

Diagnosing Cultural Tensions in Times of Change

During times of significant change, over 80% of employees experience “cultural tensions,” or competing priorities they don’t know how to balance. This whitepaper helps Communications leaders anticipate and sense cultural tensions at their organization.

Overview

During and times of significant change, over 80% of employees experience “cultural tensions,” or competing priorities they don’t know how to balance. Communications leaders can help resolve tensions by clarifying organizational priorities and helping employees build judgment. Some tensions can be anticipated based on the type of transformation or the impacted employee population, and employee listening can clarify the specific tensions employees are facing.

Key Findings

- Most employees experience 1-3 cultural tensions during an organizational transformation.
- The prevalence of certain tensions varies based on transformation type and impacted employee population.
- Quantitative surveys are best for getting a high-level understanding of employees’ challenges, while qualitative research can help you understand why tensions exist.

Recommendations

- Plan ahead to address the most likely cultural tensions for a given change.
- Use employee listening to sense additional cultural tensions impacting employees’ decision-making.
- Build a business case to gain support from senior leaders for reducing cultural tensions.

Occasion for the Research

96% of companies are in the midst of organizational transformations^a, including M&A, business model changes, strategy shifts, and digitalization. Yet CEB research finds that two out of three planned changes are unsuccessful^b, leading to wasted resources, cost pressure, and reputational damage. Culture is a major obstacle to transformational change — one that executives cite as the #1 barrier to agile transformations^c, and one of the top five causes of failed transformations^d. In this environment, communicators face a significant challenge: to remove cultural barriers to successful transformation, while managing employees' resistance to cultural change.

We conducted research to understand how employees experience the impact of transformation on the culture they work within. The vast majority of employees (82%) report that transformations create “cultural tensions,” or competing priorities that they don't know how to balance. Encountering cultural tensions worsens the stress of change and contributes to employee underperformance.

Communications leaders can improve transformation success and ease cultural evolution by managing cultural tensions and helping employees improve their decision-making. Culture threatens transformation because existing cultural norms don't support new behavioral expectations. Employees struggle to make tradeoffs when their existing judgment — based on existing cultural norms — no longer applies. Communications can help by either removing unnecessary tensions (e.g., by clarifying organizational priorities) or giving guidance to help employees build their judgment.

But before Communications leaders can provide this support, they need a good understanding of the nature of the tensions employees face and who is likely to be impacted when. Some tensions can be anticipated based on the type of transformation or the impacted employee population, and employee listening can clarify the specific tensions employees are facing.

^a KPMG. “Succeeding in disruptive times.” 2016. <https://assets.kpmg.com/content/dam/kpmg/pdf/2016/06/Succeeding-in-disruptive-times.pdf>

^b CEB 2016 HR Change Readiness Survey.

^c McKinsey. “How to create an agile organization.” 2017. <https://www.mckinsey.com/business-functions/organization/our-insights/how-to-create-an-agile-organization>

^d KPMG. “Succeeding in disruptive times.”

Anticipate Likely Cultural Tensions

Plan for the most likely cultural tensions for a given change.

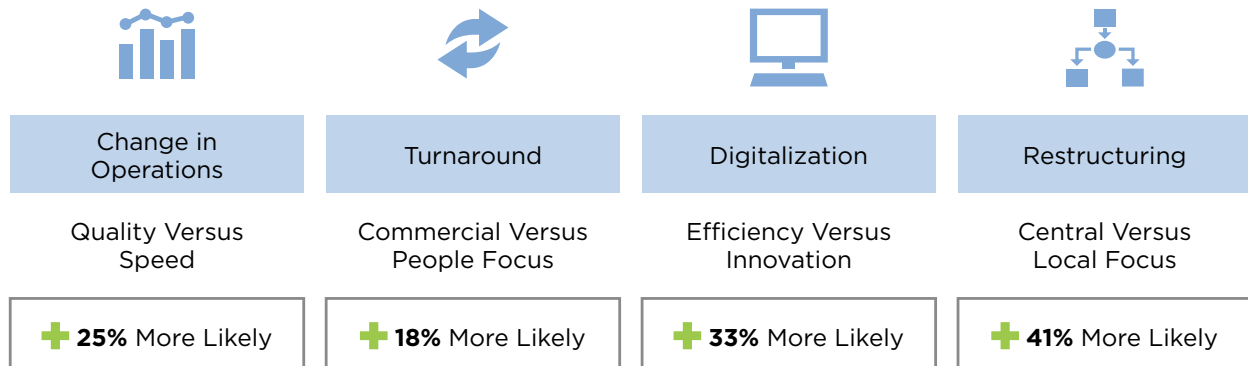
Most employees experience 1-3 cultural tensions during times of significant change. Nearly all of the tensions that employees face fall into one of seven general categories. Overall, the most common tensions are quality versus speed (43% of employees), commercial versus people focus (34% of employees), and efficiency versus innovation (31% of employees). For example, if the organization previously emphasized cost-efficiency, employees struggle to reconcile that value with a new emphasis on innovation and growth. Other, less common tensions include central versus local focus, compliance versus risk-taking, consistency versus empowerment, and unity versus diversity.

There are patterns in how often employees experience certain cultural tensions, based on the type of transformation and their function in the organization. Knowing these general trends can help you anticipate which cultural tensions your employees are likely to face during a given change initiative, so you can plan ahead to clarify organizational priorities and ensure that the organization is sending consistent signals about what new behaviors are expected and will be rewarded.

First, think about the type of transformation your organization is going through. For example:

- During a significant **change in operations**, employees are more likely to struggle with quality versus speed. Operational changes that are intended to make an organization move faster often challenge employees' existing beliefs about how to produce high-quality work.
- In the case of a **turnaround**, employees are more likely to struggle with commercial versus people focus. When facing heightened performance pressure, lower-level leaders may feel uncertain about how hard to push for results at the expense of employee morale.
- When an organization undergoes **digital transformation**, employees are more likely to struggle with efficiency versus innovation. Digitalization can bring mixed messages about the intent of employee collaboration across traditional siloes: sharing best practices (efficiency) or spotting new opportunities (innovation).
- Finally, during a significant **organizational restructuring**, employees are more likely to struggle with central versus local focus. For example, employees may feel torn between embracing new structures and preserving local relationships.

The frequency of cultural tensions varies by transformation type.



n = 2,704.

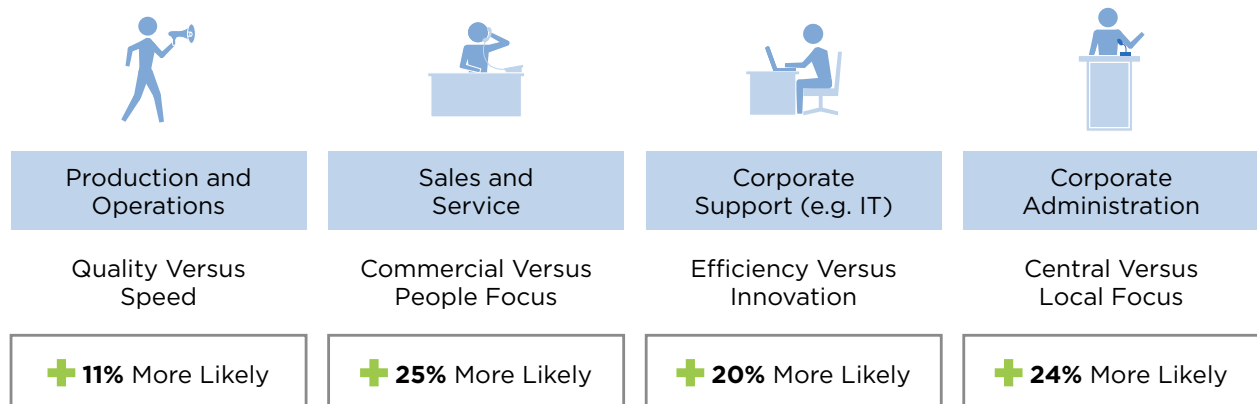
Source: CEB 2018 Employee Culture Survey.

^a Numbers refer to the percent change in the number of employees experiencing a particular cultural tension, given that they experienced that type of transformation versus all other transformation types (e.g., employees who recently experienced a change in operations are 25% more likely to struggle to prioritize between quality versus speed).

Next, think about the specific roles and functions that are most impacted by your transformation. For example:

- **Production and Operations** employees are more likely to face challenges with quality versus speed. Employees on the production line can struggle to make decisions about whether they should prioritize precision in product creation or timeliness in product delivery.
- **Sales and Service** employees are more likely to face challenges with commercial versus people focus. Service leaders perceive people-focus initiatives, like building an employee value proposition and formal coaching, as unsustainable when there is anxiety about meeting short-term financial goals.
- **Corporate Support** employees are more likely to face challenges with efficiency versus innovation. When a new company-wide strategic focus prioritizes innovation and risk-taking, Corporate Support functions like IT, which have typically been rewarded for their efficiency, struggle to make tradeoffs.
- Finally, **Corporate Administration** employees are more likely to face challenges with central versus local focus. When cutting costs is required, leaders struggle with whether to focus on the company budget as a whole or narrow in on particular departments.

The frequency of cultural tensions varies by employee group.



n = 2,704.

Source: CEB 2018 Employee Culture Survey.

^a Numbers refer to the percent change in the number of employees experiencing a particular cultural tension, given that they work in that function versus all other functions (e.g., employees in a Production and Operations role are 11% more likely to struggle to prioritize between quality versus speed).

By anticipating the challenges that your employees are likely to face, you can begin planning resource investments that will be necessary to support them, even before implementation is underway. During the implementation phase, we recommend focusing your listening efforts to diagnose specific cultural tensions that employees are currently experiencing.

Diagnose Your Cultural Tensions

Listen for difficult tradeoffs that employees are currently facing.

When looking for cultural tensions, it is best to involve representatives from all impacted employee groups across major functions, business lines, and geographies. You may want to prioritize certain roles or functions based on their importance to the success of the transformation or the likely quality of their contributions. For example, lower-level leaders tend to have a good balance of strategic and operational perspective, which helps them to identify cultural tensions and brainstorm potential solutions. Discussion of some cultural tensions may be highly strategic and limited to top executives.

Choose one or more audience listening tools based on resource availability (e.g., time, budget). Quantitative surveys are best for getting a high-level understanding of the challenges of a large group. Qualitative interviews and focus groups can help you understand the reasons behind a particular response, brainstorm potential solutions, and evaluate the merit of multiple options.

By inserting one question into an existing employee “pulse” survey, you can get a broad understanding of the prevalence of different cultural tensions across employee groups. We recommend the following question:

Sometimes organizational change can lead to cultural tensions, or competing priorities that you don’t know how to balance. In your recent experience with <transformation initiative>, have you experienced any of the following cultural tensions? Select all that apply.

- Quality vs. speed (e.g., precision vs. timeliness)
- Unity vs. diversity
- Central vs. local focus (e.g., company vs. department focus)
- Efficiency vs. innovation
- Consistency vs. empowerment (e.g., fitting in vs. self-expression)
- Compliance vs. risk taking
- Commercial vs. people focus (e.g., financial goals vs. employee satisfaction)
- Other, please tell us more: _____
- None of these

You can reach a deeper understanding through qualitative conversations, either one-on-one or in focus groups of 12-15 employees. You will need a minimum of 1 hour per session and a way to capture notes from the conversation. A round table helps to create a discussion-friendly environment. Focus on learning the following information:

- Situations in which employees struggle to choose between two competing priorities
- Who experiences the tensions (any patterns) and how often
- How tensions impact employees’ work and decisions
- Reasons why employees feel tensions

We recommend asking the following discussion questions:

- When tensions exist, we feel pulled between two good things (e.g., ideally, organizations would like to be innovative *and* efficient). What decisions are you finding really difficult right now?
- What feels like the biggest change to the way you used to do things?
- What did you do when you encountered a decision where you didn’t know what to prioritize?
- Do you feel like people have conflicting expectations of you? How does this impact your ability to make judgments and prioritize specific values?

Involve enough employees that you can feel confident in the representativeness of the viewpoints that you've heard. Often it takes 10-20 conversations to recognize meaningful patterns. Spotting patterns in where tensions currently are (e.g., specific roles, business units) can help you anticipate other parts of the organization that are likely to experience them in the future.

Take Action on Your Findings

Synthesize employees' input to influence organizational decisions.

Some cultural tensions are unnecessary and can be removed through clearer messages about organizational priorities. However, senior leaders are often reluctant to acknowledge tradeoffs and would like the organization to improve on multiple dimensions at the same time.

A business case with data and anecdotes can paint a compelling picture of how cultural tensions are negatively impacting your organization, creating empathy at an executive level and overcoming senior leaders' blind spots. Confront executives with evidence that employees are struggling to make decisions in their work. Then, ask for their support in identifying potential management and communications solutions.

Case in Point

AMRI



After integrating seven different acquired companies, AMRI brings together leaders of the different legacy businesses to tackle shared management and cultural challenges. Communications teaches leaders to recognize cultural tensions and collects hundreds of examples of tensions that leaders face. Communications then prioritizes among leaders' submissions to select the top 10 tensions that are addressable by leaders. At a breakout session at the annual leadership conference, small groups of leaders work on each of the top 10 tensions, aligning on tradeoffs and potential solutions to better manage the tension.

Conclusion

Cultural tensions are very common during times of significant organizational change. Communications leaders can help resolve tensions by clarifying organizational priorities and helping employees build judgment. Some tensions can be anticipated based on the type of transformation or the impacted employee population, and employee listening can clarify the specific tensions employees are facing.

About This Research

- This research is drawn from a global survey of over 2,500 employees to understand employees' cultural experiences during times of significant change, as well as the most effective approaches to drive high performance in support of transformation goals.

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