

How to measure the impact of organizational culture



Explore the many ways organizations can measure the impact of culture transformation.

Improving your culture may logically sound like the “right” thing to do, but convincing your organization to invest in learning and development initiatives can be challenging without first understanding how they will impact company performance.

Setting effective goals for [culture transformation](#) involves a systematic approach. Measurement is key to ensuring you’re both maximizing your investment while also staying on track. Start by thinking about your goals and how you want to evaluate them.

If you’re wondering how to assess the impact of your current culture or culture transformation efforts, here are five areas that drive culture transformation and some suggested metrics to prove ROI.

- Accountability
- Engagement
- Collaboration
- Psychological safety

- Inclusion

Tip: [Download our Team Development Scorecard](#) to measure the impact and ROI of transforming your organizational culture.

Accountability

Low accountability among your employees is a major problem that leads to poor performance and low morale among your teams.

The root cause of most workplace challenges is that people naturally focus on themselves—prioritizing their own needs and challenges without thinking about other team members' goals, objectives, or obstacles.

A team with low accountability is constantly behind on projects, missing team targets, and limiting each others' ability to learn and develop.

By shifting mindsets to [foster a culture of accountability](#), employees take ownership of their actions and how they impact others, leading to increased levels of trust and collaboration among team members.

Measure these accountability metrics to help prove your ROI:

- Task completion rates
- Meeting attendance & participation
- Timeliness of reporting
- Issue resolution time
- Resource utilization
- Goal achievement
- Employee self-assessment scores
- Feedback response time
- Learning & development progress

Accountability metrics to help prove your ROI

Task completion rates

Meeting attendance & participation



Timeliness of reporting

Issue resolution time



Resource utilization

Employee self-assessment scores



Goal achievement

Feedback response time

Learning & development progress

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Engagement

The success of your company is driven by the engagement and productivity of your employees.

Gallup defines employee engagement as the involvement and enthusiasm of employees in their work and workplace. Engaged employees are enthusiastic, proactive problem-solvers who consistently deliver high productivity.

On the other hand, disengaged employees lack motivation,

prefer to work alone, and may avoid their responsibilities.



Gallup reports that an average of 17.2% employees are disengaged. They've also estimated that the cost of a disengaged employee is roughly 34% of their salary. So, given the same example above, a 100-person organization that provides an average salary of \$60,000 could have a total disengaged cost of \$350,000 per year.

Use this formula to get an idea of what employee disengagement is costing your organization:



This figure highlights the costs of disengagement, but beyond the bottom line, it also undermines organizational cohesion, dampens innovation, and accelerates turnover.

Improving your organizational culture has a direct impact on

the engagement and productivity of your employees.

A Gallup study showed that employees who feel strongly connected to their organization's culture are 3.7x as likely to be highly engaged at work. And companies with a highly engaged workforce are 21% more profitable than those with disengaged staff.

Measure these engagement metrics to help prove your ROI:

- Job satisfaction scores
- Employee turnover & retention rate
- Training & development completion rates
- Worker productivity
- Job tenure
- Absenteeism rates
- Performance ratings
- Employee trust in leadership
- Employee and peer recognition

Engagement metrics to help prove your ROI

Job satisfaction scores

Employee turnover & retention rates



Worker productivity

Job tenure



Training & development completion rates

Worker productivity



Job tenure

Absenteeism rates

Employee trust in leadership

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Collaboration

Meaningful collaboration leads to more innovative solutions and creative problem-solving.

But a negative organizational culture can stifle cross-team collaboration leading to low productivity, knowledge sharing, and overall employee engagement.

Efforts to [transform your culture](#) can lead to a sense of unity and camaraderie among team members, creating a positive work

environment and improving employee morale and satisfaction.

Not only that, but better collaboration can enhance productivity and efficiency by streamlining processes and facilitating effective communication, contributing to the organization's overall success and competitive advantage.

Measure these collaboration metrics to help prove your ROI:

- Team productivity metrics
- Communication frequency
- Collaboration tool usage
- Feedback and recognition
- Knowledge sharing
- Employee survey results
- Cross-team project participation
- Customer satisfaction
- Team member contributions

Collaboration metrics to help prove your ROI

Team productivity metrics

Communication frequency



Collaboration tool usage

Knowledge sharing



Feedback and recognition

Cross-team project participation



Customer satisfaction

Team member contributions

Employee survey results

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According to a Google study, psychological safety is the most important factor in effective teams. Unfortunately, negative organizational culture can lead to low [employee engagement](#), retention, and advocacy.

In an economy where it's becoming increasingly hard to find and attract great talent, organizations without a strong culture struggle to compete.

According to [new benchmarking data](#) from the SHRM, the average cost per hire is nearly \$4,700. But, many employers estimate the total cost to be three to four times the position's

salary. That means a role paying \$60,000 annually, could cost \$180,000 to fill.

On the opposite end, Gallop reports that U.S. businesses are losing a trillion dollars every year to voluntary turnover. [Mercer](#) reported that the average voluntary turnover rate among US businesses in 2022 was 24.7%.

So, a 100-person organization that provides an average salary of \$60,000 could have turnover and replacement costs of up to **\$4.4 million per year.**

Fostering [psychological safety](#) at work encourages open communication and the expression of ideas without fear of judgment, leading to increased innovation and creativity within teams.

It promotes a supportive and inclusive work environment where individuals feel valued, respected, and empowered to take risks and contribute their best work. This, in turn, boosts employee morale, engagement, and overall well-being.

A Gallup study showed that employees who feel strongly connected to their organization's culture are 5.2X as likely to recommend their organization as a great place to work and 55% less likely to be watching for other job opportunities.

Measure these psychological safety metrics to help prove your ROI:

- Employee feedback
- Incident reporting rates
- Employee survey results
- Anonymous reporting utilization
- Employee turnover rates
- Conflict resolution effectiveness
- 360-degree feedback results
- Leadership sentiment

- Employee advocacy

Psychological safety metrics to help prove your ROI



Inclusion

It's crucial for people to do their best work that they feel valued, welcomed, respected, represented, and heard—and that they fully belong.

□□Citigroup conducts regular studies on the cost of resisting DEI in the workplace and it continues to rise as organizations ignore the impact of exclusion.

Their [2020 study](#) showed that in two decades, the loss for US businesses was \$16 trillion dollars. That's taking into account the healthcare costs associated with physical, emotional, and mental stress that many employees face, which impacts employee performance and limits their potential.

Inclusion has a direct correlation to your culture. They rank at the top of the list of initiatives that have the greatest impact on improving an organization's culture, with [53% of decision-makers and strategic leaders reporting so](#).

A [recent Arbinger study](#) also found that nearly two-thirds (63%) of organizations that prioritize inclusion initiatives have retention rates of 60% or higher. They were also over 2X more likely to see significant increases in revenue during the last year. (42% vs 18%)

Bottom line—when employees feel valued, respected, and accepted for who they are, you'll see increases in morale, motivation, and commitment to the organization.

Measure these inclusion metrics to help prove your ROI:

- Representation in leadership
- Inclusion survey results
- Promotion rates by demographic
- Employee resource group participation
- Social demographics of employees
- Audit of accessibility accommodations
- Discrimination complaints
- Inclusive language usage audit
- Turnover rates by demographic

Inclusion metrics to help prove your ROI

Representation in leadership

Promotion rates by demographic



Inclusion survey results

Discrimination complaints



Employee resource group participation

Social demographics of employees



Accessibility audit results

Inclusive language usage audit

Turnover rates by demographic

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Your culture is constantly evolving

It's clear that culture can impact your organization in many ways. Some can be seen on a spreadsheet, while others affect us in ways that are more difficult to measure.

The bottom line is that your culture has a major impact on your organization's success. Oftentimes, most workplace challenges are related to people and culture challenges. As much as we want to look to a new strategy, process, or even new talent, without building a strong culture and shifting the

mindset of your workforce, you'll likely continue to have the same issues.

By tracking these metrics and asking the right questions regularly, you can build a stronger, more innovative, and more successful organization.



The data is in.
Uncover the people problems behind performance gaps.

[Download report](#)

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