

New Threats to Company Culture Post-Covid:

How to recognise them &
protect your organisation

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SUMMARY

New threats to company culture, set in motion by the Covid-19 pandemic, are imperiling the ability of businesses to successfully rebound in 2021.

Most leaders, having been focused on business continuity and survival during the pandemic, are overlooking the impact of the pandemic within their organisations and the changing sentiment amongst their employees.

This paper outlines these threats, and how business leaders can recognise and protect against them.

INTRODUCTION

2020 was a relentless year that required business leaders to face overwhelming challenges and to lead change in almost every aspect of their business.

As a result, many have had little time to assess how those changes impacted employees. That fact, coupled with the profound effect Covid-19 has had on individuals' lives, has created a unique set of workplace stresses and challenges for employees.

At this moment in time, leaders need to take stock of how 2020 affected their employees and their company culture.

It's difficult to overstate the effect the pandemic has had upon the workplace and employees themselves. A sea change in the drivers of engagement and employees' expectations of their employers have occurred with breathtaking speed.

The net effect for business leaders is a looming

culture crisis, resulting from a set of entirely new and largely unrecognised challenges that are actively degrading company culture, employee morale, and business performance. Left unchecked, these threats are poised to derail even the best-laid plans and imperil business recovery at the 11th hour, just as we're on the cusp of putting the pandemic behind us.

Leaders have invested endless time, energy, and resources into preserving their businesses throughout the pandemic crisis. Failure to take action now to shore up culture puts that good work - and the accompanying investment - at risk.

How leaders manage the beginning of 2021 with respect to the key threats identified herein will have important implications for the success of their organisations.

This paper will define culture and the impact Covid-19 has had on organisations, and identify and explain the four key threats present today that threaten business recovery. Additionally, the development of a permanent safeguard against threats to culture that unites and motivates employees will also be discussed.

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BACKGROUND: CULTURE & THE COVID TRAP

A company's culture can be considered its "operating system," guiding employees in how to behave, act and respond to situations, and reinforcing the company's values by rewarding the desired behaviours. Based upon a set of shared beliefs that are strongly held by leaders and employees, the culture is ideally underpinned and supported by the company's structure (e.g. recognition and rewards) and aligned with its strategy.

"An organisation's culture defines the proper way to behave within the organisation. This culture consists of shared beliefs and values established by leaders and then communicated and reinforced through various methods, ultimately shaping employee perceptions, behaviours, and understanding. Organisational culture sets the context for everything an enterprise does." (1)

Drivers of culture

While culture can develop organically, its strategic importance and role in influencing business performance mean that leaders should be proactive and intentional in guiding and developing a culture within their organisations that supports the business strategy, values, mission, and purpose - and in living that culture every day.

Culture starts with the values leaders establish and communicate to employees. An example of this

can be found in Quicken Loans, one of the largest home-mortgage companies in the US. One of the company's key competitive principles is a sense of urgency. To bring that urgency to life across the organisation, founder Dan Gilbert created a simple rule: every customer email or phone call must be returned the day it is received. In this case, the company both establishes and clearly communicates the value of urgency. (2)

However, culture is a function of what people do, not simply what leaders say. Ensuring that employees live the values espoused by leadership is a determining factor in the prevailing culture. Shaping employee behaviour with recognition and rewards that support the values is crucial - as is guarding against making exceptions that undermine the culture, and leaders' credibility.

For example - in the Quicken Loans example mentioned previously, there is no room for a prima donna to shirk the rule about returning customer calls. If a department head started making exceptions for a high performer, absolving them of that responsibility, it's easy to extrapolate the impact on the rest of that team. Other employees would cease to live by the same-day rule, thus degrading the power of that cultural value.

This simple example illustrates why strategic alignment is also a key component of a strong, successful culture. Without alignment, the culture could very well work against the business.

1. SHRM.org, "[Understanding and Developing Organizational Culture](#)," SHRM.org

2. Taylor, Bill "[To Build a Strong Culture, Create Rules that are Unique to Your Company](#)" Harvard Business Review, 2019

Factors that can erode culture

A company's culture is like a garden - once cultivated, it needs maintenance to flourish. A variety of factors can erode an organisation's culture, including:

- Inattention - The surest way to erode your company's culture is to ignore it. If leaders aren't living the values themselves and ensuring their teams are as well, the culture will swiftly erode. Make culture part of your meetings, reviews, and projects - at all levels of the organisation - to keep it aligned and healthy.
- M&A - According to SHRM, culture is especially vulnerable during a merger or acquisition. In fact, two out of three mergers fail because of culture problems. (1) If a merger or acquisition is on the horizon, the task of developing a new, shared set of values bridging the two entities needs to be at the top of the priority list.
- Change in leadership - New leaders, whether they're executive level or on the front line, can have an outsize impact upon a company's culture. It's especially important to inculcate the company's value systems with new leaders at all levels for this reason.
- Crisis - Crises bring values to the fore and put pressure on organisations, severely testing the company's culture and values. Putting values at the heart of the company's response will help ensure teams stay aligned, and even more importantly, provide a source of pride and motivation for employees, even in the face of unprecedented challenges. (3)

- Absence of purpose - Purpose provides your employees with the "why" they show up each day - beyond the necessity of a pay cheque - and describes why the work they do really matters. That same purpose also provides the "why" that will get the company through rough patches. Without a purpose to provide that essential "why" that employees connect with, a healthy culture is unlikely to persist.

Benefits of a strong & aligned culture

A healthy culture that's aligned with the strategy helps businesses succeed, creating a framework that improves decision-making, provides clarity, and engages employees. It also leads to better financial performance and swifter, stronger recovery from an economic downturn. (29)

In a *Harvard Business Review* article titled "Six Reasons Your Strategy Isn't Working," the authors posit that the chief barrier to organisational effectiveness is a lack of clarity around cultural values and the resulting conflicts in priorities. Without a defined and clearly communicated strategy and values to guide organisational behaviour, conflict over priorities and resources will arise, slowing progress, and blunting performance. (4) On the other hand, a strong culture that supports the company's strategy and values accelerates decision making and speeds progress toward goals, as employees are aligned and aren't faced with competing priorities that impede their work.

1. SHRM.org, "[Understanding and Developing Organizational Culture](#)," SHRM.org

3. Blount, Sally; Leinwand Paul, "[In a Crisis, Companies Must Know Their Purpose](#)" PwC Strategy-Business.com 2020

4. Beer, Michael, "[6 Reasons Your Strategy Isn't Working](#)" Harvard Business Review, 2020

29. Harter, Jim, "[Is Your Culture Resilient Enough to Survive Coronavirus?](#)" Gallup, 2020

"Strong culture leads to consistently motivated employees and can predict current and future financial performance," writes Sarah Caroline Sabin in the Entrepreneur article "4 Ways to Build a Culture That Supports a Future-Proof Business." "A study conducted by Daniel R. Denison and Aneil K. Mishra in 1995 showed that culture can be an integral part of the ongoing change process, (all companies are in a constant state of change, and that pace of change continues to accelerate exponentially) and certain positive culture traits can predict an organisation's performance and effectiveness." (5)

Additionally, employee engagement - a product of a good culture - is a predictor of company performance, even during an economic downturn. According to a study by Gallup, companies that scored in the top half in employee engagement "nearly doubled their odds of success" and those in the "99th percentile had four times the success rate of those at the first percentile. These kinds of performance differences are always important to businesses, but they are especially crucial during a recession." (6)

What happens when culture is lost

Despite its contribution to business performance, culture is difficult to assess and measure. Unless the organisation is paying close attention to employee engagement - an important indicator of cultural health - and routinely invites feedback from employees, culture can shift quickly without leadership's knowledge.

As noted previously, when culture degrades, business performance suffers. Business performance is a sum

of many parts, and poor culture can eat away at all of them. Customer service can sour. Productivity drops as employees become less willing to go the extra mile or proactively seize opportunities. Alignment suffers, derailing projects. People become frustrated. Absenteeism rises, and employee turnover starts to rise. The costs are real and show up on the bottom line.

Once broken, culture can be difficult and time-consuming to fix, requiring concerted effort of executive leadership to re-establish the core values that underpin the desired culture.

"One reason broken cultures so seldom get better is that middle managers have a greater incentive to do their best to work around the brokenness, even when it's impossible to do so, than to speak up about what's really going on." (7)

For these reasons, protecting and strengthening the company culture is important - especially at the moment when other priorities are mounting.

The Covid Trap

The Covid-19 pandemic had an unusual effect on business as it took hold, uniting people against a common enemy. The impact was evident almost from the outset, as companies (and their employees) raced to meet rapid changes in how they worked and served their customers.

As a result, employees were highly engaged, dedicated to keeping businesses afloat, preserving livelihoods, and helping their communities.

5. Sabin, Sara Caroline, "[4 Ways to Build a Culture That Supports a Future-Proof Business](#)," Entrepreneur, 2020

6. Sorenson, Susan "[How Employee Engagement Drives Growth](#)," Gallup.com, 2013

7. Ryan, Liz "[Why Company Culture Goes Bad and How to Fix It](#)," Forbes.com 2018

They innovated, they worked through constant change, they worked from wherever they could, sharing space with family and juggling new responsibilities.

These are all characteristics of an engaged workforce united around a strong, common purpose.

However, in this case, that purpose was a phantom. Defeating Covid-19 was a compelling rallying point, but would prove a temporary one. Our founder, Stefan Wissenbach, called the phenomenon “The Covid Trap” and was concerned that it was lulling leaders into a false sense of security, as engagement levels would drop as the pandemic wore on - taking with them the corresponding productivity and performance. (8) He proved prescient - employee engagement levels at companies large and small have largely reverted to pre-Covid levels, leaving behind the record highs recorded over the summer, as reported by Gallup (9) and also as Engagement Multiplier observed in its own data.

NEW THREATS TO CULTURE & THE LOOMING CULTURE CRISIS

The Covid-19 pandemic has created a host of new challenges for employers, and if ignored by leaders, they will combine into a perfect storm, swiftly eroding culture and disengaging employees, reducing business performance and triggering employee turnover — just when economies are recovering and opportunity is at hand.

The world is beginning to see the light at the end of the pandemic’s tunnel, with vaccinations com-

mencing in January. However, it will be well into 2021 before most people are vaccinated, thus elongating the effects of the restrictions, isolation, and uncertainty that have been the hallmarks of Covid-19.

How leaders manage the beginning of 2021 with respect to the key threats will have important implications for the success of their organisations.

The particular threats we’ve identified and will discuss in the following pages are:

- Pandemic fatigue and a corresponding rise in employee exhaustion, burnout, and disengagement,
- Rapidly growing misalignment between employers and employees,
- Disconnects around returning to the workplace,
- Rapidly evolving expectations around the employee experience.

WHEN PANDEMIC FATIGUE LEADS TO EXHAUSTION, BURNOUT, & DISENGAGEMENT

Exhaustion, burnout, and disengagement are workplace topics that are quickly gaining an outsize share of the headlines, for good reason - they are very real workplace issues with which leaders are grappling right now.

It’s worth understanding the similarities and differences between them in order to identify those present within an organisation, and to marshal a focused response.

8. Wissenbach, Stefan, “[Is Your Team Falling Into the Covid Trap?](#)” EngagementMultiplier.com, 2020

9. Harter, Jim, “[U.S. Employee Engagement Reverts Back to Pre-COVID-19 Levels.](#)” Gallup.com, 2020

A simple way to think about the differences between exhaustion, burnout, and disengagement is whether someone feels enthusiasm or dread when thinking about returning to work after time off. Are they cheerful, energised, and in a positive frame of mind when they come back to work after a break - or is their dread of returning to work hanging over their heads like a storm cloud?

Spotting the difference is crucial: people who are simply exhausted will be refreshed and recharged after spending time away. However, employees who are burnt out are likely to remain so, even with a welcome break, and could be on the path to total disengagement.

"Deep fatigue and extreme stress, combined with wider societal anxieties around Covid-19 and the lack of a clear endpoint are likely to result in a reduction in employee wellbeing and engagement, and will pose a once-in-a-generation challenge for business leaders." (11)

Understanding how 2020 impacted employees, and whether any of these forces are creeping within the organisation is vital for leaders in order to best position the company as the economy recovers.

Exhaustion

While this is the least serious and most easily remedied of the three, there's more to exhaustion than simply being tired.

The exhaustion so many are feeling right now is the

result of months of stress in all its forms: fear for the health of family, friends, and oneself; economic uncertainty; the isolation and lack of human interaction - just to name a few. The greater number of stressors we have been experiencing, and their seriousness, have exacted a mental toll that employers cannot overlook. The result is deep exhaustion.

"It feels like the whole world is tired. Even though the vaccine shines a light at the end of the tunnel, the home stretch will be long and perhaps take a greater toll on our professional and personal lives than we expect it to." (10)

Without mitigation, exhaustion can turn into burnout.

Burnout

In 2019, prior to the onset of the pandemic, the World Health Organisation added more detail to its description of burnout syndrome, which it classifies as "an occupational phenomenon," as follows:

"Burnout is a syndrome conceptualised as resulting from chronic workplace stress that has not been successfully managed. It is characterised by three dimensions:

- *feelings of energy depletion or exhaustion;*
- *increased mental distance from one's job, or feelings of negativism or cynicism related to one's job; and*
- *reduced professional efficacy.*

10. Wedell-Wedellsborg, Merete "[How to Lead When Your Team is Exhausted - and You Are, Too](#)," Harvard Business Review, 2020

11. Ohler, Ken "[How Covid-19 Will Impact Employee Wellbeing in the Long Term](#)," HRZone.com, 2020

Burnout refers specifically to phenomena in the occupational context and should not be applied to describe experiences in other areas of life.” (12)

However, as leading researcher and expert on burnout Christina Maslach noted,

“Categorizing burnout as a disease was an attempt by the WHO to provide definitions for what is wrong with people, instead of what is wrong with companies.” (13)

Disengagement

Engaged employees bring their best selves to work, and are enthusiastic about and committed to their work and their employer. They relish playing an active role in the business and are willing to go an extra mile.

A disengaged employee is the polar opposite, and no longer cares about the work they do or the company they work for. At their worst, actively disengaged employees are miserable and spread dissent and unhappiness to others on the team.

While burnout and disengagement are different things, they are often found together, and without a doubt, burnout can lead to disengagement, if an employee sees no forthcoming improvements to their situation.

Disengagement is costly, resulting in lost opportunities, reducing productivity and work quality, increasing absenteeism, and driving employee

turnover. According to estimates, more than 17% of employees are actively disengaged, and the cost of an individual's disengagement comes to 34% of their salary. (26)

To give perspective, using these estimates, and the median full-time salary of £30,324 reported by the Office for National Statistics, a 100-person firm in the United Kingdom is bearing costs of more than £175,000 due to disengaged employees.

PERCEPTION & REALITY - WHEN EMPLOYEES & EMPLOYERS FALL OUT OF ALIGNMENT

As the pandemic hit and economies ground to a halt around the globe, leaders at businesses large and small were all faced with the same imperative: slash costs to preserve the company. Millions of employees lost their jobs or were furloughed. However, a new trend also emerged in parallel, as many companies took a different approach, instituting reductions in pay, bonuses, and discretionary spending in order to save jobs, while still cutting costs.

The trend is a reversal of traditional management theory, which held that salaries were sacred and it was better to cut positions and dismiss a limited number of workers than to lower pay for everyone during downturns. (14) At many companies, these acts of shared sacrifice in the face of the pandemic were well received by employees - emblematic of the Covid Trap.

12. World Health Organisation, [Burn-out an “occupational phenomenon”: International Classification of Diseases](#), WHO.int, 2019

13. Moss, Jennifer, [“Burnout is About Your Workplace, Not Your People,”](#) Harvard Business Review, 2019

14. Schwartz, Nelson D. [“Pay Cuts Become a Tool for Some Companies to Avoid Layoffs,”](#) The New York Times, 2020

26. Petrone, Paul, [“How to Calculate the Cost of Employee Disengagement,”](#) LinkedIn Learning Blog, 2017

However, employees are becoming less tolerant of austerity measures, such as elimination of pay raises and discretionary bonuses, retirement fund matching, and investment in professional development. Especially for businesses that appear to be successfully weathering the pandemic, employees are starting to question why salary freezes and other cost-cutting measures remain in place.

Despite the fact that a recent poll of firms in the UK found a steep decline in the number of companies intending to freeze pay, with just 12 per cent planning to do so in 2021, down from 33 per cent in 2020, pay schemes are not returning to normal. More than a quarter (28 per cent) of the companies polled had already decided to reduce performance-related bonuses in 2021, while more than half (55 per cent) were considering doing so. (15)

The reality most employees don't see is continued reduction in demand and the effect the ongoing uncertainty has on company forecasts - as well as the simple fact that many businesses are still struggling with cash flow as larger clients slow payments to their vendors. (17)

It's easy to see where the disconnect exists. Employees have adjusted to this new normal, whereas their employers are still taking a defensive financial posture. As a result, employee perceptions may not reflect the business realities facing the business. If allowed to persist, this misalignment can quickly result in employees feeling undervalued, and from there, lead to turnover, a threat that hasn't been on employers' radar screens during the pandemic.

Even though the job market has cooled significantly, there is always demand for high performers. Increasingly, people have adjusted to this world in which we live now, and are comfortable in navigating it. Employees have confidence now in their ability to find remote work, for example, or are satisfied with the safety precautions employers are taking for those employees who must work on-premises.

The net result: they are willing to consider changing jobs, and a situation in which they feel undervalued is a common catalyst for a job search.

RETURN TO WORKPLACE DISCONNECT

Prior to the pandemic, many employers never contemplated a fully-remote workforce. However, many organisations were able to make the shift to working from home quickly - and successfully. As a result, working from home is now part of the conversation.

Employee preferences are all over the map - some people crave a return to the office, their colleagues, and after-work socialisation. Others are perfectly happy working from home, for which they now have a decided preference. Hybrid schedules, blending in-office and at-home work, are also desired by many.

Some preferences may be personal, others are driven by necessity - such as living with an elderly, at-risk person, supervising children who are in remote learning programs, or dealing with co-morbidities of one's own.

15. Owen, Jonathan, "[Private sector will see 'cautiously optimistic' pay rises in 2021, report predicts](#)," PeopleManagement.co.uk 2020

16. DeMarco, Jacqueline, "[More Than a Third of Working Americans Experienced a Pandemic Pay Cut](#)," MagnifyMoney.com, 2020

17. Davidson, Paul, "['Fatal for small businesses': Big firms delay payments to smaller suppliers during COVID-19](#)," USA Today, 2020

Adding to these issues is the fact that many women are bearing the brunt of home-schooling and care-giving, while also working from home full time.

“Research by scientists from the universities of Oxford, Cambridge, and Zurich during March and April showed that working women in the UK, Germany and the US did more childcare and home-schooling across all wage brackets, compared to men with similar earnings. (27)

Worryingly, as a result of these pressures, more than 25% of women are considering leaving the workforce altogether, according to a survey from LeanIn.Org and McKinsey. (18)

“Industry observers stress that even among full-time high-earning women who have so far maintained their careers while caring for children in the pandemic, many are increasingly concluding that the juggling act is unsustainable.” (27)

Suddenly, the question of returning to the workplace is more than one of personal preference and could contribute to shortages in qualified employees, if the findings from the LeanIn.Org/McKinsey survey hold.

Employers may alienate employees if they don't handle the return-to-workplace question with dexterity. Complexity and risk are everywhere - but as more companies adopt remote and hybrid work models, people will be able to more easily find roles that suit them, making attrition a real possibility for those employers not able or willing to accommodate them.

EVOLVING EMPLOYEE EXPECTATIONS

Two of the most significant changes resulting from the pandemic have been the swift evolution of the employee experience, and employees' expectations for their employers.

The catalyst for these changes was the flexibility employers displayed at the outset of the pandemic, and the fact that big changes were shown unequivocally to be possible. Some of the most common changes in company policy and leader behaviour included:

- Rapidly shifting employees to working from home, even when that wasn't previously under consideration,
- Leaders demonstrating significantly more empathy, compassion, and caring about employees welfare,
- A renewed focus on engaging employees.

Employees noticed, and in addition to expecting these changes to persist, they're also likely to expect:

- Flexible work options to be permanently available,
- Employers to prioritise employee wellbeing, and specifically, for mental health concerns to be increasingly top-of-mind as the topic is rapidly normalising,
- Leaders continue to “make an effort” in terms of enhanced communication and activities/ measures to improve employee engagement (surveys, feedback, activities, etc.),

18. Sandberg, Sheryl, and Thomas, Rachel [“Companies and Women are at a Crossroads.”](#) The Wall St. Journal, 2020

27. Savage, Maddy, [“How Covid is Changing Womens' Lives.”](#) BBC.com, 2020

- Increased focus on diversity, equality, and inclusion.

Employees' expectations about their experience will continue to evolve quickly, but one size will not fit all.

"Employer value propositions will need to be adjusted. For example, Gen X might value money and career advancement more, while Boomers are worried about retirement planning. Similarly, Gen Y and Z might be looking to expand the diversity of their experiences. Human resources teams will need to adjust their approaches accordingly. Attracting a Gen X versus a Boomer will need a different set of talent branding. Similarly, the benefits that might be important to one generation as per their needs might be very different than the other generation." (19)

It's worth noting that many employers are not aware of the changes in their own employees' expectations - because they've never bothered to find out.

"Unfortunately, fewer than one-third of companies conduct employee experience surveys at least quarterly, and only slightly more have a voice-of-the-employee program — both of which are foundational for employee experience initiatives. That means that when the pandemic hit, two-thirds of organisations were effectively blind to what their employees were experiencing or what they needed to stay engaged in their work." (28)

PURPOSE - PROTECT YOUR CULTURE, TEAM, & COMPANY

Understanding the unique forces the pandemic has

created is crucial for leaders seeking to reinforce their company cultures as they guide their businesses through the crisis and toward recovery. However, understanding is just the first step. Acting to root out and mitigate rising issues within the organisation is the next.

Additionally, by acting swiftly to shore up culture and keep business recovery on track, leaders will also be insulating and protecting their organisations and employees from exogenous forces that can worm their way into their firms and wreak havoc in the future.

In this section, we will discuss how developing a strong central purpose can improve your business results and its resilience.

The advantage of purpose during a crisis

By now, you've probably heard of purpose-driven companies that espouse doing social good as a course of doing business.

It's a management trend that's catching on for good reason: today's consumers put a premium on companies that prioritise social impact, and the role a well-defined purpose plays in building a healthy culture is nothing short of foundational.

During moments of crisis and chaos, when uncertainty abounds, it's easy to overlook the value of purpose - unless you consider its role in creating the guardrails that keep a company on track. When leaders are wrestling with decisions about cash flow, service models, and planning for the recovery, purpose can very easily take a backseat to other priorities, or even fall by the wayside entirely.

19. Davis, James, "[HR in 2021](#)," HR Daily Advisor, 2020

28. Johnson, Dave, "[Predictions 2021: Remote Work, Automation, And HR Tech Will Flourish](#)," Forrester, 2020

However, those moments when an organisation and its people are under maximum pressure are precisely when the guardrails that purpose provides are of most value, becoming the North Star that frames and speeds decisions, provides strategic clarity, determines prioritisation, and gives important context to change.

For leaders of organisations whose teams have been furloughed, are working from home, or have been made redundant due to cost-saving measures, a strong purpose plays an additional role, becoming the connective tissue that fortifies the culture and keeps people together, focused and motivated - even when spirits are low and challenges abound.

The core of your organisation

Purpose plays a very real role in motivating people, aligning teams, aiding change management, and making a strategy work. In short, it's the very core of your organisation.

"Purpose is the glue that holds everything together. It simplifies difficult decisions and makes an uncertain future easier to navigate," notes Engagement Multiplier founder and CEO, Stefan Wissenbach, in his book, "The Engaged Organisation." (20)

Wissenbach notes that the importance of purpose is in providing the "why" for employees: why you do something, why the company exists, why their work matters.

"When you create a big enough "why" for people, they will become emotionally invested in finding a "how." Purpose is motivational. A compelling purpose touches the heart, not just the head. If you

want to rally the troops, purpose should be at the core of everything you do and say." (20)

How purpose improves effectiveness, engagement, and performance

In the short term, a well-defined purpose can play an instrumental role in keeping employees connected and engaged - especially as the COVID pandemic wears on. Over the longer term, the effect of a powerful purpose upon business performance is even more pronounced.

"Those who have carefully honed a sense of company purpose will find a foundation and set of values that can guide critical and decisive action. For others, this moment can represent the first steps toward defining their corporate purpose in a deliberate way."

As boardrooms become war rooms, a handful of principles can help guide executives in shaping a critical course of action and building a powerful sense of identity and purpose that will long outlast the immediate crisis. If your organisation doesn't have a defined purpose, this will be a truly defining moment. And if the company has developed a purpose, it will be underscored and strengthened. Either way, your employees will have new clarity and purpose for their own roles, important factors in both employee engagement and performance." (21)

Purpose also plays an increasingly important role in business performance and is a growing factor in buyers' decisions. In fact, many companies are putting their purpose front-and-centre, building it right into the value proposition they convey to their customers.

20. Wissenbach, Stefan, "[The Engaged Organisation](#)," 2016

21. Schaninger, Bill; Simpson, Bruce; Zhang, Hang; Zhu, Chris, "[Demonstrating corporate purpose in the time of coronavirus](#)," McKinsey.com, 2020

A good example is [Bombas](#), the popular sock-maker. Since inception, Bombas has pledged to donate a pair of socks for every pair purchased to community organisations helping homeless people. “One purchased, one donated,” is their primary message. Founded in 2013, Bombas was focused on charitable giving from the very beginning, achieving profitability in their third year. In 2019, their revenues exceeded \$100MM. Even more impressive - only three employees have ever left the company. (22)

According to research from Deloitte, companies that lead with purpose and continue to build the business around it can achieve continued loyalty, consistency, and relevance in the lives of consumers. That increased role in the lives of their customers translates directly into top-line results, with purpose-driven companies witnessing higher market share gains and growth that is three times faster on average than their competitors, all the while achieving higher employee and customer satisfaction. (23)

A sense of belonging - a key employee priority that is tied to purpose

Another element of purpose is coming to the forefront, and that is the sense of belonging that a strong, connected purpose provides employees. This is especially important now, as a sense of belonging is an emerging employee experience priority and is expected to be a top driver of employee engagement for 2021. (24)

Belonging, described as that sense of fitting in with and being accepted by those around you, is driven by a variety of factors, including diversity, equality, and inclusion, and also by one's direct manager. According to a study by Qualtrics, managers have an outsized influence, directly influencing a sense of belonging in their employees and teams. The underlying components of belonging - trust in one's manager, belief that one's manager cares about their wellbeing and them as individuals, and willingness to listen to employee feedback - are longstanding drivers of employee engagement. (24) Together, however, they inculcate a sense of belonging, which is crucially important in organisations that have been stressed by furloughs, lay-offs, and remote working.

Purpose can contribute mightily toward creating a sense of belonging, by creating the powerful context of shared goals, and providing an outlet for employees to contribute meaningfully to the social good.

“Organisational efforts to foster belonging have historically and primarily focused on making every individual feel respected and treated fairly in an inclusive work environment. While this remains foundational, leading organisations are forging a stronger link between belonging and organisational performance by strengthening workers' connections with their teams and fostering their sense of contribution to meaningful shared goals.” (25)

22. Weisul, Kimberly, “[Bombas: Charitable at the Start, Profitable by Year 3, and Only 3 Employees Have Ever Quit.](#)” Inc. 2019

23. O'Brien, Diana; Kounkel, Suzanne; Main, Andy; Stephan, Anthony R., “[Purpose is Everything.](#)” Deloitte.com 2019

24. Herbert, Cecelia “[Belonging: The New Top Driver of Employee Engagement in 2021.](#)” Qualtrics.com 2020

25. Volini, Erica; Denny, Brad; Schwartz, Jeff, “[Belonging - From comfort to connection to contribution.](#)” Deloitte.com, 2020

Seize the moment to define your company's purpose

If your organisation hasn't defined its purpose, or, if upon reflection, the purpose rings hollow, seize the moment to establish a new purpose at the heart of your company.

"This moment in history provides an opportunity, and a spur, for all organisations to ground themselves in their purpose — that is, to focus intensely on the core questions: Why do we exist? Why are we here? Whose needs are we here to meet?" (3)

According to Stefan Wissenbach, a clear, shared purpose has a connecting effect within the business, creating common context and understanding.

"Everyone in the business feels connected to and excited by the organisation's ultimate purpose, goals and how the business will achieve them." (20)

Put purpose at the heart of your organisation, and you will build a foundation for a healthy culture that will support the strategy, align and motivate your people and improve business performance, preserving the company's intellectual capital and positioning the company for a successful post-pandemic recovery.

THE NEXT STEPS

For more ideas and resources to improve company culture visit: engagementmultiplier.com/resources/category/culture-purpose/

Survey your team, free and with no obligation: Assess and strengthen your company's culture with a free use of our Benchmark Survey.

<https://freeoffer.engagemultiplier.com/cc/?source=BreatheHR>



3. Blount, Sally; Leinwand Paul, ["In a Crisis, Companies Must Know Their Purpose."](#) PwC Strategy-Business.com 2020

20. Wissenbach, Stefan, ["The Engaged Organisation."](#) 2016

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TODD BROOK

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