EVOLUTION OF CORPORATE CULTURE

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A vision of the future, MBA students from UBC Sauder School of Business

THE PAST
To understand the evolution of corporate culture we have to understand its history.

The term of culture in a corporate context was first introduced by Dr. Elliott Jaques in his book The Changing Culture of a Factory in 1951. Throughout history we have seen several points that have marked changes in corporate culture. Starting with the first corporations in 1790, the culture was of servitude with low communication between the bottom and the top of the organisation. As we move into the industrial revolution we see a big change among organisations. Factories required a large quantity of workers to collaborate with each other and with management; also, with a change in managerial philosophies they are now incentivised to help and collaborate with their subordinates. Therefore this change opened up communication channels between the bottom and the top of the organisation in a way we hadn’t seen before.

We then move into the early 20th century, where cultural and social change, resulting from the first and second world wars, made companies more inclusive towards women and minorities. Communication channels continue to be developed as companies realise the competitive advantages that these bring to them. Which leads us to the present.

THE PRESENT
In order to understand better the actions companies are taking today to change the culture, it is important to understand what today’s working population is looking for in their employers, as many companies’ actions are motivated by their ability to attract talent. Three main values that millennials look for in organisations are social impact, inclusion and diversity, and flexibility in the workplace.

As companies have looked to attract millennial employees and customers, they have embraced similar values to adapt with time. These include environmentally responsible sourcing and CSR, increased transparency, and more focus on employee health. Firstly, there are a large number of new Direct to Consumer brands that pride themselves on sustainable practices. The success of companies like Patagonia and Warby Parker have shown that sustainable practices and strong CSR values can lead to large scale loyalty amongst customers and employees. Secondly, businesses nowadays also strive to become more transparent which is shown through easily available information for customers to see from where their products are sourced. Websites such as glassdoor enable employees to express and learn about the work culture at these organisations and provide employees with platforms where they can anonymously express their concerns regarding the company which keeps them accountable to the public.

We can see that businesses nowadays not only focus on making profit but on creating value across the entire supply chain by giving back to the communities that they affect. These changes eventually lead to a more creative workforce and a more loyal customer base that can enable higher profitability by increasing top line growth of a company.

THE FUTURE
We’ve talked about the origins and some historical events that have shaped business culture, as well as the current ideas in corporate culture. Now we’ll shift to looking at the future of corporate culture and where we think we’ll be heading. To see where the future of corporate culture will go, perhaps it makes sense to take a look at who will be entering the workforce, mainly Generation Z, or those born during the mid to late 1990s as defined by Pew Research.

Generation Z numbers around 61 million people in the US alone and makes up 32% of the world’s population, which according to Bloomberg is more than Millennials. With Generation Z rapidly entering the workforce, they will shape corporate culture with their expectations and wants. Diversity and inclusion will continue to be a key factor in the future of workplace culture. 49% of Gen Z in the US self-identify as a racial or ethnic minority, they are the most diverse generation yet and will not only desire but expect their workplace to value and strive towards ever greater diversity and inclusion.

This ties to Gen Z’s greater emphasis on corporate culture. 69% are more likely to apply to a company whose brand aligns with their values. Diversity and Inclusion will need to be integrated and intentionally building culture into work.

Sustainability will continue to be a key pillar of the future of workplace culture. As climate change starts to worsen and becomes increasingly recognised as a global emergency, companies will need to prioritise sustainability in their operations and goods produced. Impact investing is a good measure of the current importance of sustainability in business, it is a rapidly growing sector. Transparency, as mentioned before will be a key factor here in measuring impact.

Social impact is no longer a choice but a requirement to consider, both internally and externally. As global citizens and as members of many large or small corporations, we all have a responsibility towards creating this change. As corporate culture moves towards maximizing positive impact in sustainability, community health and transparency, while at the same time minimising pollution, unfair labour and wage gaps, employees, their communities and the global environment will improve.

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