



One size does not fit all: How microcultures help workers and organizations thrive

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David Mallon:

Welcome back to Capital H, the podcast where we explore the latest trends and developments to make work better for humans and humans better at work. I'm your host, David Mallon. I'm the managing director in Deloitte's Human Capital Practice in the US and chief analyst of Deloitte's Insights2Action Research and Sensing Team.

Today we'll be diving into yet another of our trends from our 2024 Global Human Capital Trends research and this one's on workplace microcultures. This trend spotlights a change that we're seeing in organizations, a recognition that culture may

not be a monolithic thing. It might actually apply in different ways, different parts of the organization, more diverse, more versatile. We're of course seeing a demand, a rising demand in organization for independence, for tailored work experiences depending on the workforce, and we're seeing organizations want agility and customer service moving away from standardization and top-down forms of governance.

This notion of microcultures, it empowers organizations to adjust to different needs rather than striving for one common culture—an organization can have a culture of cultures tailored to the needs

of local teams while still maintaining organizationwide values. In this first segment, my colleague Jason Flynn is going to sit down with Tracy Arnish. She is the vice president and head of human resources at Google Cloud.

In this first segment, my colleague Jason Flynn, is going to sit down with Tracy Arnish. She's the vice president and head of human resources at Google Cloud. They're going to talk about the future of workplace microcultures and how an organization like Google is making strides to cultivate them. Jason and Tracy, over to you.

Jason Flynn:

Thank you for joining us today, Capital H Podcast listeners. My name is Jason Flynn. I'm a partner in our workforce transformation practice here at Deloitte and one of the lead authors of our 2024 Global Human Capital Trends Report. I am thrilled to be joined today by Tracey Arnish, vice president and head of human resources at Google Cloud, to discuss what is one of the most interesting trends in my opinion from this year's report, "workplace microcultures." So Tracey, welcome and thank you for joining us today.

Tracey Arnish:

Hey, Jason. Thanks so much for having me on the podcast today.

Jason Flynn:

Alright, we're really excited to get into the conversation and hear about the Google Cloud story, but let me set the stage a little bit for our listeners before we jump in. So when we sat down this year and got into writing the trends report, what really came out of the survey results and some of the conversations and research we did is this idea that the monolithic view of culture is really not a good fit for organizations. That lack of fit comes both from the workforce view and an organizational view. So, we have an increasingly diverse workforce. They're looking for greater autonomy. They want customized and flexible work experiences. Right? A whole different set of things they're looking for. On the organizational side, organizations need more agility. They want to be more responsive to their customers. They need to move quickly. And so standardization and a top-down control really just don't work that well anymore.

So, we came up with this idea and, and put this out there around this culture of cultures and the need for organizations to really embrace that idea and tailor it to the needs of local teams based on the work they're doing. Of course, aligning to an organizationwide set of values. Very, very critical, of course. And so we found that this idea of microcultures really enables an organization to adapt to unique needs of specific segments of the workforce, different functions, different locations, and even different worker types.

So, that gives us a little bit of a view of what we found in the research this year. So maybe Tracey, jumping off of that, Google and Google Cloud are part of the Alphabet family of businesses. How do you think about culture at Google Cloud and specifically, how do you see similarities and maybe differences to Google and that broader set of Alphabet companies?

Tracey Arnish:

Thanks so much, Jason, and I share your passion for this topic. Culture is such a key enabler in that.

You know at Google our culture across the organization, across Google, really is grounded in our core values that have been in place for a long time. And you referenced the importance of having core values. At Google, we have what we call our three respects. Respecting the user, respecting the opportunity, and respecting each other.

And when we, as Google employees, act in accordance with those values, we call that "Googlyness." There's a lot of conversation about being Googly at Google. And these core tenants apply across Google and certainly apply to our Google Cloud employees as well.

But you know at the same time, Jason, Google Cloud's business looks quite different from the other parts of Google. And we have been recognizing that more and more over the last sort of four to five, five years. At Google we really have rapidly grown an enterprise business within Google Cloud that needs additional elements in our culture for our employees really to be able to thrive in it.

Historically, Google has focused on consumer products. You'll know them as search, YouTube, Maps, hopefully Pixel. The culture really has been driven by creating helpful products and respecting the millions of people who use these products each and every day.

Now, in cloud, we are actually fundamentally serving a very different customer. We aren't serving a consumer we are serving an enterprise, with very different needs. And when you're working with large enterprises and large businesses, that is why it's become

increasingly important for us to really lean into a more customer-centric culture.

What we did is we listened to feedback from Googlers in our Employee Sentiment Survey. We met with multiple, multiple senior leaders to understand the values that they believe that we needed to be able to build deep trusted relationships with our customers. And this process that we went through really helped us create what we call our customer empathy attributes, which include on top of Google's three respects, humility, unity, speed and ownership.

And these are the key behaviors in our microculture, if you will, that we leverage to drive deep value with our customers. And we believe that really by hyperfocusing on those behaviors, we're able to co-create a vibrant and thriving culture within Google Cloud that's centered around delighting our customers.

Jason Flynn:

A perfect example of what we're highlighting here in the trend. You touched on it a little bit in your response already, but what do you really see is driving this need for Google Cloud and other organizations to really be embracing this idea microcultures today? And what are some of those business and human outcomes you're looking to push forward as you do that?

Tracey Arnish:

Thank you for that question. Ultimately, it does always come back to driving the business outcomes and doing it through the amazing talent that we have and making sure that they can connect and fully thrive in the culture and in the organization.

So, we are here to help our customers solve their biggest challenges. And to win in the enterprise space, you have to be focused on deeply understanding the challenges that your customer is facing. We call that customer empathy and that really is the center of our culture. And then we work side by side with them to help solve those challenges together. And we thought about our microculture, let me just talk to you about a couple of the drivers and then I'll get into the business outcomes and the human outcomes that we are seeing.

When we were thinking of our microculture, we really had to contemplate the diversity of the workforce today. And a one-size-fits-all culture will not resonate with everyone. We had to consider remote and hybrid work; and maybe we'll talk a little bit more about, about that. That could be a show in and of itself. But the pandemic has really accelerated remote work and it's led to Google, certainly in Google Cloud, more dispersed teams. And microcultures can help to maintain that connection and belonging when people aren't physically together. So we recognize that. Rapid change and innovation. Tech today is moving the slowest it ever will. Slower today than it will be tomorrow. And so smaller, agile teams with their own focus cultures we felt could adapt and innovate more quickly than a monolithic organization may, may allow. And then employee empowerment. Of course, people want to feel ownership and purpose in their work, and microcultures have allowed individuals to really shape, help shape more of their immediate work environment, which is boosting engagement.

We thought about all of these things, you know what's the biggest business outcome for us? What we are seeing is, what we wanted to see was stronger empathy for our customers and therefore stronger customer focus. This microculture that we have created is emphasizing customer empathy, and it's translating directly into better customer service, stronger relationships, and ultimately better outcomes for our customers.

From a human outcomes perspective, Jason, what we have seen is improved collaboration. When teams have that shared sense of identity and values, we're seeing them collaborate more effectively. It's leading to better problem-solving and more innovation.

We've seen increased productivity in some of our outcomes, a much stronger sense of belonging and purpose. It's fueling motivation and that's leading to higher productivity overall.

And finally, something else that I'm really passionate about and spend a lot of time thinking about is enhanced well-being.

These microcultures can really foster psychological safety, they can reduce sense of burnout, and improve that overall employee well-being, which is something that we really care deeply about at Google.

Jason Flynn:

I love that. Just such a great connection back to our overall human sustainability theme in this year's trend. So much, so much can be enabled through the cultural element. So great to hear those examples. So maybe, another topic that I think is really relevant for this conversation, and it came through in our trends this year, is what's the role of HR in shaping culture and this, and microcultures?

We have a boundaryless HR chapter this year that gets into this idea that HR needs to be you know an enabler for the entire organization and shouldn't have sole responsibility for this. So how do you think about that within Google Cloud? You know, how are you working with other C-suite and other members to really drive culture and what do you see the role of HR in that?

Tracey Arnish:

Well, I'm obviously biased, Jason.

Jason Flynn:

(laughs)

Tracey Arnish:

I think the role of the CHRO is absolutely essential to the organization across a multitude of dimensions. But obviously when it comes to culture work, HR does very much need to be at the center of that work, I strongly believe that. But I will also tell you very directly, culture is ultimately defined and owned by the CEO.

And that is where it has to start. Clarity at the top of the house is really essential before we in HR can help step in as an enabler of that change. I also think too, it's really important that HR leaders are, are learning to team with the business, in I don't know if it's in new ways but maybe in deeper ways. I'll give you an example of this.

I personally have been thinking a lot lately about the relationship between the CHRO and the CIO. And how this relationship needs to be tighter than

ever today as everyday technologies and new technologies, new and emerging technologies, start to evolve. With specifically the era of Generative AI, technology is now impacting the workforce in ways that we've not dealt with before. And as we think about this technology, how it's introduced, how it's leveraged, how employees are enabled to use it, this is going to have significant impact on culture. And therefore I think CIOs need to be thinking a lot about the way, what we're introducing and the way we're introducing it and how that is going to be an enabler to, to the culture. It's an important relationship.

And with the complexity of today's world, really the entire C-suite also needs a strong sense of not just the economic and the global and the political polarities that we are dealing with today, but social factors is, is another great one. These are all things that play from an external perspective that are, I believe, in a much more direct way starting to influence the cultural needs of employees and in the business.

And it's not just up to HR to be shaping this. It's the day-to-day interactions with these leaders that most strongly impact and shape culture. So every leader has a responsibility. But all that being said, HR plays an important role. So, what can we do? I mean, obviously once the vision is clear, then we need to make sure there's a robust ecosystem in place to really bring that culture to life.

I see HR playing several critical roles that to help develop healthy microcultures. And those include being the role of a cultural architect. And what I mean by that is we are uniquely positioned in HR to connect the dots between our business strategy and our people-centered solutions, which include, of course, microcultures.

So as that cultural architect we really can help business leaders and employees define the overarching values and the principles that will provide the foundation for the microcultures to flourish within. We're also change agents, we know that, and once those practicals are in place it takes time and active change management to inspire the culture to evolve.

So as change agents we can guide the organization through those, those cultural shifts. We also are responsible for the reinforcing mechanisms that should be in place. We're positioned to create and support policies and principles that enable these microcultures. They can be things like flexible work arrangements, location strategy, recognition programs. All those have to align in support of the culture.

And then finally, we also are data analysts more than ever today, and we play a role of gathering and analyzing data on employee engagement and team performance and ultimately the inputs to cultural health so that we can identify areas for improvement. We must team with the business and strategic alignment and resource allocation. HR is playing a really critical role sort of from the top of the house all the way down to the frontline employee.

Jason Flynn:

That's great. It really resonates with me. Obviously, the CEO has to set the tone at the top. And HR plays obviously a really pivotal role, particularly teaming with the rest of the organization.

So maybe get a little bit of a drill-down here—you alluded to a couple of things here in your last response. But if we think about just tactically how do you go about changing culture? We know that's not easy. So what are a few kind-of keys to successes in your mind as we think about organizations trying to enable these microcultures?

Tracey Arnish:

There's a lot of research out there. Deloitte's obviously led some fantastic research on what are the, the biggest levers that can influence culture. And I sort of try to summarize it into four key influence or four key levers, if you will. Obviously, there's leader role modeling. We've talked a little bit about that already. The role of compelling stories and compelling storytelling. I can talk a little bit about that. Obviously, confidence. Skill building in the team so that people have the capabilities to demonstrate the desired attributes and then the reinforcing mechanisms.

But I'll give you a specific set of example of these levers in play in Google Cloud. So

one of the things that we have done is that we have several subteams across Google Cloud and very, very different. Everything from sales and our go-to-market functions, to our product and engineering teams, to deep program management, data center operations.

And these cloud circles are opportunities for team members to come together and really talk about the vision for our culture. Googlers get to discuss where they think things are going well, where they think their team needs to lean more into certain behaviors in order to successfully serve our, our customers. The goal really is for everyone to leave that cloud circle with a commitment of how they are going to be a role model for our behaviors so that they can also hold each other accountable. So we're trying to get input, but at the same time drive that sense of shared accountability for shaping the culture. Now, these circles are sponsored by the highest levels of leadership within the organization.

I'll also give you the example of storytelling because I too also really passionately believe that is a huge enabler and motivator to a culture.

And we directly learn of our cultural impacts from our customers, every month. So we bring our entire cloud organization together for an all-team once a month.

In every single one of those meetings, we have an opportunity to hear from a customer who we've been working with who can come in and talk about how they are experiencing customer empathy in working with our teams, and how we are helping them solve some of the biggest problems that they are, are facing. So I will say those stories get the most positive feedback from employees as they have a chance, and a lot of pride is generated. And so I think we can't underestimate the power of storytelling.

Then the reinforcing mechanisms I've talked about a few of those already, but we really build, thoughtfully, the elements of our microculture into everything from our recruiting process, to ensure we're hiring people who will not be culture fit, but be a culture add. So they're bringing something that's going to add to our culture in Google

Cloud. We build it into expectations, and how those are set, and how performance is measured.

And then we reward and recognize via things like our Culture Champion Awards that are determined by, our Cloud C-suite. So, again, we're trying to build the entire ecosystem around it, but those are a couple of, more tactical examples.

Jason Flynn:

Yeah, I love your storytelling example. The focus is customer empathy, bringing those customer stories right back in, and that really helps reinforce the message. Alright. You brought this up a little earlier, but there's two topics I wanted to hit on that are really top of mind for, for everybody today and certainly relevant for microcultures.

One, hybrid remote work or return to work, that whole conversation. And then also the role of Generative AI and technology more broadly. Two big-topic issues out there that are relevant. Love to hear your thoughts on those two with respect to cultures and how you're thinking about them within your organization.

Tracey Arnish:

Sure—those are the million-dollar questions that we all have top of mind right now, don't we?

Let's start with hybrid remote work. I just, I fundamentally believe that the debate, if you will, around how much in-person collaboration time is really ideal is going to continue for a while. And I'm not sure that anybody has it fully, fully figured out yet, and I will be so transparent as to say we don't at Google. We continue to work on it, and we are learning as we, we go.

What I do believe very strongly though is that distributed teams will remain a reality for most companies for the foreseeable decades. I do not believe we will ever fully go back to the previous way of working. And with distributed teams we know and we can see that it can be harder to foster that sense of shared identity and shared belonging, which are essential for strong microcultures, which is why this topic is so important because if we're going to have flourishing microcultures, we have to figure out how

to do it in this new reality of a disparate workforce around the globe. So I think it's really important to be very clear when you're thinking about microcultures is: What matters to you and your business? Because every business is going to be different and sometimes teams are different.

We have other teams where people literally are dispersed all over the world. And in obviously then in very different countries—where countries have unique cultures locally that then have to add and play in that microculture. So really, the opportunity really for me means that this cultural work is more important than it ever has been before.

And everybody on your team, whether they're fully remote, fully in office, they're going to have a sense of the culture in their workplace. And it would be ideal, in my mind, that we're able to build microcultures that obviously promote equity for employees regardless of their background or their working locations. And I think HR plays a really critical role in helping leaders and organizations figure, figure this out.

We have to be intentional in building culture. Because culture will be built whether you're intentional or not. So you want to get in there and actively—be proactively—fostering microcultures that leverage digital tools. They leverage virtual team-building activities. They bring disparate teams together. My team is all over the world and I had an opportunity to bring them all together face to face here a month ago, and you wouldn't believe the impact it's had on our culture, our sense of belonging, and the team's alignment to strategy and priorities. And I've seen, like, increased engagement start to happen. You need that balance of in person and remote in your culture.

And then making sure that you have inclusive practices in place. Like, this is something we have to work so much harder at now in making sure that remote employees feel included and they feel connected. That we are providing intentional opportunities for remote employees to participate in co-creating culture and being part of the activity. It's very easy to not feel part of the conversation when you're not sitting in the room and everyone else is. And so, I know I'm a remote employee. And so it's interesting, I live that, firsthand. And

so, there are practices that we must be leveraging now that will build on culture from a hybrid work perspective.

AI and technology, I could go on forever. This is probably the topic I am super passionate about right now. And I touched a little bit on this.

It is clear that the age of AI is upon us and it is fundamentally already changing the way in which we work. At Google Cloud we think a lot about this. Obviously we believe that responsible AI is changing the world for the better. And you know we are taking those opportunities and those enhancements to our customers and leveraging them ourselves.

And we're thinking about that and how that is impacting and adding to our culture as we're looking at where and how we leverage Generative AI in the workforce. So as an HR leader, personally, I'm seeing a lot of exciting opportunities for AI to allow employees to become more strategic, less bogged down in the, in the mundane. AI can eliminate the boring work, if you will, and allow for more human interaction than ever before.

And that's a really exciting cultural influence, if you can get people to lift their heads up and interact with one another and technology can actually help facilitate that. So I just conclude by saying, I think those are two really critical topics that are evolving and from an HR standpoint really need to be at the center of thinking about them and shaping them.

Jason Flynn:

Yeah, for sure. No silver bullet answers on either. A lot of this is going to play out, as you said, for a number of years, but, really appreciate your perspectives on those. So maybe just—we're getting close to wrapping up here—maybe one last question. Looking ahead here, what's top of mind for you in the next few years around culture, microcultures? What's next?

Tracey Arnish:

I would say that the value of microcultures is again that they can continue to be additive to the core cultural foundation over time. And the sooner we embrace that, the more healthy and empowering our cultures,

microcultures are going to add to the culture overall. It's one interesting reflection I've had, I've been at Google for about four years now. And I've watched how the cloud culture has evolved over those four years.

And I'm actually, what I'm seeing is how Google's culture is now evolving as a result of cloud's microculture. So we are now being looked at by other parts of the Google business as a success story in many respects. And people are interested in understanding what have we been doing, what impact is our culture having, and starting to really look at how do they maybe begin to embed.

So microcultures can have that direct impact in a positive way on the larger culture of the organization over, overall. Culture needs to just be a living, breathing entity that continues to evolve with the business over time. And that's not going to go away anytime soon.

Jason Flynn:

Alright. Tracey, thank you so much for your time today. It's been fascinating to hear your story at the Google club.

Tracey Arnish:

Thanks so much. It's been really fun sharing it. I appreciate the opportunity.

Jason Flynn:

And thank you to our listeners. I appreciate you joining and listening in. I hope you'll continue listening on as we'll hear more on this topic of microcultures from a few of our other Deloitte leaders. Thank you all.

David Mallon:

Thank you Jason and Tracy for that wonderful conversation. We're going to continue our look at workplace microcultures with a few of our fellow Deloitte colleagues and Global Human Capital Trends authors. With that, let's go to the roundtable.

Susan Cantrell:

I am Susan Cantrell from Deloitte, and I lead Human Capital eminence and thought leadership. And I am one of the authors of Deloitte's Human Capital Trends report. And I am joined here today with two of my fellow co-authors for a roundtable

discussion where we're going to talk about one of our human capital trends, workplace microcultures.

John Forsythe and Julie Duda, my fellow co-authors and collaborators on our Human Capital Trends report—welcome John and Julie, can you take a second and introduce yourselves? Julie, would you like to start?

Julie Duda:

Hi, I'm Julie Duda, and besides being an author this year on the trends report, I'm a vice president in our Human Capital practice at Deloitte, and I get to spend my days leading a team doing research as a service on a variety of HR topics.

Susan Cantrell:

Thanks, Julie. John, how about you?

John Forsythe:

Hey, Sue nice to see you. John Forsythe, I'm a managing director here in Deloitte's Government and Public Service practice. I've been working in the field of organizational culture for around 30 years. And like you, I'm a fellow author on this chapter for Human Capital Trends. Happy to be here.

Susan Cantrell:

Thanks John and Julie. So, before we dive into the specifics of what we mean by microcultures, I just want to make sure we're all on the same page when it comes to how we even talk about culture in general.

What is culture? What do we mean?

Culture, I think most people understand is the way things get done in your organization. The sustained patterns of behavior over time that are supported by the shared experiences, values and beliefs of the organization.

So, culture can include both stated values, which are typically consistent across an organization, and the lived behaviors or artifacts, things like norms and symbols and language and actions where culture is manifested in daily life and practice. So, these lived behaviors are what can and should be flexible, we think, across an organization that embraces microcultures.

Now that we have this kind of grounding in what we mean by culture, I want to start

with you first, Julie, before we go to John and ask you: what do you mean when we say workplace microcultures? And can you put this trend in a nutshell for our listeners?

Julie Duda:

Well, Sue, let me start with some important context for our listeners to help explain what this trend is. There's a mindset that most large organizations have a single culture that workers need to fit into, which cascades from the C-suite, and it's standardized and it's maintained, very deliberately selected, chosen culture.

However, culture doesn't really work this way in real life. When you talk about that "lived behaviors" piece, regardless of whether you embrace that or not, it's not how it works.

As an example, consider the recruiting process. Job applicants are usually coached to ask about corporate culture in their interviews, and hiring managers are instructed to assess for cultural fit. However, a worker may take a job based on the culture they've heard described and find later that the specific team they are on operates differently.

When their expectations of culture are not met, they may be unhappy. Almost a third of new workers leave their jobs within the first 90 days of being hired, with unmet expectations from recruitment and culture being the top factors.

The reverse can also be true. The company culture described in the interview process may not appeal to a candidate who's looking for something different, even if it turns out that the particular team they would be joining has the kind of environment they're looking for, where they might be a perfect fit.

A good example of this: tech workers interviewing at a nontech company. Tech workers often prefer an entrepreneurial collaborative culture that's high risk, high reward, and that doesn't have rigid rules. A culture like that may actually exist in the tech function of an organization, but the recruiter may focus on the overall corporate culture, which is not at all what the worker is looking for, creating a disconnect when it comes to attracting and accessing the talent an organization needs to compete.

Susan Cantrell:

Thanks, Julie, makes a whole lot of sense. John, do you have anything to add around what we mean by workplace microcultures, given your experience?

John Forsythe:

Sure. Leaders are recognizing that their organization isn't one large homogenous monolithic culture. In fact, our survey results showed that leaders recognize that teams and work groups are the best places to cultivate culture, agility and diversity.

And this understanding that your organization isn't this monolithic thing, it's a good thing. They acknowledge that work happens differently by function. Think of your CIO function versus your CFO function, versus your CHRO function. The work that's happening there is being done differently with different behaviors. The difference between sales and operations, vast differences within that.

And there are also variations across different geographies. Think of your office within New York or Tokyo or DC, the work is going to be done differently, and understanding and embracing those differences is so critically important.

We see at least three benefits in thinking of your organization as a mosaic of microcultures. First, in today's world, agility and responsiveness are critical. And microcultures really allow organizations to move and adapt quickly, to sense and react to the market around them.

Two, if you want to drive change at a large-scale transformation level across the entire enterprise, it's much more effective to work with ready, willing and enable microcultures, position them for success, spotlight their success, and help their culture go viral than it is to try to push culture down from the top. Right?

And third, from a talent experience, let's acknowledge that nearly all of someone's workplace experience is going to depend on their managers, their team, their location. So, regardless of enterprisewide talent policies, you can have very different human experiences based on those microcultures.

Remember, the main theme of this year's Human Capital Trends report, is the idea of human performance. When people thrive, organizations thrive. So focusing on people capabilities at the local level is so important to drive consistently positive human experience across the entire enterprise.

Now, in this environment, what's the role of the executive leader in a microculture environment? First and foremost, it's still important for them to set the tone from the top, create those stated values at the enterprise level.

But just be aware that those values on a poster that you put up on a wall somewhere, many times they tend to look very similar from organization to organization. In fact, in our assessment, the word integrity showed up 75% of the time on core corporate values. Now other words like innovation, teamwork, excellence, safety, showed up quite a bit of times.

The next important thing that leaders have to do is to really embrace and enable those microcultures. Set the tone to the top, create those parameters, but really embrace and enable those microcultures, holding those microcultures accountable for business and mission delivery, as well as creating those human outcomes. That's a bit different role than leaders have played in the past, but if they can do that, they'll get the most out of their organization and the microcultures within.

Susan Cantrell:

Thanks John, that was great. Thanks to both of you. So, clearly, this is a new way of thinking about culture that historically, we've really never had before. So, question to you both: what's driving this trend? Why today? Julie let's start with you and then we'll switch back to John.

Julie Duda:

Sure Sue, while workplace microcultures happen, regardless of intent, the shift to more intentionally enabling them is being driven by several shifts related to worker preferences, technology and ways of working.

The first shift that's driving this is hybrid and remote work. Managers who are unsure

about how to drive culture in a hybrid environment could be struggling to apply old models of a single uniform culture that are no longer relevant. Research shows that remote and hybrid arrangements have a significant impact on worker experience and retention. Hybrid work can reduce attrition by 35% and improve employee satisfaction.

But if leadership thinks all work must be co-located all the time in order to maintain their single culture, they're kidding themselves about their even being a single culture, and they're denying the benefits of enabling multiple approaches. Microcultures represent a possible solution to the challenge of driving culture in a hybrid or remote environment.

Another driver for embracing microcultures is the growing diversity of the workforce. Attempting to apply a single culture to an increasingly diverse workforce is not likely to succeed with today's workers who now vary more than ever across geographies, employment types, contingent, gig, full-time, part-time. They vary in their working arrangements, onsite, hybrid remote, their demographics, life stages, education levels, identity, and even their motivations or thinking and networking styles.

One more shift I'll share that's driving this continued rise of microcultures is worker agency. Today's workers have more choice and influence over where, when, and how they work than ever before. And workers have expressed a clear desire for localized cultures that reflect their team's ways of working.

One in three workers who responded to our survey say the unique culture of their immediate work group or team is most important to them when it comes to their experience at work.

Susan Cantrell:

Thanks, Julie. John, anything to add in terms of drivers, why workplace cultures now?

John Forsythe:

Sure, I think there's a few more drivers in addition to what Julie shared. Another driver is the presence of enterprisewide technology and dashboards. This technology enables visibility of performance as well as employee

sentiments across microcultures. This gives leaders the insights they need to be able to play their role at the executive level.

Another driver is the need to empower frontline management and workers to sense and react to their market. We call this empowering the edge. Right? The ability to be able to do that now and be agile and responsive to those changing market needs. Huge driver of microcultures.

Another driver is this concept of human sustainability. We talk about it this way: every organization is in at least two industries. One is their core business, and the second one is talent management. Each industry has their roles, competitors, adversaries, and if you're not successful in both of them, you fail at both of them. This need to drive human sustainability at that local level is another driver of microcultures.

And lastly, there's a lot more merger and acquisition activity. And every acquisition target should really be evaluated in terms of how its culture drives its success or not, and then how integrated that culture has to be with the parent company. If the organization is successful and doesn't need to be integrated, it can be left alone, it can remain its own microculture and drive the success that it was acquired for.

Susan Cantrell:

Thank you, John and Julie. So, we have talked about what workplace microcultures are, why they're needed now, and I'd like to shift a little bit. John, how do you begin implementing changes to work towards microcultures at that broader organizational level? In other words, how can organizations leverage microcultures to enable larger cultural change?

John Forsythe:

Sure. So, oftentimes Susan, when clients come to us, it's because they have a culture problem. They're trying to introduce new strategies, new technologies, new processes, new policies, and their culture just won't enable it. So when we're talking about implementing change at the enterprise level, at the organizational level, I work with a lot of long-standing, stable bureaucratic organizations.

So, how we do this is first and foremost, we sit down and try to envision what the culture should be. How do people need to behave? How do they need to collaborate? How do they need to innovate? How do they need to focus on customers or internal towards an internal processes? What should those wide parameters be at the executive level in order to enable success for that future statement of the organization?

But very importantly, when we're trying to make that large-scale transformation change, we try to first break the organization down into manageable units and chunks. How we do that is with tools like surveys or interviews and focus groups. It becomes a really good proxy for how people are likely to behave.

And of course, when you break it down into manageable chunks, you're going to see outliers on both sides. And of course, the problem should and need to be handled, you need to address any problem areas where there may be going beyond the cultural norms and parameters that you set, but don't invest a ton of time there because you're not going to get the return of investment.

What I do recommend is that organizations look at the positive outlier. Where is it happening best? Do a deep dive into those positive outliers. Why is it happening well there? What are they doing? How can you scale those things that they're doing within that small microculture across the rest of the organization? And who do the positive outliers influence? What's their network look like and how can their work go viral across the rest of your enterprise?

Then the leadership roles, once you've broken it down to manageable chunks, do interventions to help each of those microcultures be successful, and then help the successful ones really go viral—spotlight their success, doing incentives, and sequence a series of rollouts to make sure you're building momentum across the organization.

And the interventions that we use, so I talk about this in a few different categories: One, leadership has a role. They need to be able to say and convey what they're trying to

do from a culture perspective, they need to be good role models of that. And very importantly, they need to reinforce that, especially with their direct reports, the kind of behaviors that they're looking for.

So many times, I see leaders saying one thing but letting people on their direct circle get away with behaviors that counter that, and that's a good way to undermine your culture efforts.

So, we also have them look at their talent life cycle. How are you recruiting, hiring, onboarding, developing people, but most importantly across the talent life cycle, how are you doing performance management and how do you promote people. Rewards, recognitions and promotions really do a lot to reinforce the behavior you're looking for across a culture transformation.

And as part of that talent life cycle, really getting local managers to partner with HR. One of our other chapters in Human Capital Trends this year is this idea of boundaryless HR, who can really partner with local management to create microcultures that work best for that management, that team to create value there locally.

And then of course, another intervention that we use is where the systems' workplace policies that might be barriers to culture change. But the important thing for culture change is breaking the organization to manageable chunks. The smaller you can make it, the more agile it's going to be, and the more likely you can build scale across a series of interventions.

Susan Cantrell:

Thanks, John. Julie, what are some of the challenges you see in implementing microcultures?

Julie Duda:

There are really a number of barriers to putting this in place. My big one is that many leaders still believe in the idea of a monolithic single culture. But even the ones who do recognize that things work better, think you can optimize the human performance in an organization through microcultures, they expressed in our survey that this was the hardest of all of our trends to implement.

My advice about that particular challenge of not knowing how to make this a reality is really to start by observing that you already have a culture of cultures. That's the way work works, you don't have a single culture.

So, your goal is not to implement the culture of cultures, the microcultures, but instead it's to find ways to make those microcultures more intentional and more effective and enabled, which makes it really incremental change versus a revolution. What do you think, John?

John Forsythe:

I so agree, Julie. I work with many different executives in trying to transform and modernize their culture, and I think you hit on one of the biggest barriers. In today's world, leaders and managers have to lead and manage differently than they were led and managed.

In many organizations, they grew up in top-down organizations, and now, we're talking about enabling a bottom-up management and juggling many different microcultures. That's a very different leadership style than what they grew up in and were trained on in many situations. Getting them to navigate through that is one challenge.

Another challenge when you're talking about using microcultures to enable large scale transformation, it does take time. You need to have persistent patience and build on this slow momentum early on to get to a critical mass.

Another challenge is that oftentimes you see, leadership turnover. Leadership tenure might be shorter than the amount of time it takes to get to full scale transformation, and that's so critical to make sure you've got the right handoff from one leader to another.

Another challenge you face is that not every manager is going to be a very good people leader. Right? And that's what we talked about before—partnering them with HR, where you have that people capability to help them get the most out of their culture and use the best of the talent life cycle. Those are some of the challenges we faced, and that's how we've addressed it in the past.

Susan Cantrell:

Thank you so much, John and Julie for such insightful thoughts on some of the challenges with respect to microcultures and how to overcome them. And thank you both for your time today. I'm going to ask one last question and ask if there are any final parting thoughts you'd like to leave our listeners with around reimagination of work when it comes to workplace microcultures.

Julie Duda:

I'd say, and again, this is probably my favorite trend, so thank you for letting me talk about it today. When we think about how to imagine this new future of microcultures, I tell people to start, A, by co-creating with your team.

While leaders and managers do so much to enable this, they can't dictate the way work gets done. They need to work with the team to ensure that the team develops norms and ways of working that fit within the overall framework at that organization and the values at that organization.

And then to identify the unique ways in which work should happen, start with the work. The work itself dictates what needs to be done, which leads naturally to how and where and when. And before you know it, you'll see what makes a very logical set of ways of working. John?

John Forsythe:

Thanks, Julie. My final comment, Susan would be just acknowledge and embrace the fact

that microcultures exist. And if you can embrace that, you're going to very quickly realize the benefits of being more agile than you are today. And you're going to realize that if you need to modernize or create a digital culture for your organization using microcultures to build momentum towards that large-scale transformation is the way to go.

And then lastly, if you can do this and really focus on that people experience, that talent experience at the local level, you're really going to help your people thrive. And as we've seen across our research, when people thrive, organizations thrive. And the way to get to that point is through the idea of microculture.

So, like you, Julie, this is my favorite chapter, and I think we were all very pleasantly surprised to see how popular this chapter has been across our list of human capital trends this year. So, very happy to share information about it. Thanks.

Susan Cantrell:

Thank you, John and Julie. And that's a wrap for our podcast today on workplace microcultures. Thank you, listeners, and stay tuned.

David Mallon:

That will bring us to the end of today's episode of Capital H. A special thank you to our guest Tracy Arnish as well as my fellow Deloitte authors who joined us. Organizational leaders, you may be


worrying that acknowledging and enabling microcultures is going to somehow cause the organization to lose its identity or its focus. However, we find that thoughtful use of the data and technology available to you to understand these cultures coupled with empowering managers to own their own respective cultures, especially within a larger boundary-less HR approach can help strike a balance, a right balance between control and enablement, and the likely results are better collaboration, stronger business and human outcomes, and hopefully increased agility—all contributors to your long-term success.


Thank you listeners for tuning in. We look forward to seeing you next time, especially as we continue our focus on this year's Global Human Capital Trends research. If you're interested in more of that research, you can find the full report at deloitte.com/hctrends. Let us know what you think of capital H., rate us wherever you find us and look us up on social media. We'd love to hear from you. Thanks again and we'll see you next time as we continue to focus on the topics and trends that focus on putting humans at center work. Until then.



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