you’re being supported and supporting others. Those are legendary times at a company, and notice that people are sustained through them, hour by hour, by the conviction and affirmation that they are making progress toward the goal. Happiness comes both from the end goal and making progress.”

For years, studies have shown that recognized employees are happier and more motivated to succeed. But a growing body of research—as well as a terrific new book by Wharton School professor Adam Grant—shows that the employees who are giving recognition and reward may be benefiting as much or more from a recognition moment than their colleagues. It turns out, giving people the opportunity to express gratitude is also amazingly good for their health, productivity and happiness at work. In fact, our latest Mood Tracker report, which we’re currently putting together, shows that employees who are enabled to recognize one another are significantly more likely to say they are highly engaged than those who are not able to recognize one another. More on this next month!
BUILD FLEXIBILITY

According to Career Bliss, companies who see the biggest jumps in employee happiness are those who, among other things, emphasize great work-life balance. Research by Georgetown University and the Alfred P. Sloan Foundation confirms the importance of flexibility in driving worker happiness, with 80% of employees saying they would be happier with more flexible work options. Of those workers who already have flexibility at work, 90% said it eased the burden of work-life balance.

CREATE TRUST

Many experts argue that one of the single biggest contributors to employee happiness is simply creating a culture of trust within your organization. This means not only your workers’ trust in leadership, but also in one another. And that trust is a two way street. A recent study conducted by Harvard University showed that enhancing trust and employee commitment creates an environment that fosters happy, committed, productive team members. “Workplaces that provide positive environments that foster interpersonal trust and quality personal relationships create the most committed and productive employees,” said Nancy Etcoff, Ph.D., the lead researcher on the study. Maintain an open, multilateral dialogue within your organization, help employees to understand and contribute to the big picture, and above all, be sure that leaders are honest and accountable for decisions.

Make sure these five key components are prospering in your organization, and the dividend is sure to pay off in smiling faces and better business results.
Interested in building a happier and more effective **culture in your organization**?

The Science of Happiness

*How to Build a Killer Culture in Your Company*

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