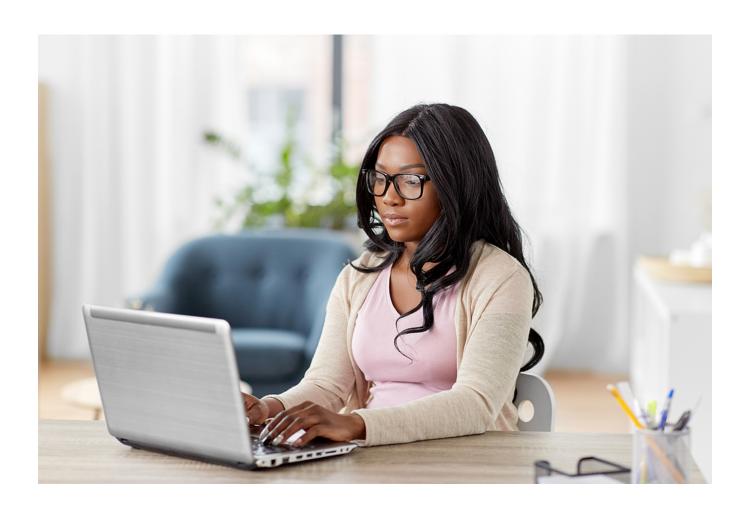MARCH 2021

COVID-19 and How Company Culture and Retention Hang in the Balance

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It can be difficult to nail down an exact definition of company culture. But Gallup might just have gotten it right with their simple yet practical statement that organizational culture comes down to "how we do things around here."

The concept of culture was first introduced in the 50s, with initial workplace studies appearing in the 80s. From there, it has steadily gained more attention as its impact on everyone from a company's leaders to its employees to its customers has become increasingly apparent.

Gallup describes culture as "the organization's GPS." It shapes the direction of a company's purpose, brand promise, goals, team structures, and performance. And, of course, it also has a significant influence on *retention*.

Crucially, the last year of COVID-related upheaval and uncertainty has reshaped what almost every company's culture looks like in real life. Where culture was once reinforced with face-to-face interaction, communication, and teamwork, many companies are now grappling with how culture can be nurtured in a remote environment. Inevitably, how they approach this challenge has the potential to make or break their retention ratios.

The Relationship Between Culture and Retention

According to Deloitte, if organizational culture is "how we do things around here," then employee engagement is "how employees feel about how we do things around here." As such, culture drives employee engagement. And employee engagement is largely what drives retention.

Every company has an innate culture, even if it's not articulated. From your everyday mom-and-pop retailer to industry giants like Apple and Starbucks, there are sets of values, beliefs, standards, customs, and norms that define how people engage, behave, interact, lead, and perform in the workplace.

In the most successful of companies, there is always a robust culture where leaders have clearly defined their values and work tirelessly to communicate and reflect those values to all employees. It's a culture where what leaders *say* is matched by what they actually *do*—and by what they empower their employees to do.

And this kind of culture is magnetic. It will attract great people while ensuring those who *don't* align with the unique culture will self-select out of the running. When new hires are

brought on with this culture in mind, employees will find they fit and belong—and they will stay engaged. And those are the people who will stick around for the long run.

How COVID-19 Has Impacted Organizational Culture

Some say that the quickest way to get to know someone is to walk into their living room or kitchen. What is the *vibe*? How are things organized and decorated? Is the purpose of the room clear? All of these details offer a visible manifestation of the person's personality, attitude, and values.

And the same is often true of an organization. The office layout and design, open-door policies, meeting styles, lunch gatherings, physical perks and benefits—all these and more are outward expressions of a company's culture and help reflect and solidify company values and beliefs.

We don't need much of a reminder that COVID-19 took all this away from us. Many of us are still living that reality, missing the office and face-to-face interactions of the workplace.

That said, the remote work environment isn't all bad. According to a study from FlexJobs, 65% of people would prefer to keep working virtually full-time even after the pandemic is over. 31% would prefer a hybrid situation, splitting their time between remote and in-office. Many report that they are just as, if not more, productive with their time at work, while the flexibility allows for greater work-life balance than they could have predicted.

Company leaders will need to decide for themselves whether this virtual environment aligns with their business model and the unique needs of their workforce. But if they do choose to pivot permanently to a remote or hybrid scenario, how does this impact organizational culture? It seems that COVID-19 has not only put our health and wellbeing at risk, but also has the potential to weaken our cultures.

Approaching Culture and Retention Post-COVID

Fortunately, research published in the Harvard Business Review reveals that strong and strategically aligned cultures can survive this shift if they are also *adaptive*. That's good news for companies worried about the impact of COVID-19 on employee retention.

Being adaptive means finding new ways to model company culture and communicate values. That may extend to virtual meetings, benefits, time off, compensation, and everyday best

practices. In some instances, it will mean addressing employees' physical and mental wellbeing with appropriate policies to support them. Without a doubt, it will require high quality communication and transparency from company leaders. Employees who find these qualities lacking are much more likely to leave, even if they have to wait until the pandemic is over.

Reports from MIT on Glassdoor reviews back this up with tangible data. MIT conducts an ongoing analysis of thousands of reviews and keeps a list of top "Culture 500" companies. Many of these companies actually increased their ratings during the pandemic, with employees twice as likely to write positively about leaders' communication, transparency, and honesty. Conversely, for companies whose ratings decreased, it was likely because of their "lack of agility." In these cases, it appears employees struggled with levels of bureaucracy, complex processes, lack of flexibility, and slow responses to the pandemic. Low Glassdoor reviews are directly tied to high turnover and low employee engagement. As such, leaders can learn a lot from "Culture 500" organizations and the efforts they take to nurture their workforce and maintain high retention rates.

Ultimately, it's more clear than ever that the pandemic has forced companies to take a deep look at who they are, what their cultures really look like, and how they're supporting their employees. The more adaptable and agile an organization can push themselves to be in responding to these uncertain times, the more likely they are to retain loyal and high performing employees.

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