

Are today's boards ill-equipped to deal with modern workplaces?

Dr. Laurence Lock Lee and Dr. Eileen Doyle

As scalps continue to fall in the banking Royal Commission, it's become clear board members need tools to give insights and transparency into company culture.

Boards need to be better technically equipped to deal with non-financial indicators like a poor or ineffective corporate culture. While we have technologies that can monitor financial and business process performance in real time, there are very few options available for the most critical non-financial indicators – like employee experience and corporate culture. This leaves organisations left to rely on tools such as big one-off deep dives or employee engagement surveys. These, at best, are conducted on an annual basis but usually much less frequently. They also run the risk of response biases, being backward looking and relying on reflection more so than the here and now. This lack of real-time indicators for the human side of organisational performance means boards are ill-equipped to deal with challenges in this domain.

The challenge boards face in managing a corporate culture

Non-executive directors are part-time members of the leadership of a company. They need all the practices and tools they can muster to genuinely have a feel for many things in the company, including the culture. The board makes a major contribution to the future direction of a company and how it will get there. The how is about the beliefs and behaviours that define a company internally and externally. The leadership of a company needs to define its culture; they need to write it down, explain it, reinforce it with reward and recognition and, most importantly, lead by example. More modern human-centred analytics are designed to gain an insight into the underlying culture of organisations. With real-time analytics, warning signs such as unexpected behaviour, wrong language, silos of communication, and lack of challenge can be quickly and easily spotted.

People analytics is evolving

The Deloitte 2018 Human Capital Trends report¹ identifies Collaborative C-Suites and People Data and Analytics as the top two concerns for C-Level executives. While organisations continue to build out their profiling of staff, the availability of real-time observational data on how staff are actually interacting at all levels is still rare.

Real-time human analytics is only now starting to emerge. One of the products in this field is Microsoft's Workplace Analytics² which draws from staff email and calendar activities to

¹ <https://www2.deloitte.com/insights/us/en/focus/human-capital-trends.html>

² <https://products.office.com/en-us/business/workplace-analytics>

identify productive work patterns. Individuals can self-assess how they are currently spending their work time (e.g. time in meetings or on email), while managers can assess how effective their work teams are in using their time. Email still remains the most universal means for digital communications.

Enterprise Social Networking (ESN) platforms like Microsoft's Yammer or Workplace by Facebook and team messaging platforms like Microsoft's Teams and Slack are now providing digital channels for the more informal, yet rapidly becoming more prolific, digital communications amongst staff. US-based analytics firm Wiretap³ makes use of Artificial Intelligence enabled sentiment analysis to monitor these informal communication channels. Wiretap looks to identify, in close to real time, governance issues and risks that may emanate from toxic conversations, potentially hidden from executive management attention. Their recent report on "Human Behaviour Risk Analysis"⁴ identifies the contexts within which negative messages can emanate and to what extent:

Negative Messages Live in the Dark Corners of Digital Collaboration



These types of products, which are specifically aimed at deepening the understanding of the human aspects of organisational culture and performance, have the potential to operate as 'real-time corporate culture monitors'.

Products such as SWOOP Analytics⁵, Wiretap and others, monitor the informal communication channels to provide human and relationship-centred analytics in real-time. SWOOP uses behavioural personas to characterise individual collaboration patterns:

³ <https://wiretap.com/Company>

⁴ <https://info.wiretap.com/human-behavior-risk-analysis>

⁵ <http://www.swoopanalytics.com/>



OBSERVER
Little or no participation



BROADCASTER
Posts, but receives few responses



RESPONDER
Replies, but less of a conversation starter



CATALYST
Seeds conversation



ENGAGER
Balance in give/receive

Organisations can use these behavioural personas to help coach their leaders on how to engage with staff more effectively online.

Building on the work of leading social capital thinkers such as Professor Ron Burt (University of Chicago), and newer research into cognitive diversity by Alison Reynolds (Ashridge Business School), the SWOOP ‘real-time corporate culture monitor’ includes the following four dimensions:

Sentiment

This looks at the ‘tone’ of communication. A simple statement framed like “Our managers don’t communicate with each other” (negative sentiment) versus “Our managers need to find better ways to communicate with each other” (positive sentiment) can say a lot about the prevailing culture.

Two-way relationships

Two-way relationships are a key tenet of a trust relationship. If I post something and you respond, and vice versa, we have made a two-way connection. The more we repeat this cycle, the stronger the relationship becomes. Reciprocity can be measured by calculating the relative number of two-way relationships people establish, both inside and outside their own business unit.

Curiosity

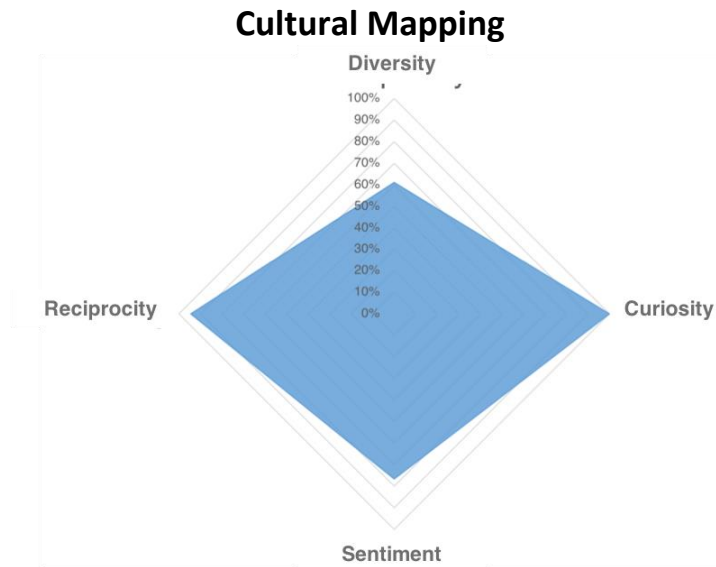
Curiosity is measured simply by the number of messages that include a question. Benchmarking activities show that on average about 10-12% of posts include questions, though some organisations are as high as 30%. Curiosity levels can vary significantly between business units and can say a lot about the sub-cultures that exist.

Diversity of exposure

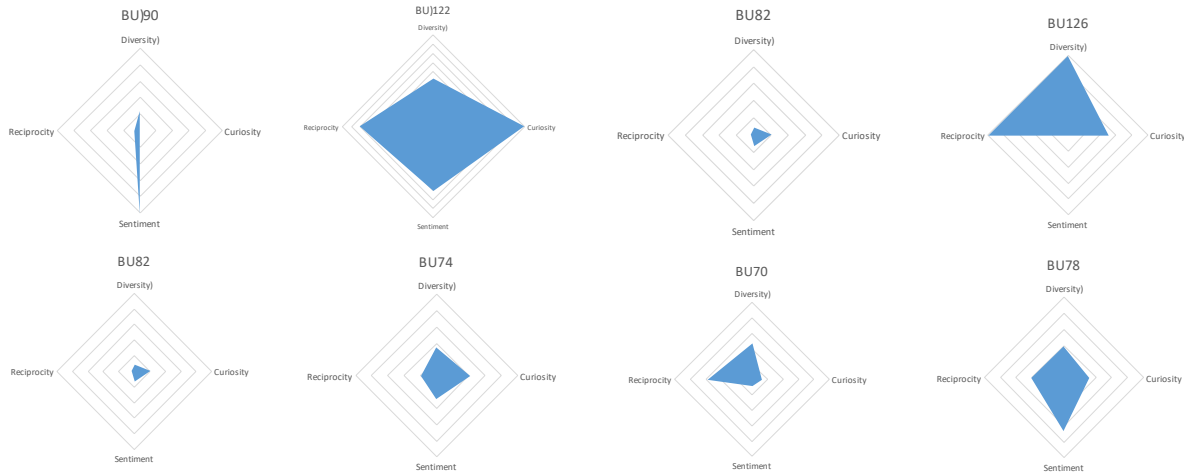
Diversity of exposure is measured as the variety of experiences a staff member is exposed to. Collaboration platforms provide staff members with the opportunity to connect with other staff they might not normally come into contact with, around something of common interest. The

more groups that staff members are active in, the higher their diversity of exposure score will be.

Using these four key dimensions, cultural maps of the entire organisation can be developed. It is also possible to uncover sub-cultures for each business unit. An organisation can therefore be characterised by the following four-dimensional radar chart:



To illustrate how diverse subcultures can exist in a single organisation, the following graphic identifies the culture maps of eight different business units within a single organisation:



As the eight charts show, there are significant differences, and perhaps it is not surprising that these subcultures exist. Anyone who has moved from a 'revenue earning' business unit to an 'internal service' business unit will immediately recognise the change in business unit culture. The maps showing the most colour are scoring highly in at least two of the cultural dimensions. Those showing little colour are potentially a concern.

For example, if your business unit is insular, mainly uses challenging language, little trust exists and few questions asked, it is likely a poor culture exists. When culture maps are available online, a rich picture of the prevailing culture can be presented at multiple levels of aggregation and timeframes.

The ideal culture map?

The desired shape of your culture map is contextual. For example, a new product business unit would value a diverse, explorative, connected and psychologically safe culture; whereas a unit dealing with significant risk issues might prefer a culture where the language is more direct and challenging, yet still psychologically safe, but with the focus more closed than explorative.

The culture maps shown above would suggest that interactions between culturally mismatched business units are likely to be difficult. Board members should be keenly interested in situations where a business unit is enmeshed in negative sentiment linkages with other business units. Perhaps the business unit is behaving as a silo and is antagonistic to other business units. Alternatively, it may be a functional business unit that is poorly engaged with the rest of the organisation. Organisational psychologist, Roger Swartz, identifies how teams with different subcultures can learn to effectively collaborate with each other⁶.

As a senior executive or board member, you will be keenly interested in how a unified positive culture can be amplified, while poor cultures are actively suppressed. And how best to guide the co-existence of any subcultures.

The Way Ahead

We have painted one picture of where board members could be equipped with technology tools and analytics that expose corporate culture movements in real-time, enabling interventions well before serious reputational damage is experienced.

In 2015, social media commentator Chelene Li postulated that the reason for the lower usage rates for Enterprise Social Networks was largely attributable to the lack of participation by senior leaders.⁷ Interestingly, she identified then CEO of Telstra, David Thodey as one of the few shining exceptions. Having confirmed Thodey's status on Yammer, we sought to interview him in 2016⁸, shortly after he had retired from Telstra. Thodey had written more than 500 responses in six months, meaning that he was not just attracting attention (easy for a CEO) but actively connecting with staff. Speaking freely, Thodey mentioned the facility that Yammer gave him was to have 'authentic conversations' with staff at all levels.

⁶ <https://hbr.org/2016/07/getting-teams-with-different-subcultures-to-collaborate>

⁷ <https://hbr.org/2015/04/why-no-one-uses-the-corporate-social-network>

⁸ <http://www.swoopanalytics.com/a-view-from-the-top-david-thodey-interview-part-1-why-enterprise-social-networking/>

Enterprise digital channels are now becoming more pervasive, with Facebook even entering the market with its enterprise product 'Workplace'. Thodey is no longer a lone example of a CEO engaging with staff on their enterprise social platforms⁹. Brian Hartzler from Westpac and Bill Morrow from NBN are other examples following in Thodey's footsteps. But it's not just about leaders engaging with staff, but also how leaders engage with each other (being the other top concern identified in the Deloitte Human Capital report). And this is something board members do get to observe more regularly, but could now be reinforced with advanced social and people analytics.

As more of our work lives become exposed on digital channels, boards should seek greater access to the insights available through advanced people analytics. As shareholders continue to champion the idea of board members being held accountable for corporate culture, the added facility of online cultural mapping could just be the catalyst we are looking for.

About the Authors

Dr. Laurence Lock Lee is co-founder (with Cai Kjaer) and Chief Scientist at SWOOP Analytics, a startup firm specialising in relationship-centred social analytics. Laurence is considered one of the world's leading practitioners in the application of social network analysis techniques to business. He holds a PhD from the University of Sydney for his research on connecting Social Capital in corporations to firm performance.

Dr. Eileen Doyle is a Director of Oil Search Ltd, Boral Ltd, the GPT Group and The Hunter Angels Trust. She is a member of the AICD Corporate Governance Committee. She is the author of Call a Business Angel (Practical Funding and Commercial Advice for Start-Ups, SMEs and Innovators).

⁹ <http://www.afr.com/brand/boss/tapping-into-sentiment-new-tools-test-leaders-ability-to-engage-20170817-gxyil3>