

Final Paper: Company Culture With HRM and OD

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Abstract

During our first class as a cohort (currently known as Forte), the class determined the standards for our “class norms”. Forte decided how we wanted to treat each other, how we wanted to be treated and what rules we wanted to establish for ourselves. Each established norm was crafted thoughtfully from what we’ve learned in our past experiences in order to get the best out of our next two years together. These norms established a culture of trust, openness, accountability and creativity for our small but mighty colleagues. That being said, I have rarely thought back to our class norms or established rules for several reasons, the most prominent being that in our cohort I feel happy, safe and engaged. I have no need to wonder what our culture is supposed to be because all members of Forte consistently live it. With minimal enforcement necessary, Forte represents the beginning stages of a tight knit organization without the needs of a referee, or HR-like figure.

That being said, the purpose of this paper is to explore the complexities of company cultures, Human Resources and Organization Development. This paper will include what is company culture, how HR is involved in company culture, examples of companies with strong cultures and great customer satisfaction rates as well as how this relate to Organization Development. This will be relayed through the results of research of company culture. From those findings, companies with positive cultures in relation to the customer service industry will be identified. Lastly, the relation between HR and OD in company culture will be explained.

What is Company Culture?

In researching for a simple definition of a company or organization's culture I came across countless similar theories. My findings conclude that a company culture ultimately comes down to being able to use a company's human capital as a core competency (Mathis, and Jackson 2002). Most definitions also mention items that form a culture are a company's shared values, beliefs, traditions, philosophies, and norms. Culture is not just having values, beliefs et cetera established but also having a body of leaders and employees who actively live and embody said norms on a daily basis.

A positive company culture is vital to any company for several reasons. Leveraged effectively, culture can instigate competition, encourage quality, raise the bar for productivity and in turn affect the profitability of any company. The culture of a company attracts new applicants to and by itself may retain good employees. Luanne Kelchner (2015) summarizes the importance of a healthy company culture with, "A healthy corporate culture values each employee in the organization regardless of his job duties, which results in employees working as a team to meet the company's and their own personal needs. Healthy corporate culture improves the performance of a business in a number of areas."

With websites like GlassDoor.Com or local articles such as "Austin American Statesmen's Best Places To Work For 2015" that allows the public to share what it's really like to work for a company, the game has changed the game in how companies view their own cultures. Just like any one-off negative Yelp review can dismantle the reputation of a great business, so can an outraged employee on the Internet. In a way, a company's culture is now the brand they wear in the public eye for all to see and judge.

This brings a new point of vulnerability to companies- now executive leaders have more to worry about than metrics and profitability but also how their employees are feeling and the power that they hold to speak out anonymously on the internet.

Companies with a great culture make it seem so easy to emulate their greatness. When put into practice, it seems much more challenging than anticipated. That being said, advice from Four Seasons' chairman Isadore Sharp (2014) advises as follows, "Over the years, we've initiated many new ideas that have been copied and are now the norm in the industry. But the one idea that our customers value the most cannot be copied: the consistent quality of our exceptional service. That service is based on a corporate culture." In elaboration, Sharp reveals that what sets his company culture aside from emerging companies is that they have focused on the long term goals and investments in their culture rather than short term remedies. Coming from customer service consultant Shep Hyken (2014), "Great customer service starts at the top, with the leader defining what the service will be. Then you have to define it, disseminate it, deploy it through training, demonstrate it through your own actions, defend it and celebrate it."

How is Human Resources Involved?

Human Resources are involved at the core of each employee's life cycle at a company. Beginning with recruiting, the hiring process, the annual appraisals and ending with exit interviews, Human Resources is ever present. With such a consistent authority, Leyla Norman states, "HR departments must model how they want other departments and individual employees to act to create as positive a workplace culture as possible. Two of HR's main functions are to attract and retain high-quality professionals, and the culture

they promote in the company affects these functions.” HR’s strategic involvement sets the stage and examples for a company’s long-term behavior and cultural norms.

Human Resources must adopt several responsibilities in regard to company culture. HR Managers must represent examples of the culture and values to be instilled in the employees, enforce the cultural norms, HR rules and guidelines as well as embody the role of an advisor and coach to leadership teams. A community post from HR.Com reflects, “Executives often do not have an accurate understanding of the cultures that they create. Because they are removed from the front lines, executives tend to believe that the espoused culture they intended to create exists throughout the organization. However, often this is not the case and executives end up with an inaccurate perception of their corporate culture.” In these instances, it is the responsibility of HR to be aware of the front line’s pulse and involved in the morale or agents and coaching of leaders. While this is easier said than done since not every employee is open with leadership and HR, it is the responsibility of HR and management to open the lines of communication to make the proper adjustments and determinations for the company’s culture.

Other ways in which HR is involved in company culture is through managing, compensation, employee relations, workplace safety, and effective leadership. HR is an advocate for unsatisfied employees and a mediator between the agent and management level. HR determines fair compensation on the industry, as well as internal company level. Furthermore, its acceptance or rejection can play a huge role in the happiness and culture of a company. If an employee feels valued and compensated fairly, they are more likely to produce a higher quality result than an employee who feels underpaid and undervalued. Employees will often ensure that their physical and mental contribution to

a company's success is directly proportional to the company's investment in the employee. HR must partner with management in receiving engagement feedback in tandem with acting upon its results.

Who Has Great Company Culture?

An Arizona State University study on customer service lessons advises not to invest in improving customer service unless you're doing it right. How does a company know if you're doing it right or not? One way to know if you're investing the right way in your customer service is really knowing your customer service representatives and giving your representatives the tools to know themselves. Stevie Award winning companies such as Rackspace utilize assessments such as StrengthsFinder to identify their employee's top 5 strengths and utilize those strengths as tools to maximize business. Prior to going through such assessments, Rackspace has all new hires undergo extensive training to understand the company's history, core values, introduction to leadership teams and play games/exercises to teach new hires how to work together on teams while serving customers.

Apple provides another example of cohesive company culture in conjunction with fantastic customer service. Apple has removed itself from having the goals of a satisfactory customer service experience and moved towards anticipatory customer service (Solomon 2014). Apple's customer service anticipates their customer's desires and leaves each customer feeling great about their customer service experience and feeling as if they can always rely on Apple's customer service. It is the difference between being nice to customers and being helpful. Apple has made a point to hire those

they feel will uphold their anticipatory, helpful and empathetic customer service standards rather than hiring bodies first and training standards second. This helps Apple to easily maintain the customer service and company culture desired by leadership.

Zappos is yet another leading example of companies that embrace a combination of wonderful customer service as well as company culture. While Zappos weighs 50% of their hiring decision on cultural fit, they have developed a series of behaviorally centered interview questions to determine best fits for the company. Zappos is known to have customer service employees who are willing to go above and beyond in providing customer service for clients whether, that means assisting with shoes, talking about ones day or even helping a client check the weather for an upcoming business trip. Another exception item that sets Zappos aside from other companies is how much they encourage their employees to be creative. Each year, Zappos has a culture book that is written and rewritten by employees to develop and reinforce the culture they wish to have within the company (Heathfield 2015).

With years of customer service awards, Amazon also prides itself on their company culture. Amazon's customer service strength starts with their philosophy on listening. Baldacci describes Amazon's action as such: "It's easy to listen to customers. However the first step of every employee must be to understand them and their needs in order to successfully better the organization." This takes the perspective away from listening, solving and moving to the next customer and more towards understanding the problem, practicing empathy and using that understanding to create a better customer service experience for the next customer. Each customer hangs up the phone knowing that they were listened to, understood and feeling important. This practice is imperative

to the agent development in customer service. Another interesting tactic that Amazon implements in its culture to provide the best customer service is focusing on the empty chair. In meetings, the empty chair is “occupied” by their customers and should be a reminder of what the most important person in the room needs. Having a physical reminder of their customer’s needs keeps meetings focused around who really matters.

How Does This Relate To Organization Development?

While Organization Development is fundamentally about change and Human Resource Management focuses on policy, the two tend to intertwine. Since policy and procedures affect all things within a company including company culture, it is HR that must take the lead in any change effort of a particular organization. With that, it is seen of late that the function of an HR professional is rapidly growing and adapting to changes in the workforce. “Today’s HR professionals often have been depicted as dramatically different from the past. For example, they are expected to focus on, and guarantee deliverables from deployment of HR practices that create value for their organization [...] be the employees voice in management discussions, ensure that employees feel that their issues have been heard; and be the catalyst, facilitators and designers of both cultural change and capacity for change, establishing a vision for HR function that excited clients and engages HR professionals (Rothwell, 2010 P. 96).” HR is not only responsible for creating rules, policy, guidelines, architecture and organization of a company, but they are also expected to uphold the standards and ensure the company’s culture is engaged and maintained on the employee and leadership level.

Libby Sartain, the senior vice president of human resources and chief of people at Yahoo! Inc., states, “A proven method for elevating the HR role is for HR to become the change agent for creating a high-performance culture. Under this scenario, the HR agenda is crafted to build organizational capability and to drive business performance leading to results. The outcome of this approach is a new way of looking at HR programming and people practices.” Sartain’s outlook supports that HR and OD must adopt each other to instigate effective change. While HR needs to stand strong on policies and procedures to build a strong organization based on best practices and high performance, the flexibility, adaptability and capability of change of an OD practitioner must also be embodied.

While things such as company culture are in development or under construction, HR must channel OD to become the change agents necessary for implementation. “Organization development is not just a singular concept. It is a process that HR must go through to figure out what really works within the work place. Concretely, HR must establish a workable OD that builds a disciplined but adaptive talent management process. This process will ensure that the company has the best talent in the industry that can only take on the challenge of current and rapidly growing business opportunities (Rothwell, 2010 P. 101).” In many aspects, OD acts as a means to an end for HR professionals and therefore contains a skillset that is vital for the leadership and change implementation in any organization to be successful.

Conclusion

Company culture may not be something on every employee’s mind until it is called into question. The culture of a company is the reflection of a company’s beliefs,

values and norms exemplified through employees. The culture of a company truly sets the tone for any company's success. The people are the heartbeat of any company and if they are not representing a positive set of values and beliefs, it can be easy to be consumed by negativity and, as a company, fail your people. On the flip side, a company with a positive culture can grow, encourage quality and productivity and ultimately bring more profit to a company.

Human Resource Management is involved in the culture of a company in many ways. To summarize, HR is the backbone, the blueprints, upholders and the champions of company culture. HR must architect the culture, enforce, and maintain all while being the facilitator and advocate of employees. HR must also calibrate a company's culture with employee needs in terms of benefits and compensation as well as keep the leadership teams and floor teams linked.

There are many companies who are on their way to becoming great. One way of being great is having a great culture. Companies such as Rackspace, Apple, Amazon and Zappos truly lead the pack in terms of companies whose great culture has married their fantastic customer success ratings. While each company has a different strategy that defines and guides their paths of success, they all have a great culture in common. These companies have found the balance of focusing on their clients and their employees and are leveraging that to provide world-class customer service in every interaction. Their cultures are looked at as examples and are being emulated by countless companies on the up and up.

Organization Development ties into Human Resources by embracing the "Agent of Change" mindset. Organization Development has become a means Human Resources

utilizes to create and accomplish policy, adapt to changes and maintain the ever evolving culture of a company. HR's strategic framework paired with OD's efficient and optimal changes creates a creative and successful strategy in any company's development.

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