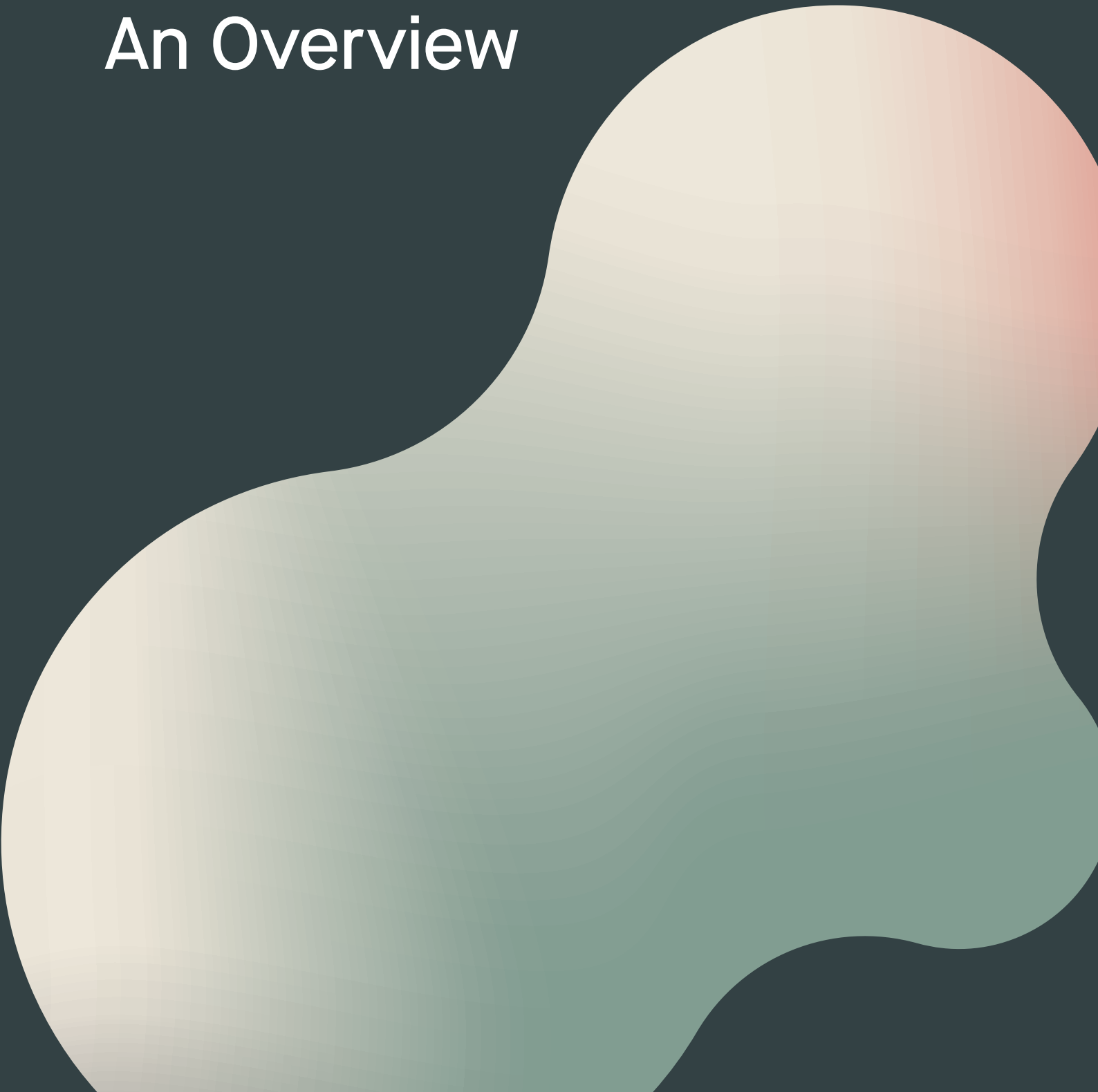


cultivate
by keogh

Cultivate by Keogh An Overview



Contents

Chapter 1 – Why Culture is Important.....	2
1.1 Background.....	3
1.2 Defining Workplace Culture.....	4
1.3 Culture Matters.....	6
Chapter 2 – Building a high-performing culture. The Keogh Way.....	8
2.1 Discover.....	9
2.2 Imagine and Design.....	10
2.3 Commit and Plan.....	12
2.4 Implement and Review.....	13
Chapter 3 – The toolbox.....	14
Chapter 4 – Building high-performing flourishing cultures. Our core offering.....	16
Chapter 5 – Developing Cultivate by Keogh. The model.....	18
Chapter 6 – The research behind Cultivate.....	21
6.1 Purpose.....	22
6.2 Connective Dimension.....	27
6.2.1 Trust.....	27
6.2.2 Customer.....	31
6.2.3 Safety.....	34
6.2.4 Collaboration.....	38
6.3 Supportive dimension.....	41
6.3.1 Empowerment.....	42
6.3.2 Mental Wellbeing.....	44
6.3.3 Diversity.....	46
6.3.4 Commitment.....	49
6.4 Adaptive Dimension.....	52
6.4.1 Learning.....	52
6.4.2 Innovation.....	55
6.4.3 Agility.....	58
6.4.4 Environment.....	61

Chapter 1

Why Culture is Important



CHAPTER 1 – WHY CULTURE IS IMPORTANT

1.1 Background

Keogh Consulting has been working with organisations for over three decades to build high performing cultures – workplaces where people flourish and benefits flow to the bottom-line.

We have kept our definition of ‘high-performing culture’ broad to ensure we capture a range of organisations who measure success through different metrics. Organisations who consistently meet their key performance metrics (both financial and non-financial) over a sustained period and who can boast a workforce where employees feel they are flourishing, meet our definition.

With this definition in mind, we set out to discover the key elements that underpin a high performing, flourishing culture. We conducted an extensive literature review, sought assistance from subject matter experts and spoke to our clients. This led to the development of our high-performing culture model, Cultivate.

This whitepaper provides:

- a framework and approach to build culture based on the Keogh Way
- an outline of Keogh’s core offering
- an overview of Cultivate
- a summary of the underpinning research

Our Cultivate model is supported by an extensive suite of tools that leaders can use to shape the culture they want to achieve business success. Our Cultivate toolbox is designed for and available to organisations who aspire to build a high-performing culture, where people flourish.

CHAPTER 1 – WHY CULTURE IS IMPORTANT

1.2 Defining Workplace Culture

Workplace culture can be defined as:

- A system of values, beliefs, and behaviours that shapes how work gets done
- Informed by leaders' actions and decisions, sustained by employee behaviours, and reinforced by business and organisational systems
- The total experience of working for an organisation²

Workplace culture:

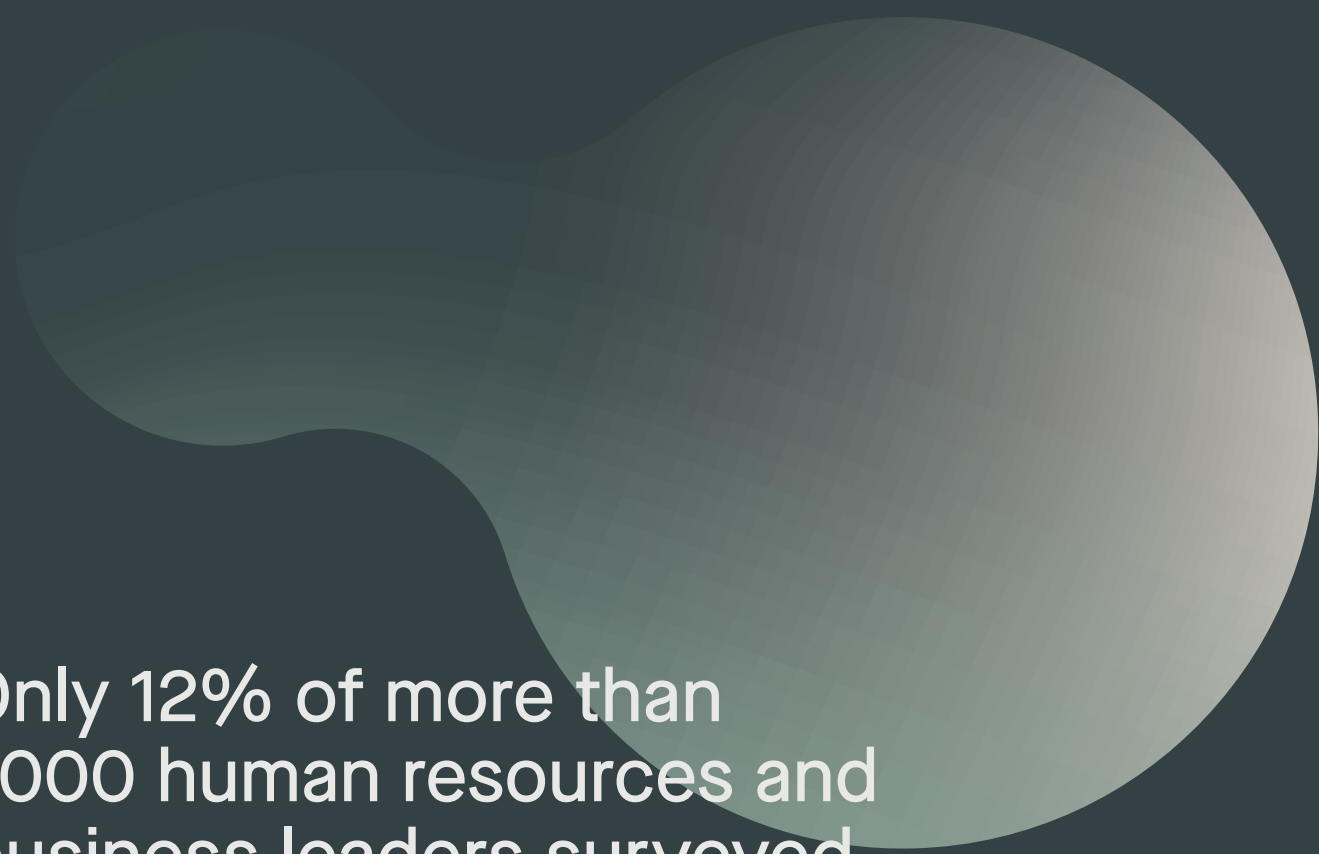
- Impacts organisational financial and non-financial performance
- Plays a critical role in organisational resilience and agility
- Attracts world-class talent
- Is one of the most powerful levers to pull to lift organisational performance

The only thing of real importance that leaders do is to create and manage culture. If you do not manage culture, it manages you and you may not even be aware of the extent to which this is happening.¹

90% of our behaviour in organisations is driven by cultural rules.²

Edgar Schein, culture expert and author of
Organizational Culture and Leadership

CHAPTER 1 – WHY CULTURE IS IMPORTANT



Only 12% of more than 7000 human resources and business leaders surveyed by Deloitte believe that they are driving the “right culture”.³

CHAPTER 1 – WHY CULTURE IS IMPORTANT

1.3 Culture Matters

Organisational culture matters because it influences everything that happens in an organisation. It guides the way people approach their work and interact with each other. It comes into play when people are solving problems and making decisions; it influences how people behave to 'fit in' and to be successful. It signals what behaviours get rewarded and what behaviours get punished and plays a role in shaping what happens when priorities shift or when mistakes are made. In other words, culture defines the rules of the game.

PwC's 2021 Global Culture Survey found that organisations who were able to adapt quickly to change in 2020, agreed that:

- Culture is a competitive advantage for their organisation (81%)
- Culture is an important leadership agenda topic (85%)
- Culture enables change to be successful (88%)
- Behaviours are aligned with how they define their culture (85%)⁴



CHAPTER 1 – WHY CULTURE IS IMPORTANT

Evidence for focusing on culture:

516%

higher revenue growth on average over a ten-year period⁵

20%

higher returns to shareholders over a five-year period⁶

30%

higher levels of innovation⁷

40%

higher levels of retention⁷

At Keogh, we believe that all organisations should approach and cultivate culture by design. Deliberate and consistent work to improve culture will ensure the future success of the business.

Sources:

¹Schein, E 2010. Organisational Culture and Leadership. Wiley, US. 1st Edition, p.20

²Unlocking performance potential. Reputation and your organization's culture. Copyright © 2018 Deloitte Development LLC. All rights reserved

³Geller, J., Walsh, B., Wakefield, N., "Introduction – The new organisation", Deloitte, February 2016, <https://www2.deloitte.com/us/en/insights/focus/human-capital-trends/2016/human-capital-trends-introduction.html>

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Chapter 2

Building a high-performing culture. The Keogh Way



CHAPTER 2 – BUILDING A HIGH-PERFORMING CULTURE. THE KEOGH WAY

Building and sustaining culture requires a holistic approach

So, what can you do to develop a high performing culture? By using the Keogh Way, you can take the necessary steps to move your culture from where it is now to where it needs to be.



Discover.

Where are you now?

Imagine.

Where do you want to be?

Design.

What does the change look like?

Commit.

Are you committed to the change?

Plan.

How do you plan on making the change happen?

Implement.

How will you mobilise and deliver the change?

Review.

How do you measure and monitor progress?

2.1 Discover

First understand where you are

The first step in any culture change is understanding your current culture. How would you describe it in terms of what's good, what's not good, what's working and what isn't? What patterns of behaviours do you see that signal the current culture? Having clarity on where you are right now in both a qualitative and quantitative sense is key to understanding your current culture and developing initiatives that will be effective.

There will be quantitative information you may already have at your fingertips. Absenteeism, turnover, injury rates, customer feedback, and exit interview data are just a few data points that will start to paint a picture of how the culture is being experienced. You can then supplement this data with a formal survey, focus groups and interviews. Remember to listen with an open heart and mind if you ask for feedback.

CHAPTER 2 – BUILDING A HIGH-PERFORMING CULTURE. THE KEOGH WAY

Have a robust discussion as to how ready you are to embrace the change that is required

Measuring your culture is important, but it's equally imperative to establish how ready and capable your organisation is to implement successful change. Organisations change because people decide to do things differently.

Some important questions need to be asked:

- Do you have clarity on what “do differently” means?
- Do employees understand why change is needed?
- Are your people capable of making the change?
- Are your people motivated to change?
- Is the organisation ready to put time and resources into supporting desired changes?
- What is the organisation's track record in managing similar changes?
- What lessons have been learned as a result?

These are just some of the questions to consider in managing your culture change successfully.

If you have a low level of change readiness, it's a good idea to work on this, before you tackle a complex challenge like culture.

2.2 Imagine and Design

Strategy and culture are two sides of the same coin

So you have measured your culture, but what does your culture need to be in the future? If you don't have a clear purpose, vision or clear strategy, then it will be difficult to define the future culture. Strategy is about what you want to achieve as an organisation, culture is how you will get there.

The stronger the connection between strategy and culture, the greater the buy-in and the more credible your rationale for change.

Don't take short cuts in defining the future culture

Spend the time you need on developing a rich, detailed description of the culture you want. Make it come to life through stories, reflect on how you might be working together and making decisions in the future. It's often useful to pick an important current ritual or process (e.g. an annual recognition event, or development and launch of a product), and explore how this might be done differently in the future.

The more tangible, real, and compelling you make the future culture, the more committed people will be to helping you get there.

CHAPTER 2 – BUILDING A HIGH-PERFORMING CULTURE. THE KEOGH WAY

Hone in on what leaders need to be doing differently

Give some careful thought to the impact on leaders at each level in the organisation and what they need to do differently. Leaders have the biggest influence on culture, so articulating what the future culture means for how the business is led, and how leaders need to behave is a critical step.

Involve employees at all levels

Don't just define the desired culture at the executive level. Get everyone involved in shaping it. The more engagement and input you have from people across your organisation, the easier it will be to plan and implement culture change.

Be prepared to revisit and refresh your values

Many organisations already have a set of values when they embark on changing their culture. Sometimes these are values that can and should endure, despite the culture changing. Values like integrity, honesty, and respect often fit in this category. While these may not change, it's useful to reflect on how the future culture you are designing will support and reinforce these values.

Taking a long hard look at whether these values are currently being lived on a day-to-day basis. If values are not enacted, they are simply words on paper.

There may be some values that do need to be modified or replaced as you undertake the culture work. Sometimes, it's a matter of refreshing and updating the behaviours that underpin the values you have, rather than changing them completely.

For example, if innovation is a key enabler in your strategy and is mentioned multiple times as key to success, then it may need to be one of your newly created values if it does not already exist; or behavioural indicators that support innovation, like creating a safe environment for employees to express ideas and make suggestions, may be included under the core value of respect.

It's important that the executive team agree at the outset of any culture change, which values are non-negotiable and not up for review or discussion, and which they may be prepared to refresh or replace. While values should be aspirational, it is counterproductive to include values that are tokenistic; that the organisation has no intention or capacity to enact.

CHAPTER 2 – BUILDING A HIGH-PERFORMING CULTURE. THE KEOGH WAY

2.3 Commit and Plan

Measuring your culture and then developing a clear roadmap for the future culture is the start you need. Being clear and implementing strategies to ensure your organisation is ready and capable to make the changes is vital. So, what's next?

Executive team on the same page

While everyone has a role to play in shifting the culture, the commitment that the executive team makes to the change and the behaviours they choose to role model, has the biggest influence on success. Providing executives with support and opportunities to show their commitment and demonstrate desired behaviours is important when driving culture change across the organisation.

Be clear on what you need from leaders – now and in the future

You need all leaders 'on the bus' to get to your destination. Involving them in every step of this process will help. Being clear about what you expect of leaders in driving the transition and embedding culture in the future is also critical. This will help leaders make choices as to whether they want to be part of the change.

Seek ideas and suggestions on how to achieve the desired future culture

Use the employee input and information you have available effectively to confirm priorities, help refine issues and guide the next stage of planning on how best to shift the culture from where it is now to where it needs to be.

It is important to gather ideas creatively from a wide range of stakeholders, as people quickly develop response fatigue to "just another survey" and disengage if they feel they are repeating themselves with no impact. However, if employees see their ideas and suggestions reflected in the culture plan, they are more likely to sign up to the change.

Develop a comprehensive plan and integrate it with business plans and existing supporting initiatives

Develop a detailed plan that is adaptable and multifaceted. It needs to focus on people, their mindsets, and behaviours, and include the systems and processes that need to be addressed to support and reinforce the desired changes.

CHAPTER 2 – BUILDING A HIGH-PERFORMING CULTURE. THE KEOGH WAY

It's a good idea to explore what initiatives the business is currently undertaking that may need to come under the culture umbrella. Often, you will find projects like safety or innovation already in place, so work with key stakeholders to integrate these into the overall culture plan.

Culture needs to be owned by the Executive

Ownership of the culture plan is often seen as the realm of the 'People and Culture' area. While your people and culture teams should provide expertise and guidance, the executive team must step up to own the plan and steer and guide its implementation. Otherwise, culture will always be seen as "HR's problem to fix."

2.4 Implement and Review

To achieve a high performing, flourishing culture requires consistent work over time along with continued reinforcement. Culture is complex and needs to be leveraged in a multifaceted manner. Based on feedback from your people, develop methods to monitor and adapt your change strategies as you progress.

If you have motivated and engaged your people with the culture change, they will be invested and therefore more likely to give you the feedback you need to adjust. So, communicate, regularly about what has been done, what's changed and what the impact has been. Make sure you get feedback and importantly, measure again, particularly areas of focus for your future. Most importantly of all, help people 'do' the change.

Chapter 3

The toolbox

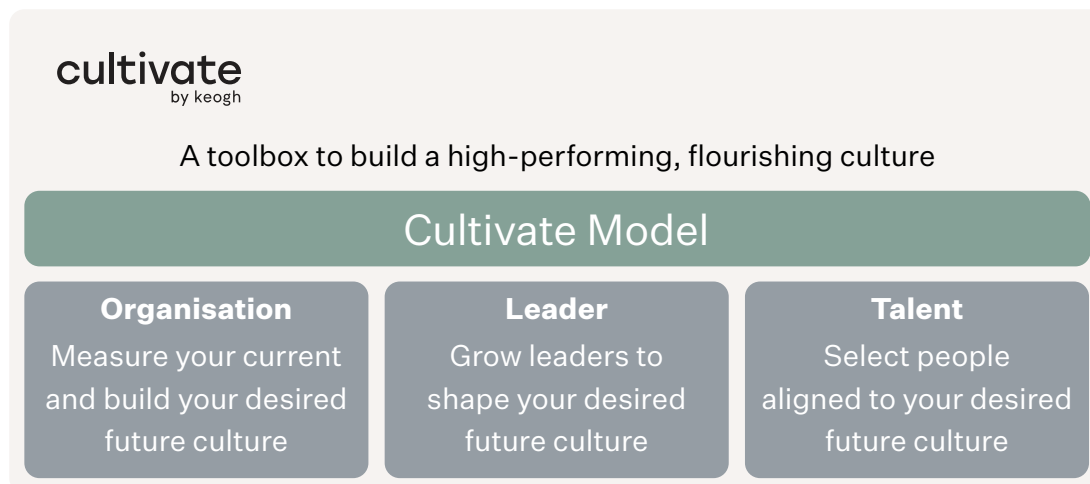


CHAPTER 3 – THE TOOLBOX

Cultivate is a comprehensive process to help you develop a high performing culture, one in which your people can flourish. A process where you are in control and supported as you progress.

Our toolbox has a comprehensive set of tools that you can use to:

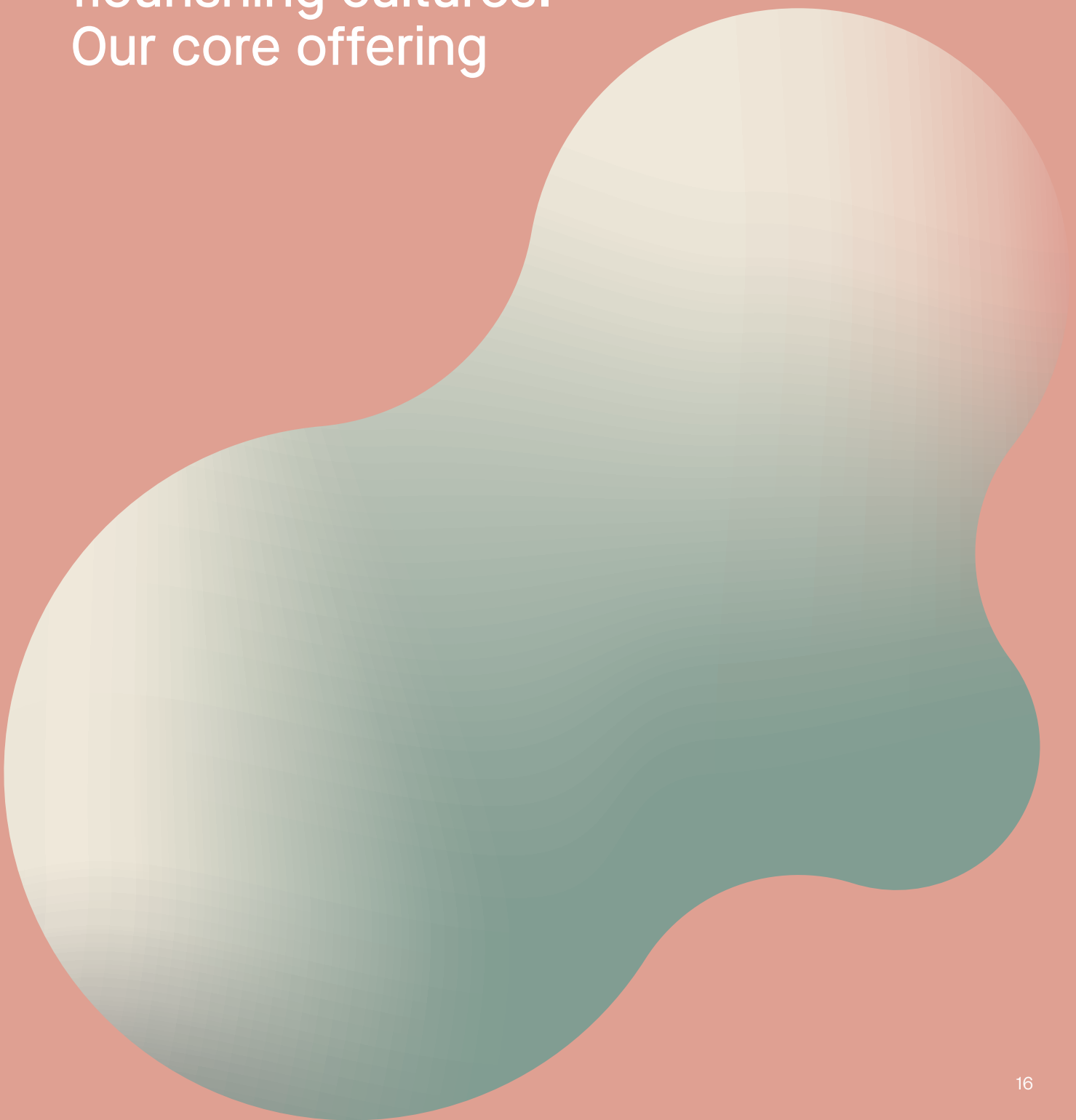
- Measure your current and build your desired future culture
- Understand your change readiness
- Set your business up for success in culture change
- Grow leaders to shape your desired future culture
- Select people aligned to your future desired culture
- Build a high performing organisation
- Create a workplace where people flourish
- Increase productivity through the power of flourishing people



**Need to talk this through? Call us 1800 4KEOGH (453644)
or email hello@keoghconsulting.com.au**

Chapter 4

Building high-performing flourishing cultures. Our core offering



**CHAPTER 4 – BUILDING HIGH-PERFORMING FLOURISHING CULTURES.
OUR CORE OFFERING**

We collaborate with you every step of the way and bring you world class methodologies, processes and expertise to build a high-performing, flourishing culture.

Core offering aligned to the Keogh Way

Tools, consultation, facilitation and feedback for organisations who are embarking on a culture change journey



Discover	Imagine	Design and Commit	Plan and Implement	Review
<p>Cultivate Discover</p> <ul style="list-style-type: none"> • Client briefing and objectives setting • Focus groups and interviews • Cultivate survey • Desktop research • Analysis and reporting 	<p>Cultivate Imagine</p> <ul style="list-style-type: none"> • Purpose, Vision and Values workshop (optional) 	<p>Cultivate Design and Commit</p> <ul style="list-style-type: none"> • Executive Results Workshop • Executive Team feedback sessions (optional) • Upskilling workshop for internal HR practitioners 	<p>Cultivate Plan and Implement</p> <ul style="list-style-type: none"> • Culture, communication and engagement plan • Developed by internal team of “Cultivators”, facilitated by Keogh • Collaboration platform for communication dissemination and collection of feedback 	<p>Cultivate Review</p> <ul style="list-style-type: none"> • Two Pulse surveys, four months apart • Gather qualitative feedback • Reporting and debrief • Cultivate Survey at 12 months

Chapter 5

Developing Cultivate by Keogh.

The model



CHAPTER 5 – DEVELOPING CULTIVATE BY KEOGH – THE MODEL

We conducted extensive research to identify what work-based elements are linked to the performance of organisations. We also wanted to understand what makes for a flourishing workplace, for example a workplace where people are satisfied, motivated, and enjoy their work.

The premise behind our extensive research was to identify elements that:

- related to high performance in an organisation; and
- underpinned a workplace where people flourish.

We examined academic research along with papers presented by major consulting firms in order to identify the factors that are strongly linked to the above criteria.

We also conducted research with our clients to understand from their perspective how these factors contributed in the organisation.

We developed our final model through scientific endeavour, utilising a clear methodology, data collection and statistical analysis. If you want more detail on psychometrics, please contact us on hello@keoghconsulting.com.au



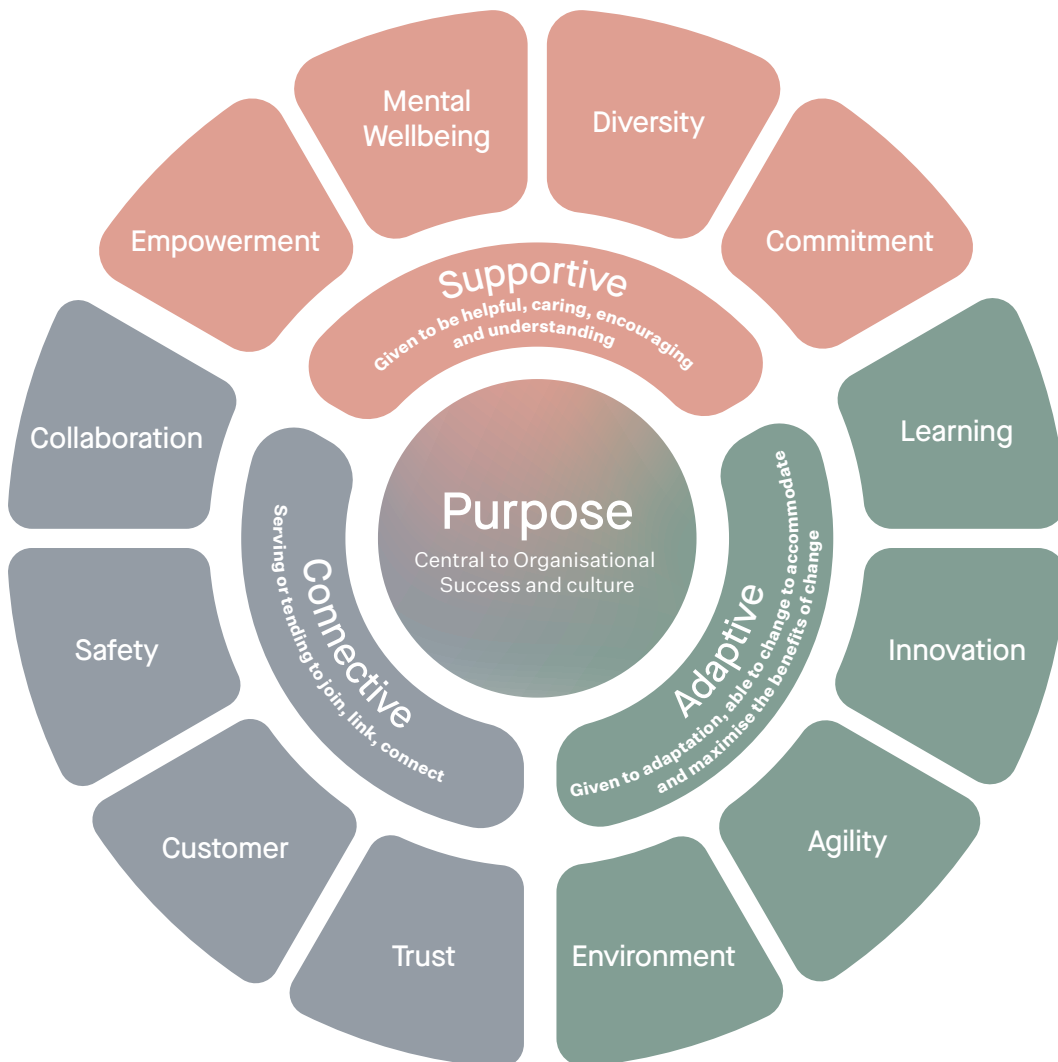
CHAPTER 5 – DEVELOPING CULTIVATE BY KEOGH – THE MODEL

This led to the development of the Cultivate model, defined by three dimensions with four elements linked to each dimension. Purpose is central to the model.

The Cultivate Model.

Grow outward from your purpose to flourish and perform.

3 Dimensions. 13 Elements.



Designed for today's workforce

Research backed to fit modern culture needs

Chapter 6

The research behind Cultivate



CHAPTER 6 – THE RESEARCH BEHIND CULTIVATE

This section outlines the research and available evidence supporting the thirteen elements of our Cultivate Model.

6.1 Purpose

Purpose: Our people can link their work to the purpose and vision.

At the core of the Cultivate Model is the importance of Purpose.

A clear and authentic purpose is central to an organisation's culture and provides tangible benefits for both the organisation through high performance, and employees through meaningful work. With heightened expectations of leaders, shifting employee needs, and always-on transformation, purpose has become even more important to provide focus and direction. Articulating an organisation's reason for existence helps to shape an organisation's culture, engage their people, and drive daily activity within the organisation.

58% of organisations that prioritised the clear articulation of their purpose experienced more than 10% growth in revenue in the past three years, compared to decline in revenue growth experienced by over 40% of organisations who had not defined their purpose¹.

“The business case for purpose”,
Harvard Business Review

CHAPTER 6 – THE RESEARCH BEHIND CULTIVATE

Purpose and performance are linked


Studies have demonstrated the powerful link between purpose and high-performance. This can be especially true for an authentic purpose, which is one that truly reflects the organisation and resonates with their people.

Organisations that exhibit a clear purpose consistently report superior financial performance to their competitors. A clearly articulated purpose can also serve to promote greater job satisfaction and productivity for employees.

In an always-on world, purpose provides focus, meaning and can protect against burnout. It is estimated that employees who find their work meaningful, on average spend one extra hour a week working and have greater job satisfaction. 90% of employees are also willing to take a pay cut to do more meaningful work².

Benefits of Authentic Purpose¹:





A 2019 culture report of more than 20,000 global employees, found that by connecting employees to the organisation's purpose, they were over 7 times more likely to be engaged and 49% less likely to experience burnout report³.

Case study

Patagonia's founder Yvon Chouinard set out to encourage people to explore wild places which lead him to the belief that the company should also be in the business of protecting wild places. As the organization grew so did its commitment to environmental advocacy.

The company generated \$1 billion in revenue in 2018 and is formally recognised as a benefit corporation, which commits to creating public benefit and sustainable value in addition to generated profit. Patagonia's reason for being (purpose) states, "We are in business to save our home planet⁴".

Since 2002, Patagonia has donated 1% of its annual sales to non-profit environmental groups. In 2021, Patagonia achieved a record-breaking \$10 million USD in Black Friday sales, donating it all to environmental organisations globally. The organisation also has a long history of environmental activism. All actions which demonstrate how its "lives" its purpose⁵.

CHAPTER 6 – THE RESEARCH BEHIND CULTIVATE

Sources:

¹ Harvard Business Review, “The business case for purpose”, October 1, 2015, <https://hbr.org/resources/pdfs/comm/ey/19392HBRReportEY.pdf>

O’Brien, D. et al. “Purpose is everything. How brands that authentically lead with purpose are changing the nature of business today”, Deloitte, October 15 2019 <https://www2.deloitte.com/us/en/insights/topics/marketing-and-sales-operations/global-marketing-trends/2020/purpose-driven-companies.html>

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³ OC Tanner, Global Culture Report 2019, Chapter 1, “Purpose”. <https://www.octanner.com/global-culture-report/2019/purpose.html>

⁴ <https://www.patagonia.com/home/>

⁵ Birch, K. December 02, 2021. Business Chief. <https://businesschief.com/sustainability/meet-company-patagonia-proves-purpose-can-be-profitable>

CHAPTER 6 – THE RESEARCH BEHIND CULTIVATE

6.2 Connective Dimension

‘Serving or tending to join, link, connect’

Extending out from organisational purpose are the three overarching dimensions of the Cultivate Model – Supportive, Adaptive and Connective aspects of organisational culture.

In the Cultivate model the connective dimension involves behaviors associated with building trust, promoting safety, respecting customers and fostering collaboration between leaders, managers, employees, customers and the community.

Great Places to Work partnered with Fortune to produce the 100 Best Companies to Work For and found that trust between leaders and employees is an essential part of the best workplaces’ culture.

In many cases, trust and collaboration at work is expected or assumed as a ‘by-product’ of human behaviour. However, high performance requires deliberate action to promote such connective behaviours in the workplace.

While there is a strong business case to invest in better workplace safety practices and customer focused initiatives, if organisations don’t make these behaviours an integral part of the culture, there is little chance leaders and employees will work to improve in these areas.

6.2.1 Trust

Trust: Our people interact consistently and openly with all stakeholders.

Trust behaviours can be characterised by consistent, open, and transparent communication that people can count on.

High-trust organisations outperform average returns of the S&P 500 three-fold and are more than 2.5 times more likely to be high performing revenue organisations than low-trust companies¹.

“The Connection Between Employee Trust and Financial Performance”,
Harvard Business Review

CHAPTER 6 – THE RESEARCH BEHIND CULTIVATE

Trust is a hard-edged economic driver that can dramatically improve performance

Multiple studies demonstrate that high-trust organisations outperform their low-trust counterparts.

Compared with employees at low-trust companies, those working in high-trust organisations experience:

74%
less stress

50%
higher
productivity


76%
more
engagement

40%
less burnout

106%
more energy
at work

13%
fewer sick days

29%
more satisfaction
with their lives²



“Transforming a workplace culture through consciously building trust makes a strong organisation even better”

Ian Geddes, Senior Consultant, Keogh Consulting

CHAPTER 6 – THE RESEARCH BEHIND CULTIVATE

Leaders who are trusted have a bottom-line impact

Trustworthy, credible, and personable leaders have a positive impact on employee retention, overall workplace satisfaction, employees' willingness to recommend their company, and motivation to give extra at work³.

Sources:

¹Covey, S.M.R. and Conant, D.R., "The Connection Between Employee Trust and Financial Performance", Harvard Business Review, July 18, 2016, <https://hbr.org/2016/07/the-connection-between-employee-trust-and-financial-performance>

²Zak, P.J., "The Neuroscience of Trust", Harvard Business Review, January-February, 2017, <https://hbr.org/2017/01/the-neuroscience-of-trust>

³O.C.Tanner, "Global Culture Report 2022 – Recognition", <https://www.octanner.com/au/global-culture-report/2022/recognition.html>

CHAPTER 6 – THE RESEARCH BEHIND CULTIVATE

6.2.2 Customer

Customer: Our people deliver customer service to the highest standard.

Organisational culture affects customer experience and expenditure, as well as business growth and profit. Gallup's research shows organisations that foster a customer-centric culture are more likely to stand out in a marketplace that is increasingly saturated².

Culture and its impact on employee behaviours makes a big difference to customers and the bottom-line.

Bain's analysis of over 200 companies showed that companies with high-performing cultures focus on "delighting customers, beating competitors and caring for communities".

They have a strong external orientation, with little energy spent on internal politics and navel gazing (p.11)³.

Customer satisfaction has been found to be an increasingly significant factor in effective, high performing organisations⁴.

Given that 71% of consumers have ended their relationship with a company due to poor customer service, organisations should not underestimate the impact of employees in building a customer orientation. On average, a typical \$1b company can gain \$775m over three years through modest improvements, such as reducing customer wait times or making a transaction easier for the customer.¹

"Insight Report-ROI of Customer Experience",
Qualtrics XM Institute

CHAPTER 6 – THE RESEARCH BEHIND CULTIVATE

**High performance workplaces
(compared to low-performing workplaces):**

<p>19.4% higher Exert more effort trying to understand customer needs</p>	<p>17.1% higher Act on suggestions and feedback received from customers</p>	<p>18.4% higher Do whatever it takes to create value for customers</p>	<p>24.8% higher⁴ Achieve their customer satisfaction goals</p>
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Sources:

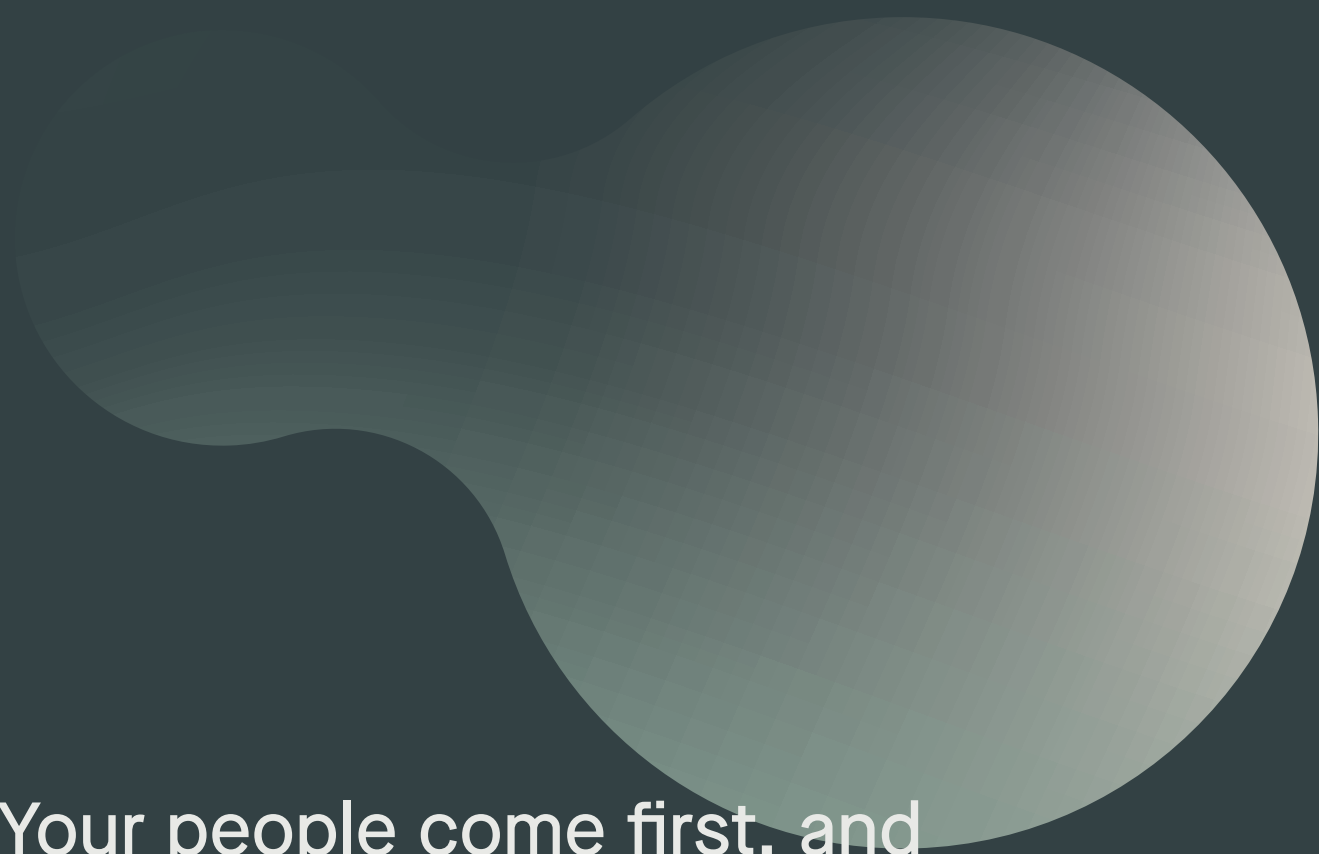
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CHAPTER 6 – THE RESEARCH BEHIND CULTIVATE



“Your people come first, and
if you treat them right, they’ll
treat the customers right.”

Herb Kelleher, co-founder, former CEO and Chairman,
of Southwest Airlines

CHAPTER 6 – THE RESEARCH BEHIND CULTIVATE

6.2.3 Safety

Safety: Our people proactively look after the physical wellbeing of others.

Within high-risk industries, the consequences of safety failures can be catastrophic and sometimes fatal. Workplace fatalities due to safety failures are not only psychologically distressing, but they can also lead to consequences for the business involving the law, and economic burden¹.

The total economic cost of work-related injury to the Australian economy for the 2012-13 financial year [was estimated] to be \$61.8 billion, representing 4.1 per cent of GDP for the same period². Safety failures have the greatest impact on the individuals that sustain an adverse outcome, and (by extension) the community that must bear the burden of caring for that individual³.

Since COVID-19, health and safety have become top priorities to the global workforce. In 2021, EY found that employees rank health and safety in their top five concerns, and almost 90% of businesses were planning to enhance safety at work⁴.

Many business leaders have an implicit but unfounded belief that while it is necessary to reduce workplace injury risk, there is a trade-off between profits and the expenditure necessary to keep workplaces safe¹.

“7 ways to improve operations without sacrificing worker safety”,
Harvard Business Review

CHAPTER 6 – THE RESEARCH BEHIND CULTIVATE

There is a strong link between a culture that emphasises safety and organisational performance

When organisations take deliberate and overt action to enhance safety behaviours, rather than relying on compliance to external safety regulations, people perceive their organisation to have a strong focus on safety. This perception has been shown to explain the relationship between high performance and less safety incidents at work⁵.

Improved safety can also impact on business success and profitability.

Reducing workplace accidents reduces costs associated with absenteeism (or presenteeism), damage to property due to an accident, missed productivity and return-to-work programs, to name a few.


Microeconomic benefits of strong safety culture:

Reduced hazards, breaches, and accidents

Reduced wastage, disruptions, and downtime

Improved product quality, schedule adherence and hazard awareness

Improved customer satisfaction and corporate image⁶



Leaders influence other people's attitudes and behaviours through formal roles and personal influence. When you're a leader who promotes workplace health and safety, you get better outcomes and improve culture⁷

Safe Work Australia

CHAPTER 6 – THE RESEARCH BEHIND CULTIVATE

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CHAPTER 6 – THE RESEARCH BEHIND CULTIVATE

6.2.4 Collaboration

Collaboration: Our people work together to achieve goals.

When collaboration is strategic and uses unique value from individuals suited to the task, results flow to the bottom line.²

Australia’s collaborative economy alone is worth \$46b. It has been estimated that collaboration could be worth 20% more (an additional \$9b annually), by improving collaborative strategies⁴.

Organisations that promote collaborative behaviours are estimated to be 5 times more likely to be high performing, compared to those that don’t⁵.

On average, when employees collaborate:

Work is completed
15%
faster

56%
are more
satisfied

There is a
76%
improvement
in work

They are
60%
more innovative³



In successful collaborations, judgement gives way to curiosity.

Francesca Gino,
Harvard Business Review (2019)¹

CHAPTER 6 – THE RESEARCH BEHIND CULTIVATE

High performing organisations are 3.5 times more likely to:

- Allocate time for employees to collaborate
- Design work to encourage effective collaboration⁶

Organisations that consider collaboration an important component of their overall business strategy are 4 times more likely to see growth in their bottom line and twice as likely to outgrow their competitors⁴.

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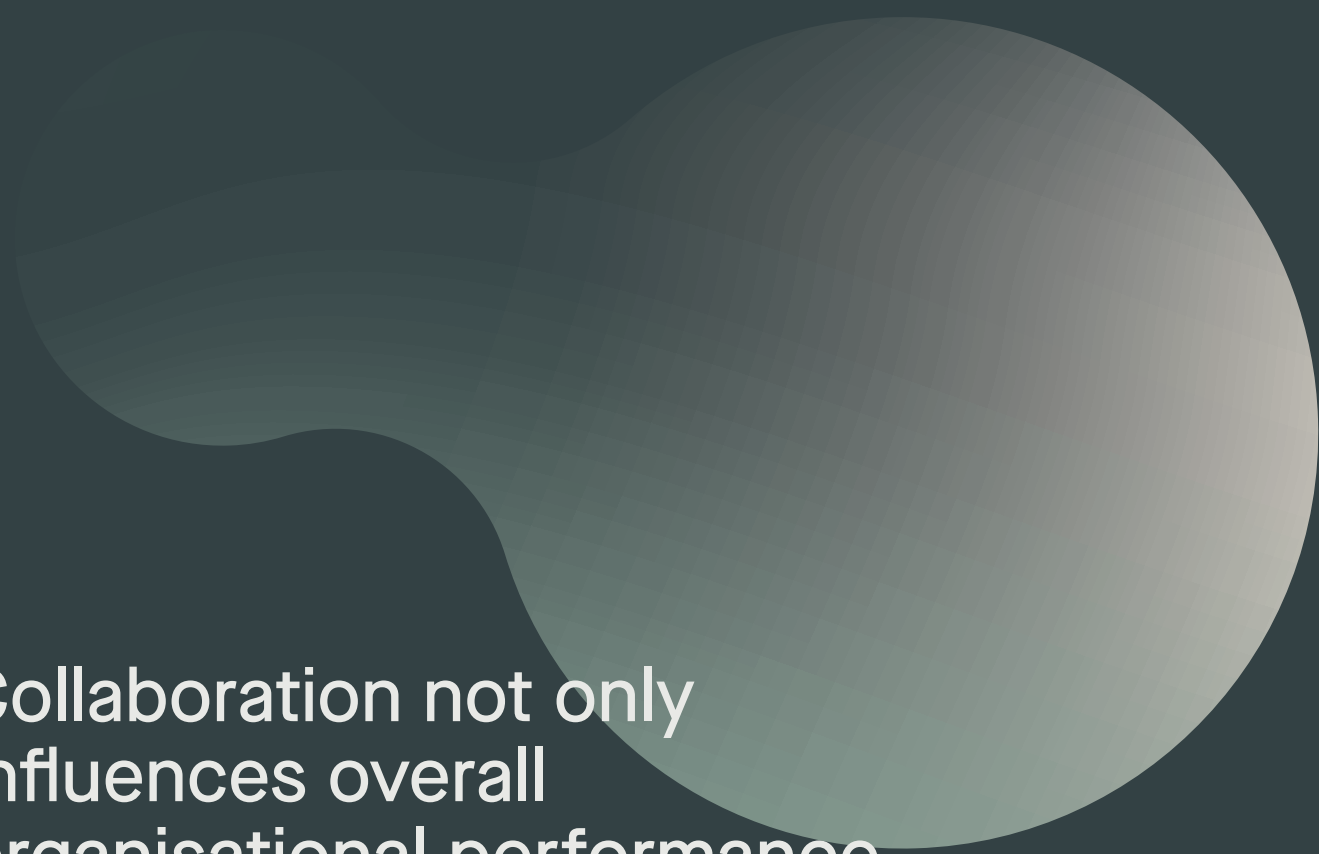
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Collaboration not only influences overall organisational performance, but it also impacts profitability, innovation, and customer satisfaction⁷

CHAPTER 6 – THE RESEARCH BEHIND CULTIVATE

6.3 Supportive dimension

‘Given to be helpful, caring, encouraging and understanding’

The supportive dimension reflects the behaviors associated with empowerment, mental wellbeing, diversity and commitment. It follows from a highly connected workplace that support is a critical factor in ensuring that people flourish and the workplace is one of high performance.

“Organisations utilise less than 20% of their employee’s potential.”

Gallup¹

The true cost of wasted potential due to a lack of supportive culture is difficult to quantify, however business outcomes will suffer if work is not done to foster greater diversity in the workplace, to empower employees, promote organisational commitment and enhance the personal wellbeing of workers.

Employees may feel the effects of stressors at work to a greater extent if they are disempowered, feel marginalised, or are not committed, which may result in a decline in their wellbeing.

CHAPTER 6 – THE RESEARCH BEHIND CULTIVATE

6.3.1 Empowerment

Empowerment: Our people have resources, authority and opportunity to make decisions and deliver outcomes.

Empowering cultures tap into people’s potential

Cultures that promote empowerment can effectively tap into the potential of their employees, while lifting the performance of the organisation in parallel.

Empowered employees:³

are
67%
more willing to put
in additional effort
on the job

are more willing to
innovate and take the
creative risks that help
drive business growth
and revenue gains

have more self-belief
and are intrinsically
motivated (important
for creativity and
innovation)

Empowerment is one of the most influential factors underlying high-performing teams and has a cascading impact on organisation outcomes. Benefits include 50% higher levels of customer loyalty for organisations that empower their employees⁴.

—
Empowered teams that
challenge the status quo
and have the autonomy
to do so, can have 69%
higher success rates in
what they do²

“Building Empowering Teams is
Good for Business”,
Medium

CHAPTER 6 – THE RESEARCH BEHIND CULTIVATE

Empowering leaders foster trust, leading to improved performance and decision-making

Senior leaders spend a large proportion of their time making decisions – time that can prove costly to organisations. In a reference to the average Fortune 500 company this can add up to \$350 million in salary per year⁵. Leaders who empower their employees are more likely to delegate authority and encourage autonomy of decision-making, saving organisations time and money.

In an empowering culture, good decisions can be made quickly by the right people.

Furthermore, findings from a Harvard Business Review meta-analysis of over 30,000 employees suggests that empowering leaders are more likely to be trusted, which in turn has positive influences on employee performance and retention.⁶

“As we look ahead into the next century, leaders will be those who empower others”

Bill Gates

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CHAPTER 6 – THE RESEARCH BEHIND CULTIVATE

6.3.2 Mental Wellbeing

Mental Wellbeing: Our people support the psychological wellbeing of others.

Mental ill-health is on the rise in the community and workplaces. In 2017, approximately one in six Australian workers were experiencing mental ill-health issues.¹ Identifying risks and incidents of mental ill-health can be much harder to detect than physical wellbeing but are no less important. Stress is well known to be a key risk-factor for low mental wellbeing and is consistently linked to burnout and anxiety-related conditions².

Burnt out employees are reported to be³:

- 2.6 times more likely to leave, and
- 63% more likely to take sick leave

Low mental well-being comes at a cost

It is estimated that low mental wellbeing rates costs Australian businesses \$8b annually⁴. It has also been estimated by a former head of the Australian National Mental Health Commission that a 25% improvement in mental wellbeing could save businesses approximately \$50b⁵.

Promoting the mental wellbeing of their employees has benefits

Organisations that actively promote the mental wellbeing of their employees can see significant benefits for their business. People are more likely to think favourably about their organisation if they see action to actively support well-being initiatives. 89% of employees at organisations who do these initiatives well are more likely to promote their organisation as a good place to work⁵.

In 2019, rates of daily stress at work were estimated at 38%, since COVID-19 (2020) this number had risen to 43%. For every dollar spent on improving resilience capabilities, supporting employees with their mental health, and educating around mental health in the workplace, there is between \$2-\$4 ROI¹

“Why mental health at work matters”,
SafeWork New South Wales Government

CHAPTER 6 – THE RESEARCH BEHIND CULTIVATE

Organisations that have high levels of mental wellbeing report:

An increase of
12-30%
in productivity
and performance

An increase
of over
40%
in employee
engagement
scores

An increase
of over
50%
for innovation
behaviours

A reduction in
risk factors,
such as stress,
by up to
56%⁶

Robust investment in health and wellbeing is just one of many practices pursued by high-performing, well-managed organisations.

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CHAPTER 6 – THE RESEARCH BEHIND CULTIVATE

6.3.3 Diversity

Diversity: Our people embrace differences through acceptance and respect.

Organisations are not fully embracing diversity and the benefits it brings. In 2018, it was reported that chief executives from a non-European or Indigenous background made up only 3% of Australian Businesses¹. In 2021, it was found that just 5% of CEO's of ASX 200 companies identified as female².

The business benefits of diversity are significant

The employee performance of diverse organisations is estimated to be 12% higher than in non-diverse organisations. More diverse companies are also better able to attract top talent, improve their customer orientation, increase employee satisfaction, and decision-making capabilities³.

McKinsey examined the business impacts of diversity across more than 1000 companies, looking at metrics such as financial results and the composition of top management and boards. They identified that companies in the bottom quartile both for gender, and for ethnicity and race, are statistically less likely to achieve above-average financial returns (that is, bottom-quartile companies are lagging rather than merely not leading)⁴.

Organisations with leaders who foster inclusive cultures are 2 times as likely to meet (or exceed) financial targets, 3 times as likely to be high-performing, and 8 times as likely to have better business outcomes¹.

“The diversity and inclusion revolution”,
Deloitte Review

CHAPTER 6 – THE RESEARCH BEHIND CULTIVATE

Benefits of diversity:

Companies in the top quartile for gender diversity, are

25%

more likely to have financial returns above their national industry medians

Companies in the top quartile for ethnic diversity, are

36%

more likely to have financial returns above their national industry medians⁵.

A study conducted by Harvard Business Review found that diverse and inclusive cultures provide organisations with a competitive edge over their peers with EBIT margins 10% higher for companies with diverse management teams, compared to companies with below-average management diversity⁶.

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“Building an inclusive culture that embraces diversity is not easy. But not only is it the right thing to do, it has a significant impact on the bottom-line”

Lorena Clayton, Senior Consultant, Keogh Consulting

CHAPTER 6 – THE RESEARCH BEHIND CULTIVATE

6.3.4 Commitment

Commitment: Our people demonstrate passion and dedication to achieve the best outcomes.

Commitment can be described as passion and dedication to achieve the best outcomes for an organisation. The three attributes associated frequently with employee passion include:

- the tendency to seek out challenges,
- the tendency to connect with others to find better solutions, and
- the desire to make a significant impact².

Committed, passionate workers willingly put in the extra effort and consistently working towards big goals and thinking big. 71% of passionate workers find themselves working extra hours even though they are not required². For the passionate, work doesn't feel like 'work', and extra hours worked reflect an intrinsic desire to solve problems or find better solutions.

Commitment can promote wellbeing and reduce the impact of stress at work

Increased workplace commitment has been consistently linked to positive outcomes for employees, and their employers alike. Research has shown that commitment is positively related to wellbeing and mood, and negatively associated with burnout and stress. Above this, there is some evidence that commitment can also act as a 'buffer' against negative effects of stressors at work³. Subsequently, employers can benefit from committed employees through reduced turnover and improved job performance⁴.

Gaining employee commitment results in greater profits because enthusiastic employees stay, contribute discretionary effort, and engage customers.¹

“How to Increase Employee Commitment”,
Harvard Business Review

CHAPTER 6 – THE RESEARCH BEHIND CULTIVATE

Benefits of Commitment:

Employees will put in greater effort with higher levels of commitment

Higher levels of employee commitment are linked to stronger wellbeing

Burnout and stress are less when employee commitment is higher

It is estimated that 7 out of 10 employees are not committed to their organisation or their work⁵. This suggests that many organisations are not benefitting from the true value of their employees.

Sources:


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**A lack of commitment
represents a significant
opportunity cost for
organisations**

CHAPTER 6 – THE RESEARCH BEHIND CULTIVATE

6.4 Adaptive Dimension

‘Given to adaptation, able to change to accommodate and maximise the benefits of change’

The need for businesses to adapt and learn to remain competitive in the global market is increasing at an exponential rate, partly accelerated due to the COVID-19 pandemic.

The adaptive dimension contains, learning, agility, innovation and the environment.

Having the organisational agility to adapt to change and commitment to enable innovative behaviours among employees, can help leaders achieve higher levels of performance and reinforce their competitive edge.

Organisations that are committed to adapt their business models to become more sustainable have seen increases in the profitability of such strategies.

6.4.1 Learning

Learning: Our people accept opportunities to grow personally and professionally.

Closing the skills gap has become a higher priority since the pandemic

Rapid change exposes organisations who do not prioritise continual improvement. It widens the skills gap and puts pressure on organisations to ensure that they upskill and reskill their employees to continue performing at a high level.

Just under 60% of people who responded to the PwC global culture study in 2021 said that since the pandemic began, closing skills gaps has become a higher priority².

It is 6 times less expensive to build technical skills internally than to go hire them from the job market¹

“Making Learning a Part of Everyday Work”,
Harvard Business Review

CHAPTER 6 – THE RESEARCH BEHIND CULTIVATE

Learning and development features as a key enabler to fill emerging skills gaps. Evidence shows that employees are more willing to stay with an organisation that openly invests in their learning and development³. Organisations that are advanced in their approach to learning and development see lower attrition rates (14%), compared to organisations classed as ‘laggards’ in this area (25%)⁴.

A 2020 study by Gallup found that organisations which made strategic investments in employee development, report 11% greater profitability and are twice as likely to retain their employees.

Conversely, a lack of learning opportunities can be detrimental to engagement and increase the likelihood of burnout by 16%⁵.

Another recent study released in 2022 by DeakinCo. suggests that on average, with every dollar spent on an employee’s learning and development, can see an additional \$4.70 in associated revenue. This shows that investing in employees not only benefits the people, but it also serves to sow the seeds for sustained business growth⁴.

Benefits of investment in learning and development:

2x
retention
rates

11%
greater
profitability

Improved
engagement

Mitigated burnout
or reduced
burnout rates

Sources:


¹Bersin, J. and Zao-Sanders, M., “Making Learning a Part of Everyday Work”, Harvard Business Review, February 19, 2019, <https://hbr.org/2019/02/making-learning-a-part-of-everyday-work>

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Organisations that focus on development and provide high-impact learning opportunities, outperform their peers. Helping organisations embed a strong, positive learning culture is a cornerstone of the Keogh Cultivate Model.

Margit Mansfield, CEO Keogh Consulting

CHAPTER 6 – THE RESEARCH BEHIND CULTIVATE

6.4.2 Innovation

Innovation: Our people champion investment into new technologies, products and services.

All organisations and individuals have the potential to be innovative. However, without the appropriate leadership and organisational culture that encourages new ideas, innovation potential may never be realised. It is not enough to be creative and think up new ideas; innovation demands the courage and wherewithal to transform new ideas into something tangible.

Creating a safe working environment where employees feel comfortable taking informed risks is key to innovation

The PwC Annual Culture Report in 2021 found that 42% of respondents said that their organisation was risk averse, compared to just 25% who indicated that they were comfortable with taking risks².

It is important for organisations to create an environment that makes employees feel psychologically safe so that they can take informed risks and know that there is a ‘safety net’ supporting them if the outcome is not favourable.

When managers create a safe environment to express ideas and make suggestions, employees are 31 times more likely to think that their workplace is innovative³.

Innovation underpins growth

In a report by McKinsey & Company released in 2020, it is suggested that innovation is critical for success through crises. Businesses that were focused on maintaining innovation throughout the global financial crisis, were on average also 30% more likely to be outperforming in the years following and have seen favourable ongoing growth⁴.

Today’s innovators see themselves less as researchers and inventors, and more as composers, orchestrators, and cross-pollinators¹

“Innovation Study 2021: Beyond the buzzword”,
Deloitte

CHAPTER 6 – THE RESEARCH BEHIND CULTIVATE

A study by Deloitte in 2021 found that companies that had grown by 20% or more in the previous year had pursued innovation to enhance their financial performance.

This is described as an offensive position, where innovation is used by high performers to underpin their competitive advantage¹.

Innovation is essential for companies to enter new markets and to increase existing market share.

“There is no innovation and creativity without failure”

Brene Brown⁵

A large-scale study of patent registrations in ASX-listed companies found that more innovative companies reported higher future profits and shareholder returns. They found that innovative firms experienced 1.95% higher yearly growth in profitability compared to non-innovative firms⁶

Benefits of innovation:

Innovating businesses in Australia were also asked to report the benefits of introducing new goods, services or processes during the two years ended 30 June 2021. They reported :

41%

increase in revenue

45%

improved customer service

17%

improved work safety standards

39%

increased productivity⁸

A study of 154 companies found a significant correlation between ideation rate and growth in profit or net income. Researchers suggest that both the high ideation rates and growth in profits could be attributed to a culture of innovation⁷

“Are Innovative Companies More Profitable?”, Sloan Review

CHAPTER 6 – THE RESEARCH BEHIND CULTIVATE

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CHAPTER 6 – THE RESEARCH BEHIND CULTIVATE

6.4.3 Agility

Agility: Our people adjust quickly to changes in the external environment.

Agile organisations respond quickly to changes in the environment

With the rate of change showing no signs of slowing, the importance of delivering expected results and outcomes in times of change is paramount. Organisations that harness agility in their culture, are able to anticipate and adapt to changes in their environment².

In the 2017 Global Human Capital Trends study by Deloitte, 94% of respondents reported that “agility and collaboration” were critical to their organisation’s success³.

However, only 6% of companies expressed that they would describe themselves as “highly agile” and a further 19% expressed that they were “not agile”. This suggests that few companies are leveraging agility development in their organisations³.

Agility delivers significant returns on investment

Organisational agility has repeatedly shown to improve business outcomes, such as reducing costs, increasing efficiency and customer satisfaction. Agility has also been consistently linked to improvements to the bottom-line⁴.

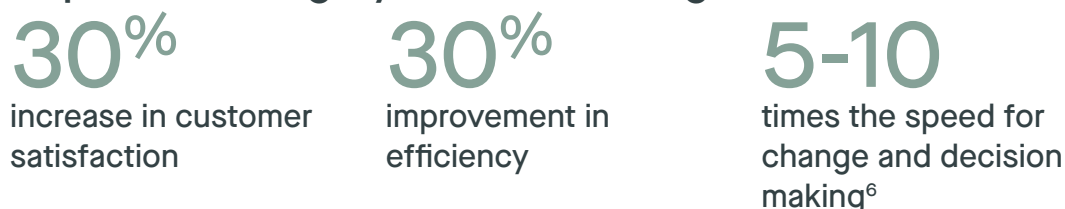
Agility has been identified as a key driver of operational excellence. Agile behaviours promote sustained performance and long-term gains, despite uncertainty⁵.

Agility allows the organisation to adapt, over and over again, in meaningful ways to support above-average performance over long periods of time¹

“The Agility Factor: Building Adaptable Organizations for Superior Performance”

CHAPTER 6 – THE RESEARCH BEHIND CULTIVATE

Impact of a highly successful agile transformation:



Agility is significantly related to measures of corporate financial performance, with companies high on agility showing 150% higher ROI and 500% higher return on equity (ROE)⁶.

Sources:

¹Worley, Williams, T. D., & Lawler, E. E. (2014). *The Agility Factor: Building Adaptable Organizations for Superior Performance*. Wiley

²Carvalho, Sampaio, P., Rebentisch, E., Carvalho, J. Á., & Saraiva, P. (2019). Operational excellence, organisational culture, and agility: the missing link? *Total Quality Management & Business Excellence*, 30(13-14), 1495–1514. <https://doi.org/10.1080/14783363.2017.1374833>


³Deloitte, “2017 Deloitte Global Human Capital Trends – Rewriting the rules for the digital age”, <https://www2.deloitte.com/au/en/pages/human-capital/articles/human-capital-trends.html>

⁴Teece, Peteraf, M., & Leih, S. (2016). Dynamic Capabilities and Organizational Agility. *California Management Review*, 58(4), 13–35. <https://doi.org/10.1525/cmr.2016.58.4.13>

⁵Increasing agility to boost organizational performance. (2021). *Strategic Direction* (Bradford, England), 37(2), 15–18. <https://doi.org/10.1108/SD-11-2020-0206>

⁶Aghina, W., Handscomb, C., Salo, O. and Thaker, S., “The impact of agility: How to shape your organisation to compete”, McKinsey & Company, May 25, 2021, <https://www.mckinsey.com/business-functions/people-and-organizational-performance/our-insights/the-impact-of-agility-how-to-shape-your-organization-to-compete>

⁷Pulakos, E.D., Kantrowitz, T., & Schneider, B., “What leads to organizational agility: It’s not what you think.”, *Consulting Psychology Journal: Practice and Research* 2019



To remain competitive in the future of work, meeting customer and global market demands, organisations need to make agility a top priority⁴

California Management Review

CHAPTER 6 – THE RESEARCH BEHIND CULTIVATE

6.4.4 Environment

Environment: Our people proactively take action to care for the environment.

The pandemic, coupled with growing concerns about the impending risk of natural disasters, has shifted the Australian and global mindset to prioritise sustainability strategies and mitigate harm to the environment.

A study in 2020 by PwC highlights that almost half of CEOs globally report that the COVID-19 pandemic has accelerated the shift towards reducing greenhouse gas emissions².

As Australia is one of the most resource and carbon-intensive (OECD) economies, with pressures on biodiversity and water resources identified as major issues³; maintaining business success into the future will depend heavily on an organisation's commitment to protecting the environment.

Creating a culture that values protecting the environment can make a sizable difference to the bottom-line

In 2013, MIT Sloan Review released a paper that reported profits by means of sustainability had risen by 23%, compared to the previous year. This upward trend is said to be due to more organisations amending their business models to seize opportunities for sustainability.

In an “investment for a sustainable future” report released by MIT Sloan in 2016, 3 out of 4 surveyed executives from investment firms consider sustainability performance as important to investment decisions⁴.

Integrating environmental initiatives within organisational strategy and culture has now become an imperative, not just a ‘nice to have’¹

“The Comprehensive Business Case for Sustainability”,
Harvard Business Review

CHAPTER 6 – THE RESEARCH BEHIND CULTIVATE

Companies with high ESG performance have outperformed their peers, achieving:

3.7
times higher
operating margins

2.6
times higher shareholder
returns⁵

Arguably, strong Environment, Social and Governance (ESG) performance is fast becoming a major pinch point in business deals. Investors are increasingly looking to companies with strong ESG performance, which have outperformed other companies and shown greater resilience on the share market⁶.

Sources:

¹Whelan, T. and Fink, C., “The Comprehensive Business Case for Sustainability”, Harvard Business Review, October 21, 2016, <https://hbr.org/2016/10/the-comprehensive-business-case-for-sustainability>

²PwC, “CEO Panel Survey 2020”, <https://www.pwc.co.uk/ceo-survey/ceo-panel-survey.html#purposeful-changes>

³OECD, “OECD Environmental Performance Reviews: Australia 2019”, OECD Environmental Performance Reviews, OECD Publishing, <https://www.oecd.org/australia/oecd-environmental-performance-reviews-australia-2019-9789264310452-en.htm>

⁴Kiron, D., Unruh, G., Kruschwitz, N., Reeves, M., Rubel, H. & Meyer Zum Felde, A., “Corporate Sustainability At A Crossroads”, May 2017, <https://sloanreview.mit.edu/projects/corporate-sustainability-at-a-crossroads/#chapter-3>

⁵O’Reilly, K., “Delivering on the promise of sustainability”, Accenture, April 14, 2021, <https://www.accenture.com/au-en/insights/strategy/delivering-promise-sustainability>

⁶Giese, G., “Has ESG Affected Stock Performance?”, MSCI, November 29, 2017, <https://www.msci.com/www/blog-posts/has-esg-affected-stock/0794561659>

About Keogh

Keogh Consulting has been working with organisations for over three decades to build high performing cultures; workplaces where people flourish and benefits flow to the bottom-line.

With offices in Perth and Brisbane, we collaborate with you every step of the way – utilising world class methodologies, processes, and expertise to support businesses strategically transform their organisation, uplift leader capabilities, and bring fresh thinking to stagnant problems.

Keogh was recently awarded the Best Management Consulting Firm (revenue <\$30m) in the Client Choice Awards 2022.

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