



The Culture
Factor
| GROUP

#TheCultureFactor

GLOBAL REPORT 2023

Revealing the difference in managerial
and employee preferences
for Organisational Culture



THE CULTURE FACTOR GROUP

ABOUT US

We are a cultural analytics and strategy advisory with over 35 years of experience.

Our data-driven analysis pinpoints the role and scope of culture in your organisation's success. Our global network of expert Associated Practitioners blend this knowledge with a deep human insight. This unique combination delivers unrivalled results, time and again — **powerful interventions that unleash transformative change.**

More information on www.hofstede-insights.com/about-us

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EXECUTIVE SUMMARY

Organisational Culture is a critical element in driving business success, as it shapes employee behaviour and influences everything going on in an organisation. However, navigating the intricacies of Organisational Culture can be challenging, particularly when considering the potential gaps between management and employee perspectives. This report highlights several key findings related to the alignment of views between management and employees:

It is rare that the management and the employees see everything completely differently. The differences tend to be in certain aspects of Organisational Culture.

While most management teams “walk the talk” well, there are certain aspects of Organisational Culture where up to 30% of managers have had a detrimental effect.

Level of Control demonstrates the highest alignment between employees and management, but significant gaps persist in countries like India, Peru, and Belgium.

The industry plays a significant role in determining alignment between employee and management views, with the largest gaps found in Finance and Insurance.

Both the management and the employees want a more Professional culture than what they currently have in all parts of the world.

As management level increases, alignment with employee perspectives decreases, highlighting potential communication challenges.

Significant geographical differences exist in what the employees and the management wants, and how far apart their views are. For example, employees in the US, Germany, France, and Sweden want a much more goal-oriented culture than the management.

These key findings suggest that it is critical for companies to regularly assess their Organisational Culture, ensuring that the culture supports the company’s strategy. Failure to do so can lead to negative consequences such as misunderstanding and broken communication between the managers and the employees, reduced employee morale and productivity, disrupted information flow, and ultimately, hinder the organisation’s success.

GLOBAL REPORT

IN A NUTSHELL



53639

RESPONDENTS

For the purpose of this report, we conducted an analysis of the data from our measurements from the past three years. The substantial dataset consisted of responses from 53639 individuals.



2011

PROJECT REPORTS

Depending on the specific nature of the project at hand, the scope of the units we measured varied significantly, encompassing a diverse range of organisational structures that spanned from entire companies down to individual departments and teams.



166

COUNTRIES

The data analysis covered an impressive 166 countries, covering nearly the entire planet. This comprehensive coverage ensures that our findings are based on a diverse and representative sample.



INTRODUCTION

LET'S START!

In today's rapidly evolving business landscape, Organisational Culture has emerged as a vital component for driving success and growth. It influences employee behaviour, shapes decision-making processes, and impacts every aspect of an organisation's operations. Despite its importance, navigating the intricate web of Organisational Culture can be a daunting task, especially when it comes to bridging the potential gaps between management and employee perspectives. This report delves into the key findings related to the alignment of views between these two groups, exploring the role of geography, industry, and management levels in shaping Organisational Culture.

Through extensive research over three years, we studied all six dimensions of Organisational Culture all around the world, to uncover potential areas where organisations can focus their efforts in creating a culture that is both optimal for company strategies, as well as satisfying for employees. Our findings explore why some cultural changes may be difficult to achieve, and provide actionable steps for organisations to improve their corporate culture.

“

Money saved is money earned. Misalignments between managers and employees are the norm in many organisations, causing major inefficiencies. This report is a stepping stone in increasing your operational efficiency with up to 35% by ensuring Cultural Executive Ownership - managers walking the talk and employees understanding that talk.

Group CEO of The Culture Factor Group

EGBERT SCHRAM

CONTENT

- 02 | HOW TO READ THIS REPORT
- 03 | DIMENSION 1: ORGANISATIONAL EFFECTIVENESS
- 05 | DIMENSION 2: CUSTOMER ORIENTATION
- 07 | DIMENSION 3: LEVEL OF CONTROL
- 09 | DIMENSION 4: FOCUS
- 11 | DIMENSION 5: APPROACHABILITY
- 13 | DIMENSION 6: MANAGEMENT PHILOSOPHY
- 15 | INDUSTRY TRENDS
- 16 | INSIGHTS AND OPPORTUNITIES
- 19 | APPLIED FINDINGS

HOW TO READ THIS REPORT

This report looks into the differences between what managers want and what employees want from Organisational Culture in multiple countries.

We compared Optimal Culture and Desired Culture, by analysing all six dimensions of Organisational Culture in organisations around the world.

To effectively read and comprehend this report, it is crucial to differentiate between Optimal Culture and Desired Culture.



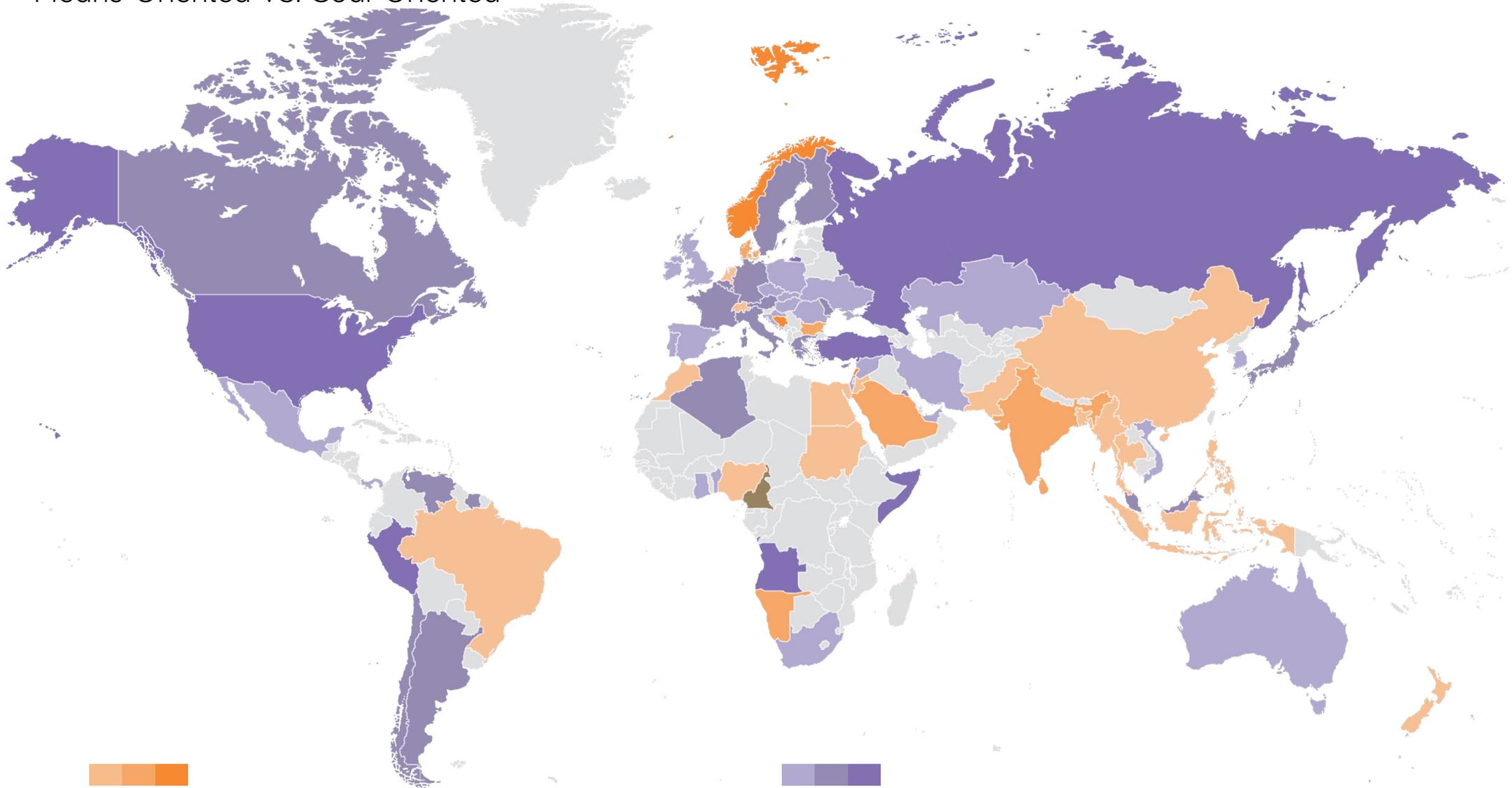
Optimal Culture refers to the ideal culture that best supports an organisation's strategy whilst taking into account any existing constraints. Conversely, **Desired Culture** is based on employees' vision of their perfect work environment.

In an Organisational Culture Transformation project, an organisation's Optimal Culture is defined by the CEO or the management team. Therefore, when we discuss the culture that the management desires in this report, we derive this information from the Optimal Culture data. On the other hand, when we address the culture that employees want, we obtain the data from the Desired Culture scores. Additionally, when we explore the differences among the managers of different levels, we also consider the Desired Culture of the managers themselves.

By understanding these key concepts, you can gain valuable insights into the differences between what managers and employees want from an organisation's culture in all regions around the world.

DIMENSION 1: ORGANISATIONAL EFFECTIVENESS

Means-Oriented VS. Goal-Oriented



Employees wish for a more means-oriented culture than what the management has defined. In a means-oriented culture, the key feature is the way in which work has to be carried out; people identify with the “how”. People perceive themselves as risk-avoiding and making only a limited effort in their jobs, while each workday is pretty much the same.



Employees wish for a more goal-oriented culture than what the management has defined. In a goal-oriented culture, employees are primarily out to achieve specific internal goals or results, even if these involve substantial risks; people identify with the “what”.



Employees wish for the same culture that management has defined.

DIMENSION 1

ORGANISATIONAL EFFECTIVENESS

Means-Oriented VS. Goal-Oriented

Average of what employees want is 75.8

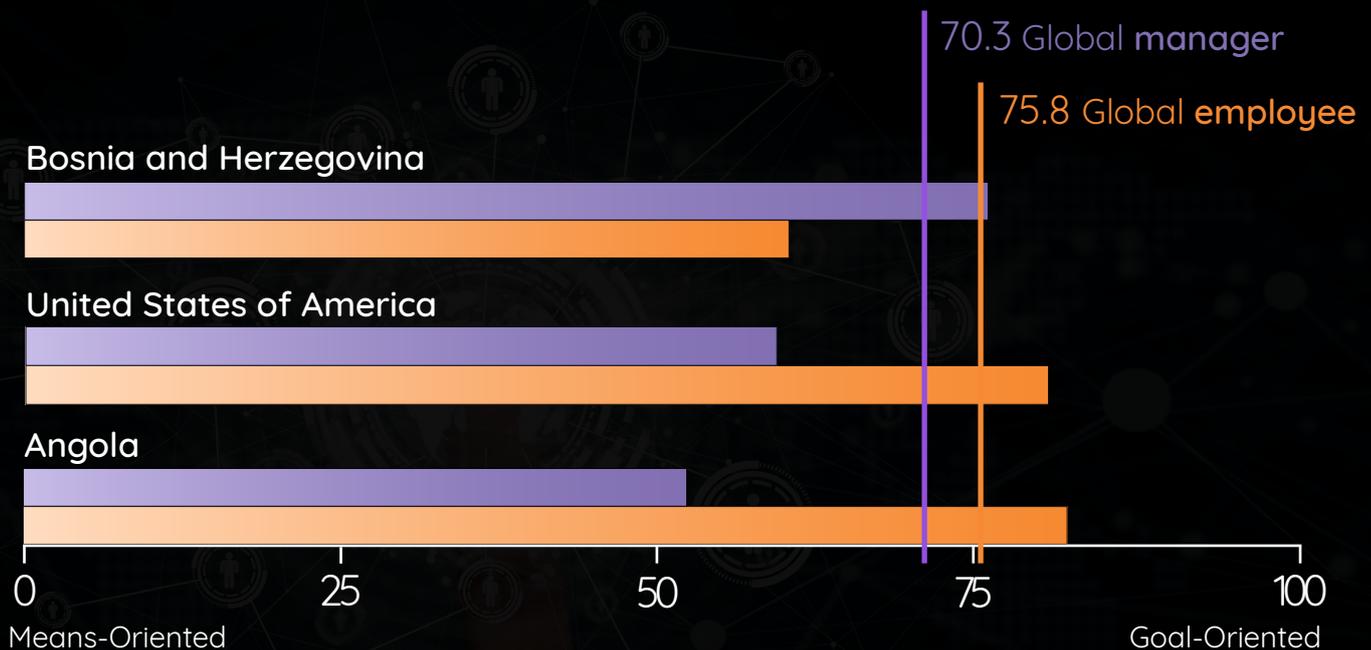
Average of what the management wants the culture to be is 70.3

While the averages are quite close to each other, looking at the data on the country level reveals some gaps:

In **Angola**, employees want a significantly more goal-oriented culture than the management, employees averaging at 81.3 while the management averages at 52.1. In a goal-oriented culture, employees are primarily out to achieve specific internal goals or results, even if these involve substantial risks.

Similarly in **The US**, the employees want a significantly more goal-oriented culture at 80.2 while the managers average at 58.1.

Other examples of places where employees want a notably more goal-oriented culture are Sweden, Germany, France, Turkey, Chile, Peru and more.

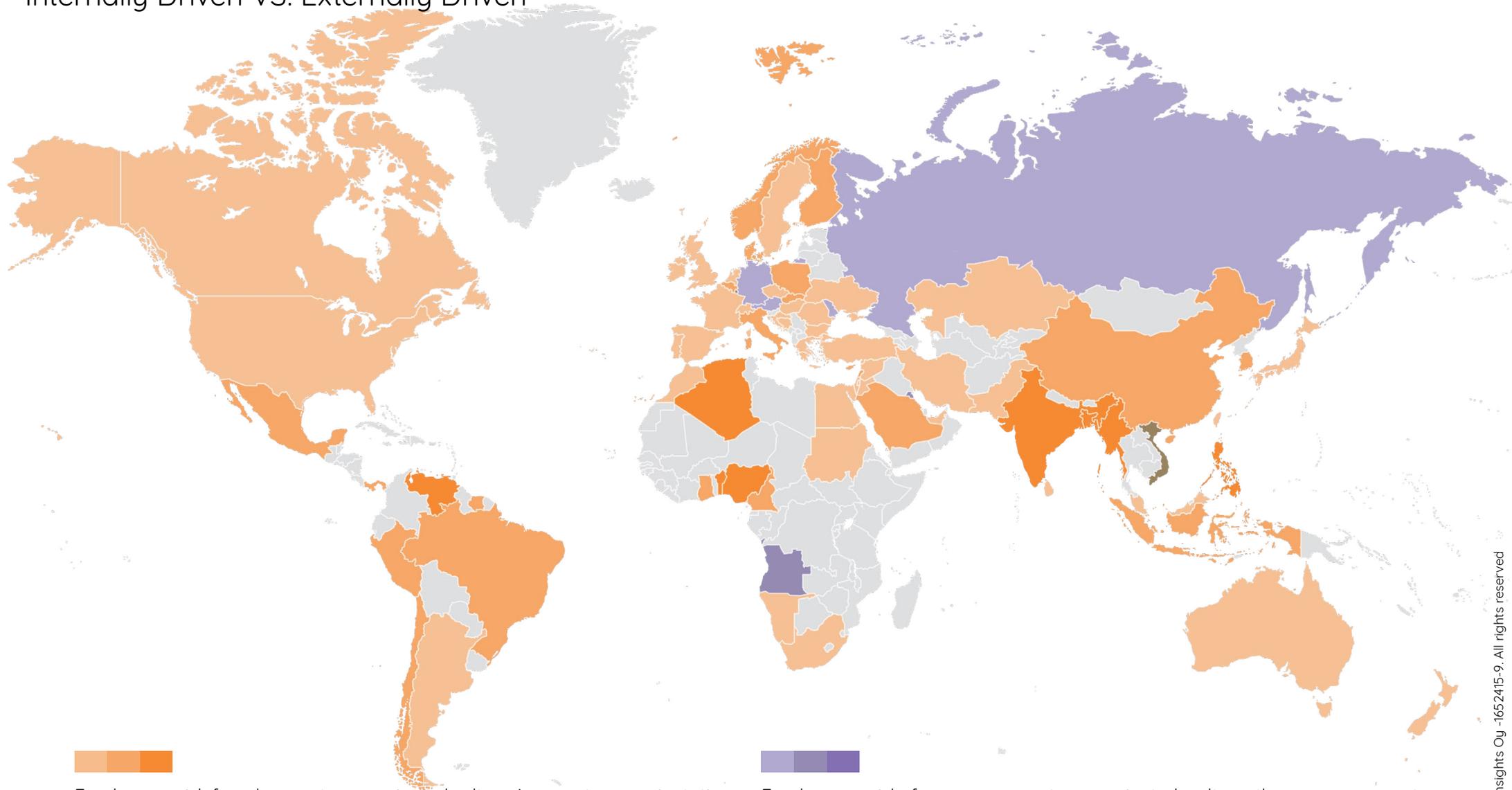


Examples can be found on the other end of the scale as well. In **Bosnia and Herzegovina**, for instance, employees average at 59.1 while the management averages at 75.9, meaning that here it is the management who wants a more goal-oriented culture than the employees. Both scores are on the higher spectrum of the scale however, meaning that we tend to talk about different levels of goal-orientation.

Other examples of places where the management wants a notably more goal-oriented culture are Norway, Bulgaria, Saudi Arabia, and India.

DIMENSION 2: CUSTOMER ORIENTATION

Internally Driven VS. Externally Driven



Employees wish for a less customer-oriented culture. Low customer orientation can also be called internally driven culture. In a highly internally driven culture, business ethics and honesty matter most and employees know best what is good for the customer and the world at large.



Employees wish for the same culture that management has defined.



Employees wish for a more customer-oriented culture than management has defined. High customer orientation can also be called externally driven culture. In a very externally driven culture, the only emphasis is on meeting the customer's requirements; results are most important and a pragmatic rather than an ethical attitude prevails.

DIMENSION 2

CUSTOMER ORIENTATION

Internally Driven VS. Externally Driven

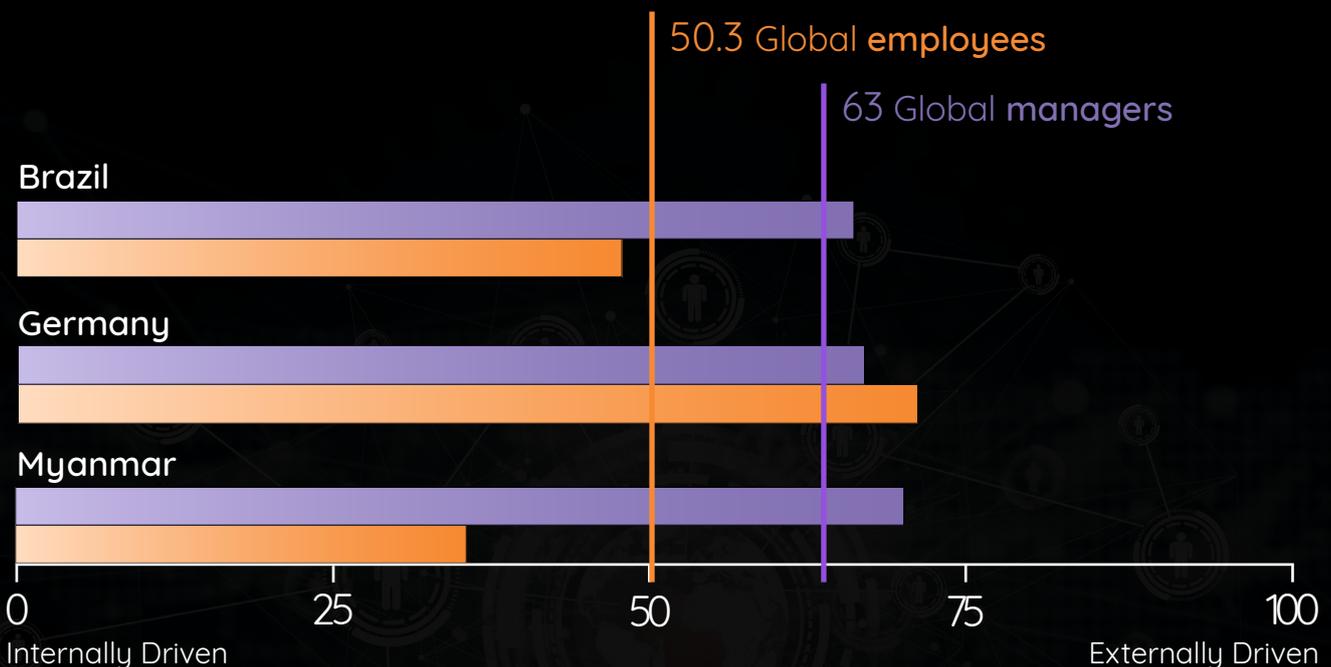
Average of what employees want is 50.3

Average of what the management wants the culture to be is 63

Almost everywhere in the world, employees want a less customer-oriented culture than the management.

Exceptions include Germany, Austria, Moldova, Angola and Kuwait. High customer orientation can also be called an externally driven culture. In a very externally driven culture the only emphasis is on meeting the customer's requirements; results are most important and a pragmatic rather than an ethical attitude prevails.

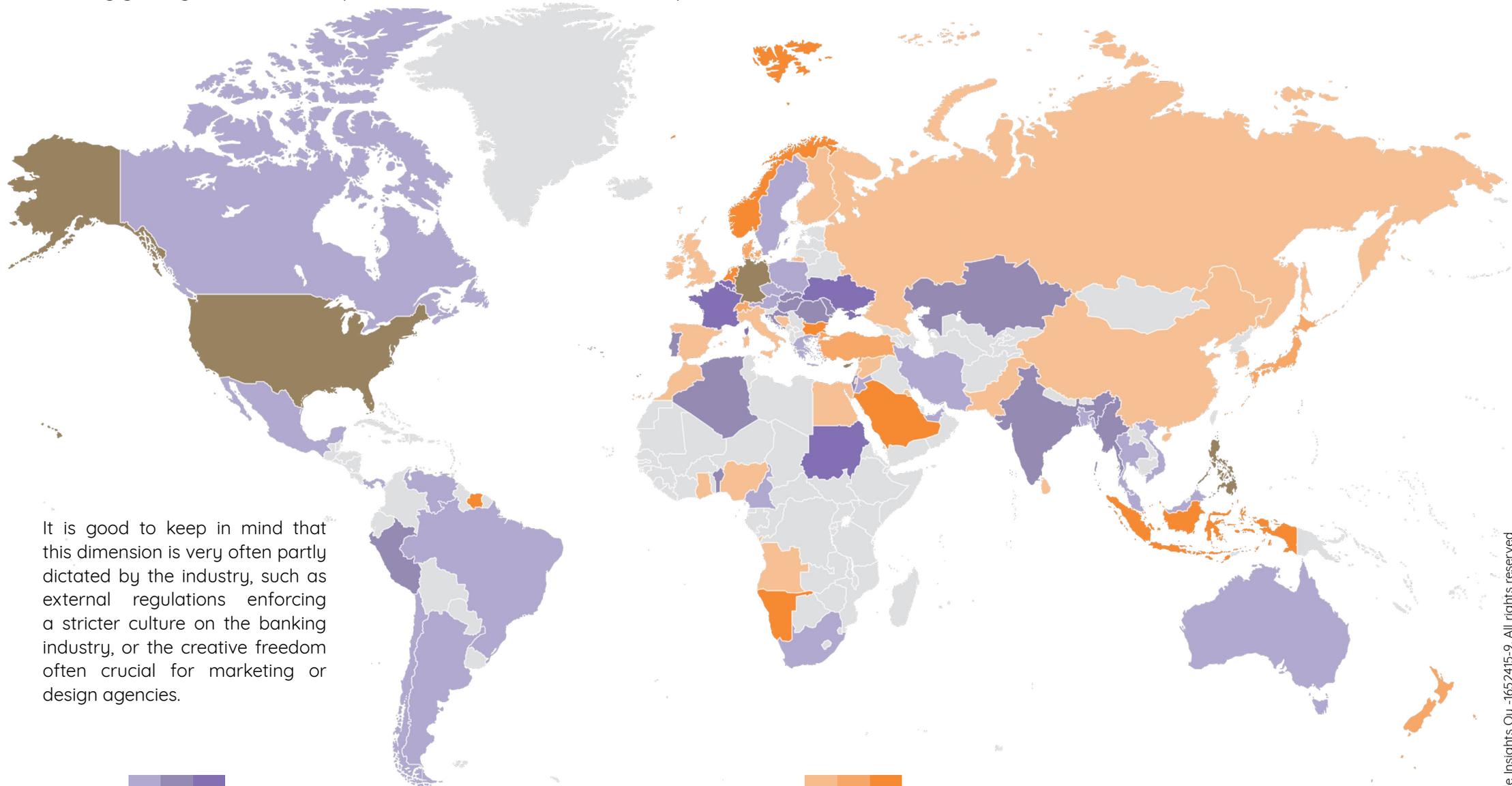
In **Myanmar** the gap between employees and the management is the largest, with employees averaging at 34.1 and the management at 69.5.



Other examples of large gaps include Finland, Brazil, Mexico, Algeria, India, Nigeria, Norway and more.

DIMENSION 3: LEVEL OF CONTROL

Easygoing Work Discipline VS. Strict Work Discipline



It is good to keep in mind that this dimension is very often partly dictated by the industry, such as external regulations enforcing a stricter culture on the banking industry, or the creative freedom often crucial for marketing or design agencies.



Employees wish for a more strict culture than what management has defined. A very strict work discipline reveals the reverse. People are very cost-conscious, punctual and serious.



Employees wish for a more easygoing culture than what management has defined. A very easygoing culture reveals a fluid internal structure, a lack of predictability, and little control and discipline; there is a lot of improvisation and surprises.

 Employees wish for the same culture that management has defined.

DIMENSION 3

LEVEL OF CONTROL

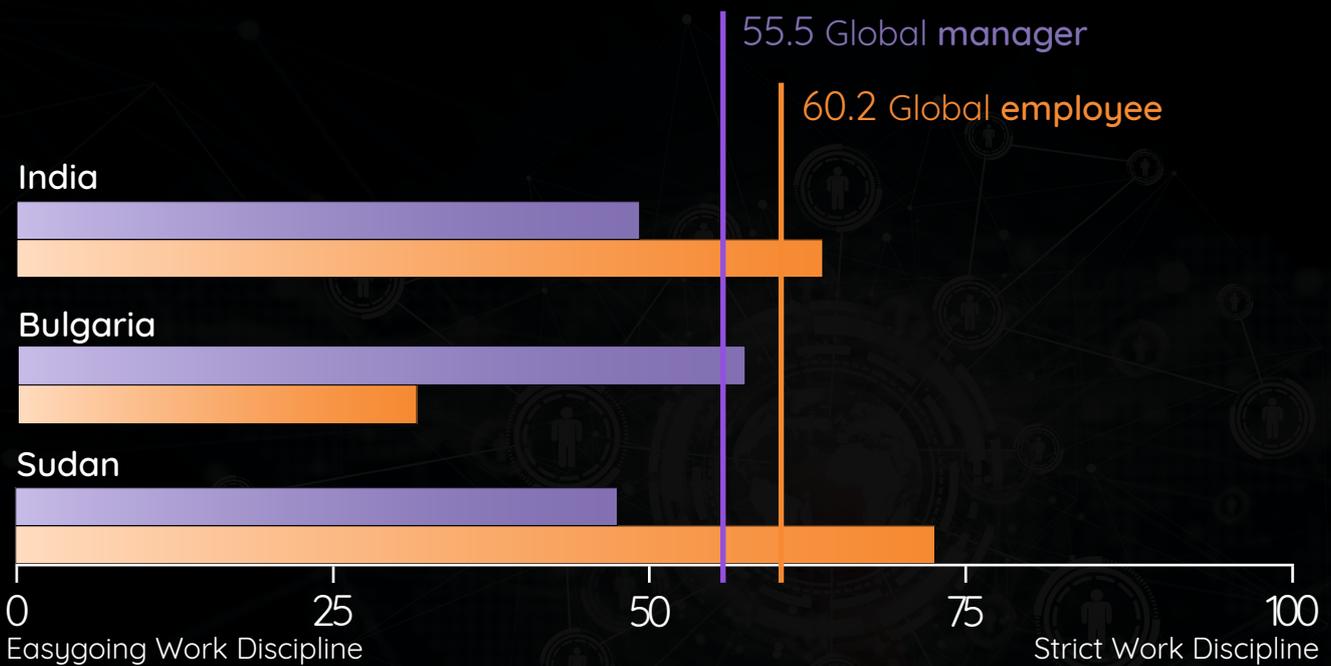
Easygoing Work Discipline VS. Strict Work Discipline

The Level of Control is the dimension where the views of employees and the management are the most aligned, in average.

Average of what employees want is 60.2

Average of what the management wants the culture to be is 55.5

However, large gaps can be seen at both ends of the scale. In **Sudan**, employees average at 72.1 and the management want a significantly more easygoing culture, averaging at 46.8. A very easygoing culture reveals a fluid internal structure, a lack of predictability, and little control and discipline; there is a lot of improvisation and surprises.



Other countries where employees want a significantly stricter culture include:

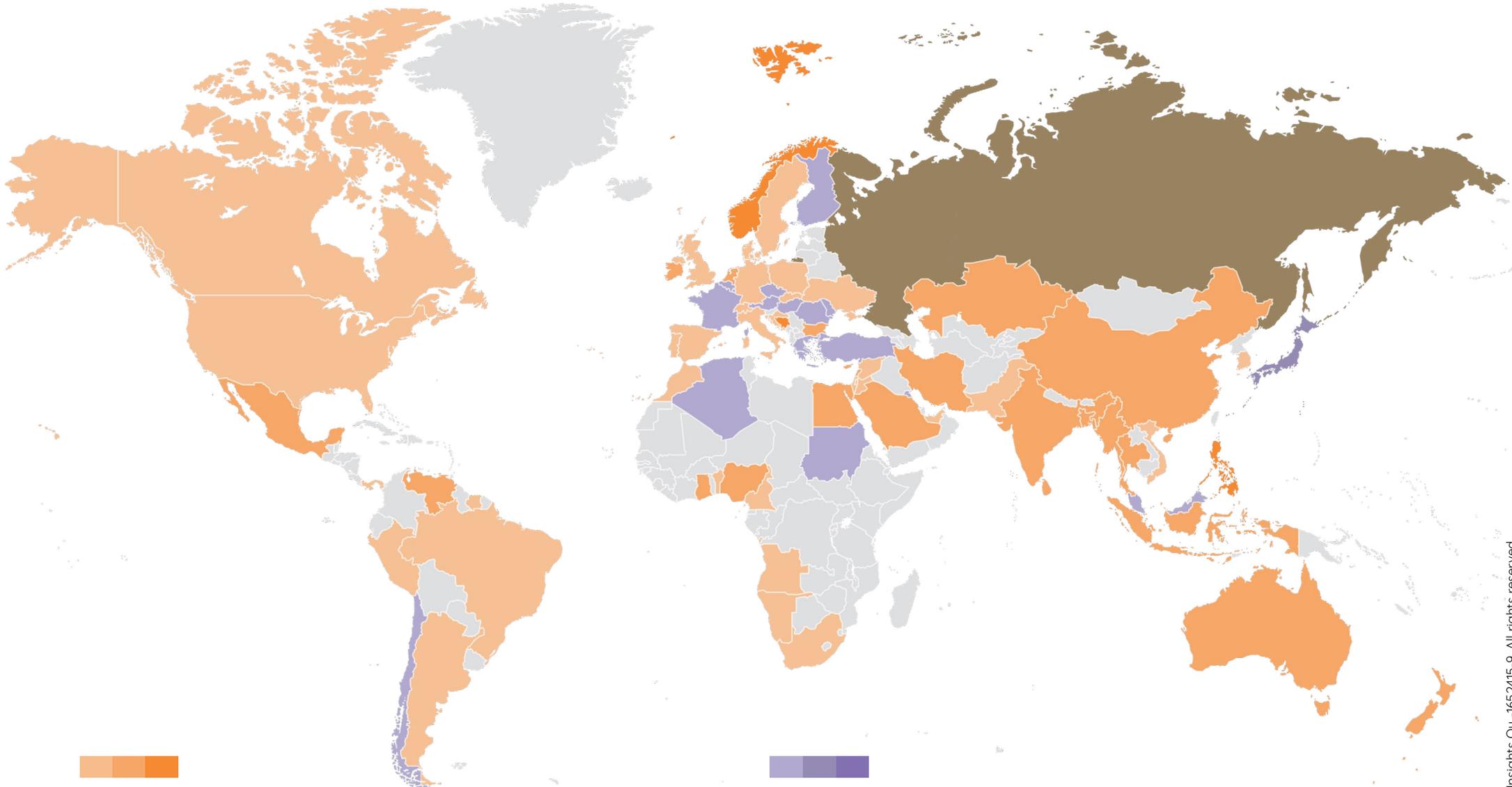
Kazakhstan, Ukraine, France, Belgium, Peru, Slovakia, Hungary, India.

In **Bulgaria**, employees average at 30.9 and the management want a significantly stricter culture, averaging at 57. In a strict culture people tend to be very cost-conscious, punctual and serious.

Other examples of places where employees want a notably more easy-going culture are Indonesia, Namibia, Saudi Arabia, Norway, and Japan.

DIMENSION 4: FOCUS

Local VS. Professional



Employees wish for a more local culture than what the management has defined. In a local culture, employees identify with the boss and/or the unit in which they work. In a very local culture, employees are very short-term directed, they are internally focused and there is strong social control to be like everybody else.



Employees wish for the same culture that management has defined.



Employees wish for a more professional culture than what the management has defined. In a professional culture, the identity of an employee is determined by his profession and/or the content of the job. In a professional culture, individuals are oriented towards long-term goals, externally focused, and encouraged to express their unique qualities, rather than conforming to social norms.

DIMENSION 4

FOCUS

Local VS. Professional

Average of what employees want is 69.4

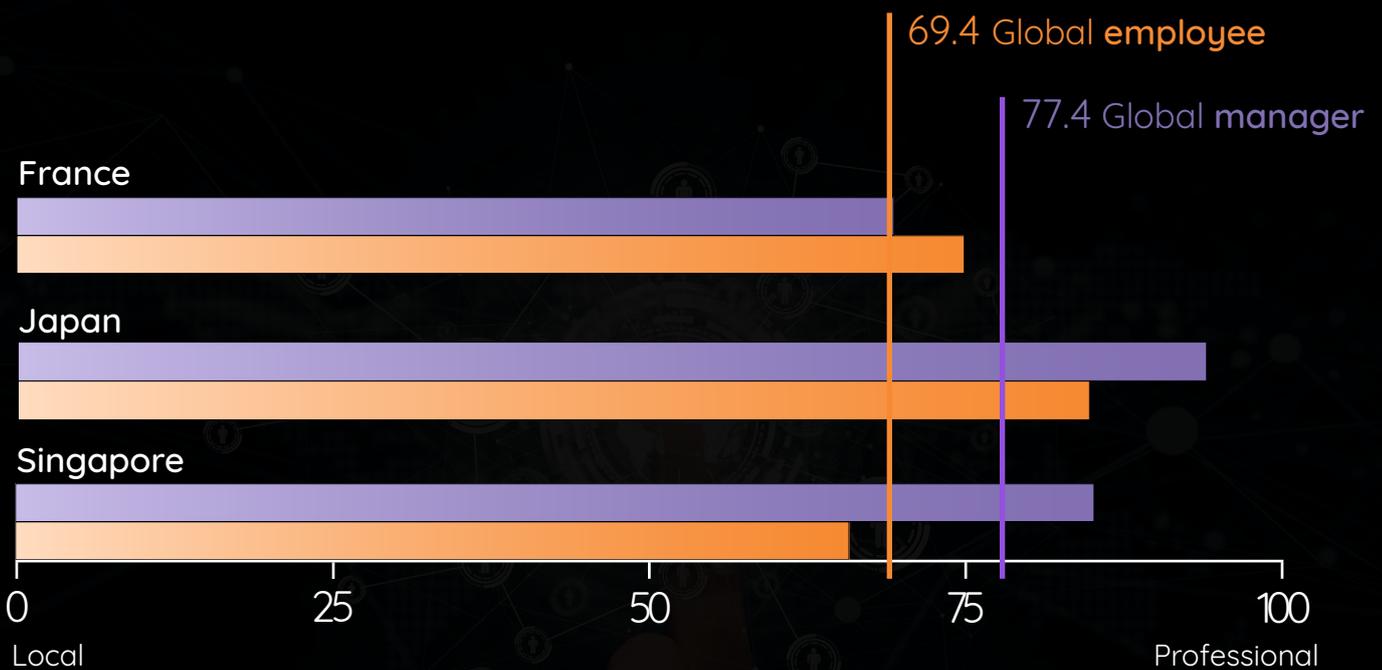
Average of what the management wants the culture to be is 77.4

In most places around the world, employees want a more local culture than what the management wants.

Exceptions include Finland, France, Belgium, Japan, Romania, Moldova, and Chile.

In **Singapore**, employees average at 65.2 and the management at 85.6, making it the country with the largest gap between.

In **Japan**, the gap is smaller, with employees averaging at 84.9 and the management at 93.9.

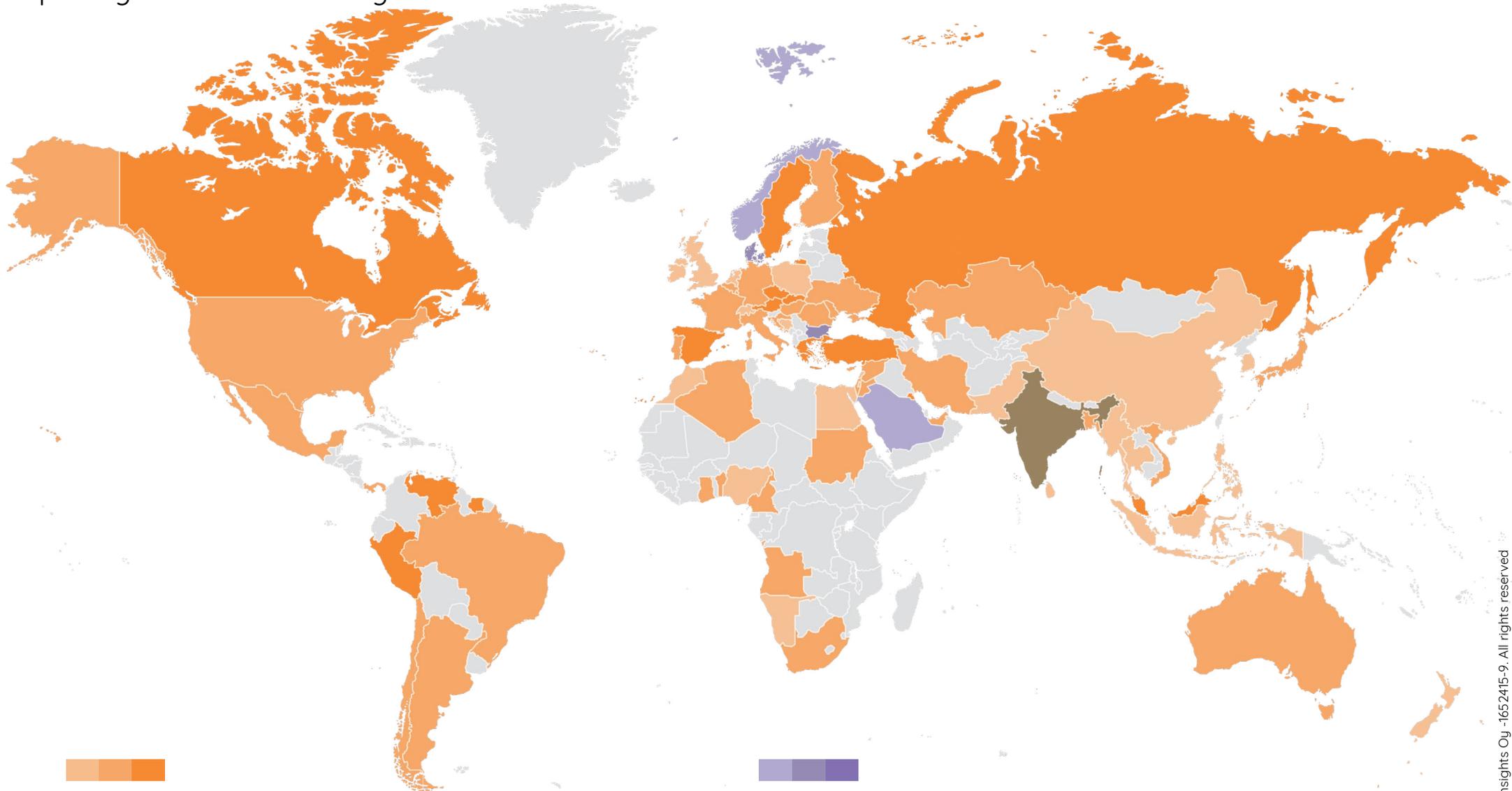


Other countries where employees want a notably more professional culture than the management does include Finland, France, Chile, Belgium, Romania and Moldova.

Worth noting is that we are mainly talking about different degrees of Professionalism. The average of what the employees want or what management wants is above 50 all around the world. An additional interesting finding is that the Actual Culture - the measured culture that the companies have had at the time of the measurement - is almost always more local than what is wanted by both, the employees and the management.

DIMENSION 5: APPROACHABILITY

Open System VS. Closed System



Employees wish for a more open culture than what the management has defined. In a very open culture newcomers are made immediately welcome, one is open both to insiders and outsiders, and it is believed that almost anyone would fit in the organisation.



Employees wish for the same culture that management has defined.



Employees wish for a more closed culture than what the management has defined. In a very closed culture outsiders are not welcome, newcomers have to prove themselves, and people tend to be secretive.

DIMENSION 5

APPROACHABILITY

Open System VS. Closed System

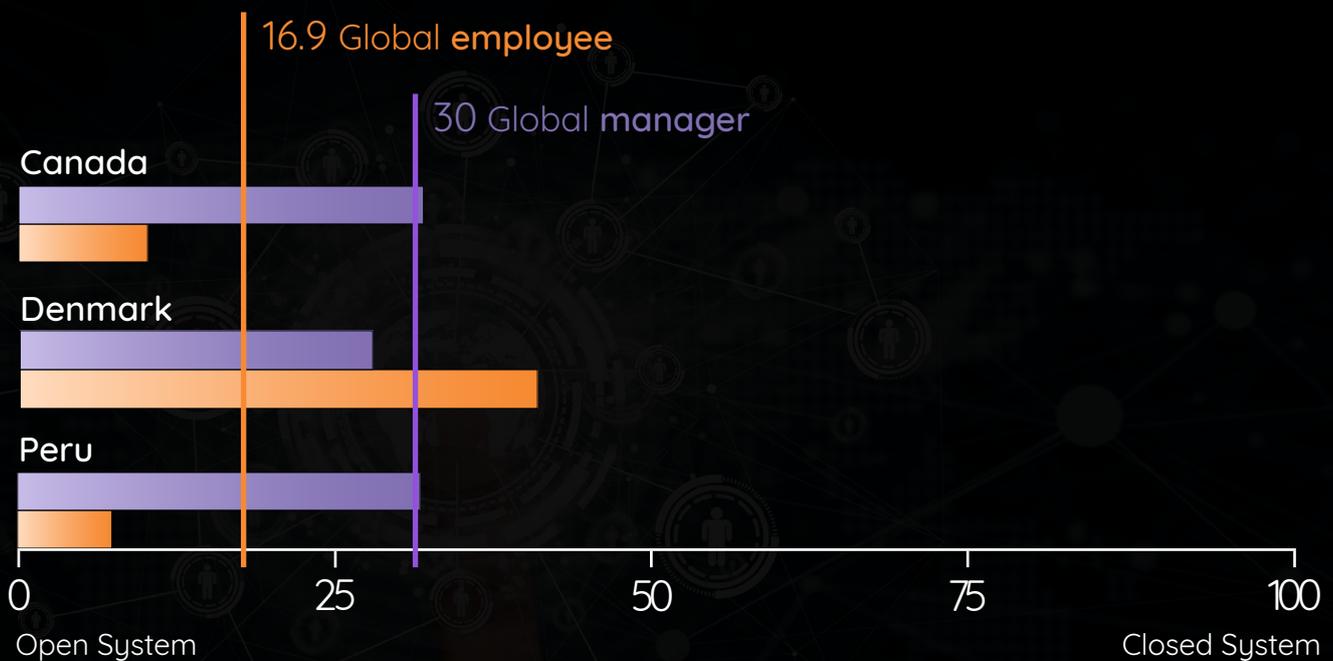
Average of what employees want 16.9

Average of what the management wants the culture to be 30.0

Almost everywhere in the world, employees want a more open culture than what the management wants.

Exceptions are Bulgaria, Saudi Arabia, Denmark and Norway.

In **Peru**, the employees want 6.8 and the management has defined 30.8.

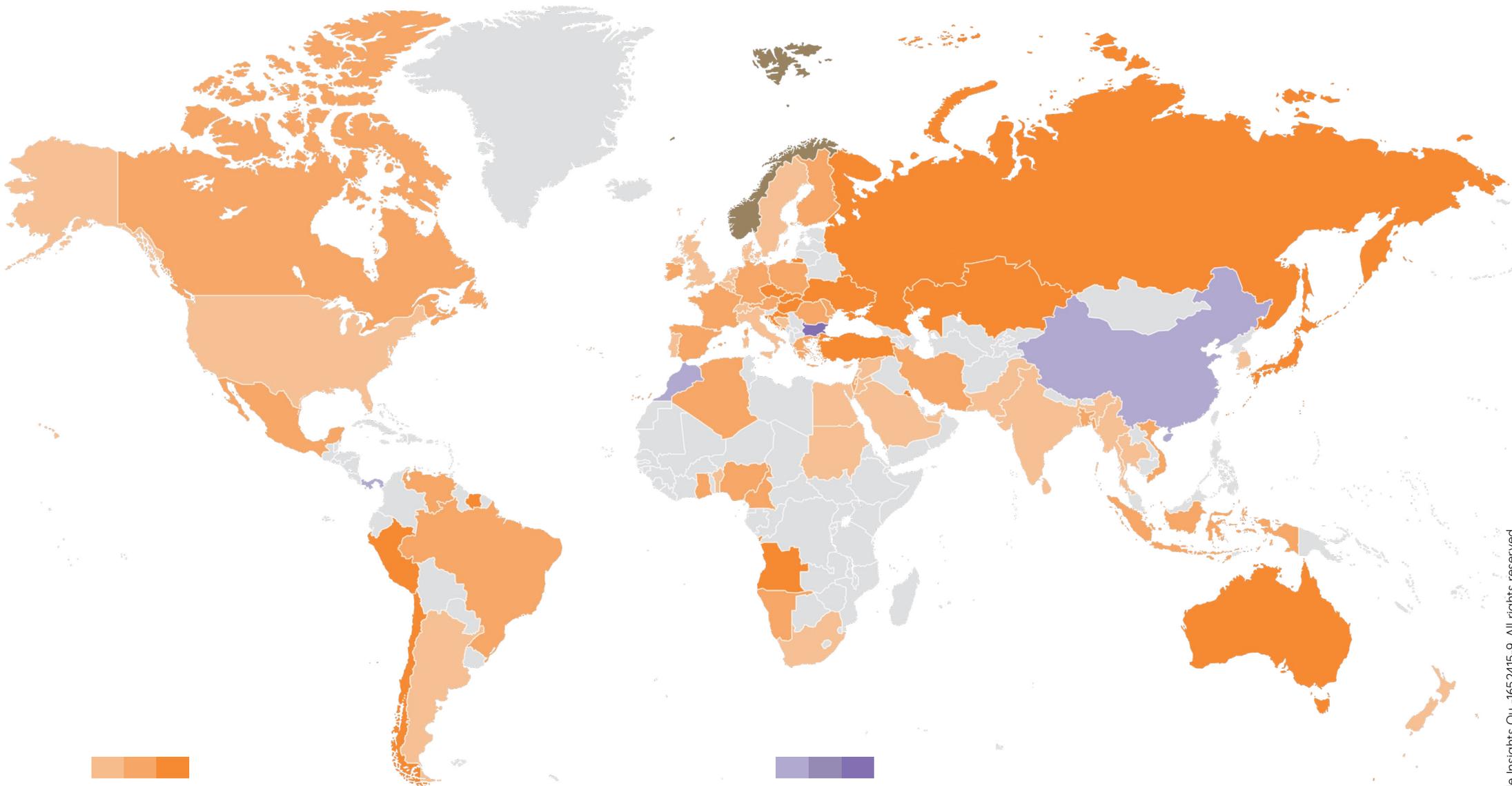


Other notable differences include Sweden, Spain, Canada, Czech Republic etc.

Worth noting is that both employees and the management almost always want the culture to be open rather than closed. The difference is, that in most countries the employees would prefer the culture to be even more open than what the management has defined. This sounds like a positive finding, because a highly closed culture tends to be dysfunctional in most situations. However, the Actual Culture, the measured culture that the companies have had at the time of the measurement - is almost always more closed than what the employees or the management wants.

DIMENSION 6: MANAGEMENT PHILOSOPHY

Employee-Oriented VS. Work-Oriented



Employees wish for a more employee-oriented culture than what the management has defined. In very employee-oriented organisations, members of staff feel that personal problems are taken into account and that the organisation takes responsibility for the welfare of its employees, even if this is at the expense of the work.



Employees wish for a more work-oriented culture than the management has defined. In very work-oriented organisations, there is heavy pressure to perform the task even if this is at the expense of employees.



Employees wish for the same culture that management has defined.

DIMENSION 6

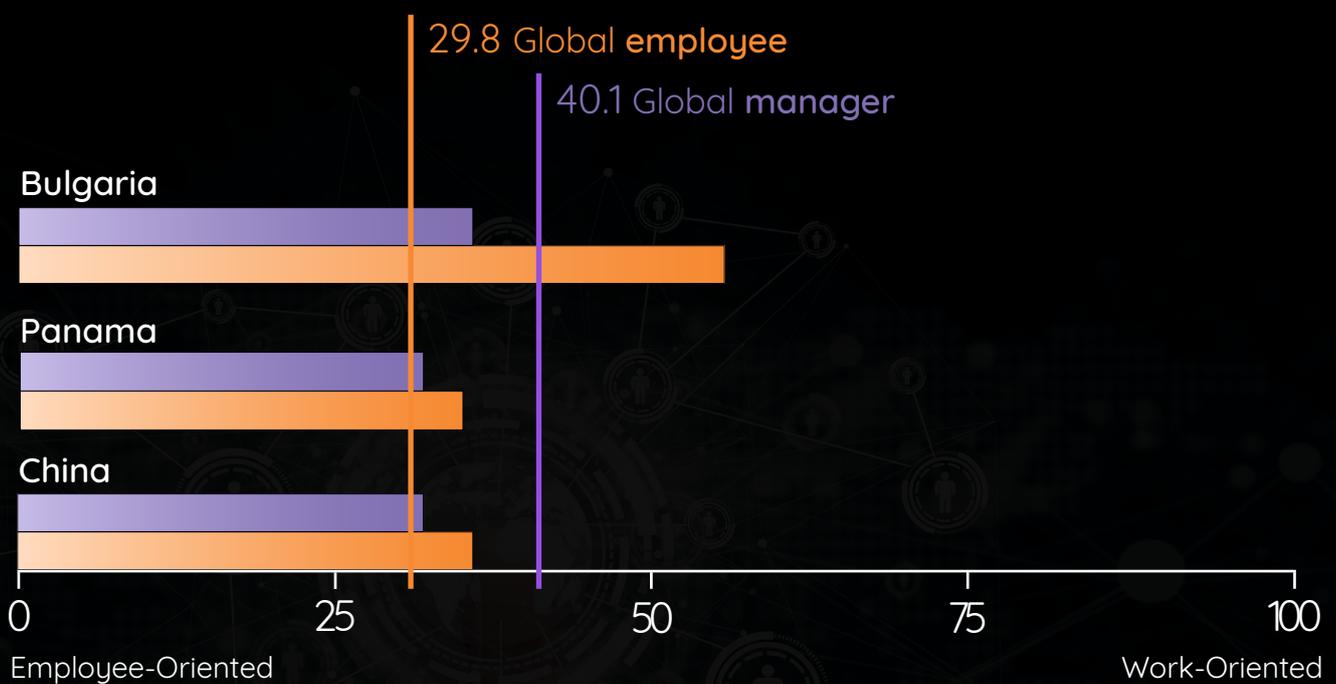
MANAGEMENT PHILOSOPHY

Employee-Oriented VS. Work-Oriented

Average of what employees want 29.8

Average of what the management wants the culture to be: 40.1

Almost everywhere in the world, employees want a more employee-oriented culture than what the management wants. In very employee-oriented organisations, members of staff feel that personal problems are taken into account and that the organisation takes responsibility for the welfare of its employees, even if this is at the expense of the work.



The only exceptions are **China** and **Panama**, where the wishes are close to a match, and **Bulgaria**, where employees wanted 55.2 while management had defined 35.0.

INDUSTRY TRENDS

FINANCE, HEALTH CARE, EDUCATION AND MORE

When looking at the differences globally but comparing different industries, the biggest outlier seems to be **Finance and Insurance** where the differences between what the managers want and what the employees want are substantial in Organisational Effectiveness, Customer Orientation, Level of Control and Focus.

In **Health Care and Social Assistance** the differences are not as drastic, but especially in Customer Orientation, Level of Control, Approachability and Management Philosophy they are still notable.

Both, in **Transportation and Logistics** and in **Information** industries, the gaps are smaller, but consistent in almost every dimension.

The industry where the views seem to be the most aligned is **Education**, where the views are quite close to each other, except for Focus and especially Approachability.

Employees' motivation to stay is the smallest in **Transportation and Logistics, Health Care and Social Assistance, and Educational Services**, and highest in **Agriculture, Forestry, Fishing and Hunting, Mining** and **Finance and Insurance**.

Motivation to work hard is the lowest in **Construction** whereas it is also the industry where the managers would want it to be higher than in any other industry.

INSIGHTS AND OPPORTUNITIES

TOP PRIORITIES FOR MANAGERS IN TERMS OF COMPANY CULTURE

One thing is clear: managers are people too, not only their work titles. Even executive level managers often personally desired a fairly different culture than what they thought is best for the organisation. In other words, they knew what is the best culture to support the company's strategy, and they were usually ready to work on implementing that culture, even if it was not always aligned with what they would have liked personally. An advice therefore is that managers should be more vocal about this paradox - to showcase more vulnerability.

AREAS WITH BIGGEST MISALIGNMENT BETWEEN MANAGERS AND EMPLOYEES

The biggest misalignments are in Dimension 2 - Customer Orientation - where the employees average at 50.3 and the management at 63.0 and Dimension 4 - Focus - where the employees average at 69.4 and the management at 77.4.

WHERE ARE THE VIEWS MOST ALIGNED?

In Dimension 3 - Level of Control - the averages of both employees and the management are quite close to each other. The average of what the employees want is 60.2 and the average

of what the management wants the culture to be is 55.5.

A different kind of alignment can be seen when looking at Dimension 5 - Approachability. The actual culture - the measured culture that companies actually have - is almost always more closed than what either the management or the employees would want. This illustrates how data security, GDPR requirements, and other external regulations have a key role in shaping cultures of organisations.

THE ROLE OF AGE IN DESIRED CULTURE

Age has an effect - sometimes even a very significant effect - on the culture the employees want. The clearest example of this is Dimension 3 - Level of Control, which is the dimension where the views of the managers and the employees are the most aligned, in average. The average score for all employees is 60.2 but when looking at the different age groups, we see significant differences. Under 30-year-olds average at 46 and 50-59-year-olds average at 65. In terms of the measurement scale that we use, this is a massive difference. While Level of Control is the dimension that shows the gap the most drastically, differences between age groups

can be seen in most dimensions. The only dimension where there is very little difference between the age groups is Dimension 2 - Customer Orientation.

HOW ALIGNED ARE THE VIEWS OF MANAGERS OF DIFFERENT LEVELS?

In almost every dimension we can see a consistent trend: Managers of different levels are closer to each other than to the other employees. Furthermore, this is always hierarchical as well, lower level managers being closer to the employees than the middle managers, and the executive level managers being furthest away from the others. However, in Management Philosophy everyone wants almost the same level of Employee Orientation.

This offers two kinds of insights. Is it beneficial for organisational strategy, that managers are more aligned with each other than with the other employees? It can be. Perhaps it is crucial that the organisation has a strong sense of consistency and direction, and the aligned managers are meant to offer that consistency. Or perhaps the employees are meant to provide new perspectives and creative thinking, and thus the differences between managers and the employees becomes a positive thing, as long as the communication still works.

Furthermore, this might be an indicator, that the people who get promoted into management positions, are the ones most fitting to those positions. However, it might also be the case that people get promoted based on how they view things rather than their managerial skills

or experience. This in turn can result into more tunnel vision, where diversity of thought gets shut down. It is crucial to keep in mind, that there is no one clear answer on whether or not this sort of thinking is beneficial or harmful for a company's strategy. Every organisation is different and operates in their unique context.

THIS REPORT SHOWS WHAT THE EMPLOYEES AND THE MANAGERS WANT, BUT HOW IS THE ACTUAL CULTURE OF ORGANISATIONS AROUND THE WORLD?

We glimpsed at this in the Industry Trends section of the report, and in a couple of the dimension summaries. We do have the same data on the actual culture of the organisations as well, but looking deeper into that was not in the scope of this report.

CAN WE DRAW CONCLUSIONS ON HOW THE SCORES ALIGN WITH NATIONAL CULTURE?

We can certainly see indicators in Organisational Cultural preferences that seem logical also from the point of view of National Culture. For example, looking at Individualism and Organisational effectiveness, It appears that the countries whose Individualism score is on the higher end of the spectrum tend to also be countries where the employees want a more goal-oriented culture than what the management wants. This would sound logical because it could be expected that very individualistic people would also be more goal-oriented, rather than focusing on HOW to do their work.

It is however crucial to keep in mind that culture is an extremely complicated phenomenon. One might, for instance, expect

that employees coming from a high Power Distance culture, where hierarchical power distribution is more accepted, would be the ones that are also more accepting towards higher Level of Control at work. While this is true for many cases, Level of Control would also likely connect to Uncertainty Avoidance, an employees comfortability with uncertainty and ambiguity, and Individualism, a person's preference on personal freedom.

If a person is uncomfortable with hierarchies, wants a lot of personal freedom but also is uncomfortable with the unexpected and wants a lot of guidance, would they prefer

an Easygoing way of working (which would align with lack of hierarchies and their wish for personal freedom), a Strict way of working (which would align with their preference for guidance and avoiding the unexpected), or would they not align on either side? The only way to answer this with certainty is to ask your employees.

You can make estimations on the preferences of groups of people based on their national culture, but in order to understand the people working for your company, within the context of your organisation, you need to ask them.



DO THE MANAGERS THEMSELVES “WALK THE TALK”?

In average, the management team members we have measured do “walk the talk.” It is however good to keep in mind that the managers that would be the most likely to refuse to lead by example would be the people that would be unlikely to engage with us. When looking at the dimensions in more detail, we can see that the dimension where the management has had the least difficulties in is Dimension 2 - Customer Orientation - where managerial behaviour is the closest to the goals of the company, and only 1% of cases have been so far from the goal that it is likely

to be actively dysfunctional. The dimension with the most difficulties has been Dimension 1 - Organisational Effectiveness - where the average score is still positive, but very close to the neutral line, and where more than 30% of the cases have been actively dysfunctional. Other dimensions where at least 15% of the measured cases have been dysfunctional are Dimension 3 - Level of Control - and Dimension 6 - Management Philosophy.



APPLIED FINDINGS

WHERE TO GO FROM THERE?

If your ways of working are not aligned with what important parts of your workforce wish to have, you have two options: change your strategy, or accept that people are not going to stay

WHAT IF I DO NOT WISH TO, OR, CANNOT ALIGN OUR WAYS OF WORKING WITH HOW THE EMPLOYEES WANT TO WORK AND THEREFORE CHOOSE NOT TO CHANGE THE CULTURE OF MY ORGANISATION?

If your ways of working are not aligned, and you cannot - or choose not to - change your strategy, you must accept that attracting and retaining talent will be more challenging. Yet, you also have to ensure a constant in and out flow of new employees, each taking their time to find their place and add economic value to your organisation. This can be difficult to balance, but is sometimes necessary and you will have deal with the strategic and financial implications of this.

WHAT IF I WANT TO ALIGN MY WAYS OF WORKING WITH HOW THE EMPLOYEES WANT TO WORK AND THEREFORE CHOOSE TO CHANGE MY CULTURE?

Cultural alignment is all about ensuring that you have consistency between what you do and what you say you do.

For example, as mentioned earlier in this report, both the employees and the management tend to want to have a more Professional culture than what their organisations had during the measurement. This means that people would want to identify more with their profession or the type of work they do, rather than with their boss or the team they work in.

To steer your culture towards being more professional, you can promote things such as:

- Sponsor professional magazine subscriptions or literature
- Allow employees to use some of their work time on learning their profession, or even sponsor professional training or courses.
- Create interactive learning circles - where employees from across various units present learnings or cases that have impacted their work.
- Ensure that the recruitment and the rewarding system supports your change objectives.

However, as with everything regarding culture, this change will have many sides to it. Employees might have wanted a more professional culture, so the working practices are now more aligned with their wishes. At the same time, making an organisation more professional will decrease people's motivation to stay if, or when, an organisation cannot

constantly offer more and more development opportunities.

HOW DO I BECOME MORE PROFESSIONAL AND INCREASE EMPLOYEES' MOTIVATION TO STAY THEN?

This is where The Culture Factor Group steps in. We can help organisations with making sense of the big picture and deciding on what kind of effects and implications the measures they are taking are likely to have. While this report provides a thorough overview on what the employees and the management wants on a global scale, and across industries, as a cultural analytics expert organisation we assist organisations to look at their specific context.

Not everybody has to - nor should - be like Netflix or Google. Your culture should work for you, in your context, with your strategy.



CONTACT US TO GET STARTED!

This report is a summary report. If you are interested in more specific information, do not hesitate to contact us. Please bear in mind that we can only provide aggregated results as company specific reports are subject to data protection agreements in place.



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