

A man and a woman are shown from the chest up, leaning over a table and looking at documents. The man, on the left, has a beard and is wearing a blue and white striped shirt with a dark tie. The woman, on the right, is wearing a white and blue striped shirt. They appear to be in a professional setting. The background is a blurred city skyline at night, with lights from buildings visible. The overall image has a warm, professional feel with a purple overlay at the top.

SPECIALIST PROFESSIONAL RECRUITMENT

IS YOUR WORKPLACE CULTURALLY FIT?

ROBERT WALTERS

FOREWORD

Increasingly, employers say that they place a high priority on ensuring their people are a good cultural fit for their organisation. However, the thorny issue is that “cultural fit” is a subjective term and it’s not always defined in the minds of business leaders, let alone their employees. Cultural fit is not simply finding out whether candidates are likely to “get along” with their colleagues. There’s more to it than that.

Hiring managers need to be crystal clear about what their culture is today and what they want their culture to be in the future. Only then can they clarify the values and behaviours they need within their workforce.

At Robert Walters we talk to a vast number of hiring managers and candidates every day. Speaking to staff when they join and exit, we see how cultures compare across employers in numerous industries. This whitepaper is an extension of that. We’ve surveyed hiring managers and professionals across Australia and New Zealand to get a snapshot of how well employers are currently assessing cultural fit, and the factors that lead to cultural success or failure. I hope you find it valuable.



James Nicholson

Managing Director – ANZ, Robert Walters

METHODOLOGY

This whitepaper is based on the findings of research undertaken in September 2016 by Robert Walters, surveying more than 950 hiring managers and more than 1,800 professionals across Australia and New Zealand.

For the purpose of this whitepaper:

- **Workplace culture** is a system identified and implemented by organisations, based upon shared assumptions, values, and beliefs, which governs how people behave in organisations.
- **Cultural fit** is the likelihood that a potential new recruit will be able to fit in with the core values, attitudes and collective behaviours within an organisation.

ABOUT ROBERT WALTERS

Established in 1985, we are a world-leading specialist professional recruitment consultancy. Hiring managers world-wide rely on us to find their best specialist professionals and our clients range from the largest corporates world-wide through to SMEs and start ups. We recruit people for permanent, contract and interim roles across the world.

INTRODUCTION

This Robert Walters whitepaper has been created to explore the topic of cultural fit and how this impacts organisations and the people who work in them.

This whitepaper explores:

- The importance that both employers and employees currently place on cultural fit.
- The benefits of good cultural fit for employers and employees.
- The costs of poor cultural fit for employers and employees.
- What steps employers can take to achieve good cultural fit.



WHO CARES ABOUT CULTURAL FIT?

100%

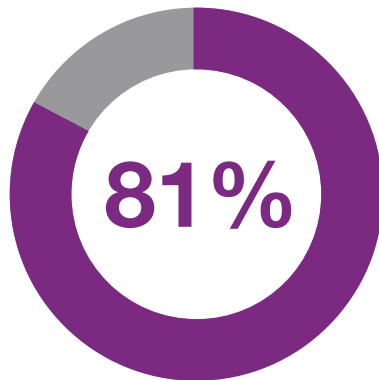
of employers say that cultural fit is important to professionals. And 96% say that organisations should be responsible for investing in workplace culture.

Within the four walls of a workplace, everything that takes place is influenced in some way by the organisation's culture. It affects the way people behave and how they interact with one another. It affects how they make decisions and it affects how they take care of customers. This means workplace culture affects every organisation's bottom line.

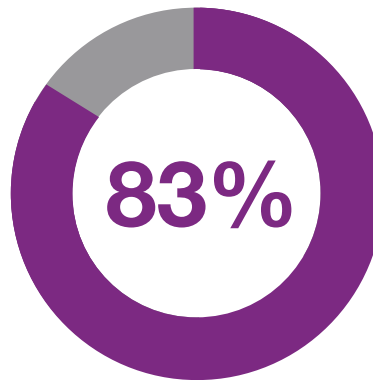
No wonder that the overwhelming majority of employers and employees in our survey told us that cultural fit is important.

The challenge for employers is finding the 'sweet spot' where their employees' own values match those of the organisation. That's where the magic happens, according to the respondents in our research.

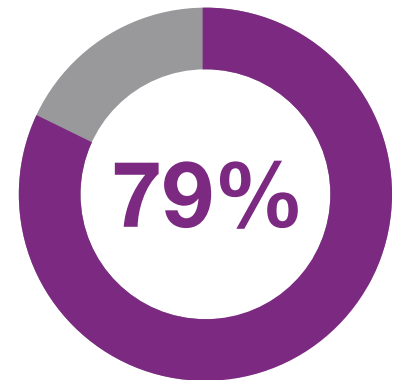
Employers report that the benefits of good cultural fit include:



Greater retention of staff



Improved job performance



Greater job satisfaction

CULTURAL FIT is the likelihood that a potential new recruit will be able to fit in with the core values, attitudes and collective behaviours within an organisation.





CASE STUDY: EY

The professional services firm EY made a very public statement about the value of culture fit recently when it launched its Women Athletes Business Network (WABN). Eschewing the conventional approach to talent selection (where technical skills are how candidates score a job) EY's WABN seeks to develop business leaders from high-achieving athletes.

EY points to the cultural attributes of elite female athletes who are already proven as influential leaders and team players. The WABN seeks to transition these women from sport to post-athletic success within business, government and NGOs around the world.

One of the pillars of the WABN is a mentoring program where 25 female athletes are paired up with senior women executives from the International Women's Forum network. Mentees are chosen first and foremost on their cultural attributes; that is, their potential to become impactful leaders outside of their sport. To be considered they must

have competed professionally, semi-professionally or at an international/national level. For example, two mentees competed in the Rio 2016 Olympic Games: Kim Brennan (rowing, Australia) and Isabel Swan (sailing, Brazil). A third mentee, Susie Rodgers (Paralympic swimming, United Kingdom) competed in the Rio 2016 Paralympic Games.

Besides mentoring, the program also includes:

- Research into how women who have played sport are uniquely positioned to lead in the corporate world.
- A Facebook group where women from business and sport have the opportunity to network, build professional relationships and discover leadership opportunities and career paths.
- Online case studies and advice for female athletes for getting ahead in business.

The WABN is a prime example of how some businesses are now identifying personality-type as a more reliable indicator of future success, ahead of technical skillsets.

WHO CARES ABOUT CULTURAL FIT?

95%

When deciding whether or not to promote an employee, 95% of employers say that cultural fit is an important consideration.

If one message came through loud and clear in our survey, it was that employees really understand the value of cultural fit. An overwhelming **96% of employees** say this is an important factor when they are weighing up career opportunities. A further **92% said that organisations should be responsible for investing in workplace culture.**



MORE THAN MONEY

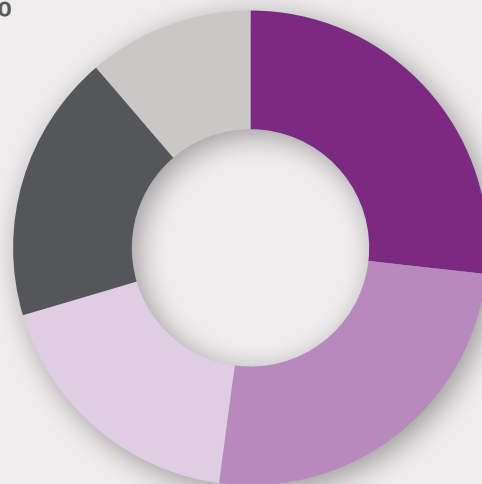
Salary levels across Australia and New Zealand have been flattening out, as identified in our 2016 Global Salary Survey. To attract and retain high performing employees, organisations have to look beyond remuneration.

The results of our latest survey reinforce this:

More than two thirds of employees ranked at least one element of workplace culture as being more important to them than remuneration.

Employees were asked to rank the factor that was most important to them at work. While **29% said remuneration**, the **remaining 71% selected a cultural aspect of work instead:**

- Flexible working conditions **19%**
- How performance is measured and reviewed **18%**
- Level of teamwork **13%**
- Clearly communicated ethical standards **13%**
- Social activities **8%**





KEY LEARNING #1:

When it comes to recruitment, employers cannot underestimate the importance of workplace culture.

Cultural fit can be a win-win for employers and employees. Investing in this should be a top priority for organisations who want to reap the rewards that an engaged and enthusiastic workforce can deliver. Cultural fit should also be an important consideration for job seekers and those with ambitions for career progression.

THE COSTS OF WORKPLACE CULTURE FAILURE

While employers may know that workplace culture is important, our survey found that many still fail at it in the eyes of their employees. When there is a mismatch between an employee and workplace culture, the impact is dramatic.

The majority of both employers and employees have seen poor cultural fit **lead to conflict** within an organisation



Employers: 81%

Employees: 60%

64%

When employers get cultural fit wrong, almost two thirds of employees will vote with their feet. Our survey found that 64% of respondents had left an organisation because its values did not match their own.

84%

of employees say that they have worked in a workplace culture that they dislike

EMPLOYERS PAY THE PRICE

Organisations pay a high cost for poor cultural fit, according to the respondents in our survey. Almost one in four employers (23%) reported that poor cultural fit had led to staff departures in an organisation where they had worked.

Staff turnover costs organisations time and money. Direct replacement costs can reach as high as 50-60% of an employee's annual salary, according to the Society for Human Resource Management¹. And that's just part of the damage.

When asked to think of a time when they'd seen a colleague who was a poor cultural fit in an organisation, employers also reported the following impacts:

Colleague less effective in their role

73%

Colleague was isolated from others

51%

Colleague's performance suffered

56%

Colleague was less influential within the organisation

57%

There was disharmony among other colleagues

82%

1. SHRM Foundation's Effective Practice Guidelines Series: Retaining Talent- A Guide to Analyzing and Managing Employee Turnover <https://www.shrm.org/about/foundation/research/documents/retaining%20talent-%20final.pdf>

KEY LEARNING #2:

Employers must carefully identify the cultural success factors that best suit the organisation and its people.

Leaders must have an intrinsic understanding of the way they want their people to do business. This must include the desired behaviours and attributes they expect their people to embody. These must be lined up with the organisation's values and should form part of the key criteria for decisions around hiring, downsizing and promoting within the organisation.

KEY LEARNING #3:

Cultural aspirations for the workplace are one thing – achieving them is quite another.

Employers must monitor their workplace culture frequently, by establishing continuous and rigorous methods of measuring cultural success factors. A combination of quantitative and qualitative measures can be used to track progress, such as periodical omnibus surveys of employees and exit interviews with all departing employees.



THE COSTS OF WORKPLACE CULTURE FAILURE

The effect of disliking a workplace culture can have alarming effects upon employees and their daily working experience. Our research indicated that, in the majority of cases, this adversely affects employee performance and business output. Additionally, our research exposes a disconnect between what many employers think their workplace culture is, and what the actual experience is for employees.

Most employers (85%) said that they discuss workplace culture during recruitment interviews. However more than half of employees (54%) feel that they have been misled about workplace culture during recruitment interviews. Of those, 74% said the overall organisation's environment didn't live up to what was promised in the interview, while 53% said that their line manager failed to live up to the their workplace culture described in their original interview.

HOW EMPLOYEES REACT TO POOR WORKPLACE CULTURE

We asked the 84% of employees who said they had disliked a workplace culture how they had responded in this situation. The most common responses were:

	I was demotivated	69%
	I was stressed	55%
	I couldn't work to my full potential	49%
	I hated coming in to work every day	59%
	I wanted to leave the organisation ASAP	62%
	I was frustrated	64%

“Cultures between organisations can vary drastically. Sometimes when you're immersed in a workplace, you may form a subjective view of what the culture is really like. At Robert Walters, we talk to professionals and employers all the time so we get a 360-degree view of how cultures compare across the marketplace. We know how to read between the lines and understand what makes organisations and people tick.”

Ali Cochran
Manager - IT, Commerce (North)
ROBERT WALTERS - Chatswood, Australia





KEY LEARNING #4:

Tracking progress towards workplace cultural aspirations is not enough on its own.

Everyone in the organisation must be aware of – and accountable for – workplace culture, measured against key performance indicators (KPIs). Results should be transparent and communicated widely, and corrective action must be taken to stay on track. Importantly, hiring managers should spend time reviewing an organisation's performance against cultural KPIs, to give them a realistic appraisal of current workplace culture.

KEY LEARNING #5:

Candidates should take care to verify the cultural promises made by prospective employers during a recruitment process.

Before accepting a job offer, employees should do their own research on an organisation's culture. This might include talking with current and/or former employees of the organisation, reviewing the organisation's social media interactions with customers, as well as researching recent media articles about the organisation. It may also involve talking with third parties such as Robert Walters consultants who can compare and contrast workplace cultures across the marketplace.

THE WIN:WIN CULTURAL FIT

20%

Only one in five employees said they had ever participated in a dedicated culture fit interview during their career.

Our research demonstrated that most employers and employees are aware that cultural fit makes a dramatic difference to business performance and job satisfaction. In line with that, the clear majority of employees (70%) said that dedicated cultural fit interviews should form part of business recruitment processes; however only a minority (20%) had seen an organisation actually doing this.

Another way to assess cultural fit during the recruitment process is to introduce a candidate to their potential colleagues, perhaps in a social setting.

44%

Almost half of employees have not been offered the opportunity to meet potential colleagues during the recruitment process.

“Introducing a professional to their potential future colleagues during the selection process gives both the employer and professional a chance to assess whether there is a likely fit between attitudes and behaviours. As a team, you’re only as good as your weakest link. So involving professional candidate screening helps to get wider team ‘buy in’ to recruitment decisions. When a new team member joins, there is a shared responsibility that flows on from that, meaning colleagues are more predisposed to participate in inducting and mentoring new recruits.”

Dave Calder

Associate Director - Business Transformation and IT

ROBERT WALTERS - Wellington & Wairarapa, New Zealand





CASE STUDY: ZAPPOS

Making sure your product fits the customer is a prerequisite if you're a shoe retailer, but Zappos doesn't stop there. Zappos also believes it is a prerequisite that employees fit the organisation's culture too.

The online shoe store has built its reputation on providing the absolute best in speed, service and selection. To achieve that mission, the Zappos leadership team knows it needs a motivated and energised workforce who are dedicated to this. And that's where culture comes in.

Zappos hires people based on their culture fit, above all else. The philosophy is that skills can be taught, but personality and behaviour are the best indicator of whether a candidate will commit and deliver on the all-important service promise to customers.

Zappos has a clear idea of what the company culture is, and communicates that far and wide based around ten core values. So besides interviewing for experience and skills, hiring managers conduct dedicated cultural fit interviews with candidates. The ten core values inform the key criteria by which candidates are assessed.

The commitment to culture continues during the onboarding process too. If a new colleague comes on board and, after their first week of training, doesn't like what they see – they can quit their job and walk away with \$2,000 in their pocket. Such is the confidence that Zappos has in its culture, because of ongoing investment in making the workplace an enjoyable and productive place to be. Further down the track, the ten Zappos core values are a major factor in decisions around promotions and pay rises too.

THE WIN:WIN CULTURAL FIT

In our research, we asked employers what steps they were taking to assess cultural fit during recruitment. Some organisations appear to have no formal processes established for this.

When it came to introducing candidates to their potential colleagues during the recruitment phase, New Zealand employers (71%) were more likely to do this than Australian employers (57%).

For many organisations, there appears to be a gap after a new recruit has joined. The research suggests that 40% of organisations still do not consciously manage cultural fit during the onboarding process. That can directly impact the bottom line. A survey by the Society of Human Resource Management in 2010² found that a strong onboarding programme can increase retention rates by 50% and can improve workplace productivity by 60%.

Psychometric testing can assist employers in identifying the best way to help recruits settle in to a new culture and bring out the best in them. However, less than half (46%) of employers said they had ever used psychometric testing during recruitment.

14%

Only 14% of employers had used an external firm to help define appropriate cultural fit factors for a particular role.

“At Robert Walters, we go to great lengths to recruit the right cultural fit. Every day we’re working with lots of employers, and we get a really good feel for the different values in different organisations within the marketplace; not to mention best practice. As an outsider, we offer an objective view and can help our clients define the optimal values required for specific roles.”

Crystal Ganter
Manager - Secretarial & Business Support
ROBERT WALTERS - Brisbane, Australia



2. SHRM Foundation's Effective Practice Guidelines Series: Onboarding New Employees: Maximizing Success <https://www.shrm.org/about/foundation/products/documents/onboarding%20epg-%20final.pdf>

KEY LEARNING #6:

Employers should consider enlisting external expertise to help define appropriate cultural fit factors for roles.

In recruitment, we've seen how a holistic approach to cultural fit can pay off. As well as understanding the organisation's culture clearly, hiring managers are well advised to take an objective look at how those values translate to the specific position they are recruiting for (for example, establishing what qualities and characteristics will be important for the candidate to succeed in the role).

KEY LEARNING #7:

Employers can and should prioritise workplace culture by making it a mandatory part of their recruitment and onboarding process.

To consistently recruit high performing candidates who are likely to stay with the organisation in the long term, employers need to have a rigorous, strategic approach to cultural fit. That should include a formal cultural fit assessment for all recruitment. Interviewers need to be highly accomplished at going beyond discussions of skills, using behavioural questions and asking for examples to help assess a candidate's values and suitability.

A well-structured onboarding process to integrate new employees into the workplace is also vital. Every new recruit undergoes a period of cultural adjustment and employers should provide support during this time. That could include giving new recruits access to a colleague who has been with the organisation for a few years, offering a casual way to seek assurance about why certain things are done differently.





CASE STUDY: NETFLIX

Netflix has transformed the way people watch television around the world. It is also changing the way people think about workplace culture too.

A few years ago, Netflix published a slideshow explaining its values and culture in frank, clear and compelling language. Where most organisations might keep a document like that behind closed doors, Netflix made it available publicly – and it quickly went viral. Suddenly everybody wanted to work at Netflix.

The slideshow articulated a common sense approach that sits at the very heart of the Netflix culture and recruitment process, including:

- Company values are not just nice sounding words. They are the behaviours and skills valued in fellow employees, and they are shown by who gets rewarded, promoted, or let go.
- Hire only “stunning colleagues” and pay top market rates. Managers hire, develop and downsize smartly so that they have stars in every position.
- Focus on outputs not effort. Great results are rewarded, even if they required minimal effort.
- Sustained high performance is rewarded with more responsibility and great pay. Sustained adequate performance is rewarded with a generous severance package.
- Lots of freedom, and minimal processes (e.g. There is no vacation policy at Netflix: employees can take as much leave as they like so long as they always deliver exceptional results. And Netflix’s entertainment/travel policy is five words long: “Act in Netflix’s best interest”).

This culture has been one of the foundations of the Netflix success story that has secured Emmy awards, breathtaking subscriber numbers, and dramatic growth in share value in the past five years. And the culture slideshow has won admirers in the highest places. Facebook COO Sheryl Sandberg described it as one of the most important documents ever to come out of Silicon Valley.

CONCLUSION

Whether you're an employer or an employee, cultural fit can make a tremendous difference to whether or not you succeed or fail in business. Organisations who consistently invest time and resources into cultural fit are more likely to unite their people behind common goals. That level of commitment cannot be underestimated. It helps ensure businesses – and their people – are able to adapt and thrive in changing economic conditions and market disruption.

Based on our survey findings, Robert Walters has identified the following key recommendations to hire and retain people who are a good cultural fit for an organisation:

- During recruitment, likely cultural fit should be carefully assessed by hiring managers and candidates.
- Employers must carefully identify the cultural success factors that best suit the organisation and its people.
- Employers must monitor their workplace culture frequently, by establishing continuous and rigorous methods of measuring cultural success factors.
- Everyone in the organisation must be made aware of – and accountable for – how the business is tracking against its cultural success criteria.
- During the recruitment process, candidates should take care to verify the cultural promises made by prospective employers.
- Employers should consider enlisting external expertise to help define appropriate cultural fit factors for roles.
- Employers can and should make cultural fit a mandatory part of their recruitment and onboarding process.



CONTACT US

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