Culture is Bottom Up and Top Down

By Elise Mackay; April 14, 2015

In order to understand RoundPegg's take on culture, the first thing you have to understand is that culture is really driven by the people who make up the organization. And that includes everyone; the people at the top, all the way down to the front line entry level folks who are employed within the company. Every individual contributes to how things are done within the company, based on their personal core values, because that's what drives their behavior on a daily basis.

Now this isn't to say that leadership doesn't have an important role in culture and driving culture. Their role, though, is in articulating what the aspirational culture is, what do you want to be as a company, who do you want to be, how do you want to do things here? That's really essential for leadership to craft and share with the organization.

Again, a CEO's impact cannot be overlooked. But even the most dynamic CEOs have limitations on the number of people they can impact. Their dynamism diminishes rapidly as the frequency with which they interact with individuals lessens. In large companies, the CEO effect is diluted long before the base of the pyramid is touched.

The dunbar number: debunking the Top down Theory of Cultural Influence

Evolutionary anthropologist, Robin Dunbar, has studied everything from ancestral tribes, medieval census data, Christmas card distribution and social networks. All have led to the same conclusion. Our brains can only maintain an average of 150 stable relationships.

The strength of these relationships diminishes greatly as group size triples. Typically, we have five intimate relationships, 15 good friends, 50 friends and 150 acquaintances (each layer includes the preceding layers). The number only expands to 500 with whom we have a 'nodding acquaintance.' Thus, the influence a single individual carries, even the CEO, is rather limited once an organization scales and then diminishes further as new, distant locations are opened.

In terms of how things get done within the company though, we have to pay attention to who makes up the company and whether their values are aligned with the aspirational culture the leadership has set. Those interactions tend to be localized to a specific team, department or geography but they rarely extend beyond the 150 people you interact with most regularly.

So, when thinking of an organizational structure thousands or even tens of thousands deep, organizations end up with a tiny fraction of individuals who have physical access to the CEO. **Cultural norms, therefore, are created on a localized level.**

This is not to say the CEO has no effect, but the CEO's influence wanes quickly. And once the desired culture is outlined, the risk of it being diluted gets stronger as you traverse the concentric circles further afield from the CEO.

The downside, however, is that negative actions extend far beyond 150 people. Any actions taken by the CEO or the executive team that do not align with the identified desired culture are immediately scrutinized, and these days shared internally and externally through social media. The accidental downside risks are far greater for the CEO to harm the culture than to build it.

Having an authentic culture as a foundation to make sure that workers understand the identity, origins and values of the organization is the best place to start connecting leadership with employees. Without the classic line of sight between workers and leaders, it is more imperative than ever that business leaders authentically deliver what the organization promises.

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