

Culture is Key: Workplace Culture as Competitive Advantage

May 2, 2023



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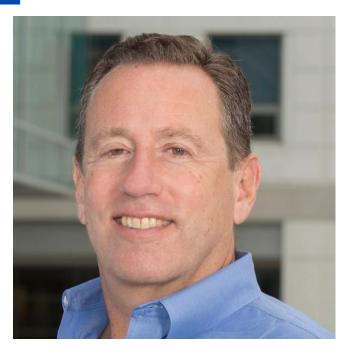






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Welcome



Dr. Alan Abramson

Professor & Director Center on Nonprofits, Philanthropy, and Social Enterprise Schar School of Policy & Government, George Mason University



Mark Schwartz Arlington County Manager



The Future of Work is for Everyone



Glenn Davidson Specialist Executive Deloitte Consulting LCC



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Deloitte.

The Future of Work is for Everyone: Workforce Strategies for the Future of Work

May 2, 2023

What is the Future of Work?

WORK

The activities performed and technology applied to produce work outcomes and

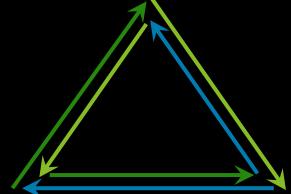
create value



THE WORKFORCE

The portfolio of human capabilities and technical skills that come together into jobs that employers hire for, and that people want to do





THE WORKPLACE

The context and environment in which work is done - physical design and technologies, collaboration, culture, and workforce preferences





Geographic Location Physical Design

Culture Col

We are experiencing a workforce revolution ...

EXHAUSTION

People are working more than ever...¹



Global increase in the numberof meetings per week since the start of the pandemic



Increase in the number of overlapping meetings (i.e., being double-booked) per person



of participants in multitask during meetings an average week

WE ALSO SEE DISPROPORTIONATE IMPACTS ON WOMEN...

Before the pandemic, women made up more than **50%** of the country's workforce compared to **47%** today. In fact, there are an estimated **1M women missing from the labor force** compared Copyright © 2023 Deloitte **EQUID**

RESIGNATION

According to the U.S. Chamber of Commerce, we have **3.3M fewer Americans** participating in the labor force today compared to February 2020³...



47%

...and in fact, a staggering 4.2M people quit their jobs in November 2022³

The Future Forum report published in January found that...

53% of workers in France,
55% in Germany and Japan,
60% in the United Kingdom, and
64% in Australia

....are open to looking for new jobs in the next year⁴

RESHUFFLING

15.9M people in the U.S. moved during the pandemic according to USPS data⁵

AND

of leaders are likely to consider applying for jobs not near their homes in the next year⁶

THE PHENOMENON IS GLOBAL, TOO...

Global workers are more willing to relocate...⁷

150%	India to UAE
124%	Canada to USA
105%	Ireland to USA
95%	Canada to UAE



What is driving the job churn? From the mouth of employees...

Pay was too low 63% No advancement opportunities 63% Felt disrespected at work 57% Child care issues 48% Not enough flexibility in hours 45% Benefits were not good 43% Working too many hours 39% Relocation 35% Working too few hours 30% COVID-19 vaccine requirement 18%

wor Resi

Low pay was the top reason US workers quit during the Great Resignation of 2021

> ...and the pace of quits has slowed only slightly in 2022

Quitters are likely getting different (presumably better) jobs

of those who quit a job say they are **still employed**

Making it difficult to attract and retain employees ...

Low Unemployment

In December 2022, the **unemployment rate** dropped to **3.468%**, a 50-year low.

More Jobs than Job Seekers

Employers were adding on average 392K jobs a month in 2022.²

About 4.2M people quit their jobs in November, while 1.4M people were laid off or discharged.²

In November 2022, employers hired 6.1M people.²

In April 2023, there were 9.9M job openings.

More Startups than Ever Before

The number of **applications for new businesses** increased **from 2.8M** in 2015 to more than **5.3M in 2021.**⁵

With abundant opportunities, it's becoming increasingly difficult and more costly to successfully recruit and hire job seekers...

1 in 6	Candidates Reject a Job Offer	According to Glassdoor, 1 in 6 candidates in the U.S. reject their job offer.
\$4,425	Average Cost Per Hire	According to a SHRM survey the average cost per hire is \$4,700 ² – an almost \$300 increase from 2016 at \$4,129. ³
73%	Increase in Negotiating for Higher Salaries	Candidates and current employees are negotiating for higher salaries — a 20% increase from 2020. ⁴ In fact, the lowest wage, on average, that workers with college degrees will accept is \$92,100.
	Average number of days to fill a position in the Public Sector	On average, it takes 36 to 42 days to fill a position in the private sector . The average public sector time-to-fill is 119 days , meaning the public sector hiring processes take three times longer than the private sector on average. ⁵

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Recent economic results suggest the US labor market may be slowing ...



Salesforce said it will lay off **10% of its workforce** or about **8,500 people,** in the next several months.



Meta Platforms said it would **cut 13% of staff.**

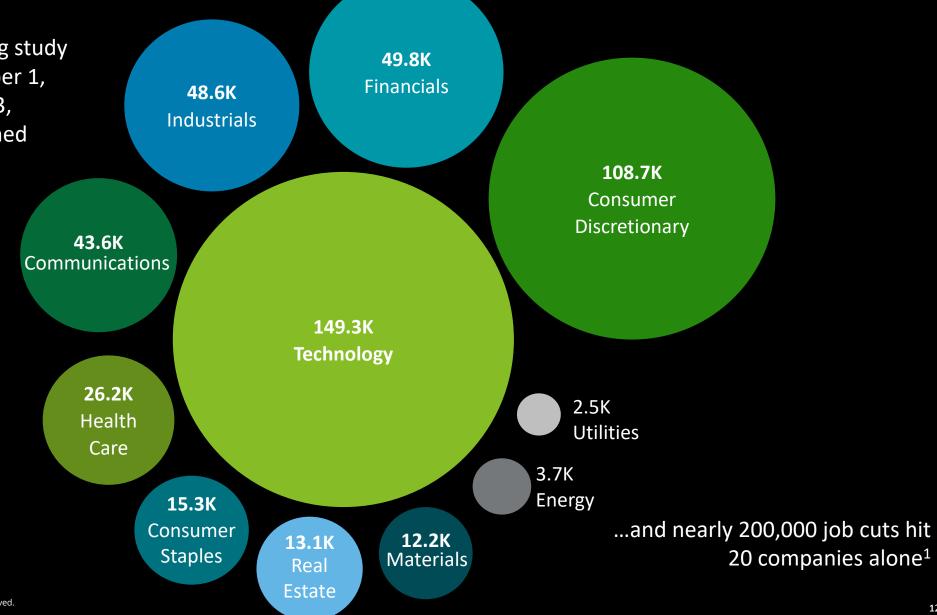
Vimeo will trim its ranks by **11% after cutting 6% of its staff** in July.



Amazon announced a reduction in **1.2% of its 1.5M employees.**

Global layoffs extend far beyond big tech

According to a Bloomberg study of layoffs between October 1, 2022 and March 20, 2023, almost 800 companies shed 473,000 jobs...¹



Longer lives, even more opportunities

A child born in Japan in 2007 will have a more than				
50%	chance of living past the age of 107 ¹			

80-85 years represents the average

life expectancy in Hong Kong, Switzerland, Singapore, Italy, Spain, Australia, Iceland, South Korea, Israel, Sweden, France, Canada, and others¹

NEW INDUSTRIES AND JOBS ARE EMERGING

20%

of gig workers in the United States are over the age of 50, and nearly a third of those are over the age of 65²



AND

new roles will be created by 2025

as humans, machines, and algorithms work together³

_____ (زرن 150M

projected additions by 2030
Care work is the fastest-growing
sector of work in the world⁴

Three new fundamentals, spanning nine key trends, emerged as critical to helping workers and organizations navigate the boundaryless world

New fundamentals require organizations to...

THINK LIKE A RESEARCHER	COCREATE THE RELATIONSHIP	PRIORITIZE HUMAN OUTCOMES			
Navigating the end of job	Negotiating worker data	້ຳຳຳຳ້ຳ Taking bold action for equitable outcomes			
Powering human impact with technology	Harnessing worker agency	Advancing the human element of sustainability			
Activating the future of workplace	Unlocking the workforce ecosystem	Elevating the focus on human risk			

Business changes no longer occur slowly, and workers are no longer just pieces of industrial machines. Consequently, organizations must adopt a **skills-based approach to managing work and workers**, delivering business agility and worker autonomy by enabling work to be performed beyond formal job boundaries

According to Deloitte's Skills Based Organization Report, organizations that embed a skills-based approach are...



more likely to **achieve results** than those that have not¹

RARARARAR

of workers would be more likely to be attracted
 to and remain at an organization that makes
 decisions based on their skills¹

...yet the readiness gap remains, according to findings in Deloitte's 2023 Human Capital Trends Report

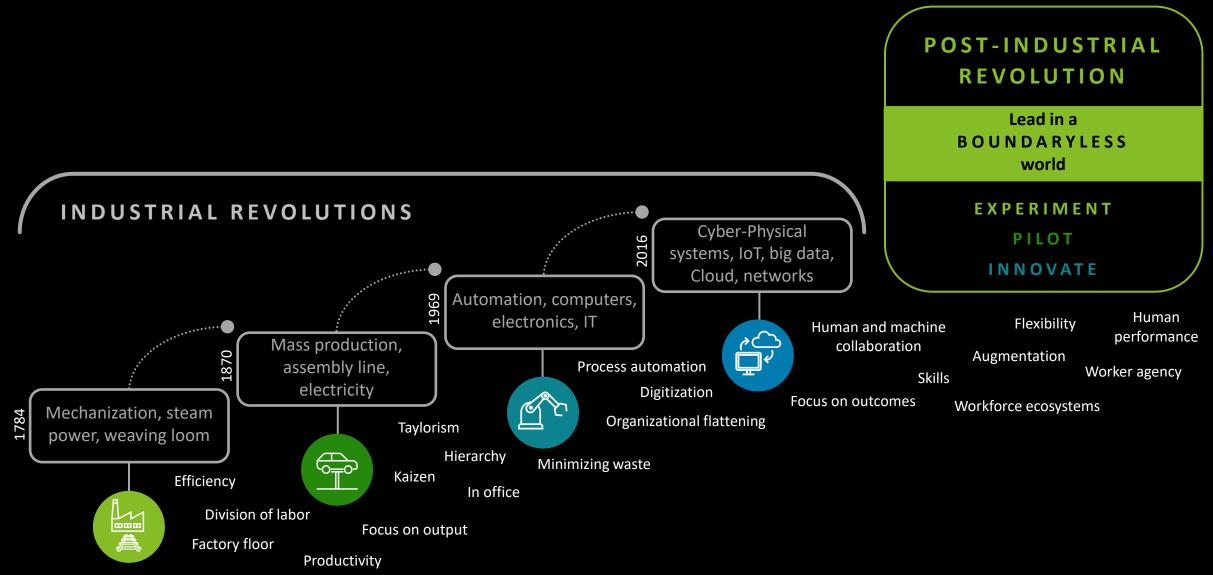


of respondents said moving away from a focus on jobs is (very) important to their success²

BUT ONLY

20% believe their organization is very ready to do so²

The boundaries that were once assumed to be the natural order of things are falling away...



We need to choose a human agenda

WORK AS HUMANS

Re-architect the flow of work to reflect how humans naturally work

Outcome driven Integrated Fluid

Non-linear routines

Workgroup-oriented

Connected Creating value

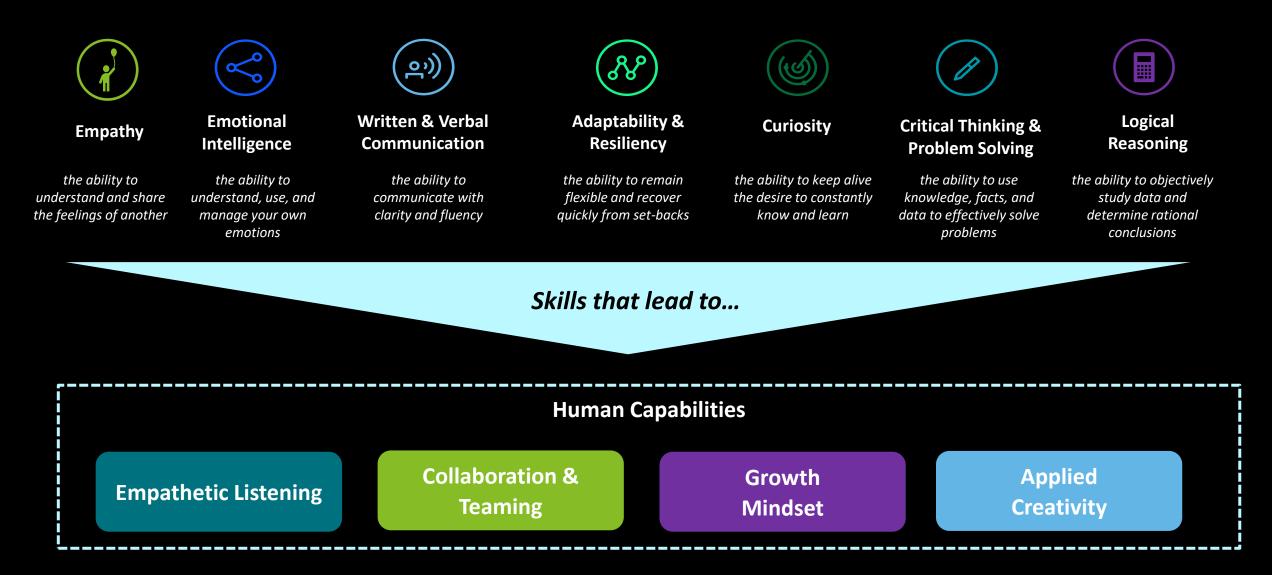


Inclusiveness Emotional intelligence Challenging Conceptual Experimenting thinking Drive Risk taking

Emphasize enduring capabilities of the humans doing the work

PUT HUMAN WORK AT THE FOREFRONT

Enduring Human Skills are key to the Future of Work



Case Study: Deloitte's Future of Work Institute[™]

How can employers help learners be better prepared for the Future of Work?

IN STITUTE O BJECTIVES

宗

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UNDERSTAND

how the world of work is changing and what it means for skills, jobs, and careers

EQUIP

each learner with an adaptable mindset and awareness of meaning and value of their work

SUPPLEMENT

as an additive learning modality outside of existing coursework and creditbearing learning

ELEMENTS OF THEEX PERIENCE

Core lab experiences to provide baseline Future of Work knowledge

Customized content for learners to explore their own experience

Interactive elements and live events to build cohort community

"When I came into [the Future of

Work Institute], I didn't expect what I left with. I came out of this experience with information and skills that really just were applicable to my life – not just

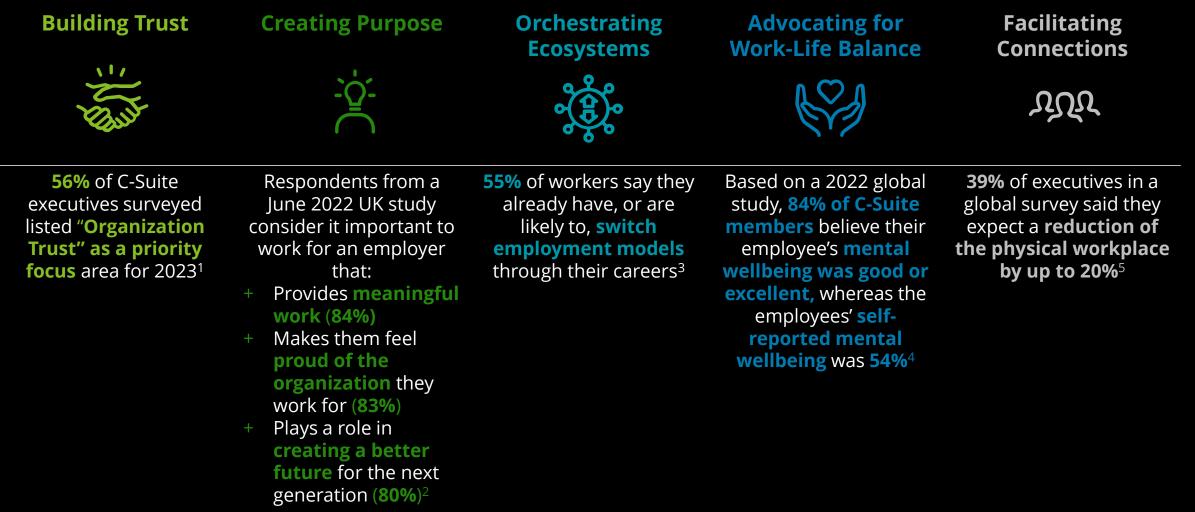
STUDENT

PERSPECTIVES

work, not just school, but really [my] life."

"I find myself staying up all night thinking through the session and fell asleep curious about learning more. The most beneficial part of this is knowing the different way technology is changing work." And, as leaders, we must adapt to the unique challenges of the coming years...

LEADERS CAN ACT BY...



Let's get to Work.

Let's Connect!





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Hon. Jeff T.H. Pon, Ph.D., 11th Director of the United States Office of Personnel Management

Emma Antonios, Vice President, Human Resources

Sharon Camper, Chief People Office, Apple Federal Credit Union

Cathy Schafrik, Director of Human Resources, Fairfax County

Kerrie Wilson, Chief Executive Officer, Cornerstones, Inc.



Schar School Welcome



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People & Purpose

Olivia (Mandy) O'Neill, Ph.D.

Associate Professor of Management, School of Business Senior Scientist, Center for the Advancement of Well-Being George Mason University

People and Purpose

Mandy O'Neill, Ph.D.

School of Business

Center for the Advancement of Well-Being



- What can employers do to improve employee well-being?
- How do leaders think more intentionally about culture?
- Has anyone figured out how to address remote work?
- How do we overcome burnout?

A Call to Action How do organizations impact employee well-being?

"Subjective" vs "Objective" Well-Being

Psychological perspective

- What people think and feel about what they have and what happens to them
- More than the absence of dysfunction and dissatisfaction, the presence of positive emotions, meaning, recovery, and satisfaction

Business (economic) perspective

- Revenue, profit, loss, costs
- Safety, quality
- Accidents, injuries
- Absences, turnover
- Employee engagement, satisfaction scores
- Related to one another, but not a perfect correlation

Center for the Advancement of Well-Being Definition

- Building a life of vitality, purpose, resilience, and engagement
- A dynamic process or journey, not a static destination
- Cultivated through intentional behavior
- Involves challenges and setbacks that we learn to overcome and benefit from
- Involves subjectivity but can be measured scientifically



Organizational Culture

- An important component of the organizational landscape for over 30 years
- Comprised of multiple levels, levers, tools, and/or manifestations
- Maintained and managed through mechanisms of social control including rewards and recognition





Integrity Trustworthy | Ethical | Honest | Accountable



Α

Customer Focus Sense of urgency I Listens I Global focus Anticipates member needs & delivers

Adaptability

Thrives through change I Innovates I Embraces new ideas Takes risks and learns from mistakes I Makes decisions to meet windows of opportunity

Respect

Open to diverse ideas, views and talents | Listens with empathy Disagrees respectfully & productively | Empowers staff

Excellence

Results oriented | Collaborates | Respects expertise Quality in work | Dedicated

Organizational Culture Profile Item	Innovation: Factor 1	Attention to Detail: Factor 2	Outcome Orientation: Factor 3	Aggressiveness: Factor 4	Supportiveness: Factor 5	Emphasis on Rewards: Factor 6	Team Orientation: Factor 7	Decisiveness: Factor 8
Stability	66	.04	25	.04	.05	03	01	.06
Innovation	.51	05	07	.07	02	02	09	05
Experimenting	.59	12	03	05	08	08	04	04
Risk taking	.65	04	06	.22	20	10	08	05
Careful	42	.33	25	11	15	07	.06	.16
Rule oriented	43	.38	.06	04	16	02	.07	.09
Security	53	24	30	06	.10	.15	03	.13
Highly organized	47	.24	21	01	17	05	03	24
Analytical	.01	.56	.13	09	.01	03	03	.06
Attention to detail	08	.75	05	.02	06	06	03	08
Precise	09	.75	.12	.01	09	.01	05	11
Calm	16	.10	46	.08	04	.04	.00	.12
Achievement oriented	14	04	.62	.08	00	.25	03	.05
Demanding	.19	01	.57	.21	15	15	07	.02
High expectations	.12	03	.65	.08	14	06	.01	03
Results oriented	.07	01	.49	15	18	.20	.05	14
Opportunities	.17	.01	08	.55	05	.25	.04	10

TABLE 1Results of Factor Analysis of Individual Preferences^a

Emotional culture

Visible norms and artifacts, underlying values and assumptions, reflecting degree of perceived appropriateness and actual expression or suppression of discrete emotions within a social unit

Transmitted through two types of mechanisms

Feeling mechanisms (e.g., felt emotions, emotion contagion, deep acting): Includes both verbal and nonverbal behavior, such as facial expression, vocal tone, body language

Normative mechanisms (e.g.,

display rules, surface acting, social exchange): Can be strategic and intentional

Harvard Business Review

Manage Your Emotional Culture

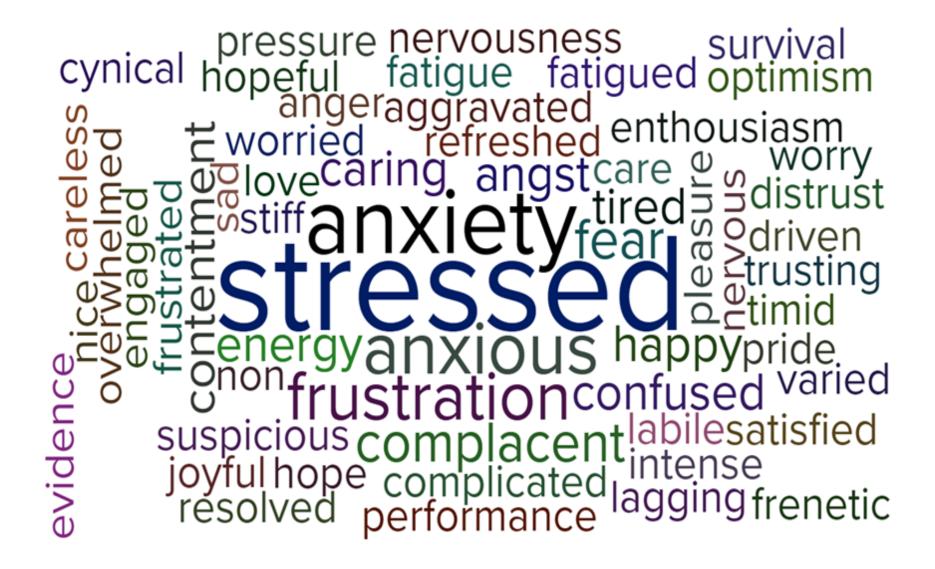
ost leaders focus on how employees think and behave rt feelings matter just as much. Sigal Barsade and Olivia A. O'Neill

Emotional Cultures

Affection, caring, compassion Amusement, joviality, humor Anger, irritation, annoyance Anxiety, nervousness, worry Awe, wonder, amazement Bitterness Envy or jealousy Excitement, enthusiasm Fear or terror

Gratitude, appreciation, thankfulness Guilt, repentance, blameworthiness Hope, optimism, encouragement Interest, alertness, curiosity Joy, gladness, happiness Longing, yearning, nostalgia Pride or triumph Sadness, depression, unhappiness Serenity, contentedness, peacefulness

What is the one word that describes your organization's emotional culture?



What is the antidote to a toxic or dysfunctional culture?

"Appreciate everything your associates do for the business. Nothing else can quite substitute for a few well-chosen, well-timed, sincere words of praise. They're absolutely free and worth a fortune." - Walmart Founder & Former CEO, Sam Walton

"The highest ROI management tool I know is one that is available to everyone, costs essentially nothing, and is a proven driver of workplace productivity. That tool is gratitude." - Former LinkedIn CEO, Jeff Weiner Gratitude is not

only the greatest

of the virtues but

the parent of all

others."

- Cicero

~gratitude~

A feeling of appreciation or reverence in response to an experience that is beneficial to (but not attributable to) the self

Benefits of Gratitude

Positively related to happiness, life-satisfaction, and wellbeing

Negatively related to depression, anxiety, and stress

Increases prosocial behavior

Improves sleep

Promotes forgiveness

Seems to have lasting neural effects

...to only name a few!

Why Gratitude?

The core of gratitude is relational, serving an evolutionary function involving the formation and maintenance of relationships

By its very nature, gratitude is linked to culture's function as means of social control, namely, as a system of reward and recognition

Mechanisms used by strong culture organizations to generate commitment and manage through social control

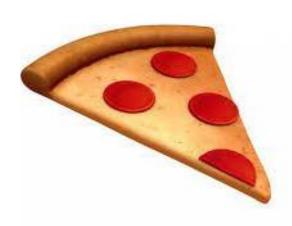
- 1. Systems of participation that promote choice and lead people to feel committed
- 2. Management actions that set goals, focus attention, and help people interpret events in ways that emphasize their intrinsic importance
- 3. Consistent information from valued others signaling what is and is not important; and
- 4. Comprehensive reward systems that are seen as fair and emphasize recognition, approval, and individual and collective contributions.

Yet, gratitude at work is very rare

- In a 21-day gratitude journal (N=22,587 responses), only 3.5% received an expression of gratitude from a colleague/co-worker
- In a survey (N=2,000), employees report being less likely to express gratitude at work than anyplace else
- In a day reconstruction study (N=860), most people report not expressing gratitude (64.97%). Of the people who do, 1.82% is towards a co-worker (1.26% stranger!)

Complications of Policies and Practices Involving Recognition and Reward







Employees want cultures of gratitude in their organizations

"I think that the more institutions and organizations can integrate clear, transparent ways to celebrate, recognize, and engage their employees and recognize them for a myriad of things [...] folks can address some of those pieces by incorporating a culture of gratitude and recognition, because then it becomes the norm." #1033, 50 year old, White, Man, Social Worker

Wide range of formal and informal practices and policies (and lack thereof) aimed at promoting a culture of gratitude

"There's definitely a good culture of appreciation, especially from management [...] I would say definitely there's a culture of gratitude"

#1010, 48 year old, Asian, Man, Senior Software Engineer

"As a company, we're not great with public recognition. But there are some instances where, you know, it's company culture to *not* celebrate an individual..."

#1044, 44 year old, White, Man, HR Operations Product Manager

In some organizations, policies and programs aimed at promoting employee recognition and appreciation are institutionalized

"...we have a system to recognize good performance, and it's called [program name], and so you can send those to anybody in the company, and you can just relate them to one of the company's goals or values, and just to acknowledge that someone's doing a good job, and their manager's copied on it..."

#1051, 31 year old, Hispanic, Woman, Certified Public Accountant

Programs involving monetary point systems or public recognition can become routine, transactional, or insignificant to employees

"We have a peer-to-peer reward system so it's kind of like a bonus where you can award peers points which then gets translated into gift cards or like a Visa prepaid card [...] [at the] end of the month, when your points expire, everyone is like 'hey, it's the end of the month, give points" #1011, 44 years old, Asian, Woman, Behavioral Scientist

"Pats on the back are nice, you know, to say 'doing a good job', but I'm like 'If I was doing that good of a job, pay me more'. I work because I want money. I need money to support my family [...] It's a means to an end, so pay me." #1021, 49 years old, White, Male, Bank Operations The COVID-19 shift to hybrid and remote work schedules resulted in some of these programs to recognize, reward, and acknowledge employees being cut

"They used to do that [recognition program], but it kind of stopped [...] that stuff didn't really translate to the virtual side of things [...] It feels like people's efforts were acknowledged more when we worked in person"

#1034, 29 year old, White, Man, Software Quality Assurance

Conclusions

- Employees desire cultures of gratitude in their organizations
- Hints of what an emotional culture of gratitude looks like are coming into focus
- Attempts to institutionalize expression of gratitude in organizations often fail to achieve the benefits of gratitude found in previous research
- Unclear when and why such programs backfire, resulting in unintended negative consequences

What other emotions contribute to a positive culture?



Awe



- A complex emotion arising from stimuli and characterized perceived vastness and a need for accommodation
 - Observing something large
 - Violates our normal understanding of the world
- Can be both positive and negative
- Results in feelings of self-diminishment and increased connectedness with other people
- Puts people in a self-transcendent state where they focus less on themselves and feel more like a part of a larger whole











Assessing emotional culture

Employee assessments

- Science-based, psychometrically valid measures
- Challenge: Employee survey fatigue

Expert rater assessments

- Employees' verbal statements ("I'd like to punch him in the face")
- Office cultural artifacts (e.g., décor, dress, architecture, tchotchkes)
- "Reading" employees' emotion expressions
 - Facial expressions
 - Gestures, behaviors

Current vs. needed culture

On the next few screens, you will be asked to think about your unit's culture in two ways. **Please read carefully**.

The first is the unit's <u>current culture</u>. These ratings describe <u>the way people within</u> <u>your unit currently behave</u>. This is not necessarily what you would like, but is an accurate description of <u>the way things really are</u>.

The second is the unit's <u>**needed culture**</u>. These ratings describe <u>the culture you</u> <u>would like</u>. This is not necessarily the way people in your unit currently behave, but is <u>what you would like to see valued and rewarded in your unit</u>.

NOTE: If at any point in the survey you need to go back to a previous screen, just click the << button at the bottom of the screen.

0% 100%			
	<<	>>	



Emotion analysis software

• Looks for linguistic patterns

Biometric data

• Measures emotional arousal

Emotion recognition software & hardware



How does an organization create and maintain a positive emotional culture?

- **Top management**: craft the vision and provide the resources
 - Create a vision to cultivate and manage emotional culture
 - Provide the resources (financial, psychological) for desired culture
- **Managers**: Model the behavior you want to see
 - Leaders drive rules, rituals, and practices
 - Leaders' emotions disproportionately influence the culture (e.g., through emotional contagion)
- **HR**: Hire the right people, hold people accountable
 - Creating job interview questions that give an indication of whether prospective employees would complement or detract from desired emotional culture
 - Create performance appraisal measures that assess behaviors that support or undermine desired culture
- Individual contributors: Maintain or create desired culture through small acts and micro-moments

What are some challenges to creating an organizational culture that promotes employee wellbeing?

Maintaining the culture through challenges and changes

- Financial pressures, resource constraints
- Bureaucratic structures and systems
- Rapid hiring, growth
- Leader transitions

Necessary evils and the need for "tough love"

- Having difficult conversations
- Sanctioning bad behavior
- Delivering negative feedback
- Letting people go



Copying trends at large successful companies ignores selection bias

• Ignores the failures, who may have been doing the same things, too

The most "empathetic" companies also tend to the most profitable

• These companies can afford to do progressive, innovative things

Is there a "dark side" to positive emotions?







A company isn't a family. Parents don't fire their kids for low performance or furlough them in hard times.

A better vision for a workplace is a community—a place where people bond around shared values, feel valued as human beings, and have a voice in decisions that affect them.

Unintended Consequences

High engagement Burnout

Strong work relationships Inability to disconnect



One solution: Supervisor support for recovery

Specific, actionable behaviors that people can intentionally cultivate to stop dysfunctional behaviors and cultivate healthy well-being habits (e.g., stop emailing people at 3am)

Strengths-Based Approaches

Appreciative Inquiry (AI)

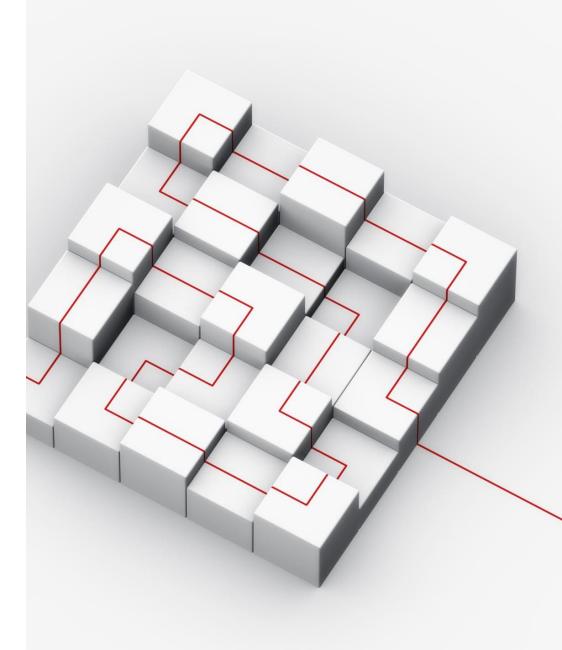
Takes as its starting point what it is that is working well in an organization (i.e., not problems)

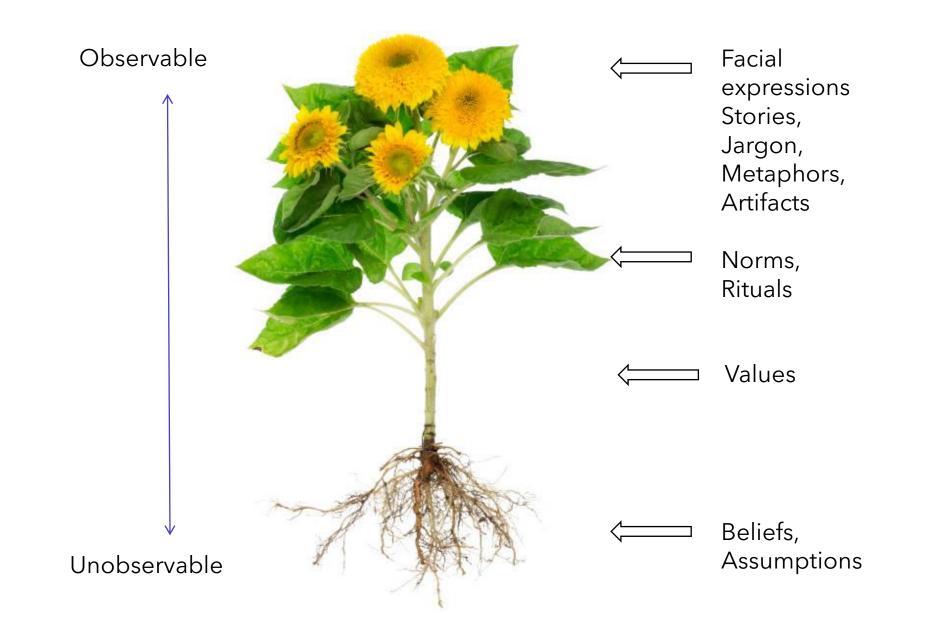
Change is framed as a process of identifying *what might be possible* in the future by building on *existing strengths*

Shows a movement from *problem-solving* to *joint envisioning* of the future

Four-step process

- *Discovering/appreciating* the good qualities in what is currently practiced
- *Building* on existing knowledge to envisage what the future could be
- Designing, through collective dialogue, what should be
- Sustaining the organization's future





Thank you

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Closing Remarks



Karen Cleveland President & CEO Leadership Fairfax

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