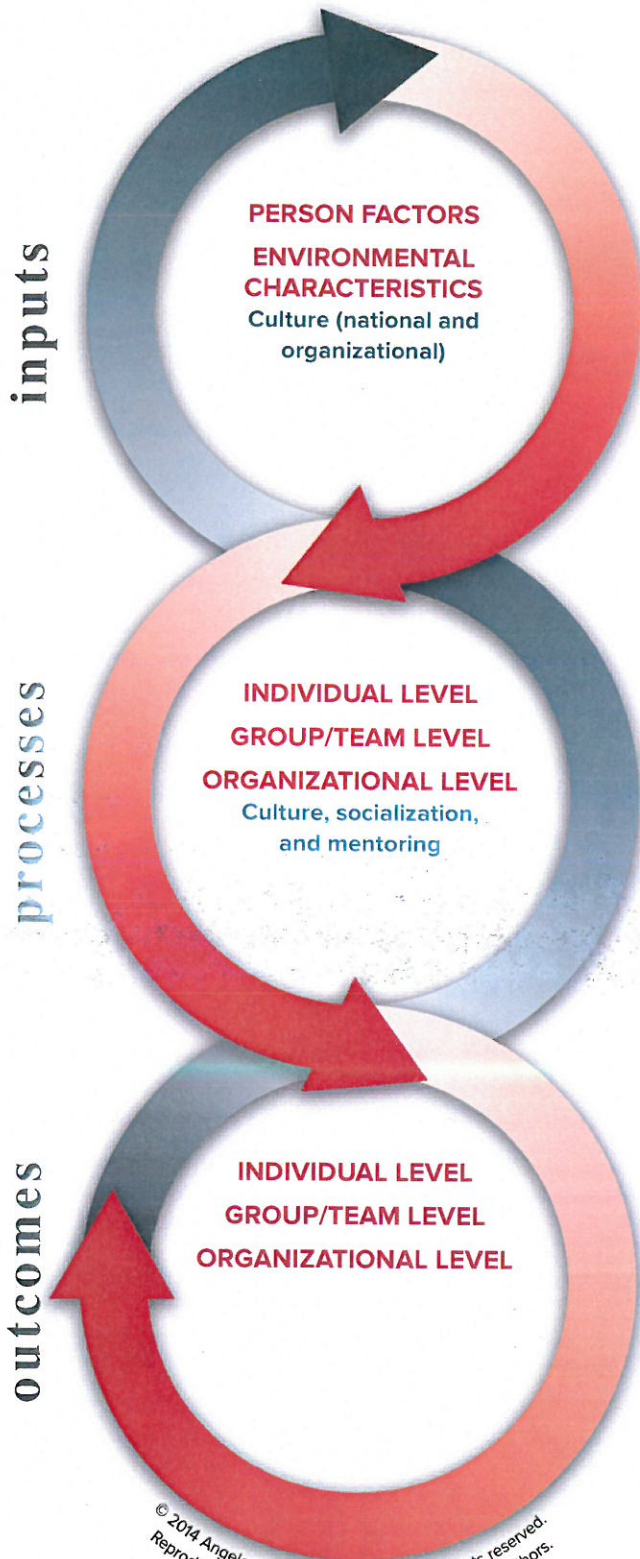


14 ORGANIZATIONAL CULTURE, SOCIALIZATION, AND MENTORING



How Can I Use These Concepts for Competitive Advantage?

MAJOR TOPICS I'LL LEARN AND QUESTIONS I SHOULD BE ABLE TO ANSWER

14.1 THE FOUNDATION OF ORGANIZATIONAL CULTURE: UNDERSTANDING ITS DRIVERS AND FUNCTIONS

MAJOR QUESTION: *What is culture and why is it important to understand its layers and functions?*

14.2 THE IMPACT OF ORGANIZATIONAL CULTURE TYPES ON OUTCOMES

MAJOR QUESTION: *To what extent are the different types of organizational culture related to important outcomes?*

14.3 THE PROCESS OF CULTURE CHANGE

MAJOR QUESTION: *What are the mechanisms I can use to implement culture change?*

14.4 THE ORGANIZATIONAL SOCIALIZATION PROCESS

MAJOR QUESTION: *How can the practical lessons of socialization research be integrated within the three phases of socialization?*

14.5 EMBEDDING ORGANIZATIONAL CULTURE THROUGH MENTORING

MAJOR QUESTION: *What are the four developmental networks and how can I use them to advance my career?*

INTEGRATIVE FRAMEWORK FOR UNDERSTANDING AND APPLYING OB

This chapter focuses on organizational culture and the socialization and mentoring that allow new members to become part of the culture of the organization. The Integrative Framework shows how culture functions as both an environmental input and an organizational process.

winning at work

HOW WOULD I ASSESS PERSON-ENVIRONMENT FIT (PE) WHEN APPLYING FOR JOBS?

“Employment site Glassdoor provides information on salaries, organizational cultures, and interview questions by using anonymous posts from employees and people seeking employment. In 2012 the company obtained 285,000 questions used by hiring managers. Here are the four most frequently asked interview questions: *What’s your favorite movie? What’s your favorite website? What’s the last book you read for fun? What makes you uncomfortable?*”¹

“WHY ARE COMPANIES ASKING THESE QUESTIONS?”

“Although these questions have nothing to do with performance, recruiters ask them because they are trying to assess whether or not an applicant will “fit in” with the company’s culture. A recent study of people hiring undergraduate and graduate students revealed that more than 50 percent of the evaluators considered “fit” to be the most important criterion during the interview process.”²

“WHAT DOES IT MEAN TO “FIT”?”

Person-environment fit (PE) reflects “the compatibility between an individual and a work environment that occurs when their characteristics are well matched.”³ Although there are many types of fit, we are interested in what is called **person-organization fit (PO)**, which reflects the extent to which your personality and values match the climate and culture in an organization. PO fit is important because it is associated with more positive work attitudes and task performance and lower intentions to quit and stress.⁴

“HOW CAN YOU ASSESS “FIT”?”

“It will take some effort on your part. First conduct an evaluation of your strengths, weaknesses, and values.



Next, do the same for the company or department at hand by doing research about the company on the Internet or talking with current employees. This information will now enable you to prepare a set of diagnostic questions to ask during the interview process. These questions need to focus on determining your level of fit. For example, if you value recognition for hard work, then ask a recruiter how the company rewards performance. If the answer does not support a strong link between performance and rewards, you probably will have a low PE fit and will not be happy working at this company.

We have created a Take-Away Application later in this chapter to help you practice the process of assessing person-organization fit.

FOR YOU WHAT'S AHEAD IN THIS CHAPTER

This chapter begins your exploration of what is called “macro” organizational behavior. Macro OB is concerned with studying OB from the perspective of the organization as a whole. We use the graphical image of the Integrative Framework of OB on the previous page to illustrate how organizational culture is a key input that influences a host of processes and outcomes. We begin by exploring the foundation of organizational culture so that you can understand its drivers and functions. Next we review the four key types of organizational culture and consider their relationships with various outcomes. This is followed by a discussion of how managers can change organizational culture. Finally, we discuss how socialization and mentoring are used to embed organizational culture, and focus on how you can use knowledge of these processes to enhance your career success and happiness.

THE FOUNDATION OF ORGANIZATIONAL CULTURE: UNDERSTANDING ITS DRIVERS AND FUNCTIONS

major question

MAJOR QUESTION

What is culture and why is it important to understand its layers and functions?

THE BIGGER PICTURE

Although you may have a small impact on your employer's organizational culture, you undoubtedly are affected by it. Culture affects outcomes at the individual, group, and organizational level. You are going to learn what creates organizational culture and how culture in turn affects other organizational processes. You also will understand the three levels that constitute culture and the functions it serves for organizations.

The quote “culture eats strategy for breakfast” was attributed to management expert Peter Drucker. But it really caught everyone's attention when Mark Fields, CEO at Ford Motor Company, used it in 2006. The slogan currently hangs in the company's “war room.” Ford's former CEO Alan Mulally created the war room, which contains charts, graphs, and lists of products, as a meetingplace for executives to discuss the execution of Ford's corporate strategies. The culture slogan serves as a reminder of the importance of organizational culture to Ford's success.⁵

What is the point of this slogan? It's quite simple. A company can have the best vision and strategy in the world, but it won't be able to execute them unless the culture is aligned with the strategy. This is a lesson that successful companies like Lincoln Electric, Southwest Airlines, and SAS Institute have applied for years. Lincoln Electric has the largest share of the global welding market, Southwest is the largest airline in the United States, and SAS is the world's largest privately held software firm.⁶ All of these firms exert significant effort at creating and reinforcing the type of culture that helps them achieve their strategic goals.

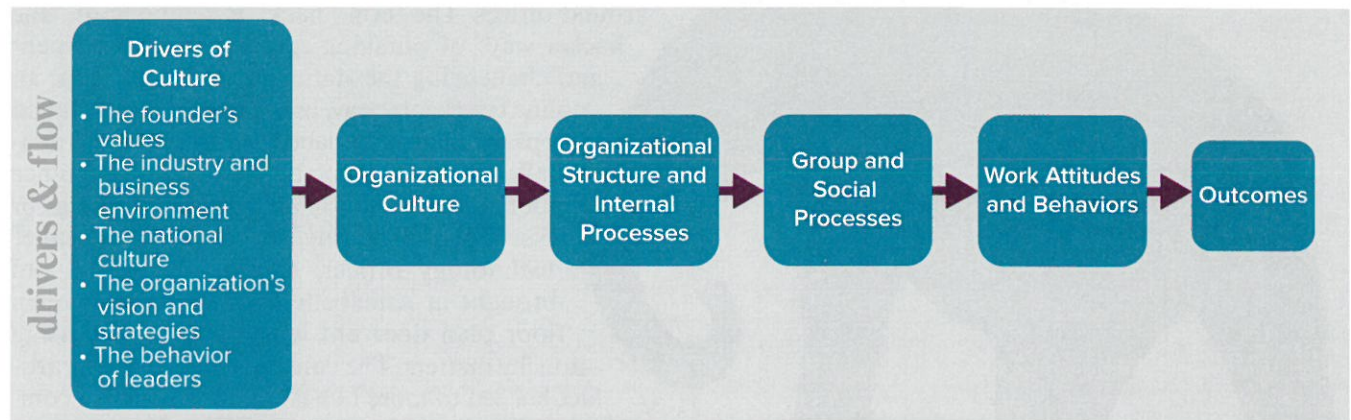
One of our primary goals in this chapter is to help you understand how managers can use organizational culture as a competitive advantage. Let us start by considering the foundation of organizational culture.

Defining Culture and Exploring Its Impact

Organizational culture is defined as “the set of shared, taken-for-granted implicit assumptions that a group holds and that determines how it perceives, thinks about, and reacts to its various environments.”⁷ This definition highlights four important characteristics of organizational culture:

- **Shared concept.** Organizational culture consists of beliefs and values that are shared among a group of people.
- **Learned over time.** It is passed on to new employees through the process of socialization and mentoring, topics discussed later in this chapter.
- **Influences our behavior at work.** This is why “culture eats strategy for breakfast.”
- **Impacts outcomes at multiple levels.** Culture affects outcomes at the individual, group/team, and organizational levels.

FIGURE 14.1 DRIVERS AND FLOW OF ORGANIZATIONAL CULTURE



SOURCE: Adapted from C. Ostroff, A. J. Kinicki, and R. S. Muhammad, "Organizational Culture and Climate," in I. B. Weiner, N. W. Schmitt, and S. Highhouse, eds., *Handbook of Psychology*, vol. 12, 2nd ed. (Hoboken, NJ: Wiley, 2012), 643–676. Reprinted with permission of John Wiley & Sons, Inc.

Figure 14.1 provides a conceptual framework for understanding the drivers and effects of organizational culture. Five elements drive organizational culture:

- The founder's values
- The industry and business environment
- The national culture
- The organization's vision and strategies
- The behavior of leaders

In turn, *organizational culture* influences the type of *organizational structure* adopted by a company and a host of *internal processes* (including human resource practices, policies, and procedures) implemented in pursuit of organizational goals. These organizational characteristics then affect a variety of *group and social processes*.⁸ This sequence ultimately affects employees' *work attitudes and behaviors* and a variety of organizational *outcomes*. All told, Figure 14.1 tells us that organizational culture has a wide span of influence, ultimately impacting a host of individual, group, and organizational outcomes.⁹ Once again, this is why culture eats strategy for breakfast.

The Three Levels of Organizational Culture

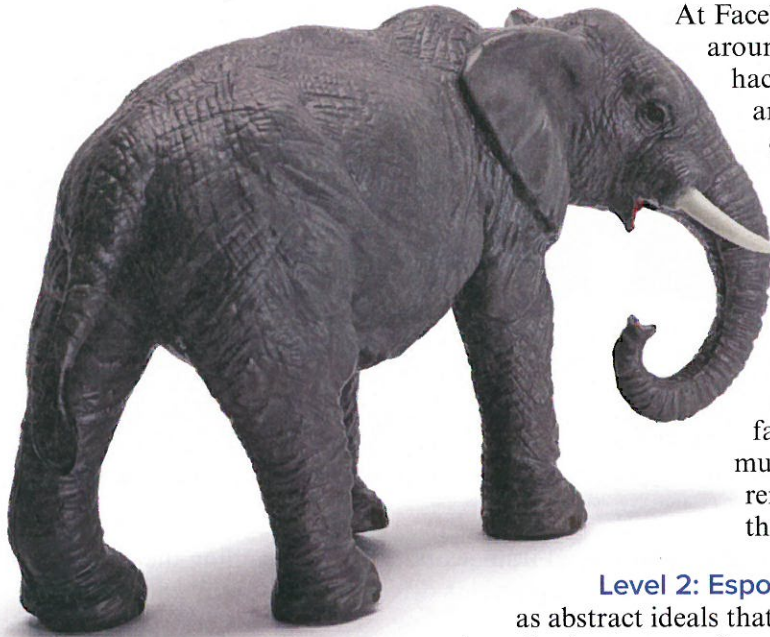
Organizational culture operates on three levels:

1. Observable artifacts
2. Espoused values
3. Basic underlying assumptions

Each level varies in terms of outward visibility and resistance to change, and each level influences another level.

Level 1: Observable Artifacts At the more visible level, culture represents observable artifacts. **Artifacts consist of the physical manifestation of an organization's culture.** Organizational examples include:

- Acronyms
- Manner of dress
- Awards
- Myths and stories told about the organization
- Published lists of values
- Observable rituals and ceremonies
- Special parking spaces
- Decorations



Annabelle the Elephant is an artifact of the corporate culture at Kayak.com, provided as a catalyst to make sure employees do not ignore an important but difficult topic, the so-called elephant in the room. Can you think of other artifacts that might prime people to give honest feedback?

At Facebook, for example, the word “hack” is pasted all around offices. The term “hack” is symbolic of “the hacker way” of pursuing continuous improvement and challenging the status quo.¹⁰ Kayak.com, an online travel company, uses a two-foot-tall stuffed elephant named Annabelle as an artifact. Annabelle sits in a specially designed conference room that is used to have sensitive meetings or discussions. Paul English, cofounder and chief technology officer, created the room and brought in Annabelle because Kayak’s open floor plan does not lend itself to discussing touchy matters. The company feels that this artifact has led to more honest and constructive communications among employees.¹¹ It’s important to remember that artifacts are easier to change than the less visible aspects of organizational culture.

Level 2: Espoused Values Values were defined in Chapter 2 as abstract ideals that guide one’s thinking and behavior across all situations. In the context of organizational culture, it is important to distinguish between values that are espoused versus those that are enacted.

- **Espoused values** represent the explicitly stated values and norms that are preferred by an organization. They are generally established by the founder of a new or small company and by the top management team in a larger organization. Most companies have a short list of espoused values. For example, Procter and Gamble’s list of values includes integrity, leadership, ownership, passion for winning, and trust.¹² In contrast, Google and Zappos have 10 espoused values.

Because espoused values represent aspirations that are explicitly communicated to employees, managers hope that those values will directly influence employee behavior. Unfortunately, aspirations do not automatically produce the desired behaviors because people do not always “walk the talk.”

EXAMPLE Energy company BP, for instance, has long claimed that it values safety, yet the company had a refinery fire in Texas City, Texas, that killed 15 people in 2005. In 2006, a pipeline leak in Alaska lost over 200,000 gallons of crude, and the 2010 Deepwater Horizon spill in the Gulf lost more than 200 million gallons according to the US government.¹³

- **Enacted values** represent the values and norms that actually are exhibited or converted into employee behavior. They represent the values that employees ascribe to an organization based on their observations of what occurs on a daily basis. It is important for managers to reduce gaps between espoused and enacted values because they can significantly influence employee attitudes and organizational performance.

Consider that a survey from the Ethics Resource Center showed that employees were more likely to behave ethically when management behavior set a good ethical example and kept its promises and commitments.¹⁴ This finding was underscored by another study of 129 mergers. Employees were more productive and post-merger performance was higher when employees believed that the post-merger behavior within the newly formed firm was consistent with the espoused values.¹⁵ It pays to walk the talk when it comes to integrating companies after a merger.

EXAMPLE Juniper Networks spent considerable effort to align its espoused values of trust, delivering excellence, pursuing bold aspirations, and making a

meaningful difference with employee behavior. The company started by selecting 200 employees from around the world to come up with a list of behaviors that exemplified each of the values. These behaviors were then infused into the human resource practices of hiring, training, evaluating, and promoting people. The company completely revamped its process of performance appraisal.

- **Old.** Employees felt the old system violated the company's values. Previously the company evaluated all employees and then forced a distribution curve across the entire population.
- **New.** The new system builds on a "conversation day." On such days, "employees and managers discuss areas for improvement and areas for growth, set stretch goals, and align the goals with employees' career aspirations. There is no rating given or a specific measure of improvement." An employee survey revealed that 66 percent of Juniper's employees felt that the new system was helpful or extremely helpful.¹⁶

Level 3: Basic Underlying Assumptions *Basic underlying assumptions constitute organizational values that have become so taken for granted over time that they become assumptions that guide organizational behavior.* They represent deep-seated beliefs that employees have about their company and thus constitute the core of organizational culture. As you might expect, basic underlying assumptions are highly resistant to change. Consider how Unilever CEO Paul Polman reinforces a core belief in sustainability (see Example box).

Sustainability represents "a company's ability to make a profit without sacrificing the resources of its people, the community, and the planet."¹⁷ Sustainability also is referred to as "being green," and Pulitzer Prize-winning political commentator Thomas Friedman believes that "outgreening" other nations can renew America and even defeat al-Qaeda.¹⁸

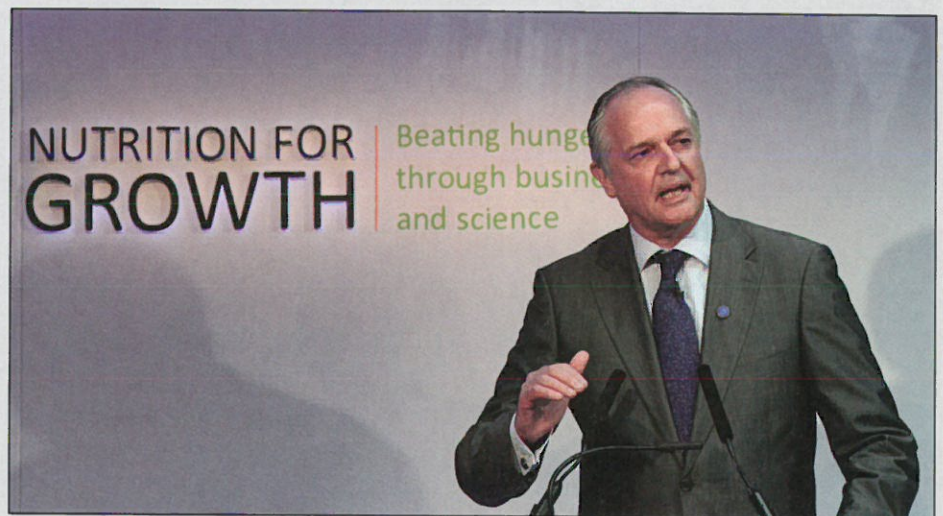
EXAMPLE Unilever Strives to Promote a Sustainability Culture

When Paul Polman took over as CEO of Unilever in 2009, he told Wall Street analysts that the company would no longer provide earnings guidance and quarterly profit statements. This is unheard of! Analysts revolted and the stock price immediately dropped.

WHAT WAS POLMAN TRYING TO ACCOMPLISH?

Polman wanted to instill a deep-seated belief regarding sustainability within all employees at Unilever. He started this effort by creating a "Sustainable Living Plan." The plan contained goals to "double its sales even as it cuts its environmental footprint in half and sources all its agricultural products in ways that don't degrade the earth by 2020." The company also set a goal to improve the well-being of 1 billion people by influencing them to wash their hands and brush their teeth and by selling foods with less salt and fat.

Polman told investors that "if you don't buy into this, I respect you as a human being, but don't put your money in our company." He believes that shareholder return should not override nobler goals. He also said, "Our purpose is to have a sustainable business model that is put at the service of the greater good. It's as simple as that."



Paul Polman, CEO at Unilever.

WHAT ARE THE RESULTS OF UNILEVER'S PUSH FOR A SUSTAINABILITY CULTURE? Polman believes that employees are more engaged and the company is a more desirable place to work. As evidence, Unilever "is one of the five most-searched-for employers, behind Google, Apple, Microsoft, and Facebook." In 2012, sales grew in every region Unilever operates in around the globe, and the company cut costs through its Sustainable Living plan.

Employees at Unilever "say that doing good is in the company's DNA." This is what we call a basic underlying assumption!¹⁹

YOUR THOUGHTS?

1. What do you think was the driving force behind Polman's desire to create a culture of sustainability?
2. Do you agree with Polman about the tangible business benefits of Unilever's cultural values?
3. Whether you agree with Polman or not, was he wise to tell investors not to put money in the Unilever if they did not also buy into the Sustainable Living plan?

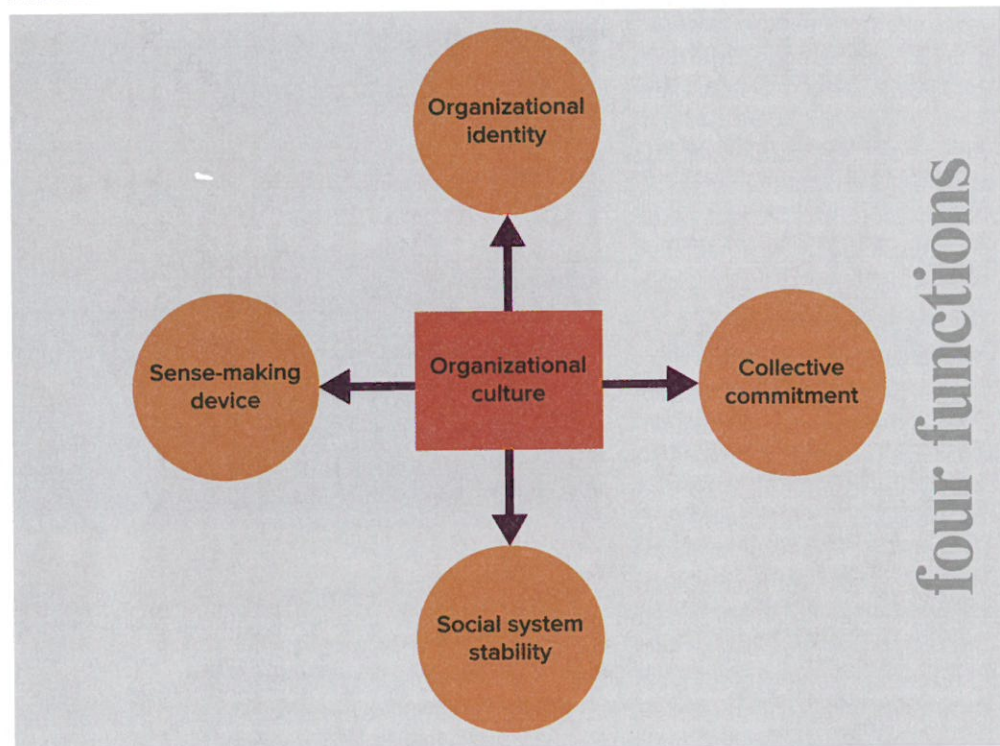
The Four Functions of Organizational Culture

An organization's culture fulfills four important functions (see Figure 14.2):

1. Organizational identity
2. Collective commitment
3. Social system stability
4. Sense-making device

To help bring these four functions to life, let's consider how each of them has taken shape at Southwest Airlines. Southwest is a particularly instructive example

FIGURE 14.2 FOUR FUNCTIONS OF ORGANIZATIONAL CULTURE



SOURCE: Adapted from discussion in L. Smircich, "Concepts of Culture and Organizational Analysis," *Administrative Science Quarterly*, September 1983, 339–358. Copyright © 1983. Reprinted with permission of Sage Publications, Inc.

because it has grown to become the largest carrier in the United States serving more customers domestically than any other airline and has achieved 40 consecutive years of profitability. *Fortune* named Southwest the seventh Most Admired Company in the World, and it was recognized in 2012 by *Chief Executive Magazine* as one of the 40 Best Companies for Leaders based on outstanding company culture and internal professional development.²⁰

Function 1: Culture Provides Employees with an Organizational Identity

Southwest Airlines is known as a fun place to work that values employee satisfaction and customer loyalty over corporate profits. Gary Kelly, Southwest's CEO, highlighted this theme by noting that "our people are our single greatest strength and our most enduring long-term competitive advantage."²¹

The company has a catastrophe fund based on voluntary contributions for distribution to employees who are experiencing serious personal difficulties. Southwest's people-focused identity is reinforced by the fact that it is an employer of choice. Southwest contributed \$228 million into its employee-based profit-sharing program in 2013. The company also was rated as providing outstanding opportunities for women and Hispanics by *Professional Women* magazine and *Hispanic* magazine, respectively, and *National Conference on Citizenship* ranked Southwest as one of The Civic 50 for use of time, talent, and resources in civic engagement.

Function 2: Culture Facilitates Collective Commitment

The mission of Southwest Airlines "is dedicated to the highest quality of Customer Service delivered with a sense of warmth, friendliness, individual pride, and Company Spirit."²² Southwest's



This photo demonstrates Southwest's culture. You see employees having fun in an airport terminal, which can be a frustrating experience for passengers. Do you think these employees can lighten the spirit of the travelers in the background?

nearly 46,000 employees are committed to this mission. As evidence, Southwest was rated number one in Customer Service by the 2013 Airline Quality Ratings and JD Power named them 2012 Customer Service Champion for performance in People, Presentation, Price, Process, and Product.

Function 3: Culture Promotes Social System Stability Social system stability reflects the extent to which the work environment is perceived as positive and reinforcing, and the extent to which conflict and change are effectively managed. Southwest is noted for its philosophy of having fun, having parties, and celebrating. For example, each city in which the firm operates is given a budget for parties. Southwest also uses a variety of performance-based awards and service awards to reinforce employees. The company's positive and enriching environment is supported by the lowest turnover rates in the airline industry and the employment of 1,355 married couples. In 2013 Southwest was recognized with the Employee Choice Awards Best Place to Work, by *Glassdoor.com*.

Function 4: Culture Shapes Behaviors by Helping Members Make Sense of Their Surroundings This function of culture helps employees understand why the organization does what it does and how it intends to accomplish its long-term goals. Keeping in mind that Southwest's leadership originally viewed ground transportation as their main competitor in 1971, employees come to understand why the airline's primary vision is to be the best primarily short-haul, low-fare, high-frequency, point-to-point carrier in the United States. Employees understand they must achieve exceptional performance, such as turning a plane around in 20 minutes, because they must keep costs down in order to compete against Greyhound and the use of automobiles. In turn, the company reinforces the importance of outstanding customer service and high-performance expectations by using performance-based awards and profit sharing. Employees own about 13 percent of the company stock.²³

TAKE-AWAY APPLICATION—TAAP

Assessing the Levels of Culture at My Current Employer

Answer the following questions by considering your current or a past employer. (If you do not have experience yet as an employee, substitute your current school/university or a company you are researching as an employer of choice.)

1. What artifacts can you see at work? What do these artifacts tell you about your employer?
2. What are the company's espoused values? Do you think management's enacted behaviors are consistent with the espoused values?
3. Identify three key beliefs you have about your employer: You may want to ask a colleague the same question. Are these beliefs consistent with the meaning of the artifacts you described in question 1?
4. How does your employer's culture compare to that of Southwest?

THE IMPACT OF ORGANIZATIONAL CULTURE TYPES ON OUTCOMES

major question

MAJOR QUESTION

To what extent are the different types of organizational culture related to important outcomes?

THE BIGGER PICTURE

Do you think that companies rated on *Fortune's* List of 100 Best Places to Work have unique cultures? How do we know what type of culture exists at these companies or your current employer? You will learn about the four types of culture that are defined by the competing values framework. You also will discover the extent to which these four culture types are related to important outcomes.

To address the above Major Question, we need to provide a taxonomy of culture types. You can imagine that it is hard to get agreement on a common set of organizational culture types given culture's complexity. While consultants tend to invent their own proprietary assessments, academics have proposed and scientifically tested three different frameworks. This section discusses the *competing values framework* because it is the most widely used approach for classifying organizational culture. It also was named as one of the 40 most important frameworks in the study of organizations and has been shown to be a valid approach for classifying organizational culture.²⁴ We then discuss relationships among culture types and outcomes.

Identifying Culture Types with the Competing Values Framework

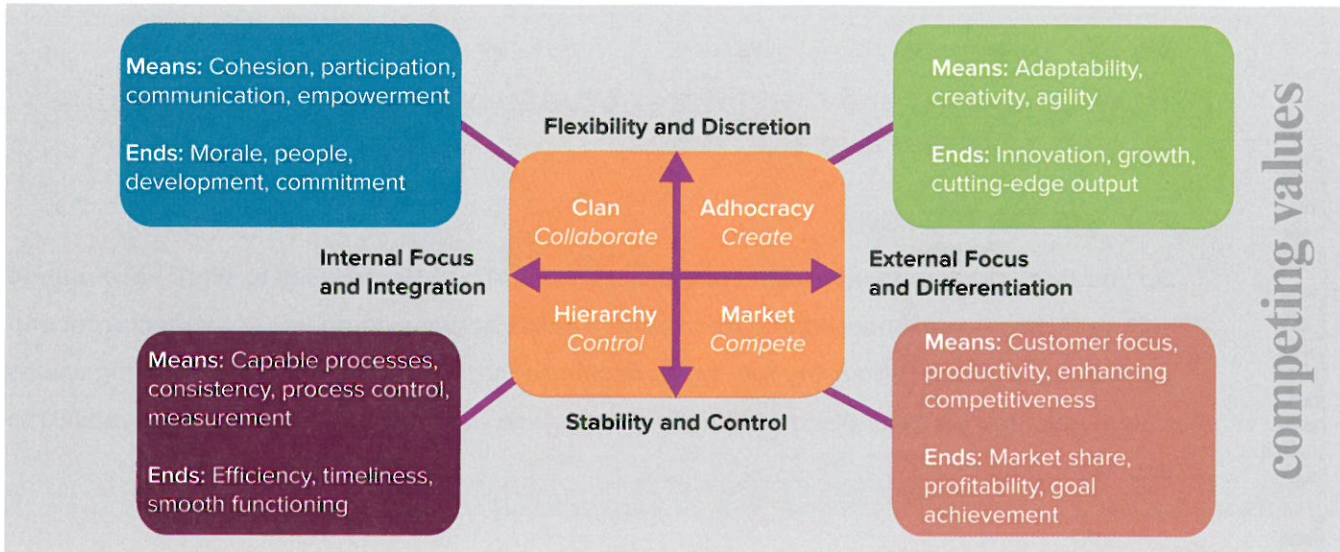
The **competing values framework (CVF)** provides a practical way for managers to understand, measure, and change organizational culture. It identifies four fundamental types of organizational culture as shown in Figure 14.3.²⁵

The CVF was originally developed by a team of researchers who were trying to classify different ways to assess organizational effectiveness. This research showed that measures of organizational effectiveness varied along two fundamental dimensions or axes. One axis pertained to whether an organization focuses its attention and efforts on internal dynamics and employees or outward toward its external environment and its customers and shareholders. The second was concerned with an organization's preference for flexibility and discretion or control and stability. Combining these two axes creates four types of organizational culture that are based on different core values and different sets of criteria for assessing organizational effectiveness.

Figure 14.3 shows the strategic thrust associated with each cultural type along with the means used to accomplish this thrust and the resulting ends or goals pursued by each cultural type. Before beginning our exploration of the CVF, it is important to note that organizations can possess characteristics associated with each culture type. That said, however, organizations tend to have one type of culture that is more dominant than the others. Let us begin our discussion of culture types by starting in the upper-left-hand quadrant of the CVF.

FIGURE 14.3 THE COMPETING VALUES FRAMEWORK

Culture varies along two continua of competing values: flexibility and discretion vs. stability and control, and internal focus and integration vs. external focus and differentiation. This leads to four categories of organizations, each with its own unique thrust.



SOURCE: Adapted from K. S. Cameron, R. E. Quinn, J. Degraff, and A. V. Thakor, *Competing Values Leadership* (Northampton, MA: Edward Elgar, 2006), 32.

Clan Culture Companies with a **clan culture** have an **internal focus and value flexibility rather than stability and control**. These resemble a family-type organization in which effectiveness is achieved by encouraging collaboration, trust, and support among employees. This type of culture is very “employee-focused” and strives to instill cohesion through consensus and job satisfaction and commitment through employee involvement. Clan organizations devote considerable resources to hiring and developing their employees, and they view customers as partners. Collaborating is the strategic thrust of this culture.

EXAMPLE Google is the number 1 company to work for in 2014.²⁶ Larry Page, Google’s co-founder and CEO, describes the culture as a “family” environment. He said, “my job in the company is to make sure everybody in the company has great opportunities, and that they feel they’re having a meaningful impact and are contributing to the good of society. . . . It’s important that the company be a family, that people feel that they’re part of the company, and that the company is like a family to them. When you treat people that way, you get better productivity.”²⁷ Google also holds weekly all-hands (“TGIF”) meetings so that employees can ask Larry, Sergey Brin—a Google co-founder—and other executives questions about anything involving the company. This practice enhances employee communication and morale, two aspects of a clan culture.

EXAMPLE Edward Jones, the privately held financial services firm, was ranked as the 4th best company to work for in 2014. Edward Jones has over 11,000 small offices and 7 million clients worldwide. The company maintains a close-knit culture by using a variety of celebratory events. Its 8% turnover rate is one of the lowest in the industry and more than 33% of its financial advisors are more than 50 years old.²⁸

Adhocracy Culture Companies with an **adhocracy culture** have an **external focus and value flexibility**. Creation of new products and services is the strategic thrust of this culture, which is accomplished by being adaptable, creative, and fast to respond to changes in the marketplace. Adhocracy cultures do not rely on the type



Edward Jones launched a program that provides tablet PCs to its financial advisors. As shown, advisors take tablets on the road as they make personal visits to existing and potential clients. The goal is to reduce the amount of time advisors spend on administrative tasks, leaving them more time to build strong relationships with clients.

of centralized power and authority relationships that are part of market and hierarchical cultures. They empower and encourage employees to take risks, think outside the box, and experiment with new ways of getting things done.

A recent article in *The Wall Street Journal* noted that adhocracy-type cultures are decreasing in the United States as many companies are becoming risk averse. The downside of this trend is that “reasonable” risk taking is needed to create new businesses, products, and ultimately jobs. On the positive side, however, pockets of risk taking are taking place in different industries such as technology and energy and different regions like the coastal cities of San Francisco and Boston and college towns like Boulder, Colorado, and Austin, Texas.²⁹

EXAMPLE Biopharmaceutical firm AstraZeneca “is experimenting with new ways to organize research to improve productivity. Scientists now are responsible for candidate drugs until they begin the final human trials, ending a culture of handing off early-stage products to other researchers as if on an assembly line.”³⁰

EXAMPLE The Tata group, a multinational conglomerate headquartered in Mumbai, India, has 100 operating companies in more than 80 countries. Tata takes innovation so seriously that it developed an “Innometer.” The conglomerate measures creative goals and accomplishments vs. domestic or global benchmarks while instilling a sense of urgency among employees.³¹

Market Culture Companies with a **market culture** have a strong external focus and value stability and control. Competition is the strategic thrust of these organizations. They have a strong desire to deliver results and accomplish goals. Because this type of culture is focused on the external environment, customers and profits take precedence over employee development and satisfaction. The major goal of managers is to drive toward productivity, profits, and customer satisfaction.

EXAMPLE Grupo Bimbo is the world’s largest bakery company. Bimbo managers operate in a low-margin business and thus focus heavily on execution. “Profits



Imagine having to deliver over 10,000 products across 22 countries. Do you think this takes a lot of planning and detailed execution? Bimbo's market-based culture contributes to this effort.

depend heavily on getting the right amount of highly perishable products to stores at the right moment and at a reasonable cost. . . . For instance, it uses tricycle delivery bikes in urban areas of China where streets are too narrow for trucks, a practice it first implemented in Latin America.³² The company operates 171 plants and delivers over 10,000 products across 22 countries.

EXAMPLE Canada's Bombardier is the largest train manufacturer in the world. Bombardier's culture focuses on the importance of setting and achieving goals. CEO Pierre Beaudoin said, "Connecting goals to each person's day-to-day work is important. . . . What I like most, though, is that we now have an organization that wants to get better. And that's the key. We always talk about why we're not there yet; we're on a journey—how close are we to those world-class metrics. We used to make

excuses for why our performance was good enough. Today we say, 'what will it take to get to world class?'" Can you see the cultural focus on productivity, goal achievement, and competitiveness?³³

Hierarchy Culture Control is the strategic thrust within a hierarchy culture. The **hierarchy culture** has an internal focus, which produces a more formalized and structured work environment, and values stability and control over flexibility. This orientation leads to the development of reliable internal processes, extensive measurement, and the implementation of a variety of control mechanisms. Effectiveness in a company with this type of culture is likely to be assessed with measures of efficiency, timeliness, quality, safety, and reliability of producing and delivering products and services.³⁴ Hierarchical cultures have been found to have both negative and positive effects.

EXAMPLE Consider the positive example of Mumbai's *dabbawalas*, individuals who deliver prepared meals to customers' homes or offices and then return empty *dabbas*—metal lunch boxes—later in the day. To do their jobs effectively, *dabbawalas* rely on a hierarchical culture (see the Problem-Solving Application).

EXAMPLE Consider the negative impact at General Motors. Mary Barra, GM's former product officer and current CEO, has been "attacking GM's bureaucracy, slashing the number of required HR reports by 90 percent and shrinking the company's employee policy manual by 80 percent. But loosening the dress code drew a flood of calls and e-mails from employees asking if they could, in fact, wear jeans." The answer was yes. "Barra saw the dress code, along with other changes, as an opportunity to have a conversation about responsibility. 'There was a culture in the past where the rule was the rule and when you weren't empowered to make the decision you could all just complain about the rule. Well, now we were really empowering virtually every single person,' Barra says." One of her major goals is to reduce the complexity associated with producing cars.³⁵ This means that she wants more flexibility, which is a component of either a clan or adhocracy culture. Barra was promoted to the CEO position at GM in January 2014.

solving application

problem

The Dabbawalas Rely on a Hierarchical Culture to Effectively Deliver Food

Over 5,000 dabbawalas in Mumbai deliver more than 130,000 lunchboxes every day. The need for this service grew from the strong cultural reliance by the working population on a hot meal for lunch. The dabbawalas pick up the prepared lunchboxes in late morning and return the empty containers after lunch. Vendors also use the delivery service for getting their commercial hot lunches to customers. Workers are willing to pay for the service and the illiterate dabbawalas are so skilled in execution that the service remains affordable for many workers.

Each dabbawala belongs to a group, and the groups manage themselves “with respect to hiring, logistics, customer acquisition and retention, and conflict resolution.” Within each group individuals have a very clear hierarchical role to play. Despite a high degree of self-management, the independent groups must collaborate and coordinate to deliver lunch within the fourth-largest city in the world. Mistakes are rare even though these employees complete over 260,000 transactions during a day, and they do it six days a week, 52 weeks a year.

How Does a Hierarchical Culture Help? First off, the dabbawalas

don't use any IT system or cell phones. These workers have integrated organization, management, process, and culture to achieve their goals. It all begins with using the Mumbai Suburban Railway. A workday starts with a worker picking up a dabba from a customer—customers prepare their own lunch and dabbawalas pick them up and transport them. The dabba is then taken to “the nearest train station, where it is sorted and put onto a wooden crate according to its destination. It is then taken by train to the station closest to its destination. There it is sorted again and assigned to another worker, who delivers it to the right office before lunchtime.” The process reverses in the afternoon when the dabbas are picked up and returned to the customer's home.

The railway system's schedule effectively sets the timing of what needs to be done. For example, “workers have 40 seconds to load the crates of dabbas onto a train at major stations and just 20 seconds at interim stops.” This requires the workers to determine the most efficient way to get these key tasks completed.

Workers also build some slack into the system. Each group has 2 or 3 extra workers who help out

wherever they are needed. This works because employees are cross-trained in the major tasks of collecting, sorting, transporting, and customer relations.

How Do the Independent Workers Communicate?

The dabbawalas use a very basic system of symbols to communicate. Three key markings are included on the lid of a dabba. The first indicates where the dabba must be delivered. The second is a series of characters: a number is used to indicate which employee is making the delivery, “an alphabetical code (two or three letters) for the office building, and a number indicating the floor. The third—a combination of color and shape, and in some instances, a motif—indicates the station of origin.” Customers also provide their own unique small bags for carrying dabbas, which helps workers remember who gets which dabba.

Does It Work? Yes. Not only does this work system result in the reliable distribution of lunches, but the dabbawalas tend to stay in the same work group their entire working lives. Employees genuinely care about each other.³⁶

YOUR CALL

Stop 1: What is the major problem dabbawalas want to avoid?

Stop 2: What OB concepts help explain why the dabbawalas are effective?

Stop 3: Would you recommend a similar system for a comparable firm in the United States? Explain.

Cultural Types Represent Competing Values It is important to note that certain cultural types reflect opposing core values. These contradicting cultures are found along the two diagonals in Figure 14.3. For example, the clan culture—upper-left quadrant—is represented by values that emphasize an internal focus and flexibility, whereas the market culture—bottom-right quadrant—has an external focus and concern for stability and control. You can see the same conflict between an adhocracy culture that values flexibility and an external focus and a hierarchy culture that endorses stability and control along with an internal focus. Why are these contradictions important?

They are important because an organization's success may depend on its ability to possess core values that are associated with competing cultural types. While this is difficult to pull off, it can be done. 3M is a good example.

EXAMPLE 3M is a global innovation company that is structured around five business groups. 3M tried to merge competing cultural characteristics from an adhocracy with those from a hierarchy. Reflecting an adhocracy culture, 3M released 1,000 new products in 2009, and it awards annual Genesis Grants, “worth as much as \$100,000, to company scientists for research. The money is allocated by their peers and is spent on projects for which ‘no sensible, conventional person in the company would give money,’” says Chris Holmes, a 3M division vice president. The company has a goal to generate 30 percent of its revenue from products developed in the last five years. In contrast, 3M pursued a hierarchical culture by implementing quality management techniques to reduce waste and defects and increase efficiency. Although 3M achieved better efficiency and earnings in the short run, new product revenue decreased and scientists complained that the quality initiatives were choking off innovation. One engineer quipped that “it’s really tough to schedule invention.” 3M’s CEO, George Buckley, was made aware of these cultural conflicts and decided to reduce the conflict within company labs by decreasing hierarchical policies/procedures while simultaneously increasing those related to adhocracy. The company continues to emphasize quality and reliability in its factories. To date, results indicate a successful transition as the company achieved both its efficiency and new product revenue goals in 2010.³⁷

Are you curious about the type of culture that exists in a current or past employer? Do you wonder if you possess person–organization fit? The following Self-Assessment allows you to consider these questions.

connect

SELF-ASSESSMENT 14.1 What Is the Organizational Culture at My Current Employer?

Go to connect.mheducation.com and complete Self-Assessment 14.1. Then answer the following questions.

1. How would you describe the organizational culture?
2. Do you think that this type of culture is best suited to help the company achieve its strategic goals? Explain.

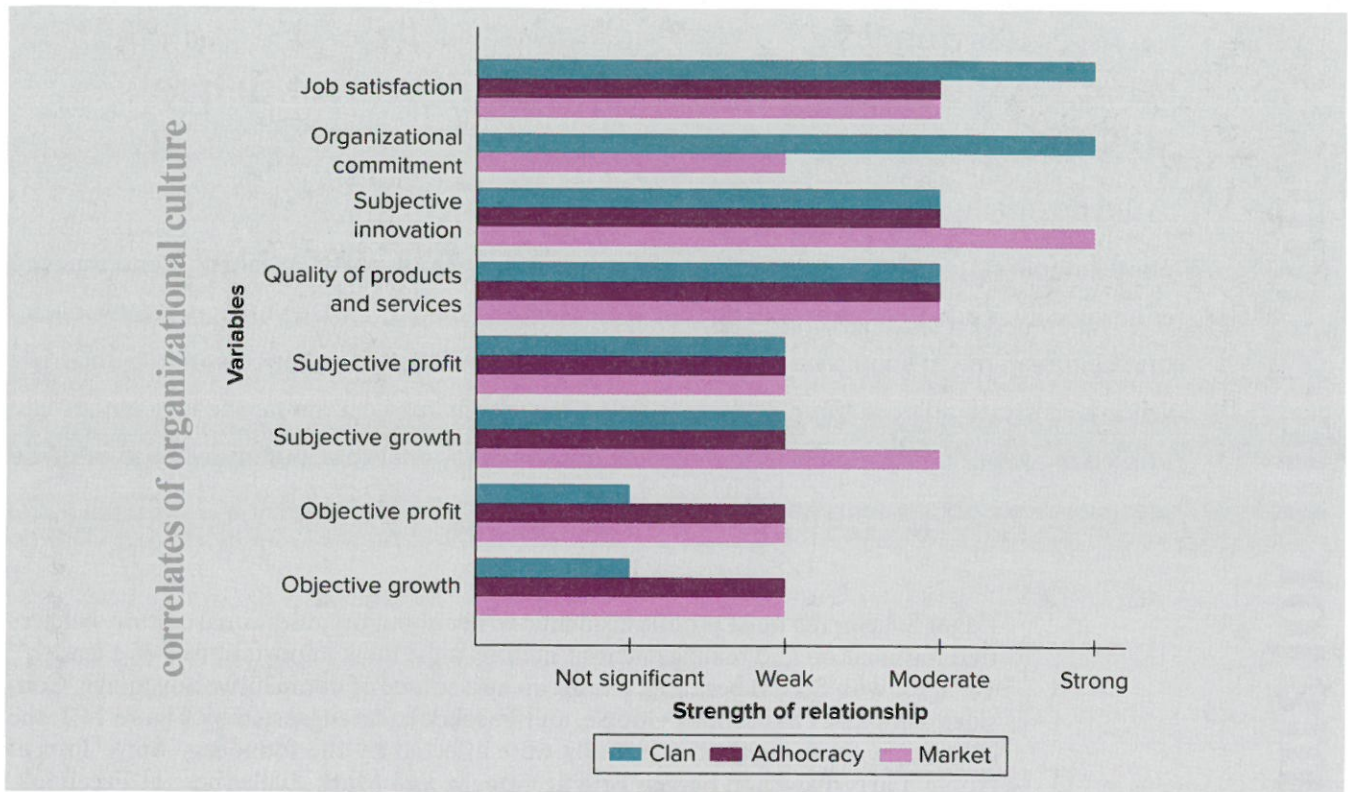
Outcomes Associated with Organizational Culture

Both managers and academic researchers believe that organizational culture can drive employee attitudes, performance, and organizational effectiveness, thereby leading to competitive advantage. To test this possibility, various measures of organizational culture have been correlated with a variety of individual and organizational outcomes. So what have we learned? A meta-analysis involving over 1,100 companies uncovered the results shown in Figure 14.4.³⁸

Figure 14.4 illustrates the strength of relationships among eight different organizational outcomes and the culture types of clan, adhocracy, and market: Hierarchy

FIGURE 14.4 CORRELATES OF ORGANIZATIONAL CULTURE

Note: The category of organizational commitment was associated with only clan and market structures, and not adhocracy, and therefore shows only two bars.



SOURCE: Data supplied from C. A. Hartnell, A. Y. Ou, and A. J. Kinicki, "Organizational Culture and Organizational Effectiveness: A Meta-Analytic Investigation of the Competing Values Framework's Theoretical Suppositions," *Journal of Applied Psychology*, July 2011, 677–694.

was not included due to a lack of research on this type. Results reveal that the eight types of organizational outcomes had significant and positive relationships with clan, adhocracy, and market cultures. The majority of these relationships were of moderate strength, indicating that they are important to today's managers. Closer examination of Figure 14.4 leads to the following five conclusions:

Five Lessons

1. **Organizational culture is related to measures of organizational effectiveness.** This means that an organization's culture can be a source of competitive advantage.
2. **Employees are more satisfied and committed to organizations with clan cultures.** These results suggest that employees prefer to work in organizations that value flexibility over stability and control and those that are more concerned with satisfying employees' needs than customer or shareholder desires.
3. **Innovation and quality can be increased by building characteristics associated with clan, adhocracy, and market cultures into the organization.** Managers may want to use a combination of all three types of culture to produce these outcomes.
4. **An organization's financial performance (growth in profit and growth in revenue) is not strongly related to organizational culture.** Managers should not expect to increase financial performance immediately by trying to change their organization's culture. (This is not an argument against all cultural change. Some changes in culture can improve competitive advantage, which then results in financial benefits, as we will see.)
5. **Companies with market cultures tend to have more positive organizational outcomes.** Managers are encouraged to consider how they might make their cultures more market oriented.

MAJOR QUESTION

What are the mechanisms I can use to implement culture change?

THE BIGGER PICTURE

Some people suggest that culture change takes years. Do you agree? Others contend that the culture evolves and that managers should not attempt to manage it. Do you agree? We believe that culture can and should be nurtured and developed so that it is aligned with a company's vision and strategic plan. You will learn about 12 mechanisms you can use to implement culture change. Our discussion is in the context of the managerial role, but knowledge of these techniques helps you at any level in the organization.

major question

Edgar Schein, the most prolific academic writer about organizational culture, believes that the creation and management of culture is the most important role of a leader.³⁹ We agree with Schein because culture can be a source of competitive advantage. Consider companies like Apple, Google, and Facebook. As suggested by Figure 14.1, the cultures at these companies initially were affected by the founders—Steve Jobs at Apple, Larry Page and Sergey Brin at Google, and Mark Zuckerberg at Facebook. Over time, these founders embedded or reinforced their desired cultures by adopting

specific types of organizational structure and implementing a host of human resource practices, policies, and procedures. Although it is not an easy task to change an organization's culture, this section provides an overview of how to create cultural change.

Before describing the specific ways in which managers can change organizational culture, let's review four truths about culture change.

1. **Leaders are the architects and developers of organizational culture.** This suggests that culture is not determined by fate. It is formed and shaped by the ongoing behavior of everyone who works at a company. Herb Kelleher, former CEO of Southwest Airlines, noted that culture change is not formulaic. "It's not a job that you do for six months and then you just say, 'Well that's behind us.' It's something you do every day."⁴⁰
2. **Changing culture starts with targeting one of the three levels of organizational culture—observable artifacts, espoused values, and basic underlying assumptions.**



Sergey Brin (on the left) and Larry Page started Google in 1998. They met as Ph.D. students at Stanford. Today, Sergey directs special projects and Larry is the CEO. The company runs more than 1 million servers and processes over 1 billion searches per day.

The fastest way to start a culture change project is through the use of observable artifacts. For example, if you wanted to foster a market culture, you could post graphs of performance metrics around the office. These charts would reinforce the importance of high performance. That said, culture will not change in a significant way unless managers are able to change basic underlying assumptions.⁴¹ It takes time to change this deep-seated aspect of culture.

3. **Consider how closely the current culture aligns with the organization's vision and strategic plan.** Remember the quote “culture eats strategy for breakfast” whenever you pursue culture change. It is essential that an organization's culture is consistent with its vision and strategic goals. **A *vision* represents a long-term goal that describes “what” an organization wants to become. A *strategic plan* outlines an organization's long-term goals and the actions necessary to achieve those goals.**

EXAMPLE Walt Disney's original *vision* for Disneyland included the following components: Disneyland will be something of a fair, an exhibition, a playground, a community center, a museum of living facts, and a showplace of beauty and magic. It will be filled with the accomplishments, the joys and hopes of the world we live in. And it will remind and show us how to make those wonders part of our lives.⁴²

Failing to align vision, strategic goals, and organizational goals will likely result in “culture eating strategy for breakfast.”

4. **Use a structured approach when implementing culture change.** Chapter 16 can help you in this regard as it presents several models that provide specific steps to follow when implementing any type of organizational change. Our experience as consultants tells us that culture change is frequently met with resistance. This happens because people become accustomed to the culture and they prefer to leave things as they are. Chapter 16 outlines several techniques you can use to overcome such resistance.

Let's now consider the specific methods or techniques that managers can use to change an organization's culture.

Twelve Mechanisms for Creating Culture Change

Schein notes that changing organizational culture involves a teaching process. That is, organizational members teach each other about the organization's preferred values, beliefs, norms, expectations, and behaviors. He further articulates specific mechanisms for changing organizational culture, and from his writing we identify 12 of the most potent, summarized in Table 14.1.⁴³

1. Formal Statements This method for embedding culture relies on using formal statements of organizational philosophy, mission, vision, values, and materials used for recruiting, selection, and socialization: They represent observable artifacts.

EXAMPLE Sam Walton, the founder of Walmart, established three basic beliefs or values that represent the core of the organization's culture. They are (a) respect for the individual, (b) service to our customer, and (c) striving for excellence.

EXAMPLE Nucor Corporation attempts to emphasize the value it places on its people by including every employee's name on the cover of the annual report. This practice also reinforces the clan type of culture the company wants to encourage.⁴⁴

2. The Design of Physical Space, Work Environments, and Buildings Physical spacing among people and buildings and the location of office furniture are different ways to send messages about culture. For example, an open office environment is more appropriate for an organization that wants to foster collaboration.

TABLE 14.1 TWELVE MECHANISMS FOR CHANGING ORGANIZATIONAL CULTURE

MECHANISM	LEVEL		
	OBSERVABLE ARTIFACT	ESPOUSED VALUE	BASIC ASSUMPTION
1. Formal statements	X	X	
2. Design of physical space, work environments, and buildings	X		X
3. Slogans, language, acronyms, and sayings	X	X	
4. Deliberate role modeling, training programs, teaching, and coaching by others	X	X	X
5. Explicit rewards, status symbols, and promotion criteria	X	X	X
6. Stories, legends, or myths about key people and events	X	X	X
7. Organizational activities, processes, or outcomes		X	X
8. Leader reactions to critical incidents and organizational crises			X
9. Rites and rituals	X	X	X
10. The workflow and organizational structure	X		X
11. Organizational systems and procedures	X	X	X
12. Organizational goals and criteria throughout employee cycle (hire to retire)	X	X	X

EXAMPLE Novartis AG in Basel, Switzerland, did it by using “common workspaces, sofas, soft lighting and cappuccino machines to encourage people to talk, share ideas and build relationships.” They also invested in laptops for employees so that they would not be tied down to cubicles.⁴⁵

3. Slogans, Language, Acronyms, and Sayings These elements of corporate culture often have a profound effect on the organization over time because they are easy to remember and repeat.

EXAMPLE Aetna was losing money and customers in the 2000s, and culture was partly the cause. The company had a dysfunctional reverence for its 150-year history. “Once openly known among workers as ‘Mother Aetna,’ the culture encouraged employees to be steadfast to the point that they’d become risk-averse, tolerant of mediocrity, and suspicious of outsiders. The prevailing executive mind-set was ‘We take care of our people for life, as long as they show up every day and don’t cause trouble.’”⁴⁶ Obviously, the “Mother Aetna” tag was not good for the company.

4. Deliberate Role Modeling, Training Programs, Teaching, and Coaching by Others Many companies structure training to provide an in-depth introduction about their organizational values’ basic underlying assumptions.

EXAMPLE EMC Corporation, a global information technology company with over 60,000 employees, devotes much effort and resources to embed cultural characteristics associated with clan, market, and hierarchy cultures. All new employees begin by completing an online program called “FastStart” that informs them about the company’s history, vision, values, and expectations. In turn,

specific hiring departments use job-specific orientations. For example, “sales education conducts a five-day, intensive case study–driven program culminating in sales presentations, and our Global Services organization delivers a two-week orientation to introduce organizational goals, measurements, contributions, and roles.”⁴⁷

5. Explicit Rewards, Status Symbols, and Promotion Criteria This mechanism has a strong impact on employees due to its highly visible and meaningful nature. Reward systems are one of the strongest ways to embed organizational culture. It is important to remember what you learned about motivation in Chapter 5 when attempting to change culture via rewards. It is essential to consider the various forms of justice.

EXAMPLE At Triage Consulting Group, employees at the same level of their career earn the same pay, but employees are eligible for merit bonuses, reinforcing a culture of achievement—market culture. The merit bonuses are partly based on coworkers’ votes for who contributed most to the company’s success—clan culture. The employees who receive the most votes are recognized each year at the company’s “State of Triage” meeting—market culture.⁴⁸

6. Stories, Legends, or Myths About Key People and Events Storytelling is a powerful way to send messages to others about the values and behaviors that are desired by the organization.

EXAMPLE Jeff Bezos, Amazon’s CEO, told an interviewer from the *Harvard Business Review* that “there are stories we tell ourselves internally about persistence and patience, long-term thinking, staying focused on the customer.”⁴⁹ This would reinforce a market culture.



Stories of heroism frequently follow plane crashes. While these individuals are not pulling people from a burning plane, they are heroes in the sense of determining the cause of the crash. Such information helps airlines and the aviation industry to design safer planes, which benefits all of us.

EXAMPLE At the Olive Garden, “leaders share with staff members letters from customers describing how they chose to celebrate meaningful events at the company’s restaurants.” The company believes that sharing these stories “is a powerful reminder of the value of continued quality improvements and innovation,” which promotes beliefs and behaviors associated with hierarchy and adhocracy cultures.⁵⁰

EXAMPLE Allianz Life Insurance encourages employees to share stories about their work experiences with coworkers. “Favorite” stories are then considered for a reward of up to \$500.⁵¹ Such stories might be used to support any of the four cultural types.

7. Organizational Activities, Processes, or Outcomes Leaders pay special attention to those activities, processes, and outcomes that they can measure and control. This in turn sends strong messages to employees about acceptable norms and behavior.

EXAMPLE When Ron Sargent took over as chief executive of Staples, he wanted to increase the focus on customer service. He started by investigating what values the office supply retailer’s employees already held, and they told him they cared about helping others. Sargent used that value as the basis for developing their skill in serving customers. Staples began teaching employees more about the products they sell and now offers bonuses for team performance. Sargent also pays frequent visits to stores so he can talk directly to employees about what customers like and dislike.⁵² Sargent’s actions would clearly promote an adhocracy and market-based culture.

8. Leader Reactions to Critical Incidents and Organizational Crises Neuroscience research shows that people learn and pay attention to the emotions exhibited by leaders. Positive emotions spread, but negative emotions travel faster and farther.⁵³

EXAMPLE BP’s new CEO after the Gulf oil spill—Bob Dudley—responded quickly to criticism that the company valued profit and efficiency more than safety—a focus on a market rather than hierarchy culture. In order to foster more of a hierarchical culture, he sent a memo to all employees indicating “that safety would be the sole criterion for rewarding employee performance in its operating business for the fourth quarter.”⁵⁴ These types of rewards will need to be offered long term if the company truly wants to change employees’ basic underlying assumptions regarding safety.

9. Rites and Rituals The power of this dimension of organizational culture is seen again and again. **Rites and rituals represent the planned and unplanned activities and ceremonies that are used to celebrate important events or achievements.**

EXAMPLE Employees at Boston advertising agency Arnold Worldwide like to meet at a beer vending machine in the office, nicknamed Arnie, after completing the day’s meetings with clients. “As they sip bottles of home-brewed beer, employees exchange ideas and chitchat, often sticking around the office instead of heading to a nearby bar.” While this ritual can surely facilitate clan, adhocracy, and market cultures, organizations need to be careful about encouraging drinking at work. Employment lawyers caution that drinking at work “can lead to driving intoxicated, assault, sexual harassment or rape. Plus, it may make some employees uncomfortable while excluding others, such as those who don’t drink for health or religious reasons.”⁵⁵

Financial and human resources staffing firm Salo LLC, located in Minneapolis, uses a “safer” set of rites and rituals to reinforce a clan and market-based culture (see Example box).

EXAMPLE Salo LLC Uses Rites and Rituals to Embed a Clan and Market Culture

When customer requests come in to a particular office, “they are posted on a wall-sized whiteboard, and can only be recorded, altered or erased by the salesperson who landed the client.”

A WHITEBOARD AND GONG ARE USED AS KEY ARTIFACTS The whiteboards are visible to everyone and they have become “a center hub of activity,” according to Adam Sprecher, a managing director at the firm. When a new client name goes up on the board, Sprecher says, “there’s a little anxiety of ‘OK, here we go! Now it’s time to perform.’ It’s an adrenaline rush.”

Colored pens are used to indicate the status of a project. Initial clients are listed in black, and then updated in “blue or orange as candidates are added or eliminated. A red check mark means it is time to start thinking about new ideas.”

Another artifact, a big brass gong, is used to reinforce a market orientation. When a deal is completed, the salesperson rings the gong. “People get up and cheer and clap.” Other teams in the company replace the gong with chest bumps or victory dances.

RITUALS ALSO USED TO AVOID JINXING A DEAL Salo employees have developed rituals aimed at increasing sales. Managing director Gwen Martin said, “When we are about to lock a deal down, it’s bad luck to high-five each other, because you might jinx it.” But some acknowledgment seemed appropriate. “So you do a ‘pinkie-five’ instead.”⁵⁶

YOUR THOUGHTS?

1. How are clan and market cultures being reinforced by Salo?
2. How comfortable would you be working at a company like Salo that so overtly organizes culture around rites, rituals, and even the need to avoid jinxes?
3. Which industries are the best fit for Salo’s cultural approach, and why?

10. The Workflow and Organizational Structure Hierarchical structures are more likely to embed an orientation toward control and authority than a flatter organization. This partly explains why leaders from many organizations are increasingly reducing the number of organizational layers in an attempt to empower employees and increase employee involvement.

EXAMPLE Novartis AG changed its organizational structure to foster the creativity and productivity associated with adhocracy and market cultures. “Leaders are seeing results from cross-functional product development teams. Job rotation and cross-training are also successful. Creating informal networking opportunities sounds trivial, but the evidence is strong that relationships heavily impact productivity and creativity.”⁵⁷

In contrast, both pharmaceutical maker Pfizer Inc. and water technology system provider Xylem Inc. added organizational layers—more hierarchy—in order to comply with the Foreign Corrupt Practices Act and to keep accurate records. The law prohibits US-based companies from bribing foreign officials in exchange for business.⁵⁸

EXAMPLE Pfizer consolidated its compliance systems by combining “separate departments around the world into one office, based in New York, which reports to the company’s chief executive.”

EXAMPLE Xylem created a global anticorruption program. “It placed ‘oversight committees’ in each of the company’s three divisions to help implement the program. The groups report to a broader oversight committee at the company’s headquarters in White Plains, N.Y.”⁵⁹

11. Organizational Systems and Procedures Companies are increasingly using electronic networks as a tool to promote different types of cultures. Disney, for

example, has invested over \$1 billion in big data technology in order to determine the best way to provide customer service, a characteristic of market cultures.⁶⁰

EXAMPLE Employees of Canada-based International Fitness Holdings, a health club group, use a Facebook-like application to “recognize peers by posting messages to a public ‘team wall’ as well as through private e-mails. . . . Each employee receives an annual bank of 300 Kudos points to award to coworkers. Once awarded, these points may be traded for prizes such as paid time off, gas cards or restaurant gift certificates.” Employees can allocate points in 5-to-50-point increments depending on the importance of the behavior.⁶¹ What type of culture would this system promote?

EXAMPLE In San Francisco, Hearsay Social Inc., a social-media software company, uses online technology to collect peer performance feedback, which can promote any of the four culture types in the CVF. The feedback in turn is used to determine employees’ performance evaluation. Managers feel that the performance evaluations are more accurate because they are based on input from multiple people.⁶²

EXAMPLE LifeSize Communications, a video conferencing company in Austin, Texas, uses an internal online network to promote collaboration (clan) and increased sales (market). A salesperson recently used the system to close a deal. The person wanted “advice about how to sell a product against a competitor.” To get ideas, the salesperson logged onto the network “to access content posted by a LifeSize partner in South Africa. It describes an approach he used to win business against that competitor.”⁶³

12. Organizational Goals and Criteria throughout the Employee Cycle How a company handles basic HR duties—for recruitment, selection, development, promotion, layoffs, and retirement of people—defines and perpetuates a company culture. Zappos, ranked as the 38th best place to work by *Fortune* in 2014, spends a great deal of time trying to hire people who fit into its clan-based culture (see Example box).

EXAMPLE Zappos Works Hard to Recruit and Select People Who Fit Its Culture

Here is what Rebecca Ratner, Zappos’s HR director, had to say about the company’s approach to recruitment and selection. “We spend seven to 10 hours over four occasions at happy hours, team building events, or other things outside the office. We can see them, and they can us.” The process seems to be good for retention. “In 2009, we had a 20 percent turnover rate,” says Ratner. That is impressive for call centers. What keeps people at Zappos? “We pay 100 percent of employee benefits,” . . . and then there’s the wow factor.

“We can’t ask people to wow a customer if they haven’t been wowed by us,” says Ratner. Zappos is so eager to wow employees and make sure who they hire is committed that they offer people \$3,000 after they’ve been trained to walk away if they feel they and Zappos aren’t a good fit. Almost no one takes the \$3,000 walk-away money. But many trainees return for more Zappos training to become managers.⁶⁴

YOUR THOUGHTS?

1. Why would Zappos’s approach to recruiting result in greater person–organization fit?
2. As a potential employee, what would your concerns be attending a happy hour as part of your employer’s selection process?
3. Identify one of the unique things that Zappos does in its recruitment, and explain how that one thing adds to culture.

Don't Forget about Person–Organization Fit Now that we have described the four key types of organizational culture and the mechanisms managers can use to change culture, it's time to reflect on your person–organization (PO) fit. Recall that PO fit reflects the extent to which your personality and values match the climate and culture in an organization. Your PO fit matters because it links to positive work attitudes and performance.⁶⁵

We have two activities for you to complete to determine your level of fit and what you can do about it. The first is to take Self-Assessment 14.2. It measures your preference for the four types of culture in the CVF. The second is a Take-Away Application that asks you to compute the gap between your organization's current culture and your preferred culture. These gaps will then be used to make a plan of action for improving your PO fit.



SELF-ASSESSMENT 14.2 What Type of Organizational Culture Do I Prefer?

Go to connect.mheducation.com and complete Self-Assessment 14.2. It measures your preferred type of organizational culture. After answering the following questions, results from this assessment will be used in the associated Take-Away Application.

1. What is the rank order of your preferred culture types?
2. To what extent does your preferred culture type affect your job satisfaction?

TAKE-AWAY APPLICATION—TAAP What Is My Level of Person–Organization Fit?

Use results from Self-Assessments 14.1 and 14.2 to answer the following questions.

1. First, compute the gap between your preferred and actual culture types for clan, adhocracy, market, and hierarchy. Do this by subtracting the actual culture type score (Self-Assessment 14.1) from the preferred type score (Self-Assessment 14.2). Where are your largest gaps?
2. Make a plan to improve your person–organization fit. Focusing on your two largest culture type gaps, determine what is causing the gaps. You will find it helpful to look at the survey items that measure these types to determine the cause of the gaps.
3. Now use the 12 embedding mechanisms just discussed and suggest at least two things you can do and two things your manager might do to improve your level of fit.
4. How would you assess whether or not the changes you identified in question 3 are working? Be specific.

MAJOR QUESTION

How can the practical lessons of socialization research be integrated within the three phases of socialization?

THE BIGGER PICTURE

Take a moment and think back to the last time you started a new job. Were you nervous and confused about what to do? Did someone help guide you through the transition? If not, you probably had an uncomfortable few days. If someone did help, then you experienced a form of proactive socialization. All of us have been socialized at one time or another. It's a natural aspect of starting a new job at any company. It's important to understand the socialization process because it ultimately affects your work attitudes and performance. You will learn about a three-phase model of organizational socialization and practical lessons based on socialization research.

major question

Organizational socialization is defined as “the process by which a person learns the values, norms, and required behaviors which permit him to participate as a member of the organization.”⁶⁶ This definition highlights that organizational socialization is a key mechanism used by organizations to embed their organizational cultures, particularly for new employees. In short, organizational socialization turns outsiders into fully functioning insiders by promoting and reinforcing the organization's core values and beliefs. This section introduces a three-phase model of organizational socialization and examines the practical application of socialization research.

A Three-Phase Model of Organizational Socialization

One's first year in a complex organization can be confusing. There is a constant swirl of new faces, strange jargon, conflicting expectations, and apparently unrelated events.

Some organizations treat new members in a rather haphazard, sink-or-swim manner. More typically, though, the socialization process is characterized by a sequence of identifiable steps.

Organizational behavior researcher Daniel Feldman has proposed a three-phase model of organizational socialization that promotes deeper understanding of this important process. As illustrated in Figure 14.5, the three phases are:

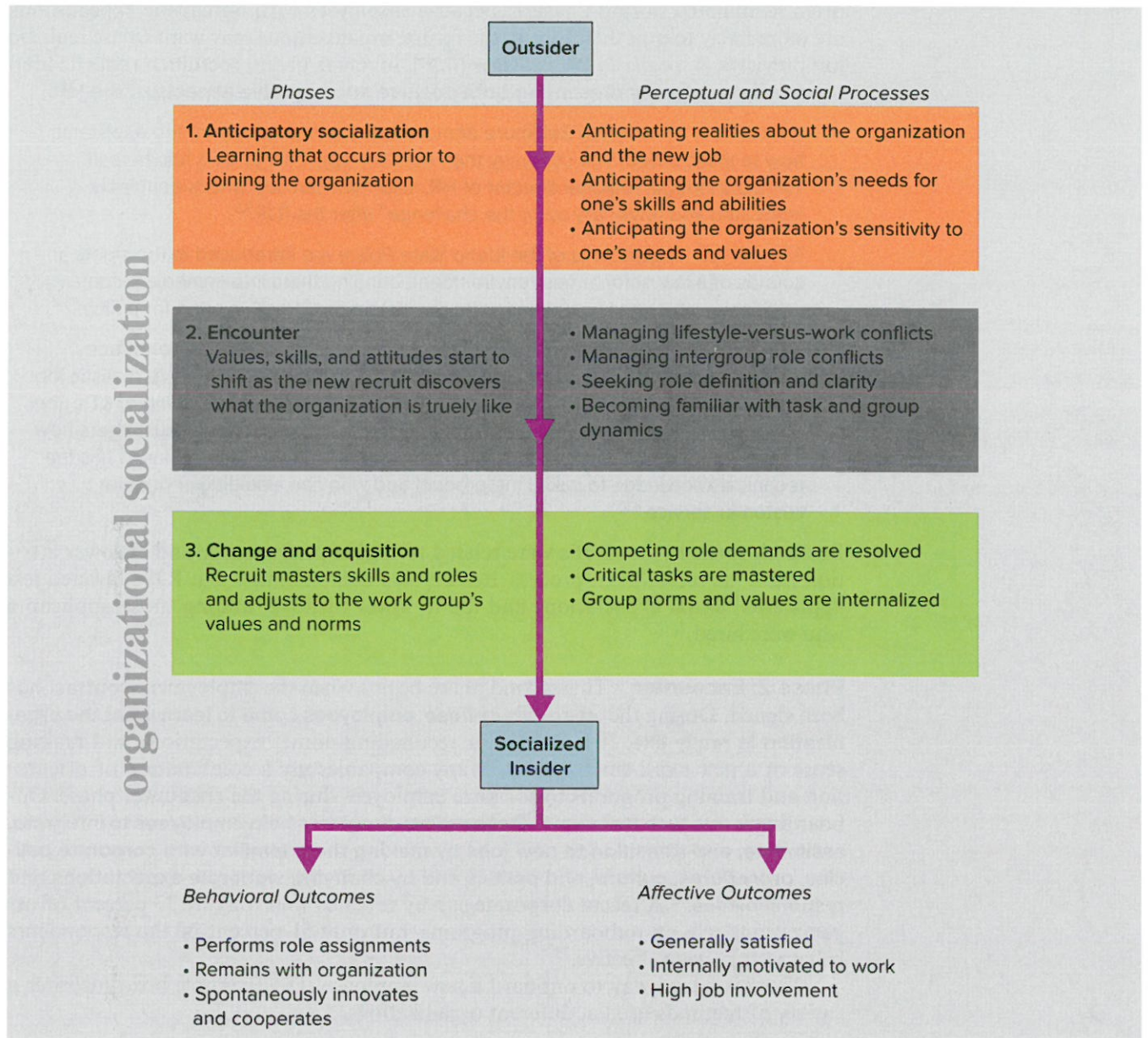
1. Anticipatory socialization
2. Encounter
3. Change and acquisition

Each phase has its associated perceptual and social processes. Feldman's model also specifies behavioral and affective outcomes that can be used to judge how well an individual has been socialized. The entire three-phase sequence may take from a few weeks to a year to complete, depending on individual differences and the complexity of the situation.



Imagine the feelings that this new employee might have about starting a job. What emotions might he be experiencing? Excitement? Worry? Challenge? How can companies help new employees to “fit in” during the first few weeks of employment?

FIGURE 14.5 A MODEL OF ORGANIZATIONAL SOCIALIZATION



SOURCE: Adapted from D. C. Feldman, "The Multiple Socialization of Organization Members," *Academy of Management Review*, April 1981, 309–381. Copyright © 1981 by Academy of Management. Reprinted with permission of Academy of Management, via Copyright Clearance Center.

Phase 1: Anticipatory Socialization The **anticipatory socialization phase** occurs before an individual actually joins an organization. It is represented by the information people have learned about different careers, occupations, professions, and organizations. Anticipatory socialization information comes from many sources. An organization's current employees are a powerful source of anticipatory socialization. So are the Internet and social media. For example, a recent survey of PricewaterhouseCoopers (PwC), the largest professional services firm in the world, uses several web-based sources to attract potential employees. "PwC's early identification strategy is supported by the pwc.tv website, *Feed Your Future* magazine (downloadable through pwc.tv; it showcases the lives/careers of PwC professionals), and Leadership Adventure (face-to-face learning programs that emphasize the PwC Behaviors).⁶⁷

Unrealistic expectations about the nature of the work, pay, and promotions are often formulated during Phase 1. Because employees with unrealistic expectations are more likely to quit their jobs in the future, organizations may want to use realistic job previews. **A realistic job preview (RJP) involves giving recruits a realistic idea of what lies ahead by presenting both positive and negative aspects of the job.**

EXAMPLE The Hilton Baltimore demonstrates to housekeeping job applicants how to make a bed. The company then asks the applicant to do it him/herself. Tishuana Hodge, regional director of HR, said, “We can see who is genuinely interested and physically up to the challenge” after the RJP.⁶⁸

EXAMPLE “Applicants of the Idaho State Police are introduced to the sights and sounds of a law enforcement environment, bringing them into immediate contact with future colleagues—and unsavory characters that create a need for police.”⁶⁹

EXAMPLE AT&T, which has used RJP for over 20 years, uses face-to-face meetings and videos to provide applicants RJP. “One of its newer live realistic job previews gives insight to potential technicians responsible for installing AT&T’s fiber optic technology and computer networking. Technicians also teach customers how to use the merchandise.” AT&T does this because it needs “someone who has the technical knowledge to install the product and who can also deliver premier customer service.”⁷⁰

Research revealed that RJP were related to higher performance and to lower attrition from the recruitment process. Results also demonstrated that RJP lowered job applicants’ initial expectations and led to lower turnover among those applicants who were hired.⁷¹

Phase 2: Encounter This second phase begins when the employment contract has been signed. During the **encounter phase employees come to learn what the organization is really like.** It is a time for reconciling unmet expectations and making sense of a new work environment. Many companies use a combination of orientation and training programs to socialize employees during the encounter phase. Onboarding is one such technique. **Onboarding programs help employees to integrate, assimilate, and transition to new jobs by making them familiar with corporate policies, procedures, culture, and politics and by clarifying work-role expectations and responsibilities.**⁷² A recent corporate survey revealed that roughly 73 percent of organizations rely on onboarding programs, but only 51 percent of the respondents believed they were effective.⁷³

There is no set way to onboard a new employee. The Example box illustrates a variety of methods used at different organizations.

EXAMPLE Companies Use Different Approaches to Onboard Employees

The first day on the job can be filled with completing boring paperwork regarding benefits and dull presentations about the company’s history, mission, and values. While these activities are important, other companies try to find more creative ways for employees to spend their first few days and weeks at work.

FACEBOOK USES A BOOTCAMP Facebook asks new hires to complete all necessary paperwork prior to starting work. This enables the company to send new employees right into its “Bootcamp” program. This six-week program is used for new engineering recruits. Bootcampers are first given a computer and desk and then are asked to open their laptops. They generally find six e-mails. “One welcomes them to the company; the other five describe tasks they’re supposed to perform, including fixing bugs on the Facebook site.” The program has multiple goals. One is to establish the belief that employees “have the power to push changes directly onto the Facebook site. . . . Another is to foster independence and creativity. At Facebook there isn’t one way to solve problems; there are many—and everyone is encouraged to come up with his own approach.” Bootcampers also are paired up with mentors who coach employees on how to best get through the first few weeks.⁷⁴

ROVER.COM, RACKSPACE INC., AND BAZAARVOICE USE NOVEL METHODS

Dog-boarding site *Rover.com* asks new developers to create live updates on the company's website on their first day at work. Web-hosting firm Rackspace uses a four-day orientation complete with "games, skits, costumes, thumping music, and a limbo bar" to onboard its new employees. Bazaarvoice, a company that markets social commerce solutions to business problems, "sends incoming employees on a weeklong scavenger hunt designed to bring them up to speed on company culture and lingo."⁷⁵

APPLE FOCUSES ON SECRECY

Apple's onboarding is a combination of a standard orientation, challenges, secrecy threats, and peer coaching. "Many employees are hired into so-called dummy positions, roles that aren't explained in detail until after they join the company." New employees are given very limited information outside of the half-day orientation that includes a welcome package containing all the paperwork to be completed. For example, employees are not taught how to connect their newly issued computers to the network. It is assumed that this complicated endeavor is no big deal for tech-savvy individuals. Employees also are given a "secrecy briefing," which is referred to as Scared Silent. Employees are warned about the importance of secrecy and security and are told that swift termination comes to anyone who talks about Apple's secrets outside of work. Apple does help new employees in one important way. They are assigned an "iBuddy," a peer outside the primary work team "who can serve as a sounding board, someone for the bewildered new employee to ask questions."⁷⁶



These individuals are playing a game at an onboarding session. How can playing games help someone adjust during the encounter phase?

AMERICAN INFRASTRUCTURE LIKES THE BUDDY SYSTEM

This civil construction, mining, and manufacturing company assigns new employees an onboarding "buddy." The buddy is supposed to help the recruit learn about the corporate culture "and to provide them with the opportunity to ask questions, gain clarification, and share best practices from their previous organizations." All new employees also are required "to wear a 'green' hard hat on all of their job locations for the first 90 days in order to signal to their fellow employees that they are new to the organization." This enables new employees to be treated with special care and concern at active jobsites.⁷⁷

YOUR THOUGHTS?

1. Which of these onboarding methods is most appealing to you? Why?
2. Which of these onboarding methods is least appealing to you? Why?
3. What are the drawbacks of Apple's approach of hiring employees into dummy positions (for reasons of secrecy)? What are the trade-offs?

Phase 3: Change and Acquisition The **change and acquisition phase** requires employees to master important tasks and roles and to adjust to their work group's values and norms. This will occur only when employees have a clear understanding about their roles and they are effectively integrated within the work unit. Being successful in Phase 3 also necessitates that employees have a clear understanding regarding the use of social media. It is easy for you to create problems for yourself by not being aware of expectations regarding surfing, texting during meetings, and sending personal messages on company equipment. Experts suggest setting ground rules on the first day of employment, coaching employees on norms, and discussing how guidelines have changed over time.⁷⁸ Finally, success during this phase is enhanced

when companies take a long-term approach toward socialization. Miami Children's Hospital (MCH) is a great example in that it uses goal setting, continued support, employee feedback, incentives, and a graduation ceremony to help employees through this final phase of socialization.

EXAMPLE Socialization at Miami Children's Hospital (MCH) is driven by the need to reduce turnover among new employees. The goal is to reduce new employee turnover by 50 percent. Support is provided in two ways. First, all new employees are assigned an MCH "buddy" who is trained in communication, coaching, and mentoring skills. New recruits shadow their buddy for the first 40 hours at work and then meet weekly to discuss any issues that come up. New employees also are supported by their direct supervision through this phase. This is facilitated by mandatory lunch meetings at 30- and 60-day milestones to discuss the onboarding experience. For feedback on the newcomer's transition, the hospital uses an online survey that employees complete at 30, 60, and 90 days. Results are reviewed monthly by management and further actions are taken whenever the socialization process appears to be failing. These results also are used to motivate the buddies, who are rewarded when the new hire rates the onboarding experience as effective. Finally, "new employees reunite at 90 days for a two-day culture-shaping retreat where they get to engage with their peers and experience the 'MCH Way.' This includes a graduation celebration that is attended by senior leaders and managers."⁷⁹

Table 14.2 presents a list of socialization processes or tactics used by organizations to help employees through this adjustment process. Turning to Table 14.2, can you identify the socialization tactics used by MCH?

To what extent have you been adequately socialized? If it is high, then all is well. If your socialization is medium to low, you may need to find a mentor: Mentoring is discussed in the next section. Take a moment to complete Self-Assessment 14.3. It measures the extent to which you have been socialized into your current work organization.



SELF-ASSESSMENT 14.3 Have You Been Adequately Socialized?

Go to connect.mheducation.com and complete Self-Assessment 14.3. Then answer the following questions:

1. What is your level of socialization? Are you surprised by the results?
2. Based on your results and what you have learned about socialization, what advice would you provide to your organization to improve its socialization process?

Practical Application of Socialization Research

Past research suggests five practical guidelines for managing organizational socialization.

1. Effective onboarding programs result in increased retention, productivity, and rates of task completion for new hires.⁸⁰ This reinforces the conclusion that managers should avoid a haphazard, sink-or-swim approach to organizational socialization because formalized and proactive socialization tactics positively affect new hires.⁸¹
2. More and more organizations use socialization tactics to reinforce a culture that promotes ethical behavior. Managers are encouraged to consider how they might best set expectations regarding ethical behavior during all three phases of the socialization process.⁸²
3. Managers need to help new hires integrate within the organizational culture and overcome the stress associated with working in a new environment. The

TABLE 14.2 SOCIALIZATION TACTICS

Examples in each row illustrate one or the other of the alternatives. Which one?

ALTERNATIVE TACTICS AND DESCRIPTION			WHICH IS THIS AN EXAMPLE OF?
COLLECTIVE	VS.	INDIVIDUAL	EXAMPLE
Grouping newcomers and exposing them to a common set of experiences.		Treating each newcomer individually and exposing him or her to more or less unique experiences.	All new hires attend an orientation session on the same day.
SEQUENTIAL	VS.	RANDOM	EXAMPLE
Segregating a newcomer from regular organization members during a defined socialization period.		No effort to clearly distinguish a newcomer from more experienced members.	Army recruits must attend boot camp before they are allowed to work alongside established soldiers.
FIXED	VS.	VARIABLE	EXAMPLE
Management setting a timetable for the assumption of the role.		Management setting no timetable and relying on contingencies for assumption of role.	American university students typically spend one year apiece as freshmen, sophomores, juniors, and seniors.
SERIAL	VS.	DISJUNCTIVE	EXAMPLE
The newcomer socialized over time with help of an experienced member.		The newcomer not provided a role model.	A buddy system of orientation.
INVESTITURE	VS.	DIVESTITURE	EXAMPLE
The affirmation of a newcomer's incoming global and specific role identities and attributes.		The denial and stripping away of the newcomer's existing sense of self and the reconstruction of self in the organization's image.	During police training, cadets are required to wear uniforms and maintain an immaculate appearance; they are addressed as "officer" and told they are no longer ordinary citizens but representatives of the police force.

SOURCE: Descriptions adapted from B. E. Ashforth, *Role Transitions in Organizational Life: An Identity-Based Perspective* (Mahwah, NJ: Lawrence Erlbaum Associates, 2001), 149–183.

type of orientation program used to socialize employees affects their expectations and behavior. A study of 72 new Asian international graduate students revealed that they had more accurate expectations, felt less stress, reported better adjustment, and had higher retention rates when the orientation program focused on coping with new-entry stress.⁸³ Consider the approach used by John Chambers, CEO of Cisco Systems: "He meets with groups of new hires to welcome them soon after they start, and at monthly breakfast meetings workers are encouraged to ask him tough questions."⁸⁴

- Support for stage models is mixed. Although there are different stages of socialization, they are not identical in order, length, or content for all people or jobs.⁸⁵ Managers are advised to use a contingency approach toward organizational socialization. In other words, different techniques are appropriate for different people at different times.
- Managers should pay attention to the socialization of *diverse* employees. Research has demonstrated that diverse employees, particularly those with disabilities, experienced different socialization activities than other newcomers. In turn, these different experiences affected their long-term success and job satisfaction.⁸⁶

MAJOR QUESTION

What are the four developmental networks and how can I use them to advance my career?

THE BIGGER PICTURE

Everyone can benefit from mentoring. We have! This section can help you to improve your development networks underlying mentoring, which ultimately should help you obtain career satisfaction and promotions.

The modern word *mentor* derives from Mentor, the name of a wise and trusted counselor in Greek mythology. Terms typically used in connection with mentoring are *teacher*, *coach*, *sponsor*, and *peer*. **Mentoring** is defined as the process of forming and maintaining intensive and lasting developmental relationships between a variety of developers (i.e., people who provide career and psychosocial support) and a junior person (the protégé, if male; or protégée, if female).⁸⁷ Mentoring can serve to embed an organization's culture when developers and the protégé/protégée work in the same organization for two reasons. First, mentoring contributes to creating a sense of oneness by promoting the acceptance of the organization's core values throughout the organization. Second, the socialization aspect of mentoring also promotes a sense of membership.

Not only is mentoring important as a tactic for embedding organizational culture, but research suggests it can significantly influence the protégé/protégée's future career.⁸⁸ This section reviews the functions of mentoring, the developmental networks underlying mentoring, and the personal and organizational implications of mentoring.



Big Brothers Big Sisters is the largest volunteer mentoring network in the United States. The organization has paired adults with children for over 100 years. A survey of former children in the program revealed that 83 percent obtained values and principles that influenced them throughout their lives.

Functions of Mentoring

Kathy Kram, a Boston University researcher, conducted in-depth interviews with both members of 18 pairs of senior and junior managers. As a by-product of this study, Kram identified two general functions—career and psychosocial—of the mentoring process.

Five *career functions* that enhanced career development were:

1. Sponsorship
2. Exposure and visibility
3. Coaching
4. Protection
5. Challenging assignments

Four psychosocial functions were:

1. Role modeling
2. Acceptance and confirmation
3. Counseling
4. Friendship

The psychosocial functions clarified the participants' identities and enhanced their feelings of competence.⁸⁹

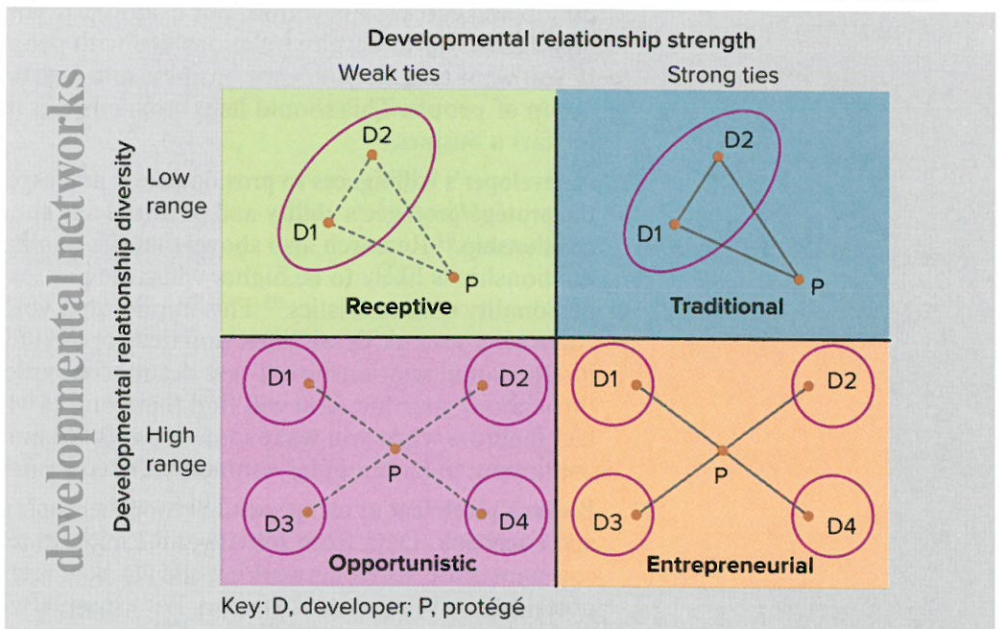
Developmental Networks Underlying Mentoring

Mentoring is currently viewed as a process in which protégés and protégées seek developmental guidance from a network of people, who are referred to as *developers*. McKinsey & Company tells its associates, "Build your own McKinsey." This slogan means the consulting firm expects its people to identify partners, colleagues, and subordinates who have related goals and interests so that they can help one another develop their expertise. Each McKinsey associate is thus responsible for his or her own career development—and for mentoring others. As McKinsey's approach recognizes, the diversity and strength of a person's network of relationships are instrumental in obtaining the type of career assistance needed to manage his or her career.⁹⁰

Figure 14.6 presents a developmental network typology based on integrating the diversity and strength of developmental relationships.⁹¹

Diversity of Developmental Relationships *Diversity of developmental relationships* reflects the variety of people within the network an individual uses for developmental assistance. There are two subcomponents associated with network diversity: (1) the number of different people the person is networked with and (2) the various social systems from which the networked relationships stem (e.g., employer, school, family, community, professional associations, and religious affiliations). As shown in Figure 14.6, developmental relationship diversity ranges from low (few people or social systems) to high (multiple people or social systems).

FIGURE 14.6 DEVELOPMENTAL NETWORKS ASSOCIATED WITH MENTORING



SOURCE: From M. Higgins and K. Kram, "Reconceptualizing Mentoring at Work: A Developmental Network Perspective," *Academy of Management Review*, April 2001, 270. Copyright © 2001 by Academy of Management. Reprinted with permission of Academy of Management, via Copyright Clearance Center.

Developmental Relationship Strength *Developmental relationship strength* represents the quality of relationships among the individual and those involved in his or her developmental network. For example, strong ties are reflective of relationships based on frequent interactions, reciprocity, and positive affect. Weak ties, in contrast, are based more on superficial relationships. Together, the diversity and strength of developmental relationships result in four types of developmental networks (see Figure 14.6): receptive, traditional, entrepreneurial, and opportunistic. It is important that you do not ignore weak ties because they very frequently lead to job opportunities.⁹²

A *receptive* developmental network is composed of a few weak ties from one social system such as an employer or a professional association. The single oval around D1 and D2 in Figure 14.6 indicates two developers who come from one social system. In contrast, a *traditional* network contains a few strong ties between an employee and developers that all come from one social system. An example would be your creating a strong developmental relationship with your boss and one colleague at work. An *entrepreneurial* network, which is the strongest type of developmental network, is made up of strong ties among several developers (D1–D4) who come from four different social systems. In this case, you would develop strong ties with your boss and one internal colleague, but you also would develop a good network with people from other organizations. Finally, an *opportunistic* network is associated with having weak ties with multiple developers from different social systems.

Personal and Organizational Implications

There are six key implications to consider:

1. **You should foster a broad developmental network because the number and quality of your contacts will influence your career success.** In doing this, keep in mind the comments of two networking experts: “Relationships are living, breathing things. Feed, nurture, and care about them; they grow. Neglect them; they die.”⁹³ It’s very important to invest time in your developmental relationships.
2. **Look to the consistency or congruence between your career goals and the type of developmental network at your disposal.** This alignment has a big influence on job and career satisfaction. For example, if you are interested in a job in finance, then try to develop relationships with people with a finance background. If you want to start your own business one day, try to network with a diverse group of people. This should help broaden your understanding of what it takes to start a business.
3. **A developer’s willingness to provide career and psychosocial assistance depends on the protégé/protégée’s ability and potential and the quality of the interpersonal relationship.**⁹⁴ Research also shows that the quality of the mentoring relationship is likely to be higher when the parties have common values and personality characteristics.⁹⁵ This implies that you must take ownership for enhancing your skills, abilities, and developmental networks as well as your interpersonal relationships if you desire to experience career advancement throughout your life. You will find that you get what you give. Don’t just contact mentors when you want something. Build and maintain relationships by continuing to have regular contact with people in your developmental network.
4. **Become proficient at using social networking tools such as Twitter, LinkedIn, and Facebook.** Data from Jobvite and LinkedIn reveal that the majority of US companies use social networking sites to help recruit employees.⁹⁶ It’s also important to stay active on these sites. For example, when you learn from a LinkedIn note that someone is celebrating a birthday or work anniversary, send them a note. People like to feel appreciated for who they are rather than for what they can do for you.

5. **Develop a mentoring plan.** Experts suggest that this plan should include the following components:⁹⁷
 - Identify and prioritize your mentoring goals. These goals should be based on a determination of what you want to learn.
 - Identify people who are skilled or experienced in areas you want to improve. Don't overlook your peers as they are a good source of functional, technical, and organizational knowledge.
 - Determine how best to build a relationship with these "targeted" individuals.
 - Determine how you can provide value to your mentor. Because mentoring is a two-way street, others are more likely to help you if they see some value in assisting you in the pursuit of your career goals.
 - Determine when it is time to move on. Mentors are not forever. If you believe that your mentor is ineffective, or worse yet, causing more harm than benefit, find a new mentor. It's easy to become stuck with one mentor. Expanding your horizons will not only benefit you, but it can help the mentor to develop his or her mentoring skills as well.
6. **Incorporate mentoring into the organization's leadership development programs.** Disney, Walsh Construction, and LMA Consulting all obtained long-lasting positive benefits by formally including mentoring into employees' personal development plans.⁹⁸

Are you being adequately mentored? If not, you are more likely to experience adverse work attitudes, performance, and career outcomes. Self-Assessment 14.4 was created so that you can take stock of your level of mentoring.



SELF-ASSESSMENT 14.4 Assessing My Level of Mentoring

Go to connect.mheducation.com and complete Self-Assessment 14.4. Then answer the following questions:

1. What is your level of mentoring?
2. After identifying your three lowest scoring items in the survey, propose things you can do to improve your level of mentoring?
3. How would you evaluate the success of these ideas?

In conclusion, mentoring can help you and the organizations in which you may work. For example, mentoring enhances the effectiveness of organizational communication. Specifically, mentoring increases the amount of vertical communication both up and down an organization. It also provides a mechanism for modifying or reinforcing organizational culture. Benefits such as these are leading more and more companies to set up formal mentoring programs.

what did i learn?

You learned that organizational culture helps managers to create competitive advantage. You examined the function and types of culture and considered how managers can change culture. Finally, you now know that socialization and mentoring are two processes that organizations use to embed organizational culture. As an employee this same knowledge helps you understand your employer's culture and how to best to fit in. Reinforce what you learned with the Key Points below. Then consolidate your learning using the Integrative Framework. Finally, Challenge your mastery of this chapter by answering the Major Questions in your own words.

Key Points for Understanding Chapter 14

You learned the following key points.

14.1 THE FOUNDATION OF ORGANIZATIONAL CULTURE: UNDERSTANDING ITS DRIVERS AND FUNCTIONS

- Culture is a shared concept that is learned over time. It also influences our behavior at work and outcomes at multiple levels.
- The three levels of organizational culture are observable artifacts, espoused values, and basic underlying assumptions.
- Espoused values represent the explicitly stated values and norms that are preferred by an organization. Enacted values, in contrast, reflect the values and norms that actually are exhibited or converted into employee behavior.
- Four functions of organizational culture are organizational identity, collective commitment, social system stability, and a device for sense-making.

14.2 THE IMPACT OF ORGANIZATIONAL CULTURE TYPES ON OUTCOMES

- The competing values framework identifies four different types of organizational culture. A clan culture has an employee focus. Adhocracy and market cultures have external foci that emphasize innovation/growth and market share/profitability, respectively. Hierarchical cultures are internally focused on efficiency and smooth functioning.
- There are five conclusions about outcomes associated with organizational culture: (1) culture is related to measures of organizational effectiveness; (2) employees are more satisfied and committed to compa-

nies with clan cultures; (3) innovation and quality can be increased by building characteristics associated with clan, adhocracy, and market cultures; (4) an organization's financial performance is not strongly related to culture; and (5) companies with market cultures tend to have more positive organizational outcomes.

14.3 THE PROCESS OF CULTURE CHANGE

- There are four caveats about culture change. First, leaders are the architects and developers of organizational culture. Second, the process of culture change begins with targeting the three layers of culture. Third, culture needs to be aligned with a company's vision and strategic plan. Finally, it is important to use a structured approach when implementing culture change.
- There are 12 key ways that managers can change organizational culture.
- Person-organization fit is important because it is associated with positive work attitudes and performance.

14.4 THE ORGANIZATIONAL SOCIALIZATION PROCESS

- Organization socialization is a key mechanism used by organizations to embed their organizational cultures. It turns outsiders into fully functioning insiders.
- Daniel Feldman proposed a three-phase model of socialization. The three phases are anticipatory socialization, encounter, and change and acquisition.
- There are six socialization tactics. They are collective versus individual, formal versus informal, sequential versus random, fixed versus variable, serial versus disjunctive, and investiture versus divestiture.
- Research supports a number of practical applications of socialization tactics.

14.5 EMBEDDING ORGANIZATIONAL CULTURE THROUGH MENTORING

- Mentoring serves to embed organizational culture for two reasons. First, mentoring contributes to creating a sense of oneness by promoting the acceptance of the organization's values. Second, the socialization aspect of mentoring promotes a sense of membership.
- Mentoring has two general functions: career and psychosocial.

- Current models of mentoring view it as a developmental network of relationships that help people to learn and develop.
- There are four key developmental networks underlying effective mentoring. A receptive network is composed of a few weak ties from one social system. Having a few strong ties with developers from one social system is referred to as a traditional network. An entrepreneurial network is made up of strong ties among several developers. An opportunistic network is associated with having weak ties from different social systems.
- There are six important personal and organizational implications of effective mentoring.

The Integrative Framework for Chapter 14

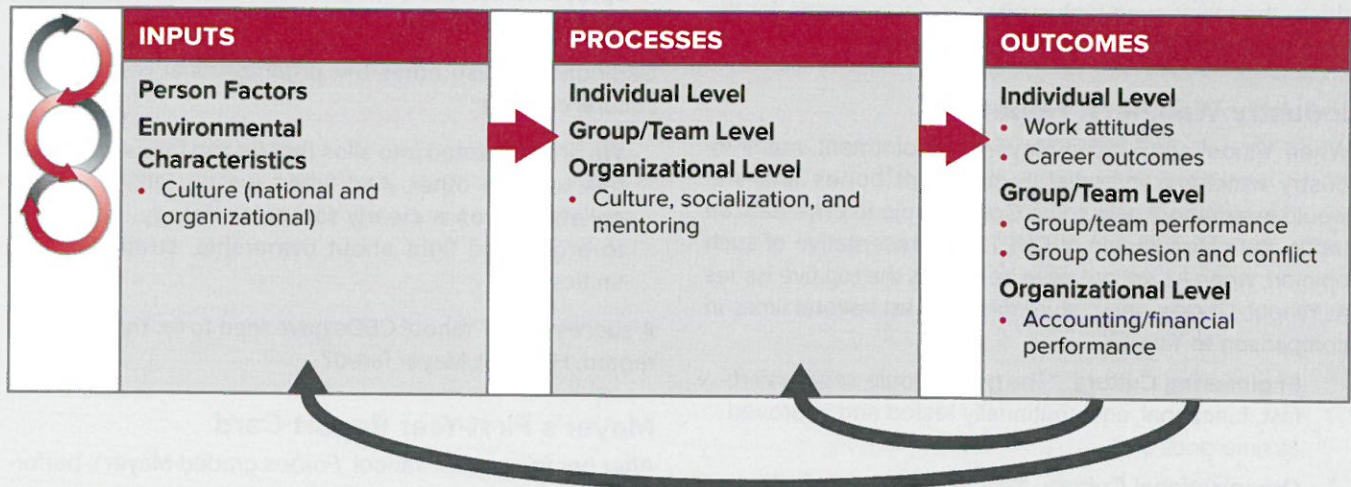
As shown in Figure 14.7, you learned that the input of national and corporate culture as an environmental characteristic drives organizational-level processes of culture, socialization, and mentoring. These processes affect five outcomes across the individual, group/team, and organizational levels.

Challenge: Major Questions for Chapter 14

At the start of the chapter, we told you that after reading the chapter you should be able to answer the following questions. Unless you can, have you really processed and internalized the lessons in the chapter? Refer to the Key Points, Figure 14.7, the chapter itself, and your notes to revisit and answer the following major questions:

1. What is culture and why is it important to understand its layers and functions?
2. To what extent are the different types of organizational culture related to important outcomes?
3. What are the mechanisms I can use to implement culture change?
4. How can the practical lessons of socialization research be integrated within the three phases of socialization?
5. What are the four developmental networks and how can I use them to advance my career?

FIGURE 14.7 INTEGRATIVE FRAMEWORK FOR UNDERSTANDING AND APPLYING OB



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PROBLEM-SOLVING APPLICATION CASE (PSAC)

Changing the Culture at Yahoo! Inc.

You might call Yahoo! the original Internet company. Starting in the mid-1990s by almost accidentally discovering the need for good search engines, Yahoo! became a wildly popular web portal whose valuation shot high during the creation of the dot-com bubble.

But over the years Yahoo! lost its way—trying to be too many things to too many people. After a string of CEOs and failed attempts to halt a steady loss in value, Yahoo! tapped Marissa Mayer, somewhat famous as one of Google's early hires, in July 2012. Her task? To lead the charge and help Yahoo! regain and fulfill its promise as a major player in Internet and mobile.

For this case we will focus on Mayer's challenges in transforming Yahoo! culture and business performance.

Wall Street: Happy

Response on the street has continued to be positive. As of this writing, Yahoo! has seen its stock price rise by over 100 percent. Investors applaud Mayer and her plans—and they drove the stock even higher after revenue reports for the third quarter of 2013 exceeded expectation.⁹⁹

Industry Watchers: Hopeful

When Yahoo! announced Mayer's appointment, many industry watchers immediately had high hopes that she would help Yahoo! gain some Google mojo to drive netizen traffic. Rafe Needleman at CNET is representative of such opinion, when he set out what he saw as the top five issues at Yahoo!. Google and culture make his list several times in comparison to Yahoo!:

- **Engineering Culture.** "The best Google services are fast, functional, and continually tested and improved as time goes on."
- **Organizational Culture.** Needleman quotes Salim Ismael, one critic of Yahoo!'s organizational structure: "On the Internet you need speed and you need to take risks. Yahoo! accidentally adopted a matrix organization structure that's antithetical to both." (Authors' note: We discuss matrix organizational design in Chapter 15.)
- **Killing Projects.** Google "maintains an optimism about its direction even as it chops down its underperformers."
- **Long-Term Visions.** Needleman suggests that Google can weather setbacks (as with Google's attempts in social media) because it commits to a long-term vision.
- **Culture of Experimentation.** Google tries many things, from self-driving cars to eyeglasses that

augment reality. Such pure research can pay off in unexpected ways. However, he notes Yahoo! doesn't have Google's fat wallet to fund such R&D.¹⁰⁰

Yahoo!'s Long Problems with Focus

From one point of view, all of Yahoo!'s challenges can be linked to a well-discussed lack of focus. In 2006 *The New York Times* published an article critical of Yahoo!,¹⁰¹ and in response Brad Garlinghouse, then a Yahoo! senior vice president, wrote an internal memo published by *The Wall Street Journal*.

We lack a focused, cohesive vision for our company. We want to do everything and be everything—to everyone. We've known this for years, talk about it incessantly, but do nothing to fundamentally address it. . . . I've heard our strategy described as spreading peanut butter across the myriad opportunities that continue to evolve in the online world. The result: a thin layer of investment spread across everything we do and thus we focus on nothing in particular.

Garlinghouse also notes the organizational result of this cultural dilemma:

We are separated into silos that far too frequently don't talk to each other. And when we do talk, it isn't to collaborate on a clearly focused strategy, but rather to argue and fight about ownership, strategies and tactics.¹⁰²

A succession of Yahoo! CEOs have tried to fix Yahoo! in this regard. How has Mayer fared?

Mayer's First-Year Report Card

After her first year at Yahoo!, *Forbes* graded Mayer's performance across its own set of categories:

- **Advertising [Revenue]: D.** Yahoo! was still struggling with reversing declines in ad revenue while its competitors were increasing revenue.
- **Earnings: C.** Revenues were flat in 2012 and declined in the first part of 2013. (This was prior to a bump in the third quarter of 2013.)
- **Products: B–.** *Forbes* liked the increase in decisions to kill old products (like Altavista) and bring new products to market.
- **Acquisitions: B.** *Forbes* called out the acquisition of Tumblr, among others.
- **Morale: B+.** *Forbes* noted that former employees were returning and job applications were way up.

An OB View of Mayer's Performance

From an OB perspective, looking at Mayer's first 16 months, we can note the following achievements. Mayer has:

- Opened up communications and transparency including frequent internal and public announcements, bolstered internally with a Friday FYI "ask anything" session with employees.¹⁰³
- Used PR to leverage her (perhaps enhanced) legend of achievement at Google to inspire investors and the troops at Yahoo!.
- Removed some business-only executives and replaced them with tech- and product-savvy employees.
- Restored Yahoo! as an employer of choice.¹⁰⁴
- Energized Yahoo! engineers into optimism about the future.¹⁰⁵
- Made the tough change in telecommuting policy to help make Yahoo! more productive. (See discussion below.)
- Addressed Yahoo!'s lack of a social community (and outflanked Google) by purchasing Tumblr.¹⁰⁶

About That Telecommuting Decision, Other Bumps in the Road

You have already read about Mayer's decision to ban telecommuting for most employees in Chapter 2's Problem-Solving Application on Yahoo! (see page 77). We can now reconsider this controversial decision in the context of the need to change Yahoo!'s comfortable and staid culture. Here's *Forbes* magazine on the topic:

Whether you agree with Mayer's decision or not, she needed to do something. She is facing what some would say are significant challenges at Yahoo!, which is considered stodgy and lethargic in comparison to its competitors. To combat that perception, she is searching for innovative ways to make magic happen—always a tough spot for leaders under siege.¹⁰⁷

Mayer's decisions will continue to generate controversy, from a fashion shoot in *Vogue* magazine to the teleconferencing decision to reengineering the e-mail structure.¹⁰⁸

Early in 2014 Mayer fired her hand-picked COO based on lackluster sales.¹⁰⁹ While bumps in the road are to be expected, the true test will be how well Yahoo! stays on course and makes corrections. As an example, following the decision on telecommuting, Mayer reclaimed some lost support among employees when she significantly expanded parental leave benefits.¹¹⁰ The decision was announced in May 2013, the month before the telecommuting policy took effect.

Apply the 3-Stop Problem-Solving Approach to OB

Stop 1: What is the problem?

- Use the Integrative Framework of OB (see Figure 14.7) to help identify the outcomes that are important in this case.
- Which of these outcomes are not being achieved in the case?
- Based on considering the above two questions, what is the most important problem in this case?

Stop 2: Use the Integrative Model of OB shown at the start of this chapter to help identify the OB concepts or theories that help you to understand the problem in this case.

- What person factors are most relevant?
- What environmental characteristics are most important to consider?
- Do you need to consider any processes? Which ones?
- What concepts or theories discussed in this chapter are most relevant for solving the key problem in this case?

Stop 3: What are your recommendations for solving the problem?

- Review the material in the chapter that most pertains to your proposed solution and look for practical recommendations.
- Use any past OB knowledge or experience to generate recommendations.
- Outline your plan for solving the problem in this case.

LEGAL/ETHICAL CHALLENGE

Is an Apology Enough?

The dilemma in this case pertains to a scandal at the University of North Carolina (UNC). Organizational culture is at the core of the case because the events that occurred indirectly involve the values and beliefs about the role of athletics within a university.

The scandal revolved around whether or not the school's Department of African and Afro-American Studies offered courses that never met and sponsored hundreds of independent study classes of limited value to student athletes. The university did an internal review and, as reported

in *Bloomberg Businessweek*, determined the department “offered more than 200 lecture courses that never met. The department also sponsored hundreds of independent study classes of dubious value. Internal reviews have identified forged faculty signatures and more than 500 grades changed without authorization. The students affected were disproportionately football and basketball players.”¹¹¹

College athletics is a \$16 billion industry, and schools enjoy the related revenues in light of their nonprofit, tax-exempt status as organizations dedicated to education and research. This means that it is important for the “stars” to keep playing and win games.

Management at UNC took action and eight employees either resigned or were fired, including the chancellor. The new chancellor, Carol Foyt, initially resisted calls for further investigation, but changed her mind in January 2014. An investigation is currently taking place.

The scandal was exposed by Mary Willingham, a campus reading specialist. Mary told reporters that she and other academic advisers “knowingly steered some of their charges into the fake classes to keep the sports stars eligible.” She said that “18 out of about 180 athletes whose records she assessed could be considered to read at a grammar school level.”¹¹² Willingham’s comments resulted in her being demoted and stripped of her supervisory title and public condemnation by some school officials. For example, James Dean Jr., the executive vice chancellor and

provost, said that “Mary Willingham has done our students a great disservice.” He initially declared that Willingham was a liar, but later apologized stating that he had misspoken. Head basketball coach Roy Williams said that “Willingham had impugned the moral character of his players.” He claimed that “every one of the kids that we’ve recruited in 10 years you’d take home and let guard your grandchildren.” Sadly, Willingham has in turn received e-mails containing death threats, and recent reports in *Businessweek* reveal that Dean continues to attack Willingham in internal meetings.¹¹³

Solving the Dilemma

Assume that you are the chancellor; what would you do at this point in the case?

1. Acknowledge wrongdoing, reinstate Mary Willingham to her former position, and continue the internal investigation.
2. Acknowledge wrongdoing, but Mary stays where she is. She should not have blown the whistle to local reporters without first going to upper management at the university.
3. Reprimand both James Dean and the basketball coach for their comments, and continue the internal investigation.
4. Invent other options.

GROUP EXERCISE

Assessing the Organizational Culture at Your School

Objectives

1. To provide you with a framework for assessing organizational culture.
2. To conduct an evaluation of the organizational culture at your school.
3. To consider the relationship between organizational culture and organizational effectiveness.

Introduction

Academics and consultants do not agree about the best way to measure an organization’s culture. Some people measure culture with surveys, while others use direct observation or information obtained in interviews/workshops with employees. This exercise uses an informal group-based approach to assess the three levels of organizational culture discussed in this chapter. This approach has successfully been used to measure organizational culture at a variety of organizations.

Instructions

Your instructor will divide the class into groups of four to six people. Each group member should then complete the Cultural Assessment Worksheet by him- or herself. It asks you to identify the artifacts, espoused values, and basic assumptions that are present at your current school. You may find it useful to reread the material on layers of organizational culture discussed earlier. When everyone is done, meet as a group and share the information contained on your individual worksheets. Create a summary worksheet based on a consensus of the cultural characteristics present at each level of culture. Next, compare the information contained on the summary worksheet with the cultural descriptions shown in Figure 14.3 and discuss what type of culture your school possesses. Again, strive to obtain a consensus opinion. Finally, the group should answer the discussion questions that follow the Cultural Assessment Worksheet.

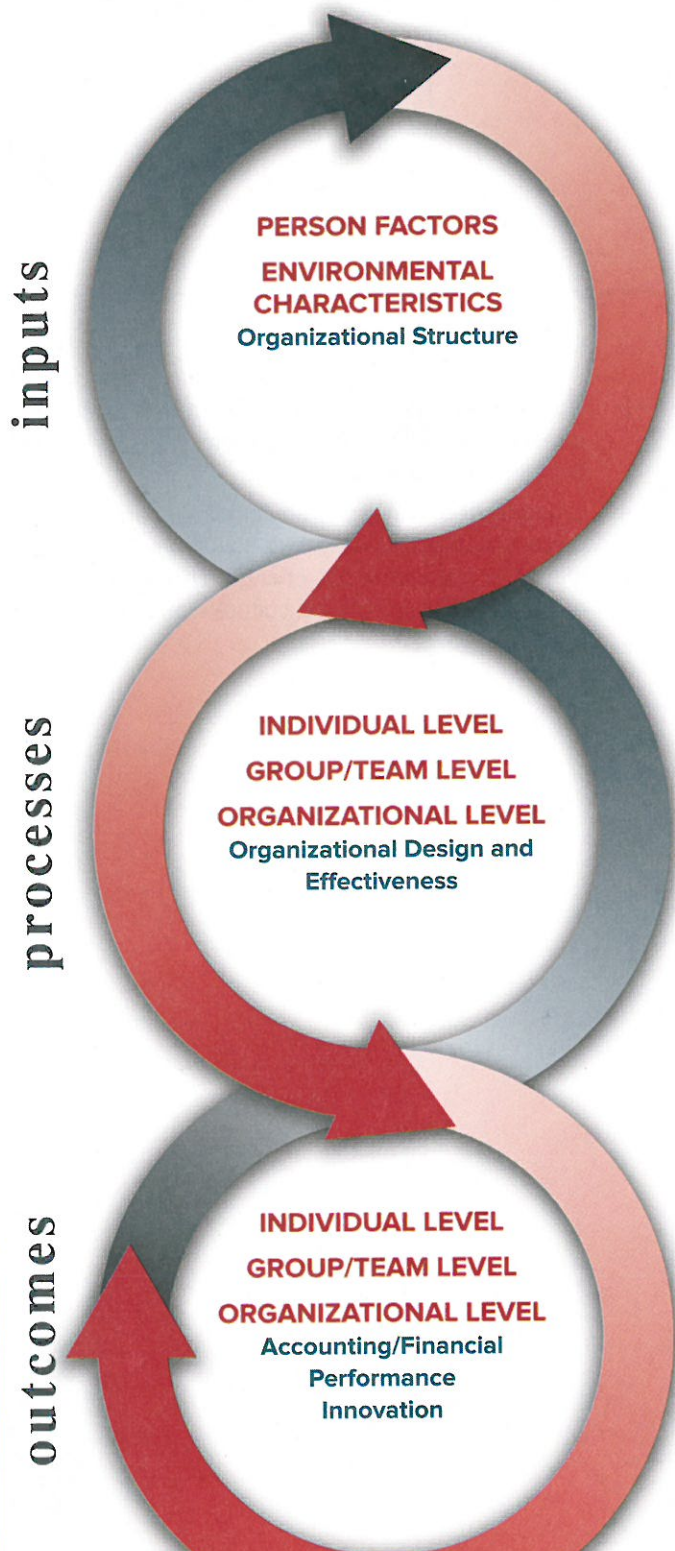
Cultural Assessment Worksheet

Artifacts (physical or visible manifestations of culture; they include jargon, heroes, stories, language, ritual, dress, material objects, mascots, physical arrangements, symbols, traditions, and so forth)	Espoused Values (the stated values and norms preferred by the organization)	Basic Assumptions (taken-for-granted beliefs about the organization that exist on an unconscious level)

Questions for Discussion

1. What are the group's consensus artifacts, espoused values, and basic assumptions? Are you surprised by anything on this list? Explain.
2. What type of culture does your school possess? Do you like this organizational culture? Discuss why or why not.
3. Do you think the organizational culture identified in question 2 is best suited for maximizing your learning? Explain your rationale.
4. Is your school in need of any cultural change? If yes, discuss why and recommend how the school's leaders might create this change. The material on embedding organizational culture would help answer this question.

15 ORGANIZATIONAL DESIGN, EFFECTIVENESS, AND INNOVATION



How Can Understanding These Key Processes and Outcomes Help Me Succeed?

MAJOR TOPICS I'LL LEARN AND QUESTIONS I SHOULD BE ABLE TO ANSWER

15.1 THE FOUNDATION OF AN ORGANIZATION

MAJOR QUESTION: How can knowledge about an organization's foundation help me in my career?

15.2 ORGANIZATION DESIGN

MAJOR QUESTION: What are the seven basic ways in which organizations are structured, and how do these structures relate to the organization's purpose?

15.3 THE CONTINGENCY APPROACH TO DESIGNING ORGANIZATIONS

MAJOR QUESTION: How can I use knowledge about contingency organization design to find an employer that fits my needs and preferences?

15.4 STRIVING FOR ORGANIZATIONAL EFFECTIVENESS

MAJOR QUESTION: What does an organization's choice of how it measures its effectiveness tell me about the organization?

15.5 ORGANIZATIONAL INNOVATION

MAJOR QUESTION: How can I better understand how companies innovate so I can support my company in innovation?

INTEGRATIVE FRAMEWORK FOR UNDERSTANDING AND APPLYING OB

Organizational structure is a key environmental input that impacts organizational level processes and outcomes.