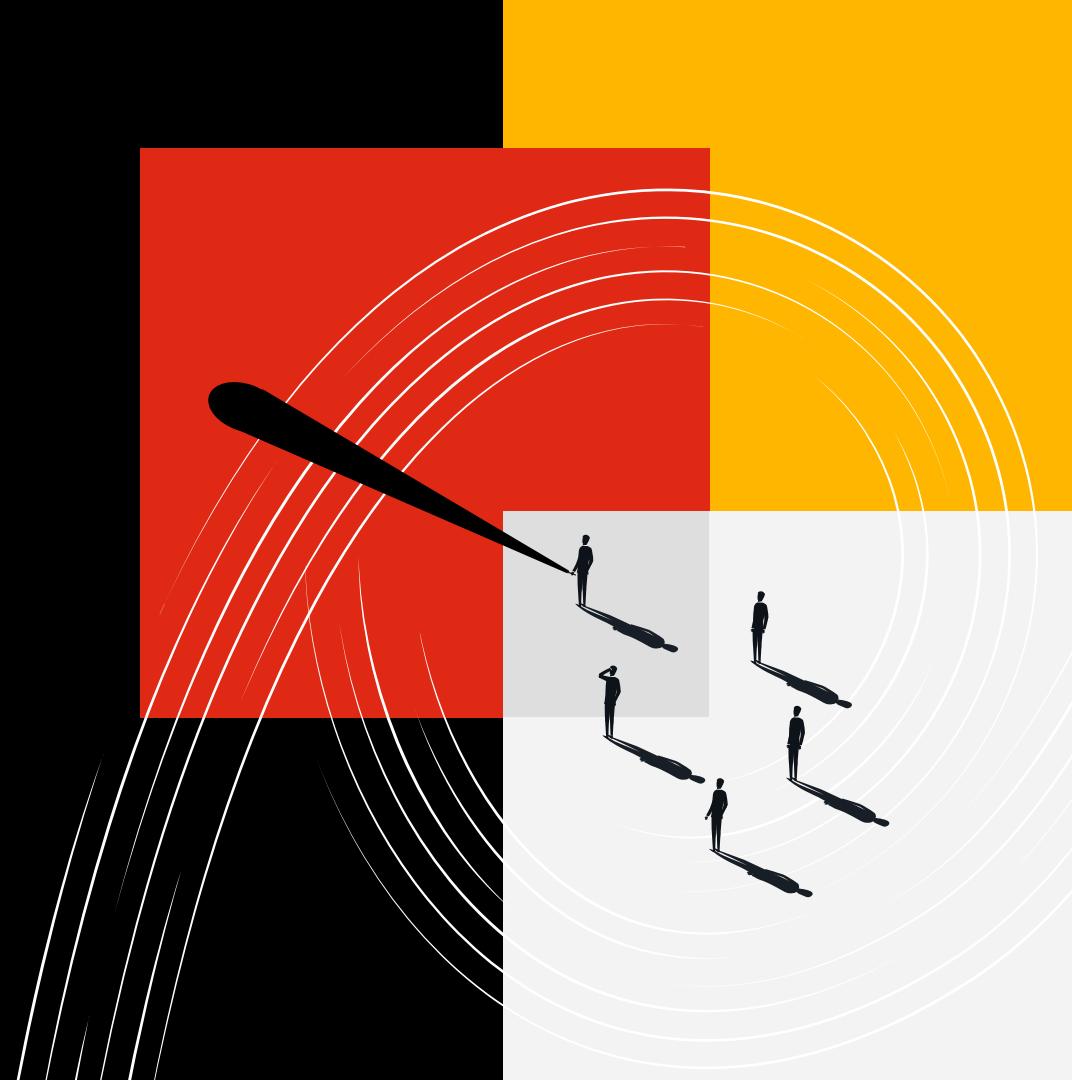


# Insider challenge: How to stop microcultures from taking over an organisation



Organisational culture, or the unique blend of behaviours, symbols, protocols, values, beliefs, attitudes and narratives that define how an organisation operates, is a powerful yet elusive concept. Despite its intangible nature, culture significantly influences performance, sustainability and success.

This is underscored by Peter Drucker's famous quote, 'culture eats strategy for breakfast', implying that the path to organisational success isn't solely paved by meticulously crafted strategic blueprints. Rather, the capacity to effectively realise an organisation's strategic objectives and aspirations hinges upon cultivating the appropriate organisational culture. A strong culture can boost employee morale, productivity, creativity and innovation, contributing to bottom-line success. **Conversely, a weak culture can lead to challenges such as:**

**01** Difficulty attracting the right talent

**02** Low engagement and loyalty

**03** High absenteeism and turnover

**04** Poor innovation



## 01 Difficulty attracting the right talent

A poor culture can damage an organisation's reputation, making it harder to attract talent. According to our Middle East ESG Workforce Preferences Survey, among the factors that encourage employee retention, culture and values rate highly at 94%, closely following career and skills development (96%) and financial rewards (97%). The stats are somewhat similar for talent attraction, 93% of employees prioritise a company's culture when choosing an employer.<sup>1</sup>

## 03 High absenteeism and turnover

A poor culture that leads to employee disengagement can result in more frequent absenteeism and turnover, factors that diminish overall productivity and lead to higher recruitment costs, respectively. For example, a study conducted by Revelio Labs found that a toxic organisational culture is 10.4 times more likely to result in employee turnover compared to compensation.<sup>3</sup>

## 02 Low engagement and loyalty

Research from Gallup found that low engagement levels which are contributed to by poor or toxic cultures, cost the world \$8.8 trillion in productivity.<sup>2</sup>

## 04 Poor innovation

Rigid, insular microcultures can stifle the cross-pollination of ideas and diverse perspectives, hindering innovation, which limits an organisation's ability to compete and experience growth. A 2021 PwC Global Culture Survey found that 72% of respondents agree that culture helps organisations adapt to change – a critical enabler of innovation.<sup>4</sup>

<sup>1</sup><https://www.pwc.com/m1/en/publications/documents/2024/esg-under-the-spotlight-yet-absent-from-employee-priorities.pdf>

<sup>2</sup>Gallup State of the Global Workplace: 2023 Report, <https://www.gallup.com/workplace/349484/state-of-the-global-workplace.aspx>

<sup>3</sup><https://builtin.com/recruiting/employee-turnover-statistics>

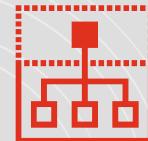
<sup>4</sup>PwC Global Culture Survey 2021, <https://www.pwc.com/gx/en/issues/upskilling/global-culture-survey-2020/pwc-global-culture-survey-2021.pdf>

# What is a microculture and how is it born?

Curating and nurturing an optimal organisational culture is complex and presents its own set of challenges. One of the most significant and prevalent challenges is the emergence of what are known as "microcultures". **Microcultures** are pockets of distinct norms and work practices that develop within specific teams or groups. Unlike the overarching culture envisioned by the organisation in line with its strategic objectives, microcultures diverge, are distinct and operate autonomously – all of which disrupts the overall organisation culture. They often mirror the particular objectives, work styles and personalities of smaller groups. **The formation of microcultures can be attributed to the following factors:**

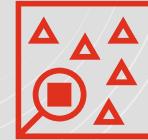
## Leadership styles:

The diverse leadership styles adopted by organisational leaders can significantly shape the organisational tone, with each leader's communication, decision-making and people management methods potentially deviating from the desired organisational ethos. For instance, a leader accustomed to tighter team management and control within a company that values employee empowerment might inadvertently foster a microculture within their team that does not align with the organisation's broader leadership ethos.



## Functional differences:

Varied departments within an organisation may cultivate distinct working styles or microcultures due to the unique demands of their respective roles. For example, a marketing department may prioritise creativity and openness, contrasting with the accuracy and conservatism often seen in a finance department. Similarly, differences in external influences, such as industry regulations or market conditions, can further contribute to functional disparities and the emergence of microcultures.



## Geographical differences:

In multinational organisations, regional branches may develop microcultures reflective of local business norms, societal customs and employee expectations. For instance, East Asian branches may embrace hierarchical structures and longer work hours, while Scandinavian branches might promote flatter hierarchies and better work-life balance, fostering a more relaxed and collaborative environment.



## Team composition and demographic differences:

The composition of teams based on demographic characteristics like gender, age and nationality can give rise to microcultures divergent from the organisation's overarching culture. For instance, in a company emphasising equity, younger female employees might establish a microculture where they are expected to work fewer hours than male counterparts due to societal expectations regarding their roles as homemakers. Additionally, employees from the same geographical region may band together, inadvertently importing practices from their home country that differ from the organisation's culture.



The emergence of microcultures within organisations can be influenced by various factors, even in those with concerted efforts to foster robust organisational cultures. In some instances, microcultures may surface or gain prominence due to weak or negative organisational cultures, or in the absence of a defined culture. When this occurs, different groups of employees may feel compelled to introduce their own culture, one tailored to their individual needs and preferences. Consequently, this phenomenon can result in the proliferation of microcultures within the same organisation.



# The dual impact of microcultures

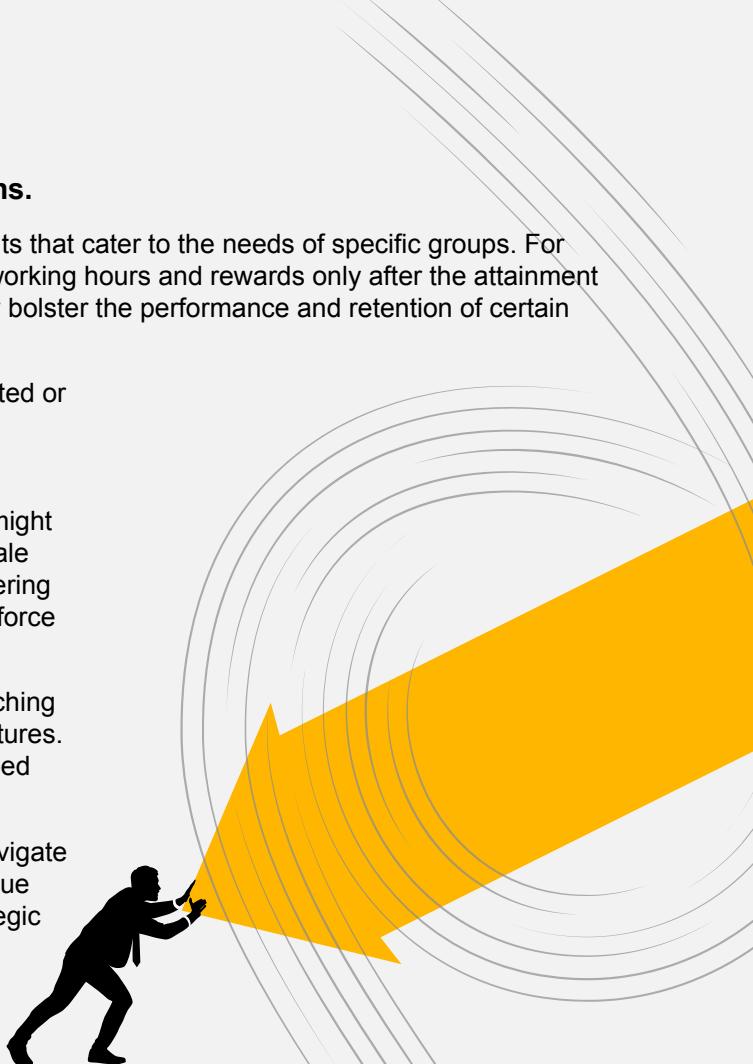
**Microcultures can have both positive and negative impacts on organisations.**

Positively, they can amplify job satisfaction and productivity by creating work environments that cater to the needs of specific groups. For example, a group of 'overachievers' might develop a microculture that promotes longer working hours and rewards only after the attainment of unprecedented results. Although such a culture may be unacceptable to others, it may bolster the performance and retention of certain employee groups, thereby enhancing overall organisational effectiveness.

Moreover, microcultures can be particularly beneficial for individuals from underrepresented or vulnerable groups, helping them navigate organisational dynamics more effectively. For example, in a company where the top leadership team is largely male, a group of female leaders might develop their own distinct work style to better compete with their male counterparts. This could involve adopting a more empathetic leadership approach, which might resonate with younger employees, even if it diverges from the expectations set by the male leadership team. Such microcultures can champion the interests of minority groups, fostering diversity and inclusion, which are crucial for attracting and retaining a more diverse workforce and innovation – a key catalyst for growth in any modern organisation.

On the contrary, however, when microcultures drift too far from the organisation's overarching culture, they can dilute corporate identity and create challenges associated with poor cultures. This can lead to a lack of cohesion, disparities in engagement and performance, and siloed teams that hinder collaboration and innovation.

Hence, it is imperative for organisations seeking to strengthen their culture to actively navigate the emergence of microcultures. This doesn't entail stifling teams' autonomy or their unique working styles, but ensuring that microcultures align with organisational values and strategic objectives, preventing them from undermining the overall success of the organisation.



# Safeguarding strategies: How to strengthen an organisational culture

Preventing microcultures from distorting the overall organisational culture necessitates the implementation of strategic initiatives that foster cultural alignment and cohesion, while acknowledging and valuing the inherent diversity among teams. **The following framework outlines a systematic approach and a range of strategies that organisations can adopt to fortify their culture and mitigate the encroachment of microcultures:**

**Step 1:**  
Design your culture  
with intention



**Step 2:**  
Monitor and  
assess



**Step 3:**  
Act and reinforce  
your culture



## Step 1: Design your culture with intention

To cultivate a robust organisational culture that fosters strategic success and safeguards against competing microcultures, start by defining a culture that aligns with your organisation's objectives. **This involves several key strategies:**

01 

### Define core values:

Establish a clear set of 4-6 core values that permeate the entire organisation. These values should resonate with the organisation's ethos and collective beliefs. Importantly, they should be inclusive and applicable to all groups within the organisation, thereby preempting the introduction of disparate cultural values by smaller factions whilst reinforcing diversity and inclusion targets.

02 

### Articulate desired behaviours:

Culture is inherently reflected in behaviours. Define core and leadership behavioural competencies that encourage individuals to act in alignment with the underlying organisational values. Embedding these competencies into talent management processes can effectively drive the desired culture across the organisation.

03 

### Align organisational policies and processes:

Ensure that all organisational protocols, such as policies and processes, reinforce the organisation's values and promote consistency across all levels. For example, if collaboration is a core value, evaluate employees based on their collaborative efforts.

04 

### Develop cultural artefacts:

Create tangible manifestations of your organisational culture through office layouts, design aesthetics, branding elements and more. These artefacts should convey the core values, making them visible and meaningful to employees. For example, incorporate core values into branded company merchandise to reinforce their significance.

## Step 2: Monitor and assess

It is crucial to evaluate the current culture and watch for symptoms of microcultures, such as non-conforming work practices, through regular assessment and measurement. Such assessments and measurements can provide valuable insights into cultural alignment and the presence of microcultures. **Key assessment tools include:**

### 01

#### Conduct interviews and focus groups:

Engaging in direct conversations with employees and leadership can provide valuable insights into how the culture is perceived and experienced across the organisation. These sessions can be tailored to assess culture or serve other purposes, such as exit interviews, which can reveal inconsistent or toxic cultural elements.

### 02

#### Run culture surveys:

Periodic surveys are effective in collecting structured data on various cultural aspects. They are easy to implement and rely heavily on quantitative data, making the analysis straightforward. Studying responses by demographic groups can help identify microcultures, as discrepancies in responses may indicate divergent cultural norms. For example, low scores in a specific department on supportive leadership questions could suggest a microculture influenced by a different leadership style.

### 03

#### Conduct process audits:

Regular audits of organisational processes can highlight areas of non-compliance with established policies and procedures designed to reinforce the organisation's culture. In an organisation that values growth and innovation, policies, audits of employee development policies may reveal groups that prioritise daily operations over professional development, indicating a microculture.

## Step 3:

### Act and reinforce your culture

The final step is to plan and implement practices that instil the desired culture, addressing any gaps identified through monitoring and assessment. **Key practices for strengthening culture include:**



#### 01 **Integrate culture into hiring and selection:**

Prioritise cultural fit by assessing candidates' alignment with the organisation's core values and beliefs. Use personality and behavioural questionnaires, as well as interviews with leaders and peers to ensure cultural compatibility, as exemplified by companies like Google.



#### 02 **Communicate organisational values:**

Regularly reference organisational values in all communications with employees, including updates, town halls and informal interactions to reinforce the importance of culture and set the tone from the top.



#### 03 **Training and development:**

Offer comprehensive training on the organisation's culture, values and desired behaviours to all employees, starting at onboarding. Focus on developing core and leadership behaviours aligned with the organisation's values.



#### 04 **Reward and recognition systems:**

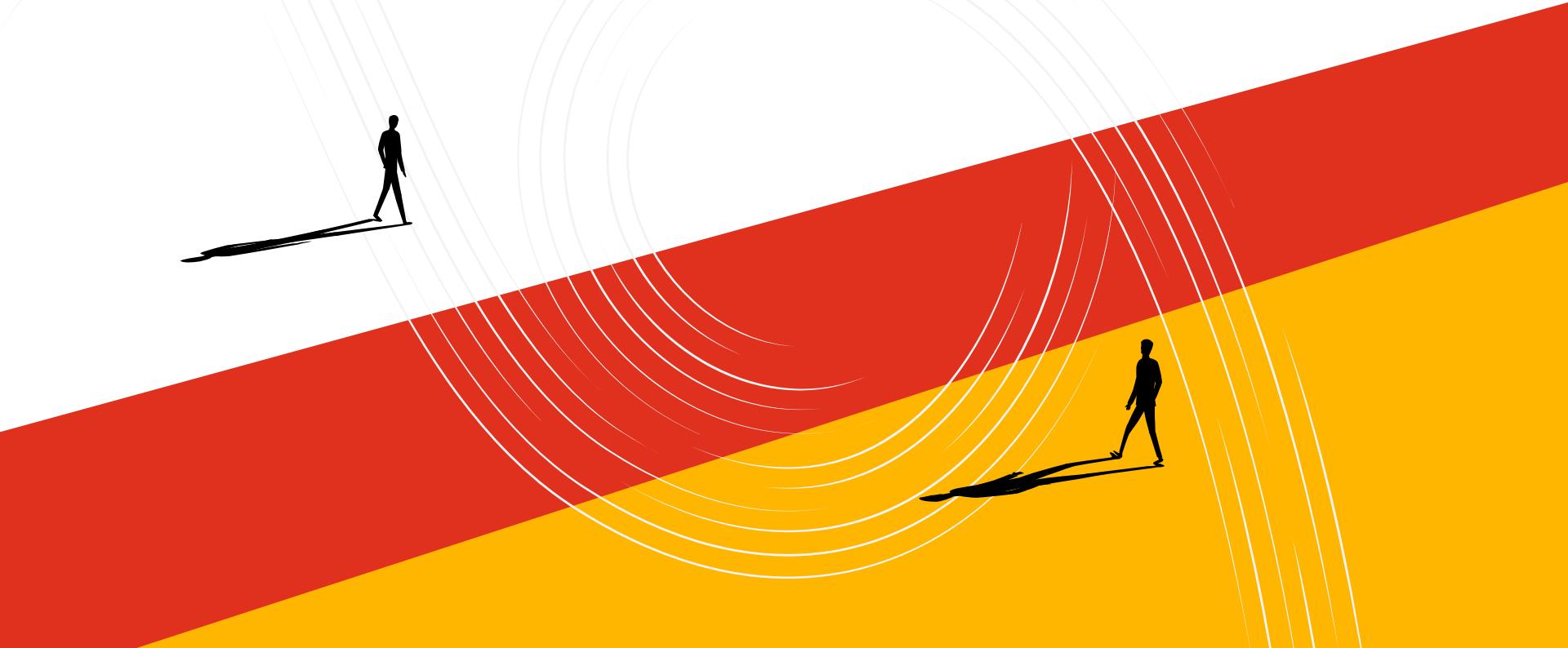
Develop recognition and reward systems that reinforce desired behaviours and cultural norms. Implement schemes that reward individuals who exemplify company values or tie bonuses to performance assessments that account for adherence to desired behaviours.



#### 05 **Establish accountability:**

Hold individuals, especially leaders, accountable for actions that don't align with organisational values. Apply corrective actions to address misaligned values and behaviours that could harm the organisation.

By diligently following these steps and implementing the outlined strategies, organisations can effectively manage the emergence of microcultures and harness their potential to positively contribute to the overall organisational culture. This is through fostering alignment with the core values and objectives of the organisation, and ensuring that any subcultures that emerge complement – rather than detract from – the overarching culture.



## Key takeaways

Culture is widely acknowledged as a pivotal determinant of organisational success, driving strategic objectives, enhancing operational, human and financial performance. A strong, harmonious culture is essential for maintaining high morale, productivity and innovation, while weak cultures can hinder strategic ambitions. The challenge of sustaining a robust culture is intensified by the presence of microcultures, which can deviate from the organisation's core ethos. While microcultures can offer benefits such as supporting diversity and inclusion, those that conflict with organisational values can weaken the overall culture, leading to issues like high turnover, low productivity and poor performance.

**In light of this, organisations of all sizes and across all sectors must actively strengthen organisational culture and identity and minimise the spread of clashing microcultures through the adoption of a robust, strategic, three-step culture transformation framework:**

01

Design a clear, desired culture that aligns with organisational goals.

02

Continuously assess and monitor the existing culture to identify gaps and divergences.

03

Implement targeted interventions to reinforce cultural alignment.



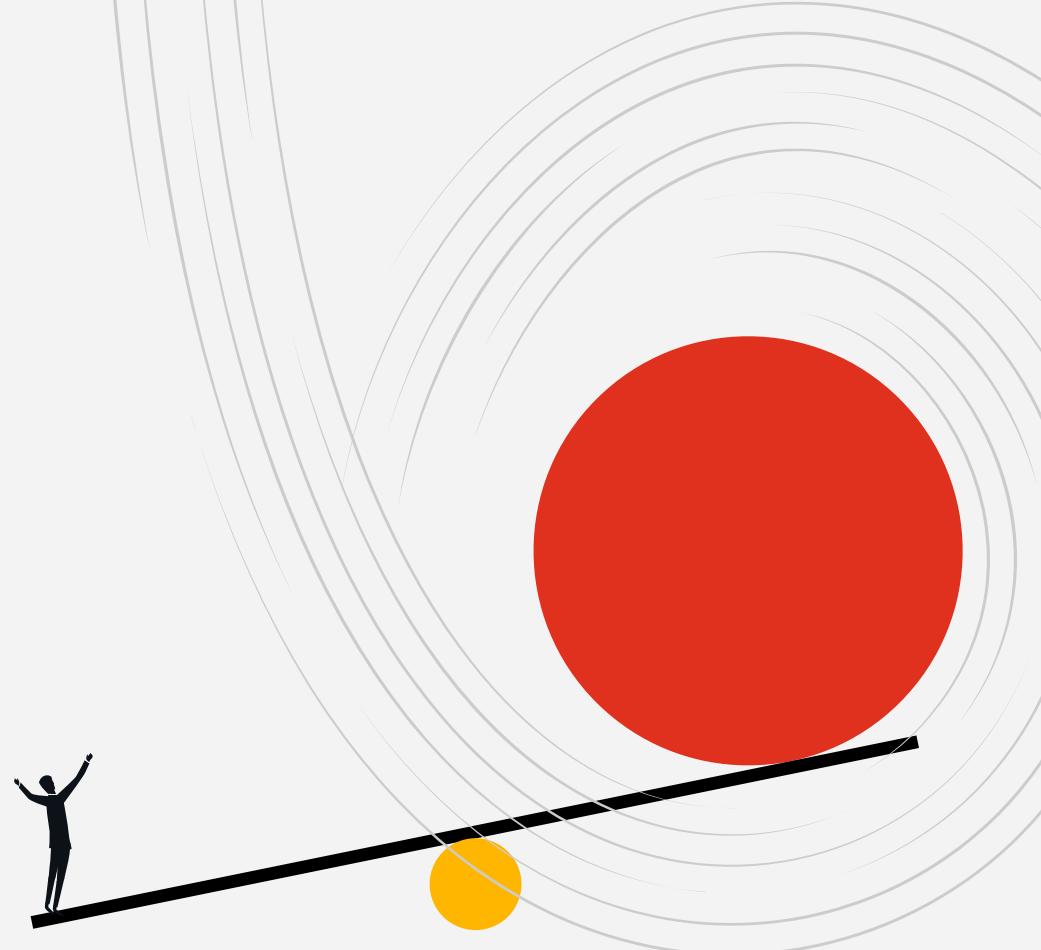
By embracing this structured approach, organisations can leverage their cultural strengths to gain a competitive edge, enhance talent retention, boost productivity and foster an innovative environment.

In the Middle East, rapid economic growth and technological advancement are twin forces transforming the region, and organisational leaders need to ensure the right culture is in place to effectively manage growth.

Leading global and regional brands are renowned for having robust organisational cultures, which have been leveraged into key competitive advantages. These cultures are not easily replicated, and when cultivated adeptly, provide a unique edge.

The importance of organisational culture extends beyond industry giants. Across the public, private and non-profit sectors, organisations are increasingly recognising the value of an impactful culture – which drives an effective strategy – and are proactively investing in cultural transformation initiatives to reap its benefits.

Ultimately, an effective culture needs to be articulated clearly and be modelled by leadership first. If management respects an organisational ‘macro’ culture, employees will be encouraged to do so too.



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