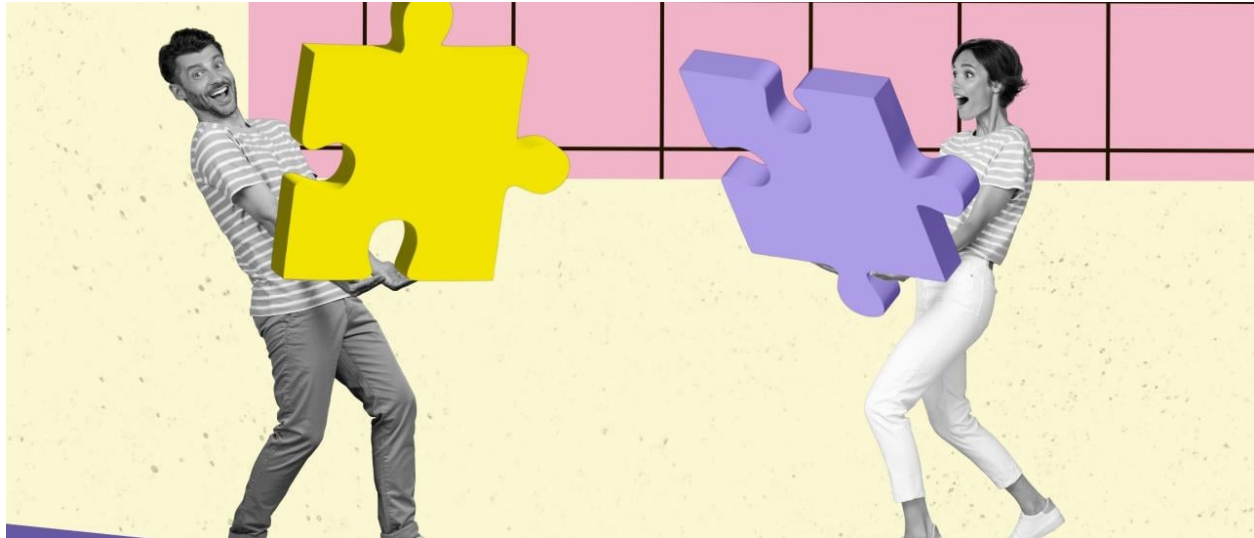

Corporate Culture Is Built on Actions, Not Words



By [Erin Meyer](#), INSEAD

Real culture starts with the right people, shapes strategy and guides decisions without constraining them.

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These days, companies pour significant resources into crafting culture statements, viewing a strong corporate culture as critical to business success. Yet what truly matters is often overlooked: human behaviour. At its heart, human behaviour is about people, that is, how they act, interact and make decisions.

While a well-crafted culture statement can act as a guiding vision, it's only as effective as the people who embody it. Without the right people, even the most inspiring statement is just words on a page.

As we discussed in our [previous article](#), the real measure of culture is how it addresses real-world dilemmas. From choosing who to hire to managing risks or setting boundaries, culture drives the actions that lead to success or failure. Here's how companies can make their culture statements truly

impactful by tying them to the decisions that matter.

1. Start with hiring the right people

Let's begin with the challenge of hiring. The saying "Garbage in, garbage out" captures a simple truth: Bad input results in bad output, no matter how refined the system. The same principle applies to building a team and shaping a culture. Of course, people are never "rubbish." But if you hire individuals whose values and personalities don't align with your desired culture, even the most well-crafted statements are unlikely to achieve the behaviours you're aiming for. It all starts with finding the right fit.

Patagonia exemplifies hiring for cultural fit. On its "Culture and Careers" [page](#), the company states its goal as "Creating a culture of people who feel more at home in a base camp or on the ocean than they do in the office." This is illustrated by an image of an employee in a t-shirt and shorts, barefoot with feet up on the desk, working but appearing ready to head off on an outdoor adventure.

Consider how this type of messaging quickly resolves several hiring dilemmas. Should a manager hire someone with technical expertise who dislikes sleeping in a tent? No. Should they choose a mountain biker over a typical MBA graduate? Absolutely.

Hiring for fit, however, is no guarantee of a smooth ride. Your company also needs to establish how it will handle employees who don't align with its culture. Do you want your organisation to function as a nurturing family or as a high-performing Olympic team? Shopify's founder and CEO, Tobias Lütke, expressed his view plainly in a letter (edited for length): "Shopify is not a family. Your actual family can't un-family you. In a firm, 'family thinking' makes it incredibly hard to let poor performers go. Shopify is a team."

Clear enough. But what do you do when a superstar employee is also insufferably arrogant and sarcastic? If left unchecked, such behaviour can spread negativity throughout the organisation. Lütke addressed this directly: "Slack trolling, victimhood thinking, us-versus-them divisiveness, and zero-sum thinking must be seen for the threat they are." Netflix puts it even more

succinctly: “No brilliant jerks; the cost to teamwork is just too high.”

2. Let culture shape strategy, not just attitudes

When building a culture, shaping attitudes is important, but identifying your strategic objective is even more critical. Are you focused on reducing costs, managing business complexity or preparing for a merger? The key is to present dilemmas in a way that helps employees clearly understand the decisions they must make to move the business toward its goals.

Here’s an example I’ve explored in my research as a professor and business adviser: Sheila, a passionate marketer, presents you with an expensive campaign idea. The concept is innovative and fresh, but as Sheila’s boss, you believe it’s likely to fail. What should you do?

Option A is to reject the proposal and safeguard your resources. You gently tell Sheila, “Not this time.” Option B is to approve the project, recognising that innovation often requires trial and error. Even if it fails, the team will learn valuable lessons from the experience.

Approximately 68 percent of the managers I’ve polled choose option A. But what would you want your employees to do in a similar situation? Should they focus on avoiding potential errors?

The answer may depend on your industry. In some sectors, a mistake could have catastrophic consequences, such as the loss of lives. However, in the digital age, you might prefer to encourage managers to take more calculated risks. If so, you could look to the culture of marketing software company HubSpot, which states: “We are adaptable, constantly changing, lifelong learners.”

3. Your culture statement should guide, not constrain

There will inevitably be situations where the culture you’ve defined cannot – or should not – be followed. As you develop your organisational culture, it’s equally important to recognise dilemmas where your stated values hit a wall. Be bold in testing the limits of your culture, but ensure you establish clear boundaries.

Consider Netflix. The company took transparency to an unprecedented level by sharing quarterly financials with managers before reporting them to Wall Street – an approach few companies dared and many saw as reckless. Later, Netflix pushed the boundaries further by experimenting with salary transparency.

By 2012, Netflix allowed directors and above to see one another's salaries. When the idea of extending this transparency to all employees was proposed, it faced significant resistance. One director remarked, "I look at people, and I see their salary flashing over their head," while another likened salary details to private medical records. A 2018 vote revealed that 80 percent of Netflix managers opposed making salary information accessible to all employees.

Did this signal the end of Netflix's commitment to transparency? Not at all. But it did show that a limit was set. The takeaway is clear: A culture statement should guide behaviour, not become an inflexible rule unto itself.

Role modelling

Culture is the personality of a group, influencing how individuals within it behave. Just as you can describe a person's traits, you can characterise a group's culture – for example, formal, direct and efficient.

Once your culture is defined through clear, actionable dilemmas, it's vital for leadership to set the tone. If your message is "No brilliant jerks" but your executives fail to embody it, employees won't take the culture seriously. For culture to thrive, leaders must lead by example – there's no room for compromise.

At its core, culture is about shaping behaviour to align with your strategic vision. It turns abstract values into tangible decisions and actions. Whether you're fostering a high-performing team or a supportive, family-style workplace, success hinges on living the culture you define. When nurtured and exemplified by leadership, a strong culture not only guides decisions but also propels your business forward.

This is part 2 of a two-part series on the art of building corporate culture, adapted from an [article](#) originally published in the *Harvard Business Review*.

Find article at

<https://knowledge.insead.edu/career/corporate-culture-built-actions-not-words>

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