



ORGANISATIONAL CULTURE AND CLIMATE

An evidence review

**Practice summary
and recommendations**
July 2022

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Practice summary and recommendations

Organisational culture and climate: an evidence review

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This practice summary and the accompanying scientific summaries are freely available at cipd.co.uk/evidence-culture-climate

1 Introduction

It is often remarked that society is becoming more individualistic and that this is reflected in the employment relationship.^{1,2} At the same time, there is wide recognition that people are social beings, influenced by their social groups.³ Group dynamics are important aspects of behaviour in organisations. They can include shared attitudes, norms and values, as well as structures and lines of communication. The popular label for this is an organisation's *culture*.

The term 'culture' is ubiquitous in contemporary discussions of organisations. It's most evident in two situations. First, in the wake of corporate scandals and misconduct, a problematic or 'rotten' culture is inevitably blamed for destructive behaviour. Second, organisational culture is often discussed in the context of organisational change and mergers, when moving towards a new culture is a major focus in enabling more productive or ethical ways of working.

'Culture': from a loose label to concrete action

The problem with the language of organisational 'culture' is that it's often unclear what is meant. Sometimes the term is used in ways that seem too abstract to be useful – more about philosophical questions of the 'human condition' than 'the practicalities of what you do'.⁴ That might suit those wanting to avoid accountability in cases of misconduct, but vague terms won't improve our businesses and institutions. Employers need to understand collective influences on behaviour in practical terms.

This evidence review sets out to help employers and HR, organisational development (OD) and learning and development (L&D) practitioners to better understand and take effective action in this slippery aspect of organisational life. We examine the definitions and constructs of organisational culture and climate, how they are measured and the research evidence on what influences them. We make the case for focusing on specific dimensions of *organisational climate* as the best way to understand social dynamics and enact genuine change.

An evidence-based approach

In today's age of information overload, it's easy to be swayed by outdated received wisdom or the latest fads. Effective decision-making can be difficult – it requires us to critically question our assumptions, not be biased by anecdote and avoid cherry-picking the evidence that confirms our world view. Evidence-based practice gives well-established approaches to cut through the 'noise' and identify best bets for action. Hard proof is elusive, but we can identify the best available evidence and the most promising options to achieve desired outcomes.

This evidence review summarises the best available scientific research on organisational culture and organisational climate. It is based on two rapid evidence assessments (REAs), a shortened form of the systematic review. To read about our methodology and technical aspects of the studies on which this report is based, see the accompanying scientific summaries available at cipd.co.uk/evidence-culture-climate. This report also draws on roundtable discussions with senior HR leaders, who have reflected on the research evidence and their own experiences. This is in line with the principles of evidence-based practice, which draws together evidence from multiple sources, including practitioner expertise as well as scientific literature.

2 Definitions, models and measures

The term ‘culture’ is so dominant in popular discussions of organisational behaviour that it may be surprising to learn that the term ‘organisational climate’ was developed first. The construct of climate was initially developed in the 1960s, but it proved problematic because the definitions did not match well with measures.⁵ Organisational culture then took over as the dominant construct in the 1980s, although it too faced issues of clarity, and from the 1990s, organisational climate has become better defined and the dominant construct in the research literature. As a result, business leaders and academics are not aligned: ‘organisational culture’ is the preferred term among business leaders, but ‘organisational climate’ has the stronger body of research. The two terms are related, but not interchangeable.

What is organisational culture?

In the domain of anthropology, *culture* describes patterns of shared underlying norms and world views and how these are represented in behaviour, traditions, social structures and objects. Culture is rooted in history, is complex and not easily changed. When we consider culture in organisational settings, there are two main schools of thought.

First, the highly influential psychologist Edgar Schein described three levels of organisational culture:

- artefacts that may reflect these (for example, symbols and language)
- norms and values about appropriate attitudes and behaviours (espoused or real)
- underlying assumptions and beliefs (conscious or unconscious).

This model is often represented as a hierarchical pyramid or an iceberg, with artefacts being the ‘visible’ aspects above the water line and norms and assumptions being the larger parts that lie beneath the surface. Schein proposed that organisational culture develops very slowly and is passed on or actively taught to people who join an organisation ‘*as the correct way to perceive, think, and feel*’.⁶

Second, various models and consultancy tools explicitly set out to measure organisational culture. These do not *define* organisational culture, but identify traits and areas of strength and weakness and combine measures of these to represent distinctive culture ‘profiles’.⁷ Many employers find such diagnosis useful, as it prompts conversations about what behaviour or structures need to change. However, there is not adequate research to establish these measures as trustworthy. Part of the issue is that the psychometric properties of these proprietary tools are usually unpublished, so can’t be examined.

Evidently, these two approaches are very different, including in their fundamental understanding of the nature of culture (whether it is measurable or can be actively changed) and in what the main focus of interest is (specific areas of strengths and weakness, versus any areas of organisational life).

What is organisational climate?

There is more agreement on what constitutes *organisational climate*. The term refers to ‘*the shared perceptions of and the meaning attached to the policies, practices and procedures employees experience*’.⁸ Climate relates to typical behaviour in an organisation: policies give the formal infrastructure, procedures give written statements that describe required behaviours, and practices describe actual behaviour. This makes climate notably more specific than Schein’s model of culture.

The emphasis in climate on shared *experiences and perceptions* is important to note. It is not concerned with formal policies, procedures or value statements *in their own right*, but how these things *observably* function in reality. Thus, climate is also different from values and behavioural norms, even though both relate to organisational behaviour. Values can be espoused and explicit, but equally may be taken for granted and hidden.

For example, an organisation might have a stated *value* of ‘empowerment’, explained as employees taking responsibility for outcomes and decisions being delegated where possible. At a deeper level, there might be a shared *underlying assumption* in the organisation that *‘truth comes ultimately from older, wiser, better educated, higher status members’*,⁹ which, over time, has created a more hidden norm that limits empowerment. These would both be aspects of organisational culture. Different from these, the organisation may or may not have a *climate* of empowerment, in that employees’ observations and experiences are that they have the authority, means and ability to be proactive and make decisions about their work.

The reference in ‘climate’ to the environment is not incidental: there is a parallel. For example, if you were to visit central Spain as a tourist, you could quickly get a sense of the typical climate there (dry and hot). In a similar way, spending a short time in an organisation gives a sense of its climate. On the other hand, it may take years to properly understand a country’s culture.

Climate is also more specific than culture in that it relates to particular topic areas. Rather than looking at an organisation’s climate holistically, researchers usually focus on *dimensions* of organisational climate, relating to specific areas of behaviour – for example, safety climate, innovation climate or ethical climate. In this evidence review, we prioritised the dimensions of climate that have the strongest research base (see [Section 3](#)).

Table 1 summarises key differences between culture and climate.

Table 1: Differences between organisational culture and organisational climate

	Organisational culture	Organisational climate
Areas covered	Holistic, describing all aspects of organisational life.	It depends – specific to different aspects of organisational life.
Components	Depends on definition, but is often seen as assumptions and beliefs, behavioural norms and values, and artefacts that reflect these.	The shared understanding of policies and procedures as they are lived out.
Measures	<i>Traits</i> , or <i>types</i> based on combinations of traits (for example, aggressive and defensive). Measures are not scientifically validated.	Observed behaviour and environment. Some measures are scientifically validated.
Usefulness	Conceptually complex and extremely difficult to assess accurately and to change.	Conceptually simpler, can be accurately assessed and are realistic to try to change.

What's the problem with culture?

The first challenge with the term 'culture' is its meaning and, consequently, how it is assessed. A common problem is that, although we get a sense of what is meant by organisational culture, it is often not clear what is being referred to specifically. This was recognised in our roundtable discussions with HR leaders:

'Who in this room hasn't had a boss say to you, "Can you just get the culture right?" What do we mean by that?' (Sally Hopper, Hertfordshire County Council)

'Culture is an overused word. People use it very liberally, without really knowing what they mean.' (Harvey Francis, Skanska)

Even if you are familiar with models of organisational culture, they are complex to apply in practice. In Schein's model, the assumptions and beliefs that underpin behaviour are profound, usually invisible to the casual observer and even unconscious to people in the organisation. The same can be true of the norms and values that shape behaviour. The 'artefacts' that reflect these, for example through symbols and language, are more tangible but may still be interpreted in multiple ways.

Although a number of consultancy-based culture assessment tools exist, the underlying research for them is weak or absent in the published literature. Yet it is perhaps unsurprising that researchers have failed to pin down culture in convincing measures. Even if employees were asked to describe the underlying assumptions or world views in their organisations, they may struggle to put them into words. Schein argued that organisational culture should not be measured quantitatively. Instead, it should be assessed qualitatively through ethnography, in which researchers talk with people at length and spend substantial time observing their actions and interactions with others in their habitat. However, this is not feasible for employers who want to swiftly understand and improve behaviour in their organisations.

In being hard to consistently assess, organisational culture can be potentially impossible to change in practice. Schein recognised that organisational climate was more tractable and easier to influence:

*'A climate can be locally created by what leaders do, what circumstances apply, and what environments afford. A culture can evolve only out of mutual experience and shared learning.'*¹⁰

A second problem with the idea of organisational culture is that it is often vague in the topics it describes. Talking about an organisation's culture in a holistic sense is of limited help, as what's important depends on context. For example, an organisation may have strongly positive behaviours when it comes to innovation but negative behaviour in the form of bullying, or vice versa. As one expert has put it, *'The problem with the concept of organizational culture is not that it lacks meaning but that it has too many meanings.'*¹¹

Centring on organisational *climate*, rather than culture, should be a helpful step for employers to specify their focus, understand what affects behaviour and have a better chance of leveraging change. Our roundtable discussions confirmed that climate was a helpful construct and that it really is organisational behaviour that is of most interest, rather than deeper characteristics like people's world views or assumptions:

'I've been trying to find a definition of culture for ages that I can explain to our people. There are thousands of them, absolutely thousands. I like climate because it focused on behaviour.' (Rachael Etebar, British Transport Police)

'I've always found culture really difficult to describe. It is difficult, with something that is so nebulous and intangible, to be able to say, "How do you change culture?" I think the description of climate is much more useful from a practitioner point of view.' (Amy Taylor, PKF Francis Clark)

'I don't think that you can simply effect overall culture transformation through a culture change programme, but what you can do is change habits that actually are in your control on an everyday basis – for example, the safety climate. The "culture" language and the landscape has become so broad it's difficult to know whether you are pulling levers that will really effect a meaningful change.' (Sharron Pamplin, Lloyds Register)

'Culture [is a] more nebulous construct to measure. Climate becomes more specific, more measurable.' (Markos Koumaditis, the UK House of Commons)

'[Culture] is deep-rooted and it's long-lasting, whereas climate could be a point in time.' (Rebecca Monk, Softcat)

Should we stop talking about 'culture'?

As specialists in people management and organisational behaviour, HR professionals must understand the distinctions between organisational culture and organisational climate. This will have implications for how they understand and shape organisational behaviour, and for their chances of success.

But it would be unrealistic to ditch the language of organisational culture, given how embedded it is in contemporary discussions. It would also be unnecessary, as most stakeholders – from board members to employees – may well mean *climate* when they say *culture*, just as they may mean *behaviour* when they say *values*. They are unlikely to need to understand the nuances between these terms and correcting inaccuracies would probably be pointless.

Strictly speaking, climate does not map neatly onto models of culture, but the two are clearly related (with climate being the more specific term). It is wise to respect the fact that *culture* is a much more widely recognised term than *climate* and allow a degree of looseness in terminology to help communicate messages effectively.

Recommendations for practice

- Develop an understanding of the difference between organisational culture and climate.
- When seeking to understand behaviour and lead change, focus on organisational climate – that is, people's experiences and perceptions of policies, procedures and practices as they are lived out.
- Focus on the specific area(s) of behaviour that are of most immediate or strategic importance to the organisation and, where helpful, relate these to dimensions of organisational climate.
- To understand dimensions of your organisational climate, ask people to describe *observable behaviour*, rather than abstract values. For example, if discussing a need to show 'respect', probe for examples of respectful and disrespectful behaviours that they have witnessed in the organisation.
- Continue to use the term *organisational culture* if it helps get your message across to stakeholders.

3 Dimensions of organisational climate

Research does not treat organisational climate as a whole, but rather drills down into specific dimensions of it. Unsurprisingly, some dimensions of organisational climate are more thoroughly researched than others. This is partly due to how important they are regarded – for example, there are many safety-critical industries, so it's not surprising that the construct of safety climate is well developed and extensively researched.

Our focus in this review is on the most established dimensions of organisational climate: safety, innovation, learning, ethics and inclusion. We also briefly consider other dimensions of interest on which the research is inconclusive. Table 2 summarises the body of research on organisational climate.

Table 2: How well researched are different dimensions of climate?

Strong evidence	Emerging evidence	Weak evidence
Safety climate	Empowerment climate	Trust climate
Innovation climate	Leadership climate	Team incivility climate
Learning climate	Risk climate	Autonomy-supportive team climate
Ethical climate	Service climate	Organisational health climate
Inclusion climate		Implementation climate
		Hospitality climate
		Affective team climate
		Agency climate
		Motivational climate
		Competitive work climate

In this section, we summarise the main dimensions of organisational climate. We examine what these dimensions of climate comprise, why they are important, how they are measured and what factors influence them. All the scales to measure these climates showed good psychometric properties (that is to say, good reliability and construct and predictive validity).

In [Section 4](#), we consider what action employers can take to strengthen different dimensions of organisational climate. For more detail on the following dimensions of organisational climate, including questionnaire measures, see the accompanying scientific summary at cipd.co.uk/evidence-culture-climate.

Safety climate

Safety climate refers to employees' shared perceptions of an organisation's policies, procedures and practices that contribute to workplace safety. As well as the perceived safety of behaviour, it includes factors known to influence this, such as whether the organisation emphasises blaming and punishing, or learning from mistakes; and whether people are supported when they have high workloads so they aren't tempted to cut corners. Safety climate is measured at an individual or group level – that is to say, based on perceptions of a single employee or shared perceptions among a group of employees.

Safety climate is an important predictor of several outcomes, such as psychological wellbeing, safety motivation, safety compliance (for example, obeying safety regulations, or following the correct procedures), and safety participation (for example, helping co-workers resolve safety problems, or making suggestions to improve safety). In organisations with a positive safety climate, employees are aware that safe behaviours and outcomes are expected, supported and rewarded – and, crucially, the number of workplace accidents is lower. Creating and sustaining safety climate is particularly important in industries where human factors tend to be a principal cause of accidents, for example health care, aviation, nuclear energy or offshore industries.

One validated measure of safety climate is the Nordic Occupational Safety Climate Questionnaire (NOSACQ-50). Items include:

- ‘We who work here have confidence in the management’s ability to deal with safety.’
- ‘Management looks for causes, not guilty persons, when an accident occurs.’
- ‘We who work here accept dangerous behavior as long as there are no accidents.’
- ‘We who work here can talk freely and openly about safety.’

Studies have demonstrated that the main drivers of safety climate include:

- *job demands*, including whether one has a reasonable workload, time pressures and emotional strain
- *manager behaviour*, including the priority that managers are seen to give to safety and their competence to create and maintain a safe work environment
- *being trusted and empowered* to make decisions and act in ways that prioritise safety
- *communication*, including channels for reporting, speaking up and giving feedback
- *being supportive rather than seeking to cast blame or punish*, following lapses in safety.

Innovation climate

Innovation climate concerns employees’ shared perceptions of the extent to which team or organisational policies, procedures and practices encourage and enhance innovation. The main components of the innovative work environment include:

- openness to change
- desire and support for new ideas
- whether people communicate and collaborate with each other to develop and apply new ideas.

Innovation climate contributes to innovative behaviours, learning (for example, new tasks, procedures, technologies) and creative problem-solving. It also helps organisations deal with unpredictable work situations, making these challenges more manageable. These characteristics are particularly important in organisations where innovation is the main competitive advantage (for example, technological or pharmaceutical companies).

Measures of innovation climate include the Inventory of Organisational Innovativeness (IOI). Items include:

- ‘My organisation has active programmes to upgrade employees’ knowledge and skills.’
- ‘I find my colleagues very helpful when I encounter difficulties with my work.’

- ‘In my organisation there is a strong sense of mutual trust.’
- ‘My organisation actively collects ideas for improvements for employees.’

Leaders are essential in developing innovation climate. High-quality interactions between leaders and their subordinates strengthen innovation – this means providing employees with the resources they need, showing confidence in their work, and offering support and autonomy. Certain leadership styles (authentic, transformational, servant) also help build a climate for innovation. Finally, innovative climate is stronger in organisations where changes are welcome, mistakes are seen as an opportunity to learn, and where teams are cohesive, share a vision, are task-oriented and communicate effectively.

Learning climate

In organisations with a strong learning climate, employees consider that the organisation’s policies, procedures and practices support learning. This means that employees perceive that learning is appreciated and feel they have access to training and resources that facilitate it. It also implies a psychologically safe environment, where employees are encouraged to talk openly about their mistakes and learn from them, instead of being punished.

A positive learning climate fosters innovation and empowerment, and helps employees cope with challenges and enhance their learning. It also reduces stress and intentions to leave their job.

An example of a measure is the Learning Climate Scale (LCS). Items include:

- ‘My organisation provides sufficient resources to develop my competencies.’
- ‘In my organisation, employees who make an effort to learn new things earn appreciation and respect.’
- ‘In my organisation, one is afraid to admit mistakes.’

There isn’t a clear consensus in the research about what factors drive learning climate. However, leadership, supervisor support, and evaluating and seeking to improve learning interventions all seem to play a part (our previous review on [learning cultures](#) explores this).

Ethical climate

Ethical climate refers to employees’ shared perceptions of the ethical norms, practices and procedures that influence decision-making and create an environment where certain behaviours are tolerated (or not). Ethical climate can emphasise independence and personal needs and priorities (an egoistic ethical climate), or the needs and priorities of others (a benevolent ethical climate), or it can focus on rules, laws and codes (a principled ethical climate).

Components of ethical climate include employees’ experiences of various behaviours, such as:

- whether people’s personal ethics are respected
- whether people look after their own interests or look out for others
- which stakeholders are treated as important
- how the organisation’s short- and long-term interests are protected.

They also involve the way in which people think about the results of their work; a strong focus on short-term gains tends to negatively influence ethical climate.

One measure of ethical climate is the Ethical Climate Questionnaire. Items include:

- ‘In this company, people look out for each other’s good.’
- ‘In this company, people are expected to strictly follow legal or professional standards.’
- ‘There is no room for one’s own personal morals or ethics in this company.’
- ‘Each person in this company decides for themselves what is right and wrong.’

Outcomes of ethical climate depend on its focus and strength. Egoistic climates focused on the self are related to unethical and dysfunctional behaviour, whereas benevolent and principled climates are related to ethical behaviour. Similarly to innovation climate, leadership is a main driver of ethical climate.

For more information on ethical climate, see our evidence review on [unethical behaviour at work](#).

Inclusion climate

Inclusion climate is employees’ shared perceptions of whether an organisation’s policies, procedures and practices create an environment in which all employees are fully accepted. In organisations with a strong inclusive climate, people feel that they belong, make a contribution and are supported.

Components of inclusion climate include employees feeling that they are involved in decisions and have the resources to do a good job, and that colleagues co-operate, share information and help each other.

One of the most common measures is the Climate for Inclusion–Exclusion Scale. Items include:

- ‘Feel part of informal discussions in the work group.’
- ‘Able to influence organisational decisions.’
- ‘Provided feedback by boss.’

The importance of inclusion climate is primarily ethical, as all employers have a duty to contribute to workforce diversity. It is also related to other positive organisational outcomes – in particular, it reduces the challenges that can occur in diverse teams, such as task conflict and miscommunication.

Inclusive climate can be built throughout the employee lifecycle through effective diversity policies, programmes and practices. For example, these may focus on recruitment, recognition, promotion and retention of employees.

For more information on inclusion climate, see our evidence reviews on [workplace inclusion and diversity](#).

Other dimensions of organisational climate

The five dimensions of organisational climate above are those that have the strongest body of research and can be considered the most evidence based. However, other climate dimensions that have a promising research base may be useful in understanding and shaping organisational climate. These are:

- **Empowerment climate:** the extent to which employees feel they have the resources, skills and autonomy they need to be proactive and effective in their roles. ‘Structural empowerment’ focuses on work conditions, such as the delegation of authority and

responsibility to employees, whereas ‘psychological empowerment’ expands this to also include factors such as how confident employees are to do their jobs and whether they believe their behaviour makes a difference.

- **Leadership climate:** employees’ shared perception of their direct supervisor and/or the organisation’s leadership, usually focusing on specific aspects of leadership; for example, the extent to which it is supportive, transformational or shared (‘distributed’).
- **Risk climate:** employees’ shared perceptions of the organisation’s procedures, practices and behaviours relating to risk management. Risk climate is often considered a subdimension of safety climate.
- **Service climate:** employees’ shared perceptions of the practices, procedures and behaviours relating to customer service; for example, to what extent service quality is expected, supported and rewarded in the organisation.

Finally, we find other potential dimensions of organisational climate that have received some attention in research but are currently less developed. These include trust climate, implementation climate, hospitality climate and motivational climate.

4 How can employers shape climate?

An evidence-based approach to organisational climate does not lend itself to a single overarching model or set of recommended actions. It is worth considering each dimension of organisational climate in its own right, as fostering one aspect of climate will require different action than fostering another.

Nonetheless, there are some commonalities, with certain management actions or aspects of working life driving more than one dimension of climate. We focus on four main drivers: leadership, team dynamics, job design, and organisational policies, procedures and practices.

Leadership

People managers and leaders play an essential role in influencing organisational climate. There is solid research to show that leadership is critical in safety climate, innovation climate and ethical climate and, although we didn’t find clear evidence, it is also likely to be a major factor in other dimensions of climate. Our roundtable discussions highlighted the role of senior leaders in particular:

‘Leadership [is the most important climate lever]. If leaders care about it, talk about it, insist upon it, then that, in my experience, is pretty much the only thing.’ (Harvey Francis, Skanska)

‘Leadership is absolutely critical, and the behaviour of that top team in terms of making sure there’s no say/do gap, that people are seeing ethical behaviour.’ (Cathy Donnelly, Texthelp)

Shared vision and goals

Organisational climate is not considered its own construct, to be understood holistically, but rather is an umbrella term. Each dimension of climate relates to strategic goals and relevant organisational outcomes – for example, in safety standards, innovation or customer service. So an important starting point for leadership on any dimension of organisational climate is to develop a shared vision with related goals that employees buy into.

'If your priorities as an organisation, things that you're going to measure or point towards, are mission-critical activities or your purpose, it starts to drive behaviour.' (Kerry Smith, the British Heart Foundation)

For more information on effective goal-setting, see our evidence review on [performance management](#).

Role-modelling

One way leaders shape employees' behaviour is through their own actions. For example, a manager who strictly follows safety rules in their own practice sets an example for employees, thus increasing safety climate. Alternatively, as one roundtable participant put it:

'If you've got a CEO who's about uniting people, and a central purpose, mission and cause, then you see a shift in terms of people's attitude and behaviour.' (Kerry Smith, British Heart Foundation)

Transformational versus transactional leadership styles

Different leadership styles have specific influences on organisational climate. One especially noteworthy style is *transformational leadership*, in which managers set out a clear vision for change and build employees' commitment towards it, working by inspiring and empowering people rather than through command and control.

Transformational leaders contribute to organisational climate in different ways. They contribute to innovation climate by supporting employees' professional growth, promoting continuous learning and encouraging new ways of solving problems. They enhance safety climate by demonstrating compassion towards employees, caring about their safety and encouraging constant improvement of safety practices.

'We invested in a person-centred leadership programme, recognising that managers had the biggest reach and could really influence people's climates and thinking. That created a really strong peer network of managers who could discuss different ways of doing things, and also challenge each other.' (Sam Morgan, Public Health Wales)

Transformational leaders also encourage voluntary participation in ethical behaviour, but employers should not encourage a one-size-fits-all approach, as it is not the only style of leadership that fosters ethical climate. When the goal is to increase employees' *compliance* with rules, regulations and procedures, the contrasting style of *transactional leadership* is more effective at strengthening ethical climate. Here, managers take a more directive role, organising employees, planning work and using reward or punishment to leverage performance. Overall, therefore, developing an ethical climate may require a *situational approach* in which leaders use either transformational or transactional leadership, depending on the context.

Recommendations for practice

- Managers or leaders should develop a clear vision and appropriately ambitious goals that relate to the climate the organisation needs. Leaders should also build consensus around both these things so that the vision and goals are shared.
- Leaders should practise what they preach, demonstrating their commitment to creating a desirable organisational climate. This is true for managers throughout the organisation, but is likely to be especially important from senior leaders.
- As a leader, develop your awareness of your natural style and seek to develop it so you can adapt it as needed. Employers should work with learning and development professionals to support this process of leadership development and awareness of their impact.
- In general, leaders should show concern for employees' wellbeing and support their individual growth.
- Set inspiring goals, empower employees and avoid micromanaging to foster innovation, safety and actively ethical behaviours.
- To increase compliance and avoid unethical behaviour, promote attention to the organisation's rules and regulations, monitor employee behaviour, and correct it if necessary.

Team dynamics

Team dynamics contribute to organisational climate in various ways. First, channels and practices that support communication and collaboration are influential in safety climate and innovation climate. It is important that employees can count on receiving relevant information, timely answers to their questions and feedback on their work. These need leaders to establish structures that facilitate the effective flow of information to benefit everyone.

A second aspect of team dynamics is *psychological safety*. This describes the extent to which employees feel able to express themselves – including to ask questions, share ideas and concerns, or talk about their mistakes – without being punished, judged or otherwise penalised.¹² Psychologically safe teams encourage brainstorming and sharing opinions, regardless of whether they align with mainstream thinking. This supports creativity and innovative thinking. Moreover, feeling able to share one's mistakes or concerns contributes to creating a learning climate – in this way, psychological safety helps organisations build a safety climate in which they can learn from failures.

'[What is the climate lever that works?] Getting people to a point where they feel that they can engage and talk about some of these issues openly, with confidence, safely.'
(Jo Phillips, Carnival UK)

Related to psychological safety, *team cohesion* helps improve innovation climate, as it helps people share ideas openly. This can be developed through teambuilding activities and encouraging personal chat and supportiveness within a team's regular work.

For more information on team dynamics, see our evidence review on managing [virtual teams](#) and our forthcoming evidence review on team effectiveness in general.

Recommendations for practice

- Encourage colleagues to share useful information with each other, including feedback on progress made towards goals, and provide appropriate channels of communication to enable this.
- Lead by example to encourage people in your team to express themselves openly. Don't be afraid to acknowledge your mistakes and ask questions.
- Give space for questions in meetings, listen attentively, answer respectfully and encourage colleagues to do likewise. Avoid humiliating comments such as, 'You should know this.'
- Welcome points of view that offer something different, including insights or opinions that run contrary to mainstream thinking.
- Where possible, thank or praise employees who admit errors, learn from them and share this experience with others.
- Invest in teambuilding activities to develop a team's cohesion.

Job design

A major theory in job design is the Job Demands-Resources (JD-R) model.¹³ In a well-designed job, the *demands* (including the required skills, workload and emotional pressures) are proportionate to the available *resources* (including role clarity, technical tools, autonomy and supervisor support). On the contrary, when job demands are too high for the resources that employees have at their disposal, they are likely to become stressed and more prone to cutting corners and making errors. Therefore, ensuring a decent balance is an important influence in building a safety climate.

Moreover, an abundance of resources stimulates innovation by encouraging experimentation and risk-taking. This so-called 'resource slack' can come in different forms, including capital, material goods, information or time resource.

For more information on the JD-R model, see our evidence review on [people performance](#).

Recommendations for practice

- Protect teams and individuals from job demands that are unrealistic or excessive for any sustained period.
- Provide the resources that employees need to do a good job: information, equipment, technical tools, training, expertise, and so on.
- Check with employees that they feel equipped to face the demands of their jobs.
- If seeking to foster an innovation climate, go beyond this to ensure teams have more resource than they need to achieve performance objectives.

Organisational policies, procedures and practices

Discussion of 'organisational culture' is often placed in counterpoint to policies and procedures. There is a common suggestion that 'rules' are inadequate levers on their own, or even that they may be inappropriate to bring about the required change, as they create the wrong mindset. This overlooks the important role that policies and procedures play in organisational life. If they are respected and *lived*, they play an active role in shaping organisational climate. Safety and

ethical climates both emphasise the importance of compliance with rules. In addition, inclusion climate requires actions to increase diversity in practices such as recruitment, providing development opportunities and promoting employees.

For more information on how policies and procedures can foster inclusion, see our evidence reviews on [inclusive workplaces](#), [diversity management](#), and on [recruiting and retaining](#) young people from disadvantaged backgrounds.

Recommendations for practice

- Make sure that procedures and regulations are clear, transparent and easily accessible for everyone they concern.

Design procedures and practices to increase diversity and improve inclusion climate, for example:

- Test job adverts for potential bias and de-bias them where necessary.
- Use techniques that reduce bias in decision-making throughout the recruitment process, such as name-blinding CVs, comparing CVs, cognitive ability tests, structured interviews and making decisions as a group.

5 Conclusion

Culture versus climate: which should we use?

The term ‘organisational culture’ is a popular label that is likely to stay in discussions of corporate governance. It resonates strongly with many people and clearly relates to factors that are important in shaping behaviour. Yet all too often the term is either vaguely defined, making it extremely hard to get traction, or it’s examined through models that have not been tested in open science so are not very trustworthy.

For HR, organisational development (OD) and other people professionals to be credible experts in people management and leadership, they must develop a solid understanding of the social dynamics that affect organisational behaviour. This should start with an understanding of the differences between *culture* and *climate*. Evidently these constructs overlap, but there are genuine differences and it’s not even as simple as saying that climate is a subset of culture (especially given that definitions of culture vary substantially).

We do not suggest that organisational culture is not relevant, but it is very hard to gain traction with it in practice. Culture includes deep underlying assumptions and world views that are extremely difficult to change through leadership and management interventions.

Organisational climate provides a more practical focus. With its centre on observed behaviour, it is easier to understand and reliably measure, and can be changed through management action. So HR, L&D and OD experts should develop their understanding of different dimensions of organisational climate, why they are important and how they can be shaped.

All the same, it may still be helpful for HR leaders to use the term ‘culture’ when engaging with stakeholders. It seems that the term is often intended to describe climate and it may not be realistic – or indeed necessary – to change people’s terminology from ‘culture’ to ‘climate’. The important thing is that HR and OD leaders understand the difference and can talk in terms that non-specialists can understand.

Focus on behaviour and organisational needs

Climate is more specific than culture in its definition and components and has a clear focus on behaviour. Our roundtable discussions confirmed that shaping behaviour is the most important challenge in organisations.

Climate is also more specific than culture in the areas it focuses on, and this makes it easier to align with particular organisational strategies or priorities.

If the goal is to change specific outcomes – for example, decrease the number of accidents, increase innovation or reduce employee burnout – we recommend that HR leaders focus on climate, not culture.

Actions to improve organisational climate

There are some common themes between different dimensions of organisational climate. For example, safety climate and ethical climate both emphasise the importance of compliance with rules. Equally, innovation climate and learning climate overlap, as they both relate to the development of knowledge and skills.

The same is true for drivers of organisational climate in that there are some aspects that contribute positively to several dimensions. One clear example is leadership style: transformational leadership contributes to safety, innovation and ethical climates. Another is that psychological safety helps develop both innovation and safety climates.

Several of these drivers relate to well-evidenced models of team and individual performance: the Goals, Roles, Processes, and Interpersonal Relationships (GRPI) model and the Job Demands-Resources (JD-R) model. For more information on these, see our evidence review on [people performance](#).

Further dimensions of climate

In this evidence review, we have centred on the dimensions of climate that have the strongest research base. Besides these, there were some areas of particular interest on which we found little research. For example, following consultation with senior HR leaders, we searched for research on *trust* climate and climates of *respect* or *compassion*, and found that they were not well-developed constructs.

Clearly, this evidence review is not the end of the story. We plan to continue our programme of evidence reviews to scope out how these and other subjects are discussed in the scientific literature, including in relation to established dimensions of climate.

How to leverage change

Organisational culture is a hugely influential factor, but if the term is used inconsistently and if we stick to the strongest theory, it is not clear that employers can easily define their organisation's culture or change it. Some aspects are simply too deeply embedded in people's thinking and assumptions. This leaves leaders in a precarious place when there is a palpable need for 'culture change': aside from vague calls for more leadership, it may not be clear what the solution is. The history of corporate scandals is often a history of calls for culture change that fizzle out before they gain much ground.

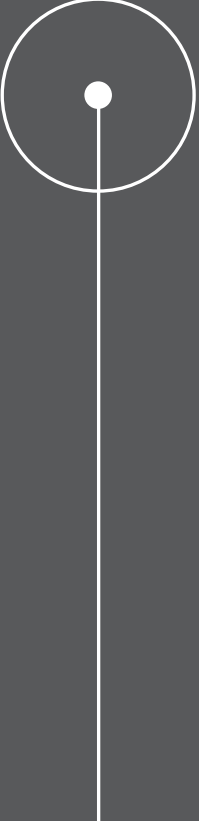
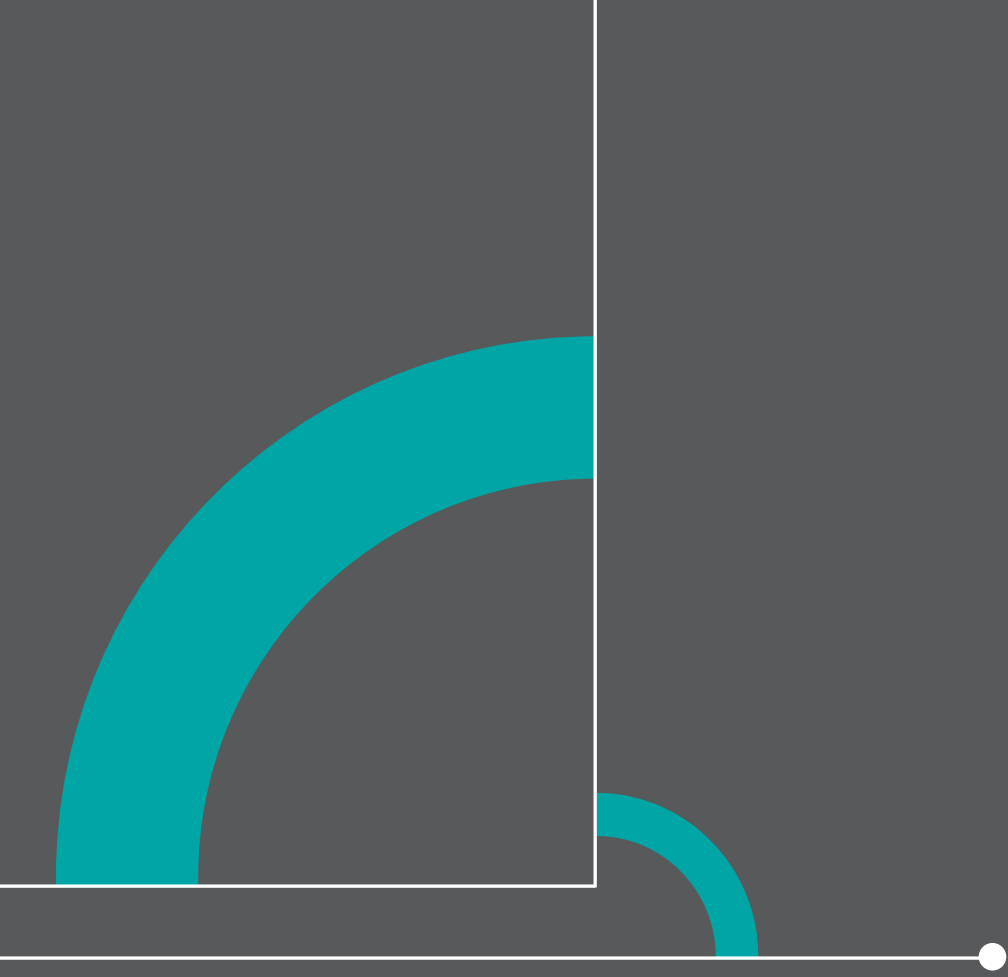
When it comes to gaining a clear understanding of the state of play in an organisation and leveraging change, it is more important to focus on specific and actionable aspects of organisational climate. This will shape culture over the longer term, but employers should not expect to change culture through a single programme.

To the business leader who says, ‘We need to fix our culture,’ a helpful first step would be to pin down *which* aspects are the problem; for example, is it about bullying, ethical conduct, customer service or innovation? The solutions will be very different for each of these. It will then be helpful to focus on *behaviour*, steering the conversation away from the aspects of culture that are hard enough to understand, let alone influence, and towards relevant dimensions of *climate* that are tractable.

HR and OD professionals may do well to frame their insights in terms of ‘culture’ if that is the language that resonates with stakeholders, but in HR and OD circles we should talk about *dimensions of climate* far more than we have done to date.

6 Notes

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- 9 Schein (1984) – see note 6.
- 10 Schein, E. and Schein, P. (2017) *Organizational culture and climate*. 5th ed. New Jersey: Wiley.
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- 13 Bakker, A.B. and Demerouti, E. (2007) The Job Demands-Resources model: state of the art. *Journal of Managerial Psychology*. Vol 22, No 3. pp309–28.



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