In the past decade, companies have increasingly realized that environmental sustainability is critical to their long-term profitability. As global population grows and demand for goods and services increases, companies are challenged to more efficiently use a finite base of natural resources. While many companies are successfully reducing their environmental impacts through a variety of on-the-ground initiatives, other companies are struggling to move in a more sustainable direction. Even within a single company, some sustainability initiatives may be successful while others prove less successful.

Organizational culture has previously been linked to the long-term financial success and improved effectiveness of organizations. Therefore, it is not surprising that company culture contributes to the success of sustainability initiatives. Although many scholars and practitioners have postulated that this relationship exists, little research has simultaneously investigated corporate organizational factors and sustainability initiatives. Similarly, models found in sustainability literature focus on developing sound strategies but pay scant attention to the human capital factors, such as culture, that are needed to deploy such strategies.

A review of existing literature points to company culture as a critical factor for successful sustainability initiatives, yet little empirical research has been done to describe this relationship. This study generates these empirical insights, looking specifically at (1) the relationship between company culture and the success of its sustainability initiatives, and (2) the role that collaboration plays in the success of sustainability initiatives.

This study addresses this gap in research by surveying 23 companies across multiple industries on their company culture and sustainability initiatives. The survey was based on the Competing Values Framework (CVF), a widely adopted tool to measure organizational culture. Observational and statistical analysis identified trends in the data across a sample size of 240 employee assessments of company sustainability initiatives.

This study concludes that there is a significant empirical relationship between company culture and the success of its sustainability initiatives. Overall, these findings suggest that companies should explicitly consider culture when designing and implementing sustainability initiatives going forward.

For the full report and references, visit http://www.erb.umich.edu/Research/Student-Projects.htm
The Competing Values Framework (CVF) is a sense-making device to help organizations understand their culture and modes of operation. All human activity has an underlying structure, and organizations, by definition, exhibit patterns and predictability in relationships. The CVF identifies dimensions to these relationships and the degree of emphasis in each of four quadrants: Control, Compete, Create, and Collaborate. Each quadrant represents the way people in an organization process information, learn about their environment, organize, lead, and create value for customers. The CVF has been used for more than twenty years in a variety of geographies and industries. In a search of literature from 2000 to present, the CVF was applied 44 times in journals across applications as diverse as hospitals, TQM, engineering, real estate, and higher education.

STUDY METHODOLOGY
Data was collected through two online surveys and supplemented with follow-up interviews with participating companies. The surveys were based on the Organization Culture Assessment Instrument (OCAI), a tool rooted in the CVF. The objective of the surveys was to develop CVF profiles for each study company’s sustainability culture and two of its sustainability initiatives.

DATA COLLECTION & COMPANY ENGAGEMENT
This research is based on a sample of both private and public companies, based primarily in the U.S. and representing a variety of industries. To qualify for this study, participant companies must have implemented at least four sustainability initiatives in the past ten years and have had at least six employees knowledgeable about the sustainability initiatives at the company.

Participating companies received two surveys: The first, administered to a sustainability leader, captured the types of sustainability initiatives at the company. The second survey was administered to individuals in the company who are involved in designing and implementing sustainability initiatives. This second survey gathered data on the culture of those at the company working on sustainability initiatives, as well as information about two sustainability initiatives.

COMPANY CULTURE AND INITIATIVE PROFILES
Using the survey data, the degree of emphasis in each CVF quadrant was plotted to create three profiles: one for the company culture and one for each of the two initiatives (see diagram on opposite page). These profiles were then used to measure attributes such as the dominant culture of a company or initiative and the level of congruence between the company’s culture and its initiatives. It should be noted that the culture assessed in this study is the culture of those employees involved in the planning and implementation of sustainability initiatives at a given company.

Key Terms
Culture, sustainability and congruence can be defined in many ways. This study defines these terms as the following:

Company culture: the extent to which employees in a company experience each of the four CVF culture types: Control, Compete, Create, and Collaborate

Sustainability initiative: past or present program or project within a company to reduce environmental impact

Congruence: degree of similarity between culture and initiative profiles

About participant companies:
• 23 companies
• Small and large
• Public and private
• Diverse industries such as chemicals, apparel, food and beverage, and information technology

The Competing Values Framework
**FINDINGS**

**Finding #1**: Greater similarity between company culture and a sustainability initiative leads to greater success of the initiative.

Of 23 study companies observed, 70% rated the more congruent initiative as more successful than the initiative that was less congruent. This number increased to 74% when only the two highest ranked quadrants in the culture profile were considered. This relationship was found to be statistically significant at the .05 level.

**Finding #2**: Greater similarity between the company's emphasis on collaboration and the initiative's emphasis on collaboration leads to greater success of the initiative.

Of 23 study companies observed, 74% rated the initiative with the smaller difference between the company culture and initiative profiles in the Collaborate quadrant as more successful than the initiative with the larger difference in the same quadrant. This relationship was found to be statistically significant at the .01 level. That is, the closer the initiative profile is to the company culture profile in the Collaborate quadrant, the more successful that initiative is likely to be.

**IMPLICATIONS**

These findings have implications for practitioners involved in planning and implementing sustainability initiatives:

1. A company’s sustainability initiatives are more likely to be successful if the initiatives are developed and implemented in a way that is consistent with the company’s culture, particularly its level of collaboration.
2. Cultural dimensions should be considered when designing and implementing sustainability initiatives. Study findings point to the importance of companies first understanding their culture, and then designing and implementing sustainability initiatives accordingly.

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**Reading the Profile Graph:**

For each company, the congruence between the sustainability initiatives and company culture was calculated by summing the difference between the company’s culture profile and an initiative profile in each of the four quadrants. In other words, how similar is each initiative profile to the company culture profile?

In this example, Initiative 1 (red dashed line) is more congruent with the company’s culture (blue solid line) than Initiative 2 (yellow short dashed line).
PRESCRIPTIVE GUIDANCE
Since company culture typically requires a long time to change, this guidance focuses on near-term initiative planning and implementation. According to interviews with study participants, companies use a wide range of processes and tools to vet, plan, and implement sustainability initiatives. These methods include materiality matrices, ROI analysis, and decentralized decision-making to meet corporate targets. Study participants generally recognized that it is important to implement initiatives in a way that is compatible with company culture. However, none of the companies interviewed systematically considered company culture as part of the initiative planning and implementation process.

While traditional means of vetting initiatives should not be ignored, the process below suggests additional considerations to further the likelihood that a sustainability initiative will succeed. For example, if a company has assessed its culture and knows that it is strong in the Compete quadrant, a recycling initiative that creates a competition between business units might gain more traction than a recycling initiative that relies on grassroots leadership.

✓ Assess your company culture
  o Use a culture assessment tool such as the Competing Values Framework that considers multiple dimensions of organizational culture

✓ Plan initiatives with company culture in mind
  o How are ideas for new initiatives generated and developed?
  o What are the expectations for how employees will participate in an initiative?
  o How will initiative success be measured and recognized?

✓ Implement and communicate initiatives with company culture in mind
  o What type of leader should drive this project or program?
  o How should project objectives and outcomes be articulated internally?

Example: Tactics for Companies Strong in the Compete Quadrant

How Initiative Begins
Use competitive means for project idea generation, such as a contest between individuals or teams

Expectations for Participants
Set the expectation that employees will regularly be held accountable to project goals and metrics tied to marketplace competitiveness

Leadership of Initiative
Recognize top-performing employees through events or internal communications

Criteria for Success
Regularly assess and communicate how the initiative contributes to the company’s business strategy and competitiveness

Download the full report from http://www.erb.umich.edu/Research/Student-Projects.htm to see sample tactics for the Control, Collaborate, and Create quadrants.