
A Leader's Guide to
**Organizational
Culture**

Fostering a Culture That Drives Business Success





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Introduction

Successful leaders know that workplace culture isn't just a feel-good concept, but a powerful, intentional tool that can drive strategic success. Far beyond a set of values or norms, a strong, purposeful culture is something that top-performing organizations have in common.

Leaders who understand how to shape and align their culture with organizational goals can leverage it to achieve objectives and ensure long-term success.

This guide explores how an intentional culture is the foundation for effective strategy execution and why it matters now more than ever.



Companies with strong cultures can experience up to **85 percent** higher net profit over five years.

(Forbes)

Organizational Culture 101

What is Organizational Culture?

Organizational culture is the foundation on which your company's success is built. At its core, culture refers to the behaviors, values, and norms that are considered acceptable and expected within an organization. It's a shared belief system established by leadership and ingrained throughout the entire company.

What some may not realize, however, is that culture is not just about having a friendly workplace or celebrating employee successes. A strong organizational culture is your strategy execution engine. It drives how employees approach work, make decisions, and collaborate to achieve your company's goals. When aligned with business objectives, culture propels the execution of your strategy, turning vision into action.

Features that Impact Organizational Culture

A few factors shape company culture and help define the environment and behaviors within the workplace. These influences impact how employees interact, perform, and align with the company's goals.

Let's take a closer look at some of the key features that shape and influence culture and the range of impacts each can have.

- How Employees are Treated**
 Respect and support foster trust and engagement. In contrast, neglect or poor treatment can lead to disengagement and turnover.
- The Company's Mission**
 A clear mission aligns employees with organizational goals, while a vague mission can lead to confusion and lack of direction.
- How Decisions are Made**
 Collaborative decision-making fosters inclusion and autonomy. Meanwhile, top-down or opaque decisions can breed distrust and a lack of ownership.
- How People Communicate**
 Open, transparent communication promotes collaboration. Restricted or unclear communication creates silos and misalignment.
- Work Expectations, Style, and Volume**
 Clear expectations around workload and flexibility enhance productivity and well-being, while unrealistic demands can lead to burnout and stress.

ALSO GOOD TO KNOW...

Microcultures:

These are smaller subcultures within an organization that can vary across teams or departments, reflecting their unique expression of the greater organizational culture. (i.e., 'creative department' vs 'technology group').

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Types of Organizational Culture

Culture plays a pivotal role in the success of any organization. It influences everything from daily interactions to long-term strategic execution. However, what many organizations don't realize is that their current culture type might not align with or fully support their strategic goals.

Organizations aren't one-size-fits-all when it comes to culture. There are many culture types, each reflecting different values, priorities, and ways of working. Understanding these types can help organizations recognize their own culture and determine if it aligns with their strategic objectives.

Below are some of the primary and secondary types of organizational cultures, offering a range of possibilities that organizations can adopt to thrive.

Primary Culture Types

The following culture types are based on the Competing Values Framework developed by Kim S. Cameron and Robert E. Quinn.

- Adhocracy Culture**
 Focuses on innovation, flexibility, and risk-taking, encouraging creativity and constant change to drive growth.
- Clan Culture**
 Prioritizes collaboration and employee well-being, creating a supportive, family-like environment that fosters teamwork and loyalty.
- Hierarchy Culture**
 Values structure, rules, and processes, emphasizing stability and efficiency with a clear chain of command and standardized procedures.
- Market Culture**
 Competitive and results-driven, focused on achieving goals, performance, and market share in a high-pressure environment.

Company culture is the promise you make to your employees and candidates about what it's really like to work for you.

94 percent of executives and 88 percent of employees believe a distinct workplace culture is important to business success.

94

**Employees
who feel
their work is
consistent with
organizational
values are
50 percent
more likely
to report
a positive
employee
experience.**

(IBM)

Other Culture Types

The following cultures often incorporate a combination of elements from the four primary types on the previous page.

- **Strong Leadership**
Driven by charismatic leaders whose vision and influence inspire and guide the organization's direction.
- **Customer First**
Centers on customer satisfaction, using feedback and market trends to shape operations and product development.
- **Role-Based**
Aligns employees with roles based on their strengths, optimizing individual performance and overall success.
- **Task-Based**
Assigns tasks based on skill set, encouraging employees to contribute across functions for greater flexibility.
- **Purpose Culture**
Focused on a shared mission or cause, often non-monetary, uniting employees around a higher purpose.
- **Values-Based**
Built around core values like inclusivity or creativity, deeply embedded in every aspect of the organization.

While there are distinct categories of company culture, many organizations find their culture is a mix of the types we've mentioned above. Can you identify your current company culture in one (or more) of these?

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"No corporate culture is as straightforward as being "good" or "bad", just distinct."

~ Robert E. Quinn and Kim



How to Use Culture as a Strategic Tool

Let's explore leveraging culture as a strategic tool to drive your organization's success. Below are tips to help you create and cultivate a culture that aligns with and accelerates your strategic objectives.

Make Your Culture Strategically Relevant

An organization is far more likely to achieve its long-term objectives when its culture is aligned with and supports its business strategy. Culture should not be an afterthought—it needs to be intentional and strategically relevant. Here's how to make that happen:

- **Focus on Your Business Strategy First**

Before you can shape your culture, establish a clear strategy that outlines your company's direction and goals.

- **Communicate Your Strategy Clearly**

Once your strategy is set, ensure that it is communicated transparently across the organization, from top to bottom.

- **Empower Employees to Take Ownership**

Give employees the autonomy to contribute to the execution of the strategy. When they feel personally invested, performance will improve and buy-in will grow.

Promote a Strong Culture Among Your Employees

A strong culture drives performance by energizing employees and creating unity around shared values. It shapes behavior, boosts morale, and ultimately increases productivity. Here's how you can foster a culture that inspires action:

- **Avoid Over-reliance on Formal Procedures**

Instead of rigid policies, encourage informal cultural norms that empower employees to embody the company's values.

- **Foster Independent Thinking**

Give employees the freedom to innovate and think critically. This will lead to a stronger commitment to organizational goals.

- **Encourage Collaboration and Creativity**

A unified, inspired workforce collaborates more effectively, driving better results.

“Leaders make a mistake when they don’t proactively cultivate their culture, because, no matter what leaders do or don’t do, a culture will form.”

*~ Berkeley Professor,
Dr. Jennifer Chatman*

83 percent of executives feel that strategy execution's importance has increased.

(HBS.edu)

Recruit and Select People for Culture Fit

When it comes to creating a thriving culture, hiring people who align with your values is critical. Culture fit is just as important as skills and experience. Here's how to make sure you're hiring the right fit:

- **Identify Key Traits for Culture Fit**
Look for qualities that align with your organization's values and mission, and assess potential hires based on those traits.
- **Prioritize Culture Fit Over Immediate Skills**
While specific job skills are important, someone who aligns with the culture will have a better long-term impact. Remember, skills can be taught, but culture fit is harder to develop.
- **Consider Personality and Adaptability**
Candidates who demonstrate adaptability and collaboration will be more likely to thrive within your organization's culture.

Cultivating a strong, strategically aligned organizational culture is about building a foundation to propel your company to success.

When leaders harness culture as a strategic tool, they unlock the full potential of their teams, creating an environment where innovation thrives, collaboration flourishes, and organizational objectives become a shared mission.

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"Culture eats strategy for breakfast."

~Peter Drucker



Leadership's Role in Demonstrating Culture

Leaders are the living embodiment of an organization's culture—they set the tone from the top. Employees closely observe leaders' behaviors—from what leaders spend time on, prioritize on their calendars, and choose to celebrate. These seemingly mundane tasks send powerful signals about what matters most within the company.

When leaders reinforce culture through everyday actions, employees gain a clear understanding of what behaviors are valued and which ones are likely to be rewarded or overlooked. Here are some ways to ensure you send the right signals.

- **Regularly Review Your Behavior**

Take a step back to analyze the signals you're sending through your actions. Ensure your behavior aligns with the culture you want to cultivate.

- **Lead by Example—Your Actions Speak Louder than Words**

Vision statements and policies are important, but employees are much more likely to internalize your priorities based on what they see you doing.

- **Interpret Key Events Through a Cultural Lens**

Help employees understand organizational changes and important moments by explaining how they align with your company's values. If you don't, employees will fill the gaps with their own interpretations, which may not reflect the intended cultural message.

It's clear that leadership is where culture is created, reinforced, or undermined. Every decision, behavior, and response from leaders shapes the organizational environment, signaling what truly matters beyond written values. When leaders consistently model the culture they aspire to build, they create a ripple effect that influences teams at every level, embedding those values into the fabric of the organization.

Culture Quiz for Leaders:

- Can I define our culture?
- Do I talk about it?
- Do I model it?
- Do I live up to it?

(Gallup Workplace)

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The Hidden Dangers of Workplace Dynamics

A company's culture is the heartbeat of its organization. It shapes how employees interact, handle problems, and achieve goals. But just like anything else, culture can run off course.

A toxic work culture can develop quietly, slowly eroding morale, creativity, and productivity. Over time, it creates barriers that prevent the company from reaching its full potential.

What is a Toxic Work Culture?

Generally speaking, a toxic workplace is one where negativity is deeply embedded in the culture, significantly hindering productivity and performance. Such environments are characterized by several detrimental features:

- **Excessive Workloads**
- **Absence of Clear Boundaries**
- **Exclusivity and Cliquishness**
- **Limited Opportunities for Growth**
- **Lack of Transparency**
- **Micromanagement**
- **Fear-Based Leadership**

15 percent of respondents labeled their workplace as somewhat or very toxic.

(APA's 2024 Work in America survey)

Impacts of Toxic Workplace Culture

A toxic workplace culture can have profound effects on both organizational performance and employee well-being. While each organization is unique, certain common impacts are almost guaranteed to occur in a toxic environment:

Performance and Productivity:

- **High Turnover Rates:** Toxic cultures often lead to elevated attrition rates, as employees seek healthier work environments. This constant turnover disrupts team cohesion and incurs significant recruitment and training costs.
- **Disengaged Employees:** When employees feel undervalued or unsupported, their engagement levels drop, resulting in decreased productivity and a lack of initiative. Engaged employees are more likely to go above and beyond, driving organizational success.

“In a toxic workplace, the hardest-working employees often suffer the most because they care the most.”

~ Unknown

- **Silent Quitting:** In toxic workplaces, employees may reduce their efforts to the bare minimum, disengaging from tasks and responsibilities. This phenomenon, known as quiet quitting, can significantly slow progress and hinder overall performance.

Employee Health and Well-being:

- **Stress:** A toxic culture often fosters an environment of constant pressure and unrealistic expectations, leading to chronic stress among employees. This persistent stress can have detrimental effects on both mental and physical health.
- **Mental Health Issues:** Exposure to a toxic workplace can contribute to anxiety and depression, as employees struggle to cope with negative interactions and a lack of support. These mental health challenges can further impact job performance and satisfaction.
- **Burnout:** Continuous exposure to a toxic culture can lead to burnout, characterized by emotional exhaustion, reduced performance, and a sense of detachment from work. Burnout not only affects individual employees but also the organization’s overall productivity.
- **Physical Health Issues :** The stress and mental health challenges associated with a toxic workplace can manifest in physical health problems, including headaches, sleep disturbances, and cardiovascular issues. These health concerns can lead to increased absenteeism and decreased productivity.

Recognizing these signs is crucial, as they directly impact an organization’s success. Creating a positive culture and preventing a toxic environment are essential, as employees’ productivity, health, and well-being are integral to success and affect every level of the organization.

Why Improving Culture is Important

Beyond the immediate negative impacts of a toxic culture as mentioned above, there are several compelling reasons to prioritize cultural improvement including escalating healthcare expenses, challenges in talent acquisition, and high employee replacement costs.

Addressing and transforming a toxic workplace culture is not merely a managerial task but a strategic imperative. By proactively identifying and rectifying the elements that foster negativity, organizations can unlock their full potential, leading to enhanced performance, improved employee well-being, and a more robust bottom line.

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Conclusion

Organizational culture is a powerful force that shapes decision-making, performance, and overall business outcomes. Leaders who think strategically about culture can foster environments that drive innovation, engagement, and resilience while actively guarding against toxicity that erodes trust and productivity. A strong, intentional culture doesn't happen by chance—it requires alignment, clear values, and continuous reinforcement from leadership.

But culture isn't just a set of values—it's the lived experience of employees every day. Understanding how to shape and sustain a high-performance culture is essential for leaders at all levels.

Want to go beyond theory and see what truly works? Consider learning from experts in strategic culture. Structured programs offer the tools, frameworks, and insights needed to assess, refine, and strengthen your organization's cultural foundation, setting the stage for long-term success.

***“Culture
is not an
initiative.
Culture is the
enabler of all
initiatives.”***

~ Larry Senn, Organizational
Consultant and Author



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