

chapter 3

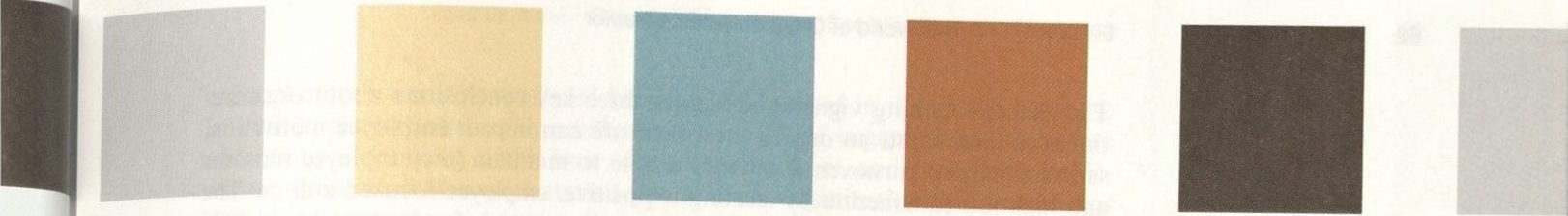
Organizational Culture, Socialization, and Mentoring



Learning Objectives

When you finish studying the material in this chapter, you should be able to:

- LO.1** Define organizational culture and discuss its three layers.
- LO.2** Discuss the difference between espoused and enacted values.
- LO.3** Describe the four functions of organizational culture.
- LO.4** Discuss the four types of organizational culture associated with the competing values framework.
- LO.5** Summarize the five conclusions derived from research about the outcomes associated with organizational culture.
- LO.6** Review the four caveats about culture change.
- LO.7** Summarize the methods used by organizations to change organizational culture.
- LO.8** Describe the three phases in Feldman's model of organizational socialization.
- LO.9** Discuss the various socialization tactics used to socialize employees.
- LO.10** Explain the four developmental networks associated with mentoring.



Would You Like to Work at Southwest Airlines?

Southwest Airline's Culture permeates every aspect of our company. It is our essence, our DNA, our past, our present, and our future. It is so important, in fact, that I wish I had more space to discuss it.

We often say that other airlines can copy our business plan from top to bottom but Southwest stands apart from the clones because of our People. But I would still wager that if another company somehow managed to hire all our fantastic Employees, that company wouldn't match up to Southwest.

Why? The new employer wouldn't possess the Southwest Culture, the secret sauce, if you will, of our organization. That Culture motivates and sustains us. For many of us, being part of Southwest is not just a vocation, but a mission. I don't dictate the Culture; neither do our other Officers. Rather, it stems from the collective personality of our Employees. It took us more than 30 years just to establish some definitions of our Culture upon which we could all agree. Those definitions are laid out in what we call "Living the Southwest Way." That creed consists of three values: A Warrior Spirit that recognizes courage, hard work, and desire to be the best; a Servant's Heart that follows the Golden Rule and treats others with respect; and a Fun-LUVing

Attitude that includes FUN, of course, but also passion and celebration.

In January, we observed the 18th anniversary of the founding of our Corporate Culture Committee, a group dedicated to preserving our Culture for the present and the future. This Committee stresses that the Southwest Culture resides in each Employee, no matter the Employee's title. But the Culture Committee also recognizes how fragile Culture can be. I've talked with some of our Employees who have come to us from other airlines and firms that, long ago, maintained a strong culture. These Employees often said that they witnessed how a little benign neglect was able to destroy that culture almost overnight.

Their experiences confirm what I have always believed: Lip service can be a great danger. It's easy to write columns like this bragging about our Culture; the hard work is living up to it every day. Thus, the Committee Members act as examples for all of our other Employees to see. They show that Culture comes from the heart, not from the memo. As you might imagine, they have a difficult job, but we are fortunate to have the dedication of these Culture Warriors who battle indifference and complacency on a daily basis. With their help, our Culture continues to fly high.¹

The chapter-opening vignette highlights three key conclusions about organizational culture. First, an organization's culture can impact employee motivation, satisfaction, and turnover. Southwest is able to maintain low employee turnover and high job satisfaction by creating a positive, employee-focused culture. The same can be said about the top five companies to work for in America in 2009 according to *Fortune*—SAS, Edward Jones, Wegman Food Markets, Google, and Nugget Market.² Second, organizational culture can be a source of competitive advantage. A recent study of 194 retail and service stores confirmed this conclusion. As is true for Southwest Airlines, results showed that market performance was higher for firms with cultures that showed a joint concern for employees and customers.³ Finally, managers can influence organizational culture. Southwest uses its culture committee as a vehicle to shape and reinforce the values desired by senior management.

This chapter will help you better understand how managers can use organizational culture as a competitive advantage. After defining and discussing the context of organizational culture, we examine (1) the dynamics of organizational culture, (2) the process of culture change, (3) the organization socialization process, and (4) the embedding of organizational culture through mentoring.

TO THE POINT

How does organizational culture influence organizational outcomes?



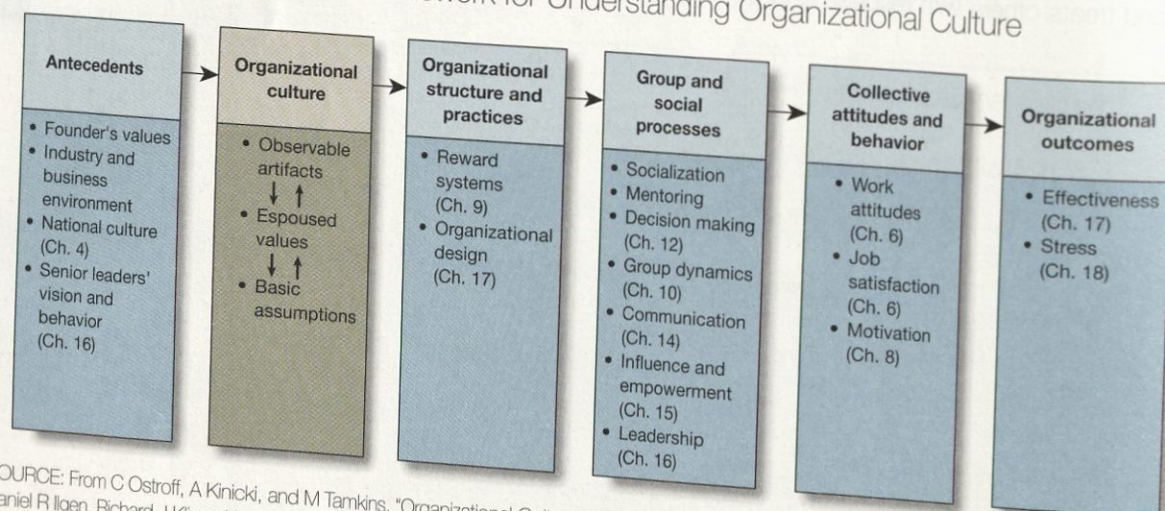
LO.1

Organizational Culture: Definition and Context

Organizational culture is “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.”⁴ This definition highlights three important characteristics of organizational culture. First, organizational culture is passed on to new employees through the process of socialization, a topic discussed later in this chapter. Second, organizational culture influences our behavior at work. Finally, organizational culture operates at different levels.

Figure 3–1 provides a conceptual framework for reviewing the widespread impact organizational culture has on organizational behavior. It also shows the linkage between this chapter—culture, socialization, and mentoring—and other key topics in this book. Figure 3–1 reveals organizational culture is shaped by four key components: the founder's values, the industry and business environment, the national culture, and the senior leaders' vision and behavior: The impact of

figure 3–1 A Conceptual Framework for Understanding Organizational Culture



SOURCE: From C Ostroff, A Kinicki, and M Tamkins, "Organizational Culture and Climate," *Handbook of Psychology*, vol 12, edited by Walter C Borman, Daniel R Ilgen, Richard J Klimoski, and Irving B Weiner, pp 565–93, Copyright © 2003. Reprinted with permission of John Wiley & Sons.

national culture on organizational behavior is discussed in detail in Chapter 4. In turn, organizational culture influences the type of organizational structure adopted by a company and a host of practices, policies, and procedures implemented in pursuit of organizational goals. These organizational characteristics then affect a variety of group and social processes. This sequence ultimately affects employees' attitudes and behavior and a variety of organizational outcomes. All told, Figure 3-1 reveals that organizational culture is a contextual variable influencing individual, group, and organizational behavior. This is why we are discussing organizational culture as the third chapter in your textbook.

Dynamics of Organizational Culture

To gain a better understanding of how organizational culture is formed and used by employees, this section begins by discussing the layers of organizational culture. We then review the four functions of organizational culture, types of organizational culture, and outcomes associated with organizational culture.

Layers of Organizational Culture

Figure 3-1 shows the three fundamental layers of organizational culture: observable artifacts, espoused values, and basic assumptions. Each level varies in terms of outward visibility and resistance to change, and each level influences another level.

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, and so on. For example, the Ritz-Carlton hotel uses storytelling to reinforce a culture that is focused on exceeding customers' expectations. The company shares "wow stories" at meetings each week that relay guests' tales of staff members going above and beyond the call of duty. Each "wow" winner, such as a laundry attendant who dove into a dumpster to retrieve one young guest's stuffed gingerbread man, gets \$100.⁵ This level also includes visible behaviors exhibited by people and groups. At Google, for example, the core design team of 16 employees have daily "stand-up" meetings. "Everyone working on the project gathers standing up, to make sure no one gets too comfortable and no time is wasted during the rapid-fire update."⁶ These stand-up meetings are an artifact of Google's desire to work hard and get things done in a timely manner. Artifacts are easier to change than the less visible aspects of organizational culture.



LO.2 Espoused Values Values possess five key components. "Values

(1) are concepts or beliefs, (2) pertain to desirable end-states or behaviors, (3) transcend situations, (4) guide selection or evaluation of behavior and events, and (5) are ordered by relative importance."⁷ 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.



TO THE POINT

What are the key conclusions regarding layers of culture, functions of culture, types of culture, and outcomes associated with organizational culture?

 **connect** Go to www.mcgrawhillconnect.com for an interactive exercise to test your knowledge of the conceptual framework.

organizational culture Shared values and beliefs that underlie a company's identity.

values Enduring belief in a mode of conduct or end-state.

espoused values The stated values and norms that are preferred by an organization.

real WORLD // real PEOPLE: ethics

Williams-Sonoma's Espoused Values Focus on Employees, Customers, Shareholders, and Ethical Behavior

People First We believe the potential of our company has no limit and is driven by our associates and their imagination. We are committed to an environment that attracts, motivates and recognizes high performance.

Customers We are here to please our customers—without them nothing else matters.

Quality We must take pride in everything we do. From our people, to our products and in our relationships with business partners and our community, quality is our signature.

Shareholders We must provide a superior return to our shareholders. It's everyone's job.

Ethical Sourcing Williams-Sonoma, Inc., and all of its brands are committed to maintaining the highest level of integrity and honesty throughout all aspects of our business. We work to ensure that our business associates, including agents, vendors and suppliers,

share our commitment to socially responsible employment conditions.

Wood Product Sourcing Williams-Sonoma, Inc., is committed to environmental stewardship, and more specifically, to responsible wood sourcing to protect and conserve this vital natural resource integral to the health of the environment and the communities from which we source.

Paper Procurement Policy Equally important to Williams-Sonoma, Inc.'s commitment to responsible wood sourcing, is our commitment to sound paper procurement practices that also ensure the sustainability of forests and other natural resources.

To what extent are these values consistent with your own values? Would you like to work at Williams-Sonoma?

SOURCE: Excerpted from "Corporate Values," www.williams-sonomainc.com/careers/corporate-values.html, accessed January 2, 2011.

Consider, for example, the espoused values of Williams-Sonoma (see Real World/Real People above). This specialty retailer of home furnishings was founded in 1956 and has experienced substantial growth since its inception.

On a positive note, Williams-Sonoma and many more companies are espousing the value of sustainability. **Sustainability** represents "a company's ability to make a profit without sacrificing the resources of its people, the community, and the planet."⁸ Sustainability also is referred to as "being green," and Pulitzer Prize winner Thomas Friedman believes that "outgreening" other nations can renew America and defeat al-Qaeda.⁹ Others believe that outgreening can produce a competitive advantage for organizations. For example, insurer Safeco and Microsoft have significantly cut costs and increased productivity by implementing employer-subsidized transportation that reinforces the idea that people be encouraged not to drive to work.

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." 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, a 2006 pipeline leak in Alaska that lost over 200,000 gallons of crude, and



The Deepwater Horizon spill was one of the worst environmental disasters in U.S. history. This worker is using a vacuum hose to collect oil that washed on shore in the Gulf of Mexico. The oil spill damaged marine and wildlife habitats and cost billions to cleanup.

the 2010 Deepwater Horizon spill in the Gulf lost more than 200 million gallons according to the U.S. government.¹⁰

Enacted values, on the other hand, 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. For example, Starbucks CEO, Howard Schultz, is trying hard to enact the company value of providing quality products and great service in response to the financial problems faced by the company in 2009. He told an interviewer in 2010 that “I shut our stores for three and a half hours of retraining. People said, ‘How much is that going to cost?’ I had shareholders calling me and saying, ‘Are you out of your mind?’ I said, ‘I’m doing the right thing. We are retraining our people because we have forgotten what we stand for, and that is the pursuit of an unequivocal, absolute commitment to quality.’”¹¹ Schultz is obviously hoping that these artifacts encourage employees to provide good service.

It is important for managers to reduce gaps between espoused and enacted values because they can significantly influence employee attitudes and organizational performance. For example, a survey administered by the Ethics Resource Center showed that employees were more likely to behave ethically when management behaved in a way that set a good ethical example and kept its promises and commitments. This finding is underscored by another recent study of 500,000 employees from more than 85 countries. Results revealed that companies experienced 10 times more misconduct when they had weak rather than strong ethical cultures.¹² Managers clearly need to walk the talk when it comes to behaving ethically.

Basic Assumptions Basic underlying assumptions are unobservable and represent the core of organizational culture. They constitute organizational values that have become so taken for granted over time that they become assumptions that guide organizational behavior. They thus are highly resistant to change. When basic assumptions are widely held among employees, people will find behavior based on an inconsistent value inconceivable. Southwest Airlines, for example, is noted for operating according to basic assumptions that value employees’ welfare and providing high-quality service. Employees at Southwest Airlines would be shocked to see management act in ways that did not value employees’ and customers’ needs.

 **connect** Go to www.mcgrawhillconnect.com for a self-assessment to learn what your preferred corporate culture type is.

Back to the Chapter-Opening Case

What observable artifacts, espoused values, and basic assumptions are displayed in the case?

What Are the Takeaways from Research on Levels of Culture? The key takeaway involves the consequences of what is called PE fit. **PE fit** is defined “as the compatibility between an individual and a work environment that occurs when their characteristics are well matched.”¹³ Results from a meta-analysis of over 170 studies and 40,000 workers demonstrated that people have higher job satisfaction and commitment to their organizations and lower intentions to quit when their personal characteristics (e.g., skills, abilities, and personalities) and values (e.g., integrity) match or fit the job requirements,

sustainability Meeting humanity’s needs without harming future generations.

Enacted values The values and norms that are exhibited by employees.

PE Fit Extent to which personal characteristics match those from a work environment.



real WORLD // real PEOPLE

Lack of PE Fit Leads Apple Employee to Leave the Company

The Apple Inc. executive in charge of the iPhone has left the company following a string of stumbles with the device, and what people familiar with the situation said was a falling out with then Chief Executive Steve Jobs. . . .

Several people familiar with Mr. Papermaster's situation said his departure was driven by a broader cultural incompatibility with the company.

Mr. Papermaster had lost the confidence of Mr. Jobs months ago and hasn't been part of the decision-making process for some time, these people said. They added that Mr. Papermaster didn't appear to have the

type of creative thinking expected at Apple and wasn't used to Apple's corporate culture, where even senior executives are expected to keep on top of the smallest details of their areas of responsibility and often have to handle many tasks directly, as opposed to delegating them.

What could Mr. Papermaster have done to increase his PE fit?

SOURCE: Excerpted from Y I Kane and I Sherr, "iPhone Executive Is Out at Apple," *The Wall Street Journal*, August 9, 2010, p B1.

organizational values, and the values of the workgroup.¹⁴ These results highlight that PE fit is important for your future job and career satisfaction. As a case in point, Mark Papermaster, Apple's former senior vice president for mobile devices, left the company partly because of low PE fit (see Real World/Real People above).

You may be wondering how to determine PE fit prior to accepting a job or promotion. It can be done, but it takes some work on your part. You first must 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.

Some companies understand the importance of PE fit and have designed methods within the recruiting process to encourage its accomplishment. Consider the selection process used by ReThink Rewards, a Toronto-based company, when hiring salespeople.

Example. The process includes group interviews, each with 10 candidates and two employees—a sales representative and a human resource representative. The interviewers then select 10 finalist candidates and ask each to review one of the company's case studies and give a 20-minute PowerPoint presentation to two other employees. The presentations are followed by 10-minute question-and-answer sessions. Finalists are interviewed by the hiring manager and HR representative, who use "Topgrading" methods—an approach that involves an extensive interview with each candidate about his or her experiences in high school, college and the workplace. . . . During the Topgrading interview, the candidate is asked 15 questions about each job he or she has held in the past 10 years, including opportunities, challenges, mistakes and accomplishments.¹⁵

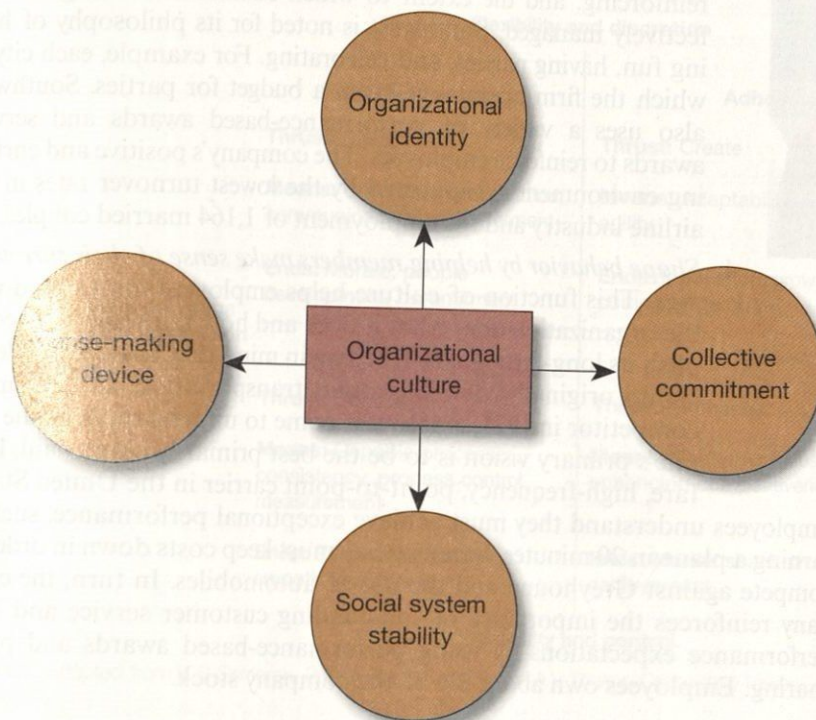


LO.3

Four Functions of Organizational Culture

As illustrated in Figure 3-2, an organization's culture fulfills four functions. To help bring these four functions to life, let us consider how each of them has taken

figure 3-2 Four Functions of Organizational Culture



SOURCE: Adapted from discussion in L. Smircich, "Concepts of Culture and Organizational Analysis," *Administrative Science Quarterly*, September 1983, pp 339–58. Reprinted with permission.

shape at Southwest Airlines. Southwest is a particularly instructive example because it has grown to become the largest carrier in the United States based on scheduled departures since its inception in 1971 and has achieved 38 consecutive years of profitability. *Fortune* has ranked Southwest in the top five of the Best Companies to Work For in America from 1997 to 2000; Southwest has chosen not to participate in this ranking process since 2000. Southwest also was ranked as one of the Top 50 Companies committed to corporate social responsibility in 2010.¹⁶

1. *Give members 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."¹⁷

The company also 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. For example, Southwest received 90,043 résumés and hired 831 new employees in 2009. The company also was rated as providing outstanding opportunities for women and Hispanics by *Professional Women* magazine and *Hispanic* magazine, respectively, and *Business Ethics* ranked Southwest among the 100 Best Corporate Citizens seven years in a row.

2. *Facilitate collective commitment.* The mission of Southwest Airlines "is dedication to the highest quality of Customer Service delivered with a sense of warmth, friendliness, individual pride, and Company Spirit."¹⁸ Southwest's nearly 35,000 employees are committed to this mission. The Department of Transportation's Air Travel Consumer Report reported Southwest was ranked number one in fewest customer complaints since 1987.

McGraw Hill connect Go to www.mcgrawhillconnect.com for a video case on the organizational culture at Pike Place Fish Market.



The smile on this Southwest Airlines employee demonstrates the four functions of culture. Southwest employees have high job satisfaction and low employee turnover, in part attributable to its philosophy of having fun and celebrating. Would you like to work at Southwest?

3. *Promote 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 1,164 married couples.
4. *Shape behavior 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 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 5% of the company stock.



LO.4 Types of Organizational Culture

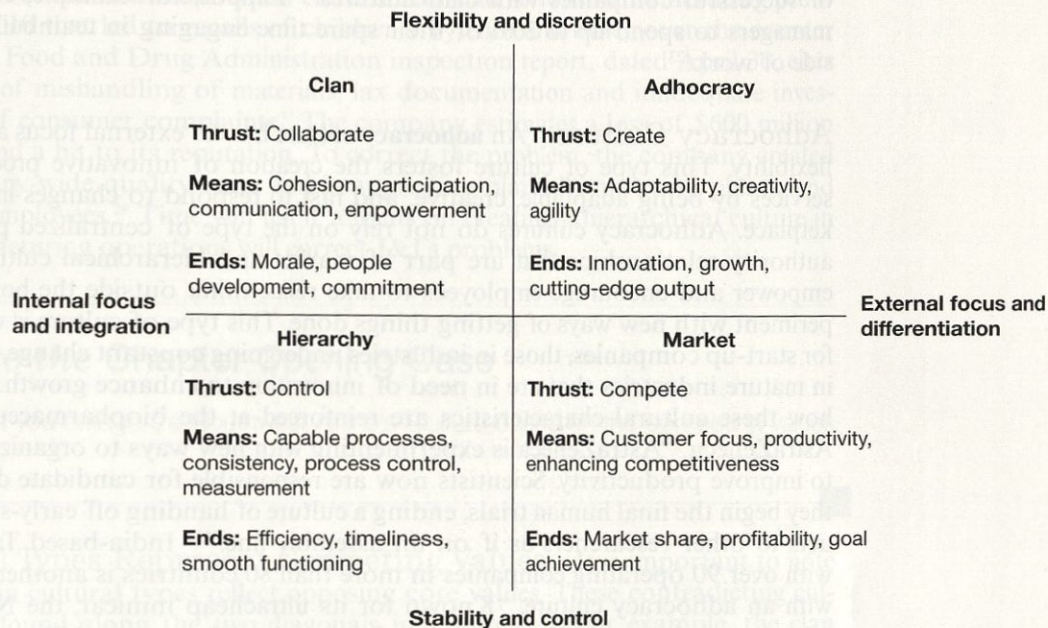
Organizational behavior researchers have proposed three different frameworks to capture the various types of organizational culture: the organizational culture inventory, the competing values framework, and the organizational culture profile. This section discusses the competing values framework because 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.¹⁹

The **competing values framework (CVF)** provides a practical way for managers to understand, measure, and change organizational culture. It 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 vary along two fundamental dimensions or axes. One axis pertains 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 is 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. The CVF is shown in Figure 3-3.²⁰

Figure 3-3 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.

Clan Culture A **clan culture** has an internal focus and values flexibility rather than stability and control. It resembles a family-type organization in which

figure 3-3 Competing Values Framework



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

effectiveness is achieved by encouraging collaboration between 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.

A company with a strong clan culture is Decagon Devices in Pullman, Washington. The company may be small, but senior management tries to maintain a family atmosphere at work. The company’s CEO, Tamsin Jolley, noted that “the way that we like to see it is that as we add employees we’re just adding members to the family.” This feeling starts with a profit-sharing program that distributes 20% of pretax profits to employees on a quarterly basis.

Example. Then there are day-to-day activities that bring workers closer together. Each Wednesday, some employees take turns bringing home-cooked meals to work for their colleagues. Then, all the workers eat lunch together. The weekly meal is an opportunity for managers to share news about the company, introduce new employees, and teach workers how to read the company’s financial statements. The company also encourages employees to socialize at work. The office has a ping-pong table and slot-car track, and there’s a long tradition of employees playing soccer on their breaks.²¹

Decagon Devices also provides generous employee health benefits and hosts annual catered family picnics and holiday parties.

 **connect** Go to www.mcgrawhillconnect.com for an interactive exercise to test your knowledge of the competing values framework.

competing values framework (CVF) A framework for categorizing organizational culture.

clan culture A culture that has an internal focus and values flexibility rather than stability and control.

SAS, rated as the number one best company to work for in America in 2009 by *Fortune*, as well as Zappos and Discount Tire represent other good examples of successful companies with clan cultures.²² Zappos, for example, encourages managers to spend up to 20% of their spare time engaging in teambuilding outside of work.²³

Adhocracy Culture An **adhocracy culture** has an external focus and values flexibility. This type of culture fosters the creation of innovative products and services by being adaptable, creative, and fast to respond to changes in the marketplace. Adhocracy cultures do not rely on the type 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. This type of culture is well suited for start-up companies, those in industries undergoing constant change, and those in mature industries that are in need of innovation to enhance growth. Consider how these cultural characteristics are reinforced at the biopharmaceutical firm AstraZeneca. "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."²⁴ India-based Tata group, with over 90 operating companies in more than 80 countries is another company with an adhocracy culture. "Known for its ultracheap minicar, the Nano, Tata takes innovation so seriously that it's developed an 'Innometer.' The conglomerate measures creative goals and accomplishments vs. domestic or global benchmarks while instilling a 'sense of urgency' among employees."²⁵ Tata was ranked as the 17th most innovative firm in the world in 2010 by *Bloomberg Businessweek*. W. L. Gore, Intel, and Google are other companies that possess cultural characteristics consistent with an adhocracy.

Market Culture A **market culture** has a strong external focus and values stability and control. Organizations with this culture are driven by competition and 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. Consider Richard Branson's new Virgin America airline. Branson believes that "American carriers are all very much the same, and the people who run them do not think of the customers at all." "It's become a bus service." To meet customer needs, Branson's new airline uses Airbus A319 and A320 jets that are roomier, contain in-flight entertainment at every seat, Wi-Fi Internet access, and special lighting that displays 12 shades of pink, purple, and blue.²⁶ Time will tell whether this market culture will lead to sustainable profits.

Employees in market cultures also are expected to react fast, work hard, and deliver quality work on time. Organizations with this culture tend to reward people who deliver results. Byung Mo Ahn, president of Kia Motors, is a good example of a leader who desires to promote a market culture. He fired two senior executives from Kia Motors America in February 2008 because they were not meeting their expected sales goals. Employees from North America note that Mr. Ahn has created a very aggressive and competitive work environment. Some describe the environment as militaristic.²⁷

Hierarchy Culture Control is the driving force 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. Johnson & Johnson (J&J) is a good example of why some organizations desire a hierarchical culture. J&J had serious manufacturing problems in 2010 that led to recalls of children's Tylenol and other over-the-counter drugs. "A Food and Drug Administration inspection report, dated April 30, cites incidents of mishandling of materials, lax documentation and inadequate investigation of consumer complaints." The company estimates a loss of \$600 million in 2010 and a hit to its reputation. To correct the problem, the company created "a company-wide quality team and is upgrading plants," improving plants, and training employees.²⁸ Time will tell if a focus on creating a hierarchical culture in its manufacturing operations will correct J&J's problems.

Back to the Chapter-Opening Case

How would you categorize Southwest Airline's Culture based on the competing values framework?

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 3-3. 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. The company is trying 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% 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



3M is one of the most innovative firms in the world. Even during the recent recession, the company released over 1,000 new products in one year.

adhocracy culture A culture that has an external focus and values flexibility.

market culture A culture that has a strong external focus and values stability and control.

hierarchy culture A culture that has an internal focus and values stability and control over flexibility.

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 2010.²⁹



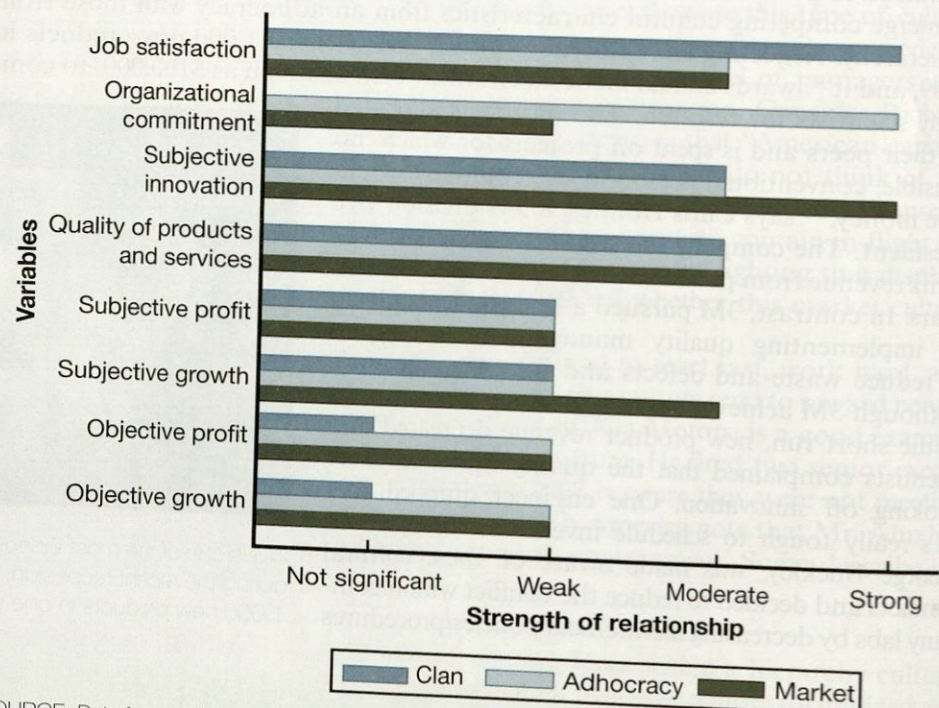
LO.5 Outcomes Associated with Organizational Culture

Both managers and academic researchers believe that organizational culture can be a driver of employee attitudes, performance, and organizational effectiveness. 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 team of researchers recently conducted a meta-analysis to answer this question. Their results were based on 93 studies involving over 1,100 companies. Figure 3-4 summarizes results from this study.³⁰

Figure 3-4 shows the strength of relationships between eight different organizational outcomes and the culture types of clan, adhocracy, and market: Hierarchy 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 3-4 leads to the following five conclusions:

1. Organizational culture is clearly related to measures of organizational effectiveness. This reinforces the conclusion 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

figure 3-4 Correlates of Organizational Culture



SOURCE: Data for this Figure were obtained 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, pp 677-694.

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.
4. An organization's financial performance (i.e., growth in profit and growth in revenue) is not very strongly related to organizational culture. Managers should not expect to increase financial performance by trying to change their organization's culture.
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.

Researchers also have investigated the importance of organizational culture within the context of a merger. These studies indicate that mergers frequently failed due to incompatible cultures. Owing to the increasing number of corporate mergers around the world, and the conclusion that 7 out of 10 mergers and acquisitions failed to meet their financial promise, managers within merged companies would be well advised to consider the role of organizational culture in creating a new organization.³¹

In summary, research underscores the significance of organizational culture. It also reinforces the need to learn more about the process of cultivating and changing an organization's culture. An organization's culture is not determined by fate. It is formed and shaped by the combination and integration of everyone who works in the organization. A change-resistant culture, for instance, can undermine the effectiveness of any type of organizational change. Although it is not an easy task to change an organization's culture, the next section provides a preliminary overview of how to create cultural change.



LO.6 The Process of Culture Change

Before describing the specific ways in which managers can change organizational culture, let us review four caveats about culture change. First, we agree with the notion that leaders are the architects and developers of organizational culture, and managing organizational culture is one of the most important functions of leadership.³² Second, the process of culture change essentially begins with targeting one of the three layers of organizational culture previously discussed—observable artifacts, espoused values, and basic assumptions. That said, culture will not change in a significant way unless managers are able to change basic underlying assumptions.³³ Third, it is important to consider the extent to which the current culture is aligned with the organization's vision and strategic plan before attempting to change any aspect of organizational culture. A **vision** represents a long-term goal that describes “what” an organization wants to become. For example, Walt Disney's original vision for Disneyland included the following components:

Example. 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.³⁴

TO THE POINT

What are the specific methods or techniques managers can use to change an organization's culture?

vision Long-term goal describing “what” an organization wants to become.

A **strategic plan** outlines an organization's long-term goals and the actions necessary to achieve these goals. Mark Fields, executive vice president, Ford Motor Company, and president, The Americas, firmly believes that culture, vision, and strategic plans should be aligned. According to Fields, "Culture eats strategy for breakfast. You can have the best plan in the world, and if the culture isn't going to let it happen, it's going to die on the vine."³⁵

Finally, it is important to use a structured approach when implementing culture change. Chapter 18 can help you in this regard as it presents several models that provide specific steps to follow when implementing any type of organizational change. Let us now consider the specific methods or techniques that managers can use to change an organization's culture.



LO.7

Edgar Schein, a well-known OB scholar, 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. This is accomplished by using one or more of the following mechanisms:³⁶

1. *Formal statements of organizational philosophy, mission, vision, values, and materials used for recruiting, selection, and socialization.* 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. Further, 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.³⁷ Would you like to work at Nucor?
2. *The design of physical space, work environments, and buildings.* Novartis AG in Basel, Switzerland, designed its offices to foster collaboration. This was done 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.³⁸
3. *Slogans, language, acronyms, and sayings.* For example, Robert Mittelstaedt, dean of the W. P. Carey School of Business at Arizona State University, promotes his vision of having one of the best business schools in the world through the slogan "Top-of-mind business school." Employees are encouraged to engage in activities that promote the quality and reputation of the school's academic programs.
4. *Deliberate role modeling, training programs, teaching, and coaching by managers and supervisors.* Fluor Corporation, one of the leading design, engineering, and contracting firms in the world, desires an ethical culture that fights corruption within the construction industry. The company, which derives more than half of its \$17 billion in revenues overseas, puts all its employees through online anticorruption training sessions and teaches specialized workers, such as field operators, in person. Executives promote an open-door policy and a hotline for reporting crimes—as well as tough penalties for violators, who receive zero tolerance for infractions.³⁹
5. *Explicit rewards, status symbols (e.g., titles), and promotion criteria.* At Triage Consulting Group, employees at the same level of their career earn the same pay, but employees are eligible for merit bonuses, reinforcing the culture of achievement. The merit bonuses are partly based on coworkers' votes for who contributed most to the company's success, and the employees who received the most votes are recognized each year at the company's "State of Triage" meeting.⁴⁰

6. *Stories, legends, or myths about key people and events.* Baptist Health Care uses a combination of storytelling and recognition to embed clan- and market-based cultures that focus on employees and patients.

Example. We've been able to do more and different things because of our culture, which starts with the executives who carry it to the front-line and staff," says BHC Director of People Development Scott Ginnette. . . . For example, throughout the year we celebrate Champions, people who have done extraordinary things in service, by sharing their stories with all employees. Every facility has its own Champions, and at the end of the year, a committee decides which Champions will be named Legends, a higher honor. The Legends are taken by limo to an offsite dinner with board members where stories are shared and the Legends are recognized.⁴¹

Marriott also uses stories to reinforce its culture. For example, Ed Fuller, head of international lodging for Marriott International, teaches employees about fairness in career advancement by telling the story of how he and another senior executive started their careers as a security guard and a waiter.⁴² Managers can develop and tell motivating stories by noticing relevant actions and tying them to values. Good stories also can come from listening to customers. It is important when telling stories that you are factual and authentic because someone may check out the story.

7. *The organizational activities, processes, or outcomes that leaders pay attention to, measure, and control.* 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.⁴³
8. *Leader reactions to critical incidents and organizational crises.* 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. 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."⁴⁴ These types of rewards will need to be offered long term if the company truly wants to change employees' basic underlying assumptions.
9. *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 (see Chapter 17) and increase employee involvement. Novartis AG is a prime example. The company changed its organizational structure to foster the creativity and productivity associated with adhocracy and market cultures. "Leaders are seeing results from cross-functional

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

Here is what Rebecca Ratner, Zappos 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.

Why would Zappos's approach to recruiting result in greater PE fit?

SOURCE: Excerpted from J Larrere, "Develop Great Leaders," *Leadership Excellence*, April 2010, p 12.



The "Wow" factor at Zappos is partly created by encouraging employees to have fun at work. These employees are enjoying a game of Nerf basketball.

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."⁴⁵

10. *Organizational systems and procedures.* Companies are increasingly using electronic networks to enhance collaboration among employees in order to achieve innovation, quality, and efficiency. For example, Serena Software, a California-based company with 800 employees located in 29 offices across 14 countries, encouraged its employees to sign up for Facebook for free, and to use the network as a vehicle for getting to know each other. In contrast to using a public site for networking, Dow Chemical launched its own internal social network in order to create relationships between current, past, and temporary employees.⁴⁶
11. *Organizational goals and the associated criteria used for recruitment, selection, development, promotion, layoffs, and retirement of people.* Zappos, which was ranked as the 15th best place to work by *Fortune* in 2009, spends a great deal of time trying to hire people who will fit into its clan-based culture (see Real World/Real People above). As you read this box keep in mind what you read earlier about PE fit.

Back to the Chapter-Opening Case

Which of the 11 methods or techniques for changing organizational culture were used by Southwest Airlines?

The Organizational Socialization Process

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.”⁴⁷ As previously discussed, organizational socialization is a key mechanism used by organizations to embed their organizational cultures. 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.

TO THE POINT

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

LO.8 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 3–5, the three phases are (1) anticipatory socialization, (2) encounter, and (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.

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, 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).⁴⁸

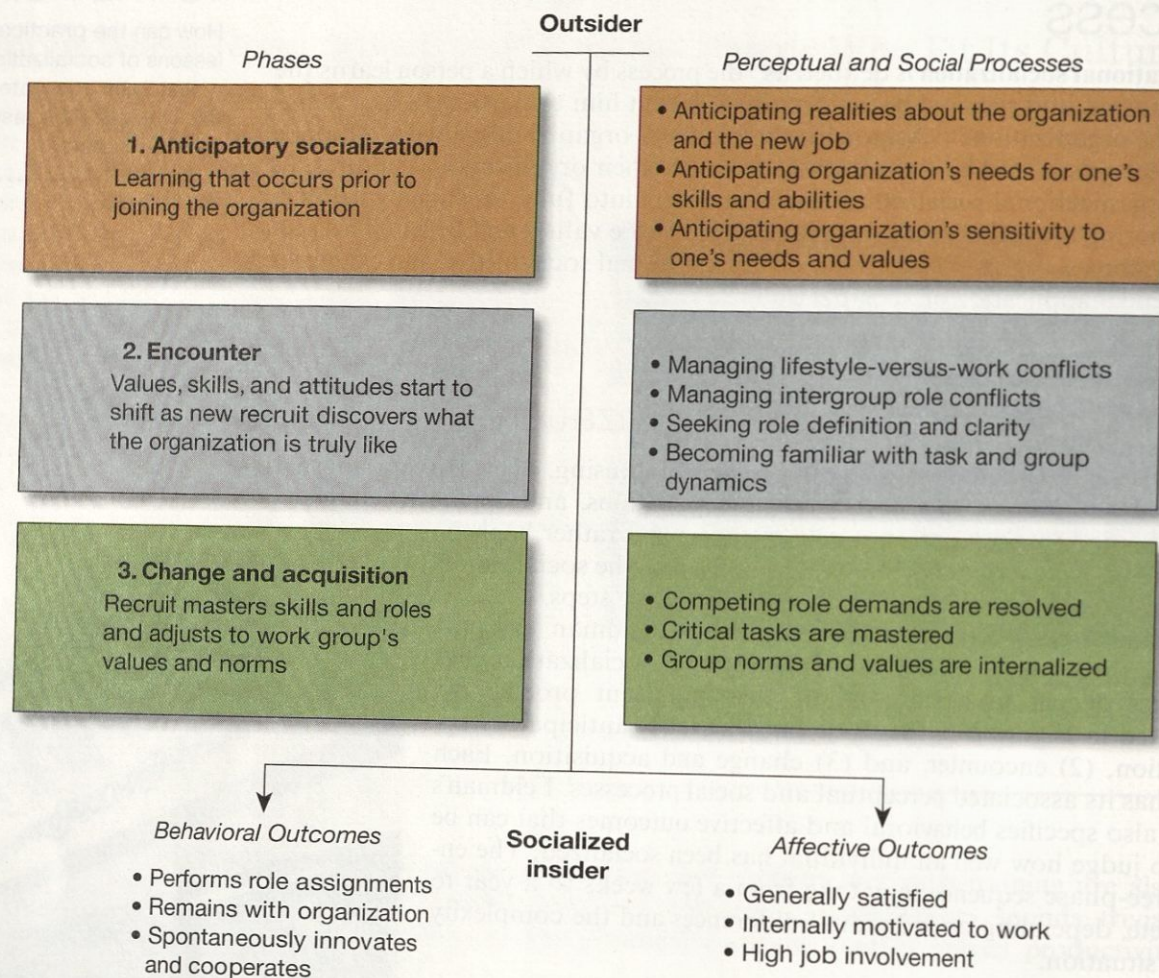


These onlookers gathered outside the Hyderabad offices of PricewaterhouseCoopers as police officers worked inside the building. The company was responsible for auditing Satyam Computers, and the former chairman was imprisoned after admitting to a \$1 billion fraud.

organizational socialization Process by which employees learn an organization’s values, norms, and required behaviors.

anticipatory socialization phase Occurs before an individual joins an organization, and involves the information people learn about different careers, occupations, professions, and organizations.

figure 3-5 A Model of Organizational Socialization



SOURCE: Adapted from material in D C Feldman, "The Multiple Socialization of Organization Members," *Academy of Management Review*, April 1981, pp 309-18. Copyright © 1981 by The Academy of Management. Reproduced by permission of The Academy of Management via Copyright Clearance Center.

McGraw Hill connect Go to www.mcgrawhillconnect.com for an interactive exercise to test your knowledge of the organizational socialization process.

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. Whirlpool, for example, uses its career website to post candid comments from employees about what it is like to work at the company.⁴⁹ RJP's may be electronic, verbal, in booklet form, audiovisual, or hands on. Research supports the practical benefits of using RJP's. A meta-analysis of 40 studies revealed that RJP's were related to higher performance and to lower attrition from the recruitment process. Results also demonstrated that RJP's lowered job applicants' initial expectations and led to lower turnover among those applicants who were hired.⁵⁰

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.⁵¹ Automatic Data Processing's (ADP) onboarding program consists of a combination of online training, classroom training, meetings with employees, written materials containing guidelines on what to expect in the first 90 days, an assimilation guide, and social networking. The company believes that these efforts are helping it to turn newcomers into fully functioning employees.⁵²

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 only occur when employees have a clear understanding about their roles—role clarity is discussed in Chapter 10—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.⁵³ Additionally, organizations such as Schlumberger, a large multinational oil company, use incentives and social gatherings to reinforce the new behaviors expected of employees.

Example. The company is gradually changing its old Soviet culture of blame. Luc Ollivier, a 50-year-old Frenchman, was installed as the boss of regional operations Siberian Geophysical. He's trying to reward performance and, more critical, systematically eliminate mistakes rather than simply punish the people who make them. Ollivier says the company's veteran drillers have immense experience, "but they don't like to teach the young people." So he is working to forge better ties through daylong get-togethers that conclude with a beer bash. Ollivier says the pace of work is up by more than 30% in the past two years, and Siberian Geophysical's drilling revenues reached about \$250 million last year [2007], about double their level in 2006.⁵⁴

Table 3-1 presents a list of socialization processes or tactics used by organizations to help employees through this adjustment process. Returning to Table 3-1, can you identify the socialization tactics used by Schlumberger?

Practical Application of Socialization Research

Past research suggests five practical guidelines for managing organizational socialization.

1. A recent survey showed that effective onboarding programs resulted in increased retention, productivity, and rates of task completion for new hires.⁵⁵ This reinforces the conclusion that managers should avoid a haphazard, sink-or-swim approach to organizational socialization because formalized socialization tactics positively affect new hires. Formalized or institutionalized socialization tactics were found to positively help employees in both domestic and international operations.⁵⁶

realistic job preview Presents both positive and negative aspects of a job.

encounter phase Employees learn what the organization is really like and reconcile unmet expectations.

onboarding Programs aimed at helping employees integrate, assimilate, and transition to new jobs.

change and acquisition phase Requires employees to master tasks and roles and to adjust to work group values and norms.


LO.9 table 3-1 Socialization Tactics

TACTIC	DESCRIPTION
Collective vs. individual	Collective socialization consists of grouping newcomers and exposing them to a common set of experiences rather than treating each newcomer individually and exposing him or her to more or less unique experiences.
Formal vs. informal	Formal socialization is the practice of segregating a newcomer from regular organization members during a defined socialization period versus not clearly distinguishing a newcomer from more experienced members. Army recruits must attend boot camp before they are allowed to work alongside established soldiers.
Sequential vs. random	Sequential socialization refers to a fixed progression of steps that culminate in the new role, compared to an ambiguous or dynamic progression. The socialization of doctors involves a lock-step sequence from medical school, to internship, to residency before they are allowed to practice on their own.
Fixed vs. variable	Fixed socialization provides a timetable for the assumption of the role, whereas a variable process does not. American university students typically spend one year apiece as freshmen, sophomores, juniors, and seniors.
Serial vs. disjunctive	A serial process is one in which the newcomer is socialized by an experienced member, whereas a disjunctive process does not use a role model.
Investiture vs. divestiture	Investiture refers to the affirmation of a newcomer's incoming global and specific role identities and attributes. Divestiture is 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 were taken from B E Ashforth, *Role Transitions in Organizational Life: An Identity-Based Perspective* (Mahwah, NJ: Lawrence Erlbaum Associates, 2001), pp 149-83.

2. Organizations like the U.S. Military Academy at West Point 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.⁵⁷
3. The type of orientation program used to socialize employees affects their expectations and behavior. A recent 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.⁵⁸ Managers need to help new hires integrate within the organizational culture and overcome the stress associated with working in a new environment. 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."⁵⁹
4. 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.⁶⁰ Managers are advised to use a contingency approach toward organizational socialization. In other words, different techniques are appropriate for different people at different times.
5. Managers should pay attention to the socialization of diverse employees. Research 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.⁶¹

Embedding Organizational Culture through Mentoring

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).⁶² 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. For example, a meta-analysis revealed that mentored employees had higher compensation and more promotions than nonmentored employees. Mentored employees also were found to have higher organizational knowledge, job performance, and salary over time.⁶³ This section focuses on how people can use mentoring to their advantage. We discuss the functions of mentoring, the developmental networks underlying mentoring, and the personal and organizational implications of mentoring.

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 sponsorship, exposure-and-visibility, coaching, protection, and challenging assignments. Four *psychosocial functions* were role modeling, acceptance-and-confirmation, counseling, and friendship. The psychosocial functions clarified the participants' identities and enhanced their feelings of competence.⁶⁴



LO.10 Developmental Networks Underlying Mentoring

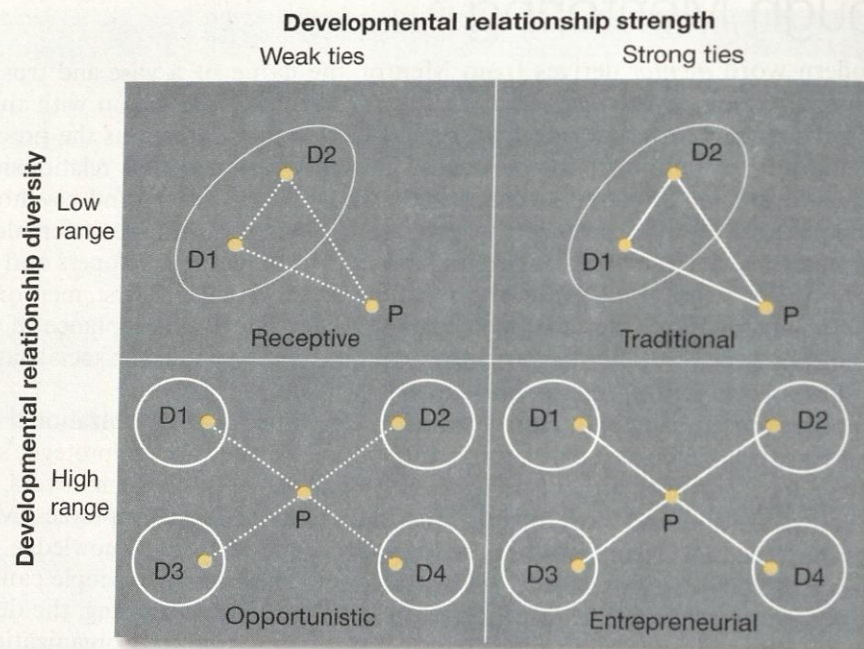
Historically, it was thought that mentoring was primarily provided by one person who was called a mentor. Today, however, the changing nature of technology, organizational structures, and marketplace dynamics require that people seek career information and support from many sources. Mentoring is currently 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

TO THE POINT

What are the four developmental networks and how can you use them to advance your career?

mentoring Process of forming and maintaining developmental relationships between a mentor and a junior person.

figure 3-6 Developmental Networks Associated with Mentoring



Key: D, developer; P, protégé

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

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 is instrumental in obtaining the type of career assistance needed to manage his or her career.⁶⁵ Figure 3-6 presents a developmental network typology based on integrating the diversity and strength of developmental relationships.⁶⁶

The **diversity of developmental relationships** reflects the variety of people within the network an individual uses for developmental assistance. There are two sub-components 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 3-6, developmental relationship diversity ranges from low (few people or social systems) to high (multiple people or social systems).

Developmental relationship strength reflects 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 3-5): receptive, traditional, entrepreneurial, and opportunistic.

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 3-6 is indicative of 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 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. Finally, an opportunistic network is associated with having weak ties with multiple developers from different social systems.

Personal and Organizational Implications

There are five key personal implications to consider. First, it is important to foster a broad developmental network because the number and quality of your contacts will influence your career success. Second, job and career satisfaction are likely to be influenced by the consistency between your career goals and the type of developmental network at your disposal. For example, people with an entrepreneurial developmental network are more likely to experience change in their careers and to benefit from personal learning than people with receptive, traditional, and opportunistic networks. If this sounds attractive to you, you should try to increase the diversity and strength of your developmental relationships. In contrast, lower levels of job satisfaction are expected when employees have receptive developmental networks and they desire to experience career advancement in multiple organizations. Receptive developmental networks, however, can be satisfying to someone who does not desire to be promoted up the career ladder.⁶⁷

Third, a developer's willingness to provide career and psychosocial assistance is a function of the protégé/protégée's ability and potential and the quality of the interpersonal relationship.⁶⁸ Research also shows that the quality of the mentoring relationship is likely to be higher when the parties have common values and personality characteristics.⁶⁹ 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. Fourth, it is important to become proficient at using social networking tools such as Twitter, LinkedIn, and Facebook. Companies such as AT&T are increasingly using online tools to conduct mentoring across geographical boundaries (see Real World/Real People on page 84). These tools not only enable you to increase the breadth of your social network, but they also can increase your productivity. Finally, you should develop a mentoring plan. Experts suggest that this plan should include the following components:⁷⁰

- 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.

diversity of developmental relationships The variety of people in a network used for developmental assistance.

developmental relationship strength The quality of relationships among people in a network.



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AT&T Conducts Mentoring Online

At AT&T mentoring takes place in self-organizing, topic-based groups, which AT&T calls leadership circles. The self-organizing approach allows them to reach far more employees than programs run by HR. Using an online platform, one mentor can work with several mentees at a time—sometimes in different locations—on skills like generating sales leads or leading teams. The circles take advantage of platform features such as community forums, document-sharing spaces, group polling, and calendars that announce events and mentor availability. Since the supporting software has some built-in social-networking capability, mentees are able to connect to others with very little hands-on assistance from HR; peer-to-peer mentoring often starts to take place within a circle as it matures. Managers frequently share mentoring responsibilities within a circle—for instance, three executives might work together to advise a group of nine employees. Face-to-face meetings, conference calls, and webcast supplement the online coaching.



How would you like to be mentored online instead of face to face?

SOURCE: Excerpted from J C Meister and K Willyerd, "Mentoring Millennials," *Harvard Business Review*, May 2010, p 71.

- 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.

Research also supports the organizational benefits of mentoring. For example, mentoring enhances the effectiveness of organizational communication. Specifically, mentoring increases the amount of vertical communication both up and down an organization, and it 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. A survey found that 6 out of 10 companies already have programs for coaching or mentoring, and of the remaining companies, 8 out of 10 are planning such a program.⁷¹

Summary of Key Concepts

1. *Define organizational culture and discuss its three layers.* Organizational culture represents the shared assumptions that a group holds. It influences employees' perceptions and behavior at work. The three layers of organizational culture include observable artifacts, espoused values, and basic assumptions. Artifacts are the physical manifestations of an organization's culture. Espoused values represent the explicitly stated values and norms that are preferred by an organization. Basic underlying assumptions are unobservable and represent the core of organizational culture.
2. *Discuss the difference between espoused and enacted values.* 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.
3. *Describe the four functions of organizational culture.* Four functions of organizational culture are organizational identity, collective commitment, social system stability, and sense-making device.

4. *Discuss the four types of organizational culture associated with the competing values framework.* The competing values framework identifies four different types of organizational culture. A clan culture has an internal focus and values flexibility rather than stability and control. An adhocracy culture has an external focus and values flexibility. A market culture has a strong external focus and values stability and control. A hierarchy culture has an internal focus and values stability and control over flexibility.
5. *Summarize the five conclusions derived from research about the outcomes associated with organizational culture.* Organizational culture is related to measures of organizational effectiveness. Employees are more satisfied and committed to organizations with clan cultures. An organization's financial performance is not very strongly related to organizational culture. Innovation and quality can be increased by building characteristics associated with clan, adhocracy, and market cultures into the organization. Culture is not strongly related to financial performance, and companies with market cultures tend to have more positive organizational outcomes.
6. *Review the four caveats about culture change.* First, managing organizational culture is one of the most important functions of leadership. Second, the process of culture change begins by targeting one of the three layers of organizational culture. Third, it is important to consider the extent to which the current culture is aligned with the organization's vision and strategic plans before attempting to change any aspect of organizational culture. Finally, it is important to use a structured approach when implementing culture change.
7. *Summarize the methods used by organizations to change organizational culture.* Changing culture amounts to teaching employees about the organization's preferred values, beliefs, expectations, and behaviors. This is accomplished by using one or more of the following 11 mechanisms: (a) formal statements of organizational philosophy, mission, vision, values, and materials used for recruiting, selection, and socialization; (b) the design of physical space, work environments, and buildings; (c) slogans, language, acronyms, and sayings; (d) deliberate role modeling, training programs, teaching, and coaching by managers and supervisors; (e) explicit rewards, status symbols, and promotion criteria; (f) stories, legends, and myths about key people and events; (g) the organizational activities, processes, or outcomes that leaders pay attention to, measure, and control; (h) leader reactions to critical incidents and organizational crises; (i) the workflow and organizational structure; (j) organizational systems and procedures; and (k) organizational goals and associated criteria used for recruitment, selection, development, promotion, layoffs, and retirement of people.
8. *Describe the three phases in Feldman's model of organizational socialization.* The three phases of Feldman's model are anticipatory socialization, encounter, and change and acquisition. Anticipatory socialization begins before an individual actually joins the organization. The encounter phase begins when the employment contract has been signed. Phase 3 involves the period in which employees master important tasks and resolve any role conflicts.
9. *Discuss the various socialization tactics used to socialize employees.* There are six key socialization tactics. They are collective versus individual, formal versus informal, sequential versus random, fixed versus variable, serial versus disjunctive, and investiture versus divestiture (see Table 3-1). Each tactic provides organizations with two opposing options for socializing employees.
10. *Explain the four developmental networks associated with mentoring.* The four developmental networks are based on integrating the diversity and strength of an individual's developmental relationships. The four resulting developmental networks are receptive, traditional, entrepreneurial, and opportunistic. 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; and an opportunistic network is associated with having weak ties from different social systems.

Key Terms

Organizational culture, 62

Values, 63

Espoused values, 63

Sustainability, 64

Enacted values, 65

PE Fit, 65

Competing values framework (CVF), 68

Clan culture, 68

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OB in Action Case Study

Sergio Marchionne Undertakes Major Strategic and Culture Change at Chrysler Group⁷²

A decline in sales isn't the only big problem facing Chrysler Group LLC. Another, according to Chief Executive Sergio Marchionne, is the almost ingrained tendency to react to falling sales by slashing prices.

In Detroit, "there's almost a fanatical, maniacal interest in (market) share," Mr. Marchionne told reporters Monday on the opening day of the North American International Auto Show. But rarely, he added, has heavy discounting in pursuit of high volumes helped auto makers generate profits in the long term. . . .

For the past seven months, the 57-year-old Italian-born Canadian has been working to shake up Chrysler and move the company away from old ways that forced it into bankruptcy reorganization last year. He has ousted several veteran executives, flattened its bureaucracy and, according to people who have worked closely with Mr. Marchionne, injected an element of fear into its ranks.

One of the more frustrating problems for Mr. Marchionne has been the use of heavy rebates and other incentives to maintain sales—an issue that has plagued General Motors Co. and Ford Motor Co. over the years.

Last July, for example, when the U.S. government offered as much as \$4,500 in "cash for clunkers" rebates, Chrysler's sales chief at the time, Peter Fong, drew up a plan to offer an additional \$4,500 from Chrysler, two people familiar with the matter said. . . .

But when Mr. Marchionne found out about it, he was furious, these people said. In an August meeting with Mr. Fong and his sales team, the CEO excoriated them, saying doubling discounts amounted to "giving away margin" at a time when Chrysler was scrambling for profits, one person familiar with the details of the meeting said. "Sergio was ballistic," this person said. . . .

Several weeks later, in September, Mr. Fong was summoned to the office of Nancy Rae, Chrysler's head of human resources, and was told his services were no longer needed, these people said. . . .

Mr. Marchionne took the helm at Chrysler in June, when the company exited bankruptcy protection and formed an alliance with Italy's FIAT SpA, where he also serves as CEO and which owns about 20% of Chrysler. In November, he laid out a turn-around plan that calls for Chrysler to launch a series of small cars designed by Fiat, and envisions Chrysler breaking even in 2010 and returning to profitability by 2011.

Besides working out ways for the two companies to work together, Mr. Marchionne has tried to shake up Chrysler's plodding corporate culture. . . .

To select his new management team, Mr. Marchionne held dozens of 15-minute interviews with Chrysler executives over several days to evaluate which ones to keep and which to push out, according to people who participated in the process.

When the process was over, Mr. Marchionne had 23 people reporting to him. Some were junior executives who had been moved up a level or two in the organization. . . .

Many in the industry believe Mr. Marchionne has no option but to shock Chrysler out of its old ways. "The culture in Detroit is so insular, and he's going to have to throw some china against the wall," said Michael J. Jackson, chairman and CEO of AutoNation Inc., a large dealership chain. . . .

Mr. Marchionne took an office on the fourth floor of the technology center at Chrysler's headquarters in Auburn Hills, Mich., among Chrysler's engineers, instead of an office in its adjoining executive tower. His management team began meeting weekly in a nearby conference room equipped with video gear so that Fiat executives in Italy could take part.

In these meetings, Mr. Marchionne often spelled out what he saw as Chrysler's many deficiencies: margins and vehicle quality needed to improve and better control over pricing was imperative, according to one person who has been in the sessions. Details of the discussions weren't to leave the room. Security officers even called senior executives over the summer to make sure no one was talking to reporters about the company's plans.

Mr. Marchionne, a notorious workaholic, carries five BlackBerrys and works seven days a week. He spends about one full week a month in Michigan and flies back for weekend meetings when he isn't in town.

Questions for Discussion

1. What are the observable artifacts, espoused values, and basic assumptions associated with Chrysler's culture? Explain.
2. How is Mr. Marchionne trying to improve the PE fit of his direct reports?
3. Use the competing values framework to diagnose Chrysler's culture. To what extent does it possess characteristics associated with clan, adhocracy, market, and hierarchy cultures? Discuss.
4. Begin by looking up Chrysler's mission or vision statement on the company's website. Now answer the following question: To what extent is the culture type you identified in question 2 consistent with the accomplishment of this mission or vision? Explain.
5. Which of the mechanisms for changing organizational culture did Mr. Marchionne use at Chrysler? Explain.
6. Would you like to work at Chrysler? Explain your rationale.

Legal/Ethical Challenge

Credit-Card Issuers Have Cultures That Focus on Growth by Targeting Financially Strapped People⁷³

The troubles sound familiar. Borrowers falling behind on their payments. Defaults rising. Huge swaths of loans souring. Investors getting burned. But forget the now-familiar tales of mortgages gone bad. The next horror for beaten-down financial firms is the \$950 billion worth of outstanding credit-card debt—much of it toxic. . . . The consumer debt bomb is already beginning to spray shrapnel throughout the financial markets, further weakening the U.S. economy. “The next meltdown will be in credit cards,” says Gregory Larkin, senior analyst at research firm Innovest Strategic Value Advisors. . . .

But some banks and credit-card companies may be exacerbating their problems. To boost profits and get ahead of coming regulation, they’re hiking interest rates. But that’s making it harder for consumers to keep up. . . .? Sure the credit-card market is just a fraction of the \$11.9 trillion mortgage market. But sometimes the losses can be more painful. That’s because most credit-card debt is unsecured, meaning consumers don’t have to make down payments when opening up their accounts. If they stop making monthly payments and the account goes bad, there are no underlying assets for credit-card companies to recoup. With mortgages, in contrast, some banks are protected both by down payments and by the ability to recover at least some of the money by selling the property. . . .

The industry’s practices during the lending boom are coming back to haunt many credit-card lenders now. Cate Colombo, a former call center staffer at MBNA, the big

issuer bought by Bank of America in 2005, says her job was to develop a rapport with credit-card customers and advise them to use more of their available credit. Colleagues would often gather around her chair when she was on the phone with a customer and chant: “Sell, sell.” “It was like *Boiler Room*,” says Colombo, referring to the 2000 movie about unscrupulous stock brokers. “I knew that they would probably be in debt for the rest of their lives.” Unless, of course, they default.

Assume that you are member of Congress. What would you do in light of the facts in this case?

1. Create legislation that does not allow credit-card issuers to raise interest rates for those who cannot pay their bills.
2. Create legislation that makes it a crime for people like Cate Colombo to entice people to spend money on a credit card when they can’t afford it.
3. I would not create any legislation. Credit-card issuers and people like Cate Colombo are not to blame for our financial problems. People must be responsible for their own behavior.
4. Invent other options.

Web Resources

Additional tools and resources are available to help you master the content of this chapter on the website at www.mhhe.com/kreitner10e