

## **New Directions in Leadership Research Conference**

**INSEAD**

**2<sup>nd</sup> and 3<sup>rd</sup> June 2017**

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**Paper title:**

Corporate Culture: Evidence from the Field

**Abstract:**

Does corporate culture matter? Can differences in corporate culture explain why similar firms diverge with one succeeding and the other failing? To answer these questions, we use a novel survey and interview-based analysis of 1,348 North American firms. Over half of senior executives believe that corporate culture is a top-three driver of firm value and 92% believe that improving their culture would increase their firm's value. Surprisingly, only 16% believe their culture is where it should be. Executives link culture to ethical choices (compliance, short-termism), innovation (creativity, taking appropriate risk), and value creation (productivity, acquisition premia). We assess these links within a framework that implies cultural effectiveness depends on interactions between cultural values, norms, and formal institutions. Our evidence suggests that cultural norms are as important as stated values in achieving success