IDEAS MADE TO MATTER | ORGANIZATIONAL CULTURE

MIT Sloan research on organizational culture

🏛 by **Kara Baskin** | Jul 25, 2022

Why It Matters

Here's what MIT experts and researchers believe are the key building blocks of healthy organizational culture — for now and into the future.

COVID-19 has upended traditional working arrangements: Remote and hybrid work have expanded geographic possibilities, while abbreviated work weeks and flex time have changed the parameters of the traditional workday and workers' expectations.

In this new era, leaders at every level of the enterprise are struggling to articulate an organizational culture that's right for this new moment.

Here's what MIT Sloan experts and researchers think are the key steps to building an organizational culture that works now and into the future.

Embrace distributed leadership

Smart organizations are shifting from command-and-control leadership to distributed leadership, which MIT Sloan professor Deborah Ancona defines as collaborative, autonomous practices managed by a network of formal and informal leaders across an organization.

The practice gives people autonomy to innovate and uses noncoercive means to align them around a common goal, a structure that's highly appealing to employees who are used to being autonomous and

empowered.

"Top leaders are flipping the hierarchy upside down," said MIT Sloan lecturer Kate Isaacs, who collaborates with Ancona on research about teams and nimble leadership.

"Their job isn't to be the smartest people in the room who have all the answers," Isaacs said, "but rather to architect the gameboard where as many people as possible have permission to contribute the best of their expertise, their knowledge, their skills, and their ideas."

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Nurture a digital workforce …

To transform a traditional workforce into one that is future-ready, leaders should equip workers with the technologies they need and give them the accountability and capabilities to fully exploit those tools, according to Kristine Dery, an academic research fellow with the MIT Center for Information Systems Research.

Companies should aim to make their employees empowered problem solvers, Dery said, by creating a supportive environment of continual and rapid learning where they can leverage technologies to solve unpredictable problems. These employees need to have confidence to solve problems, and the skills to work effectively in a digital world.

This isn't just a nice idea in theory: Companies that invest in the right experience for their people, and make sure they are ready for the future, tend to outperform their competitors. On average they deliver 19% more growth in revenue than their competitors and have 15% more profit. These companies are also more innovative, better at cross-selling, and deliver a significantly better customer experience, Dery said.

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… but don't ignore employee hierarchies

The ascension of junior employees needs to be handled with care. In a tech-first world, younger workers often possess more savvy than older colleagues — but quickly promoting them could create friction with senior co-workers, noted MIT Sloan work and organization studies professor Kate Kellogg.   She recommends creating peer-training programs that rotate both senior and junior employees through the role of trainer.

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Strive for managers who understand nimble leadership

Nimble organizations are filled with people who feel free to step forward, propose new ideas, and translate them into action. Isaacs, Ancona, and co-researcher Elaine Backman have identified three types of leaders in a nimble organization:

  Entrepreneurial — lower- to mid-level idea generators who inspire trust through technical expertise and reputational credibility.

  Enabling — often middle managers who are good connectors and communicators and who remove obstacles for entrepreneurial leaders.

  Architecting — often high-level leaders who shape culture, structure, and values.

"In a lot of companies 'purpose' becomes a motto on the wall, it's not really lived, it's just lip service," Isaacs said during an MIT Sloan Executive Education webinar on nimble leadership. "In nimble organizations, [managers] are good at bringing the purpose down off the wall and into daily decision making."

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Turn to middle managers to help promote DEI

Nearly all companies have increased their efforts around diversity, equity, and inclusion. Research from Stephanie Creary, an assistant professor at The Wharton School, shows middle managers will be especially important when promoting diversity and inclusion within a workforce.

Speaking last year at the MIT Sloan Management Review Work/22 event, Creary explained that executives and senior managers are often motivated by market position and competition, but middle managers are typically focused on their team and its performance, making them ideal champions of DEI efforts.

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Build a culture that supports remote teams

In their book "Remote, Inc.," MIT Sloan senior lecturer Robert Pozen and co-author Alexandra Samuel, offer ways for managers to effectively communicate with and encourage productivity in their remote employees.

The authors recommend four tools: ground rules, team meetings, one-on-ones, and performance reviews.

"Even experienced managers face new challenges when they first start managing an all or partially remote team," the authors write. "You need to ensure your team gets its work done, but you also need to put some extra thought and TLC into managing the issues that crop up for remote workers, like personal isolation and trouble communicating with colleagues."

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Strengthen the link between worker well-being and company goals

Research by MIT Sloan professor Erin Kelly,   co-author of "Overload: How Good Jobs Went Bad and What We Can Do about It," finds that happier employees are more likely to be engaged, enthusiastic about work, and likely to stay at their jobs.

To promote employee satisfaction, companies should consider pursuing a dual-agenda work redesign — that is, an action plan that links employees' well-being and experience with a company's priorities and goals.

A dual-agenda design prompts employees and managers to look at how work can be changed in ways that benefit employees and their families, and also the organization.

"Work redesign is not a change in company policy, it is an effort to construct a new normal, to reconsider and revamp how a team does its work," Kelly said. "Dual agenda refers to the fact that these changes address both organizational concerns (working effectively) and employee concerns (working in ways that are more sustainable and reflect their personal and family priorities and protect their health)."

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