

How culture change can solve the global growth conundrum

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Change and uncertainty is the new norm in global politics, but 2024 is a big year of optimistic change and new beginnings, with elections in the UK, France and the US all making waves.

One of the trickiest issues these countries, and almost all Western economies are facing, is sluggish growth. It doesn't bode well for an economic MOT of the G7, when the UK had the highest growth rate of Q1 at 0.7%. The US looks to be faring better than Europe on some measures, but has faced the slowest wage growth for several years and a rising rate of unemployment.

All new incoming governments will have to tackle this issue quickly if they want to make any progress and maintain support from voters. The ability to make transformative investments depends on an economy that governments and markets can be confident is getting stronger.

The stark difference between the inheritance of the incoming Labour government in the UK in 1997 for example, with a strong budget to spend on infrastructure and public services, and the deficit and low productivity faced by the new 2024 Starmer government in the UK, could not be more different.

The contemporary reality of low growth and low productivity of (many aging) workforces, has been an increasing problem for governments across the world over the last decade at least. But could a focus on transforming the cultures of workplaces be an overlooked solution?

I'd like to argue that it should be a key priority for new governments and business leaders everywhere.

Why? Because culture can make a fundamental difference to all the key drivers of growth.

Let's think about some of the things holding organisational productivity and growth back if we zoom in:

Up to 80% of the global workforce doesn't feel engaged at work (think quiet quitting and the Great Resignation), 40% of C-Suite executives are planning to quit in the next year thanks to workplace stress, and the number of people leaving the workforce due to ill health (including mental health issues) is at its highest level since the 1990s in the US. In the UK, 700,000 people have left the workforce since 2019 thanks to ill-health issues related to Covid and post-Covid wait times for medical care and support.

So how can culture change help these issues exactly, and create economies that can grow sustainably in our contemporary milieu?

I think there are 5 significant ways culture change can make a big difference:

1. Psychological safety increases team performance

Google's famous Project Aristotle sought to answer the question: 'what makes a perfect team?' After many months of research, they found that it's almost nothing to do with the calibre of individual team members, but instead all to do with how accepted and valued team members feel to contribute to projects and do their best work. Leaders ignore psychological safety at their peril, as a lack of it accounts for significant levels of turnover, disengagement and complaints within organisations. And what's more, there plenty of evidence to show teams just won't be productive and effective without it. Nurturing psychological safety starts with vulnerable, or servant leadership, and ends with each member of a team feeling accepted for who they are and what their unique gifts can bring to a project, without fear of judgement.

▪ Better managers mean better productivity and less turnover

A recent survey found that 70% of people rate their manager as having the same impact on their mental health as their spouse, and 1 in 3 employees have left a job because of a poor manager. To reduce costs and boost productivity and growth, organisations and governments need to be focussing on training and long-term development for managers and leaders.

• Meaningful work gets rid of bullshit jobs

In David Graeber's seminal book 'Bullshit Jobs', he quotes the statistic that 40% of us think our job is probably unnecessary. This leads to disengagement with work and obvious negative externalities like low productivity. The way around this is to introduce meaning into people's work lives, both by eliminating bs jobs by creating more value-rich kinds of work and organisations in the first place. Also, by creating a space for autonomy into people's work, to enable them to create meaningful work from where they are.

- **Critical friendship and radical candour stops myopia, waste and scandals**

How many face-palm news stories have there been about organisational scandals? Whether its leaders behaving badly or cultural cover-ups, we're all all-too familiar with these issues. One preventative treatment for this is to focus on building a culture of critique – where it's not only normal, but encouraged, to challenge leadership, to ask tough questions, and to value and reward transparency. Kim Scott's 'Radical Candour' work argues that by developing the skills within organisations to give and receive honest feedback in the moment, this fosters greater trust and stops waste and myopia in its tracks. Poor ideas and unethical practices are called out and shot down early.

- **Encourage disruptions to old routines to unleash creative solutions**

It can be very difficult to see the water if you're a fish. In the same way, it's almost impossible for us to see our cultural norms and the routines that have become habitual parts of our work lives. So, actively building in mechanisms for organisations to pause business as usual and allow members of the workforce to take time out for deep thinking and creativity, will pay dividends. Away days in the countryside, brainstorming on roller coaster rides, or building meditation and movement into the workday for teams to do together, are just some ways to disrupt habitual patterns of behaviour and thinking, and help create new ways of seeing problems, that could lead to a massive breakthrough.

Business leaders need to be taking culture and its effects seriously, if they want to succeed in uncertain times. Governments have a responsibility to support and encourage positive cultural change through education and support for change initiatives, particularly in the public sector. Support for stress reduction via employee wellness programs and managerial training are particularly essential to really boost growth into the future. Paired with all the traditional investments in capital and infrastructure, economies could boom again if culture change were really at the centre of efforts to solve the growth problem.

What are some of the best ways to get started?

It's vital that before any solutions are implemented, that organisations understand their unique context, and choose how and what to implement that will fit with their specific stakeholders and how they work in reality.

The most effective way to do this is to conduct a short discovery study to understand a current culture, validate assumptions and identify blind spots. I often find what managers think are the key challenges holding their organisations back, look quite different when you change perspective and walk in the shoes of the shop-floor staff, sales team and/or technical resources. Ethnography can be a value for money way to do culture discovery, as it removes the issue of low response rates when relying on workplace surveys, as well as the inevitable 'say-do gap'.

Felicity is the Founder and Director of Bare Analysis. Bare Analysis delivers essential insights clients need to solve the problems they know, think they know, and need help identifying. Bare offers culture consultancy, ethnography, research, strategy, behaviour change & social value. Bare's expert network of

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