

14 ORGANIZATIONAL CULTURE, SOCIALIZATION, AND MENTORING

How Can I Use These Concepts to Fit, Develop, and Perform?

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 helpful to understand its layers and functions?

14.2 THE IMPACT OF ORGANIZATIONAL CULTURE TYPES ON OUTCOMES

MAJOR QUESTION: How are different types of organizational culture related to outcomes?

14.3 MECHANISMS OR LEVERS FOR CULTURE CHANGE

MAJOR QUESTION: What mechanisms or levers can I use to implement culture change?

14.4 EMBEDDING ORGANIZATIONAL CULTURE THROUGH THE SOCIALIZATION PROCESS

MAJOR QUESTION: How can I integrate the findings of socialization research with the three phases of socialization?

14.5 EMBEDDING ORGANIZATIONAL CULTURE THROUGH MENTORING

MAJOR QUESTION: How can I use mentoring to foster personal and professional success?

The Organizing Framework in Figure 14.1 summarizes what you will learn in this chapter. Two person factors human and social capital and four situation factors culture types, leader behavior, organizational climate, and human resource practices and policies influence key processes at the individual, group, and organizational levels. In turn, these key processes support positive outcomes at all three levels. Concepts we discuss in this chapter have greater impact on individual and organizational outcomes than on group ones.

FIGURE 14.1 Organizing Framework for Understanding and Applying OB

A summary graphic outlining what will be learned in this chapter.

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Access the text alternative for Figure 14.1.

The Walt Disney Company was founded in 1923 by brothers Walt and Roy Disney. The company is much more than its theme parks. Today Disney is a diversified multinational mass media and entertainment company headquartered in Burbank, California. The company has a long reputation of having a strong culture aimed at being innovative and a fun place to work. In recognition of this theme, the Walt Disney Company was ranked as the 5th most Admired Company in 2016 by Fortune. Here we see a manifestation of the company's culture in front of Cinderella's Castle at Walt Disney World, Orlando, Florida. Thousands of families visit their theme parks to have fun and enjoy the outstanding service provided by employees. The strong

customer-driven culture established by the Disney brothers is alive and well. This chapter will help you understand how companies like Disney create such cultures.

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Winning at Work

How Would I Assess Person–Organization Fit (P-O) When Applying for Jobs?

Fitting in is important to everyone. When I was 7, my father put me on a baseball team composed of 8- and 9-year-old boys. He thought it would be good for my development, but I was smaller and less skilled than the other boys, and they treated me like an outsider who didn't fit in. It did not help that I was the coach's son. I hated the experience.

I also experienced a lack of fit at some of my early job positions. I valued things others did not and believed people were engaging in counterproductive actions. Some of my peers loved the job, the boss, and the work environment. They could not understand why I wasn't happy, but I felt disengaged and started looking for a new job. That experience opened my eyes to the importance of fitting in at work.

What Does It Mean to Fit?

Person–environment fit (P-E) is the compatibility between an individual and a work environment that occurs when their characteristics are well matched. Although there are many types of fit, we are interested in person–organization fit (P-O), which reflects the extent to which your personality and values match the climate and culture in an organization. P-O fit matters because good fit is associated with more positive work attitudes and task performance, lower intentions to quit, and less stress. The process of assessing fit begins during the recruiting phase. Your goal should be to discover whether you and the job or the organization are a good fit for each other.

A photo of a puzzle piece.

Fitting in at work is like doing a puzzle. When the pieces fit in the right pattern, all is well.

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How Can I Assess P-O Fit?

Assessing P-O fit 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 it online or talking with current employees. With this information you can prepare a set of diagnostic questions to ask during the interview process.⁴ For example, if you value recognition for hard work, 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 P-E fit and will not be happy working at this company.

A Take-Away Application later in this chapter will help you practice the process of assessing person–organization fit.

How Can I Improve My Level of Fit?

Find ways to build your strengths into your work role. Talk to your boss about how to redesign or modify your job to incorporate your strengths.

Decide whether weaknesses are affecting your performance. If they are, seek developmental opportunities, coaching, or mentoring. If that does not work, find another role.

Assess any misalignment between your values and those endorsed by the company. You can do this by writing down your five most important values and comparing them to your employer's stated values. If they don't overlap and you can't accept the discrepancy, it's time to move on.

If you don't fit at one job or location, consider a lateral move to another department. You may just need a different role or boss.⁵

What's Ahead in This Chapter

This chapter begins your study of macro-level organizational behavior from the perspective of the organization as a whole. We start by exploring the foundation of organizational culture so 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 ways managers can change organizational culture. Finally, we discuss how socialization and mentoring serve to embed organizational culture, and we focus on how you can use knowledge of these processes to enhance your career success and happiness.

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

MAJOR QUESTION

What is culture and why is it helpful 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 about to learn what creates organizational culture and how culture affects other organizational processes. You also will identify the three levels that constitute culture and the functions it serves for organizations.

The saying "Culture eats strategy for breakfast" was attributed to management expert Peter Drucker. But it really caught everyone's attention when Mark Fields, CEO of Ford Motor Co., used it in 2006. The slogan currently hangs in the company's war room, a meeting place where executives discuss the execution of Ford's corporate strategies. Ford's former CEO Alan Mulally created the room, which contains charts, graphs, and lists of products. The culture slogan serves as a reminder of the impact of organizational culture on Ford's success. Others agree with Ford's emphasis on organizational culture.

Alan Murray, Fortune editor, studied the annual Best Companies to Work For lists and concluded that great companies don't just provide free food, generous benefits, and nap pods (although those clearly don't hurt). He believes that culture is the essence of what makes great companies. Today's workers are looking for a corporate culture that values them and their contributions, he said.

Bruce Arians, head coach of the Arizona Cardinals NFL team, also believes in the power of corporate culture. When asked by a reporter to comment on the team's success over two recent seasons the Cardinals won 34 of 48 regular-season games he said, "It's the culture in your locker room. Culture beats talent anytime, and we have great culture, great leadership, and great accountability in our locker room."

One of our primary goals in this chapter is to help you understand how managers can use organizational culture as a competitive advantage. We 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. This definition highlights four important characteristics of organizational culture:

Shared concept. Organizational culture consists of beliefs and values shared among a group of people.

Learned over time. Culture is passed to new employees through the processes of socialization and mentoring, discussed later in this chapter.

Influences behavior at work. Its influence on behavior is the reason culture eats strategy for breakfast.

Affects outcomes at multiple levels. Culture affects outcomes at the individual, group/team, and organizational levels.

Figure 14.2 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.

FIGURE 14.2 Drivers and flow of organizational culture

A summary graphic of the elements of organizational culture.

SOURCE: Adapted from C. Ostroff, A. J. Kinicki, and R. S. Muhammad, *Organizational Culture and Climate*, in *Handbook of Psychology*, vol. 12, 2nd ed., I.B. Weiner, N.W. Schmitt, and S. Highhouse, eds. (Hoboken, NJ: Wiley, 2013), 643–676. Reprinted with permission of John Wiley & Sons, Inc.

In turn, organizational culture influences the type of organizational structure a company adopts and a host of internal processes (including human resource practices) it implements in pursuit of its goals. These organizational characteristics then affect a variety of group and social processes. This sequence ultimately affects employees' work attitudes and behaviors and a variety of organizational outcomes. All told, Figure 14.2 tells us that organizational culture has a wide span of influence, ultimately influencing many individual, group, and organizational outcomes. Once again, this is the reason culture eats strategy for breakfast.

The Three Levels of Organizational Culture

Organizational culture operates on three levels:

Observable artifacts.

Espoused values.

Basic underlying assumptions.

These levels differ in their visibility and resistance to change, and each one influences another. Let's look at them one by one.

Level 1: Observable Artifacts

At the most visible level, culture consists of observable artifacts. Artifacts are the physical manifestation of an organization's culture. They include:

Acronyms.

Manner of dress.

Awards.

Myths and stories told about the organization.

Published lists of values.

Observable rituals and ceremonies.

Special parking spaces.

Pictures and images hanging on walls.

A photo of a toy elephant.

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?

© photonic 2/Alamy RF

At Facebook, for example, the word hack is pasted all around offices. It symbolizes the hacker way of pursuing continuous improvement and challenging the status quo. 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 reserved for sensitive meetings or discussions. Paul English, cofounder and chief technology officer, created the room because Kayak's open floor plan does not lend itself to discussions of touchy matters. Annabelle is the elephant in the room, the difficult topics discussed there. The company feels Annabelle and the conference room have led to more honest and constructive communications among employees. 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 our thinking and behavior across all situations. In the context of organizational culture, we distinguish between values that are espoused and values that are enacted.

Espoused values are the explicitly stated qualities and norms 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. For example, Ikea's espoused

values are humility, willpower, simplicity, togetherness, and enthusiasm. Google and Zappos each have 10 espoused values.

Because espoused values are explicitly communicated to employees, managers hope they will directly influence employee behavior. But people do not always automatically walk the talk. Leadership at CVS Health recognized this gap and made a key strategic change to align its stated values with its actions.

EXAMPLE A landmark moment in the company's transformation came early last year [2014] when [CEO Larry] Merlo announced that CVS would cease selling tobacco products by October 1, 2014 a deadline it met nearly a month early. The decision meant sacrificing about \$2 billion in sales. Led by Merlo, CVS's executive team decided that continuing to sell cigarettes had become untenable for a company that was simultaneously trying to sell itself as a health care giant.

Enacted values are the qualities and norms that are exhibited or converted into employee behavior. These are values employees ascribe to an organization based on their observations of what occurs on a daily basis. As at CVS, managers should reduce gaps between espoused and enacted values because they can significantly influence employee attitudes and organizational performance.

A survey from the Ethics Resource Center showed that employees were more likely to behave ethically when management set a good behavioral example and kept its promises and commitments. This finding was underscored by another study of 129 mergers. Employees were more productive and post-merger performance was higher when employees believed that behavior was consistent with the newly formed firm's espoused values.

Level 3: Basic Underlying Assumptions

Basic underlying assumptions are organizational values so taken for granted over time that they become assumptions guiding organizational behavior. Underlying assumptions are employees' deep-seated beliefs about their company and are the core of organizational culture. As you might expect, they are highly resistant to change. Consider the way Unilever CEO Paul Polman reinforces a core belief in sustainability (see the OB in Action box).

Sustainability is a company's ability to make a profit without sacrificing the resources of its people, the community, and the planet. Achieving sustainability is sometimes called being green and has become a priority for many companies.

OB IN ACTION

Unilever Promotes a Sustainability Culture

A photo of Paul Polman.

Paul Polman, CEO of Unilever.

© epa european pressphoto agency b.v./Alamy

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 establishing

three key sustainability focus areas: improving health and well-being, reducing environmental impact, and enhancing livelihoods. The company also set a goal to double the size of our business while reducing our environmental footprint and increasing our positive social impact. The company wanted to (1) 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, and (2) improve the lives of 2 million children and their mothers by 2016 by providing access to health workers, basic nutrition, and life-saving interventions.

Unilever also modified its sourcing policies the requirements for doing business with the company. These now include the following:

Business is conducted lawfully and with integrity.

Work is conducted on the basis of freely agreed and documented terms of employment.

Workers are treated equally and with respect and dignity.

All workers are of an appropriate age.

Workers' health and safety are protected.

Land rights of communities including indigenous peoples will be protected and promoted.

Business is conducted in a manner which embraces sustainability and reduces environmental impact.

Polman told investors, If you don't buy into this [sustainability], I respect you as a human being, but don't put your money in our company. He believes 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.

What Are the Results of Unilever's Push for a Sustainability Culture? Polman believes employees are now more engaged and the company is a more desirable place to work. The company is making money and contributing to the greater good. According to the Dow Jones Sustainability Report, in 2014 the company enjoyed its fifth consecutive year of top and bottom line growth. Since 2008, the company has reduced costs by EUR 400 million by cutting raw and packaging materials and reducing disposed waste. As of 2014, 33 percent of the company's food and refreshments products met the highest nutritional standards for their respective product categories, based on globally recognized dietary guidelines, contributing to improved diets for 55 million people.

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

YOUR THOUGHTS?

What do you think was the driving force behind Polman's desire to create a culture of sustainability?

Do you agree with Polman about the tangible business benefits of Unilever's cultural values? Why or why not?

Whether you agree with Polman or not, was he wise to tell investors not to put money in Unilever if they did not also buy into its sustainability plan? Why or why not?

The Four Functions of Organizational Culture

An organization's culture fulfills four important functions (see Figure 14.3):

Establish organizational identity.

Encourage collective commitment.

Ensure social system stability.

Act as sense-making device.

FIGURE 14.3 Four functions of organizational culture

A summary graphic of the 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.

To help bring these four functions to life, let's consider how each has taken shape at Southwest Airlines. Southwest has grown to serve more customers domestically than any other airline and has achieved 43 consecutive years of profitability. The company has been on Fortune's list of Most Admired Companies in the World for 22 consecutive years, and it was named 2015 Airline of the Year by Air Transport World.

Function 1: Culture Provides Employees with an Organizational Identity

The identity of Southwest Airlines employees is focused on the belief that employee satisfaction and customer loyalty are more important than corporate profits. Gary Kelly, Southwest's CEO, highlighted this theme by noting, Our people are our single greatest strength and our most enduring long-term competitive advantage. 27

Southwest reinforces this identity by demonstrating in a variety of ways that it truly cares about its employees. The company's catastrophe fund, for instance, is based on voluntary contributions for distribution to employees experiencing serious personal difficulties. Its profit-sharing program paid out \$620 million in 2016, adding about 15.6 percent to each employee's compensation. Southwest's people-focused identity also is reinforced by the fact that it is an employer of choice. The company received 371,202 résumés for 6,370 job openings in 2015. It also was rated as providing outstanding opportunities for women and Hispanics by Professional Women magazine and Hispanic magazine, respectively, and the National Conference on Citizenship ranked Southwest as one of The Civic 50 for its use of time, talent, and resources in civic engagement.

Function 2: Culture Facilitates Collective Commitment

The mission of Southwest Airlines is to dedicate itself to the highest quality of Customer Service delivered with a sense of warmth, friendliness, individual pride, and Company Spirit. This commitment to serving others is endorsed by the company's nearly 49,000 employees. It was rated as providing the best customer service in 2014 by Temkin Experience Ratings, the fourth time it had received the top rating for an airline. Southwest also received the lowest ratio of complaints to passengers boarded of all major U.S. airlines, based on statistics accumulated by the Department of Transportation since September 1987. Commitment to service doesn't just

apply to customers at Southwest. Employees volunteered more than 130,000 hours to national and local nonprofit organizations.

A photo of two Southwest customer service employees in an airport terminal wearing airplane costumes.

This photo demonstrates Southwest's culture. Employees are having fun in an airport terminal to lighten what can be a frustrating experience for passengers. Do you think these employees can lift the spirits of the travelers in the background?

© Denver Post/Getty Images

Function 3: Culture Promotes Social System Stability

Social system stability is 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, holding parties, and celebrating. For example, staff in each city in which the firm operates are given a budget for parties. The company also uses a variety of performance-based awards and service awards to reinforce employees' efforts. Its positive and enriching environment is supported by the lowest turnover rates in the airline industry. In 2015 Southwest also was recognized as one of the best places to work in the Glassdoor Employees' Choice Awards.

Function 4: Culture Shapes Behaviors by Helping Members Make Sense of Their Surroundings

Making sense of the surroundings is what 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 its main competitor in 1971, employees understand why the airline's primary vision is to be the best short-haul, low-fare, high-frequency, point-to-point carrier in the United States. Employees know they must achieve exceptional performance, such as turning a plane around in 20 minutes, because they must keep costs down to compete against Greyhound and automobiles. In turn, the company reinforces the value it places on outstanding customer service and high performance by using performance-based awards and profit sharing. Employees own about 13 percent of the company stock.

TAKE-AWAY APPLICATION

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 yet have experience as an employee, substitute your current school/university or a company you are researching as an employer of choice.)

What artifacts can you see at work? What do these artifacts tell you about your employer?

What are the company's espoused values? Do you think management's enacted behaviors are consistent with these espoused values?

Identify three key beliefs you have about your employer: You may want to ask a work colleague the same question. Are these beliefs consistent with the meaning of the artifacts you described in answering question 1?

How does your employer's culture compare to that of Southwest?

14.2 THE IMPACT OF ORGANIZATIONAL CULTURE TYPES ON OUTCOMES

MAJOR QUESTION

How are different types of organizational culture related to important outcomes?

THE BIGGER PICTURE

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

To learn how different types of culture relate to outcomes, we need a way to classify culture types. While the complexity of culture makes agreement on a set of types difficult to reach, academics have proposed and scientifically tested three different frameworks. The competing values framework we discuss here is the most widely used. It also was named 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. We will also 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: clan, adhocracy, hierarchy, and market, all shown in Figure 14.4.

FIGURE 14.4 The competing values framework

Culture varies along two axes 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 character.

A summary graphic of the CVF.

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

Access the text alternative for Figure 14.4.

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

Figure 14.4 shows the strategic direction associated with each cultural type (collaborate, create, and so on), along with the means and goals it pursues. Each type has different characteristics, and while one type tends to dominate in any given organization, it is the mix of types that creates competitive advantage. We begin our discussion of culture types in the upper-left-hand quadrant of the CVF.

Clan Culture

A company with a clan culture has an internal focus and values flexibility rather than stability and control. It resembles a family-type organization that achieves effectiveness 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 and development. Clan organizations devote considerable resources to hiring and developing their employees, and they view customers as partners. Collaborating is this culture's strategy.

A photo.

Google employees celebrate at the company's annual Google Dance on the Mountain View, California, campus.

© Martin Klimek/Zumapress/Newscom

EXAMPLE Fortune has rated Google the No. 1 place to work seven times between 2006 and 2016. Larry Page, Google's cofounder and former CEO, describes the culture as a family environment. He said, My job ... 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. Google holds weekly, all-hands (TGIF) meetings so employees can ask Page, Sergey Brin, a Google cofounder, and other executives questions about anything related to the company. This practice enhances employee communication and morale, two aspects of a clan culture.

EXAMPLE Property and casualty insurance company Acuity, Fortune's No. 2 best company to work for in 2016, strongly endorses a clan culture. CEO Ben Salzmänn told Fortune if employees are given a fun, rewarding place to work where they can express their creativity, in return the firm will get innovation, diehard loyalty, and world-class customer service. Employees have generous perks and are empowered to participate in the way the company is run. The end result is profitability and an enviably low 2 percent turnover rate.

Adhocracy Culture

The term adhocracy reflects an organization with less structure and bureaucracy. It also reflects a management team focused on responding to problems rather than avoiding them. Companies with an adhocracy culture have an external focus and value flexibility. Creation of new products and services is their strategy, which they accomplish by being adaptable, creative, and fast to respond to changes in the marketplace. Adhocracy cultures do not rely on the centralized power and authority relationships that are part of market and hierarchical cultures (see below). They encourage and empower employees to take risks, think outside the box, and experiment with new ways of getting things done.

An article in The Wall Street Journal noted that adhocracy cultures are decreasing in the United States as many companies are becoming risk-averse. The downside of this trend is that a certain amount of reasonable risk taking is necessary to create new businesses, products, and ultimately jobs. On the positive side, however, risk taking is still occurring in industries such as technology

and energy, and in coastal cities such as San Francisco and Boston and college towns like Boulder, Colorado, and Austin, Texas.

EXAMPLE Former CEO David Brennan stated that 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.

EXAMPLE Ikea, the global Swedish home furnishing company, uses innovation to generate growth. Its product development process is based on extensive research. For example, the company studied 8,000 people to investigate their morning routines, hoping to understand how these practices could be enhanced by products designed to meet specific needs. One result was a new product called the Knapper, a freestanding mirror with a rack on the back for hanging clothes.

Market Culture

Companies with a market culture have a strong external focus and value stability and control. Competition is their strategic thrust. They have a strong desire to deliver results and accomplish goals, and because they are focused on the external environment, customers and profits take precedence over employee development and satisfaction. Managers' major goal is to improve 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 depend heavily on getting the right amount of highly perishable products to stores at the right moment and at a reasonable cost.... For instance, [the company] uses tricycle delivery bikes in urban areas of China where streets are too narrow for trucks, a practice it first implemented in Latin America, according to a Harvard Business Review author. Grupo Bimbo operates 171 plants and delivers more than 10,000 products to 22 countries.

A photo of a man moving a stack of boxes using a hand truck with Bimbo delivery trucks in the background.

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

© Scott Olson/Getty Images

EXAMPLE Publix Super Markets, the largest employee-owned supermarket chain in the United States, was ranked Fortune's 67th of 100 best places to work in 2016. The company is highly customer-focused and trains and rewards employees to provide friendly and helpful service. Business writer Vicky Applebaum noted Publix also serves the consumer need for convenience. Consumers want the shortest route through a shopping experience and transaction, and Publix delivers.

Hierarchy Culture

Control is the strategy 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, the extensive use of measurement, and the implementation of a variety of control mechanisms.

Effectiveness is likely to be measured in terms of efficiency, timeliness, quality, safety, and reliability in producing and delivering products and services.

EXAMPLE Amazon relies on the benefits of a hierarchical culture to effectively manage its vast shipping processes. A Harvard Business Review author commented that the company has achieved success by sticking steadfastly even boringly to a few key principles.... Instead of focusing on competitors or technology shifts [a market culture orientation], they continually invest in getting a little bit better. In their core retail business, they grind out incremental improvements in delivery speed and product offerings while chipping away at prices.

Consider the positive example of Mumbai's dabbawalas, individuals who deliver prepared meals to customers' homes or offices and then return the 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 box).

PROBLEM-SOLVING APPLICATION

Dabbawalas Rely on a Hierarchical Culture to Efficiently Deliver Food

More than 5,000 dabbawalas in Mumbai, India, deliver 200,000 or more lunch boxes every day. The need for this service grew from the working population's strongly embedded reliance on having a hot meal for lunch. The dabbawalas first pick up meals customers have prepared for themselves at home, then deliver them to offices in late morning, and after lunch pick up the empty containers and return them to customers' homes for the next day. Workers are willing to pay for the service, and the dabbawalas are so skilled in execution that the service remains affordable for many.

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 200,000 transactions a day, six days a week, 52 weeks a year.

How Does a Hierarchical Culture Help? The dabbawalas don't use any IT system or cell phones. Instead they have integrated organization, management, process, and culture to achieve their goals. It all begins with the Mumbai Suburban Railway. A worker picks up a dabba from a customer's home and takes it 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 customers' homes.

The railway system's schedule effectively sets the timing and speed of the process. 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 them to find the most efficient way to get these key tasks completed.

Some slack is built into the system. Each group has two or three extra workers who help wherever 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 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 one.

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.

Apply the 3-Step Problem-Solving Approach

Step 1: Define the major problem dabbawalas want to avoid.

Step 2: Identify the causes of the problem. What OB concepts help explain why the dabbawalas are effective?

Step 3: Make your recommendation about whether a similar system would work for a comparable firm in the United States. Explain.

Cultural Types Represent Competing Values

The four cultural types include some opposing core values. The internal values associated with clan and hierarchy can conflict with the external ones associated with adhocracy and market cultures. Similarly, the flexibility and discretion associated with clan and adhocracy cultures are at odds with the stability and control values endorsed by companies with hierarchy and market cultures.

These conflicts matter because an organization's success may depend on its ability to act on core values associated with competing cultural types. While this is difficult to pull off, it can be done. Video game developer Activision Blizzard is a good example.

OB IN ACTION

Activision Blizzard Integrates Clan and Adhocracy Cultures

If you like video games, you have probably played one from Activision Blizzard. The company is the leading developer and publisher of video games and has created blockbuster hits such as Call of Duty, World of Warcraft, and Guitar Hero. In 2015, the company's games were played for more than 14 billion hours. Activision was rated the 77th best place to work by Fortune in 2016 (up from 96th in 2015) and employs about 7,200 employees worldwide.

FIGURE 14.5 Graph of Activision's culture

A graph showing how Activision rates in the four cultures.

Based on multiple articles describing the work environment at Activision Blizzard.

Access the text alternative for Figure 14.5.

Activision's culture appears to be a combination of all four culture types, but with an emphasis on clan and adhocracy (see Figure 14.5). One employee described it this way: We are lucky to work in a business where imagination, creativity, and play aren't only encouraged, they're

required. Bobby Kotick, Activision Blizzard CEO, reinforced this belief by saying, Everything we do starts with our employees' talent, inspired creativity, and commitment to excellence. The culture is noted for being inspirational, creative, and fun.

Clan Dominates One of the company's mantras is Gamers + gaming = fun. Activision Blizzard is a community of people who love to have fun together, and our employee camaraderie is fueled by our passion for gameplay, according to the company's website. This cultural characteristic is reinforced via the Gaming Zone. Great Place to Work described the Gaming Zone as the heart of Activision Blizzard's headquarters. Employees are encouraged to play games during their breaks, and the company regularly hosts tournaments and biweekly get-togethers like Gaming Zone Game Night, where employees play video games together.

Personal development is encouraged. For example, Activision Blizzard Studio Summit is an annual event at which game development teams meet to discuss experiences and learn from each other. Great Place to Work noted that development teams share their combined knowledge and annual findings across a variety of disciplines, including audio and talent, art, design, animation, programming, and production. Other developmental activities include a Master's in the Business of Activision (the company's self-made MBA program) and Blizzard Academy, where experts teach specialized classes.

Other clan-related characteristics include a host of positive employee perks such as company-paid health benefits, a wellness program, free food and beverages, massage therapy, and work-life balance programs.

Adhocracy Dominates Creativity is at the core of Activision's success. Bringing Activision Blizzard's franchises to our audiences is a massive, complex, and very creative process, says CEO Kotick. I think of our teams as symphony orchestras, because they work hard to bring so many details together in perfect harmony.

The company uses its Cultural Enrichment Series to foster innovation and creativity. Part of the series consists of TED-type talks called Activisionaries. This speaker and concert series features inspirational leaders, entrepreneurs, world-class athletes, military leaders, best-selling authors, musicians, and others. The events not only provide intellectual stimulation and consistent opportunities for community-gathering, but also instill a sense of creativity that inspires and guides our culture.

YOUR THOUGHTS?

What is the cultural thread that enables Activision to have a culture dominated by clan and adhocracy?

Do you think Activision's cultural profile is the best one for a company whose strategic goal is to grow its business? Explain.

Would you like to work at Activision? Why or why not?

Are you curious about the type of culture that exists in a current or past employer? Do you wonder whether you possess person-organization fit? Self-Assessment 14.1 allows you to consider these questions.

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

Please be prepared to answer these questions if your instructor has assigned Self-Assessment 14.1 in Connect.

How would you describe the organizational culture?

Do you think 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 organizational culture can influence outcomes at the individual, group, and organizational levels of the OB Organizing Framework. A team of researchers tested this hypothesis by conducting a meta-analysis of more than 38,000 organizational units and 616,000 individuals: An organizational unit is either an organization as a whole or departments in different organizations. Figure 14.6 summarizes the findings.

FIGURE 14.6 Correlates of clan, adhocracy, market, and hierarchy organizational cultures

A bar graph illustrating the strength of relationships between the four culture types and nine different organizational outcomes.

SOURCE: Results were based on A. Ou, C. Hartnell, A. Kinicki, E. Karam, & D. Choi Culture in Context: A Meta-Analysis of the Nomological Network of Organizational Culture.

Presentation as part of a symposium, titled Connecting Culture and Context: Insights from Organizational Culture Theory and Research, at the 2016 National Academy of Management Meeting in Anaheim.

Access the text alternative for Figure 14.6.

Figure 14.6 illustrates the strength of relationships among nine organizational outcomes and the four culture types. As you probably expected, culture is positively associated with a variety of outcomes. Most relationships were of moderate strength, meaning they are important to today's managers. Closer examination of Figure 14.6 leads to the following six conclusions:

Organizational culture is related to organizational effectiveness. This means an organization's culture can be a source of competitive advantage.

Employees have more positive work attitudes when working in organizations with clan cultures. Employees clearly prefer to work in organizations that value flexibility over stability and control, and those that are more concerned with satisfying employees' needs than with customer or shareholder desires.

Clan and market cultures are more likely to deliver higher customer satisfaction and market share. We suspect this result holds because the positive employee attitudes associated with clan cultures motivate employees to provide better customer service.

Operational outcomes, quality, and innovation are more strongly related to clan, adhocracy, and market cultures than to hierarchical ones. Managers should avoid the use of too many rules and procedures hierarchical characteristics when trying to improve these outcomes.

An organization's financial performance (profit and revenue growth) is not strongly related to organizational culture. Only market and hierarchy cultures were associated with financial outcomes. Managers should not expect to immediately increase financial performance when they

try to change their organization's culture. This underscores the conclusion that culture change needs time to take hold.

Companies with market cultures tend to have more positive organizational outcomes. Managers should make their cultures more market oriented.

Subcultures Matter

Thus far we have discussed organizational culture as if a company possessed a single homogeneous culture. Most don't. Rather, organizations develop subcultures.

Two OB scholars describe organizational subcultures as consisting of distinctive clusters of ideologies, cultural forms [clan, adhocracy, market, hierarchy], and other practices that identifiable groups of people in an organization exhibit. They tend to vary from a company's overall culture, either intensifying its understandings and practices or diverging from them. Subcultures tend to form along the following lines, often leading to noticeably different cultures.

Functional/occupational groups.

Geographical areas.

Products, markets, or technology.

Divisions or departments.

Levels of management senior management versus supervisors.

Work role firefighter versus emergency medical technician.

While subcultures develop naturally, senior leaders should link them with common goals, common language, and common procedures for solving problems, according to OB expert Edgar Schein. You don't want highly different subcultures to develop, because they can lead groups to focus on different goals, customers, or values, which lowers unit and organizational performance. Such culture clashes frequently happen when companies merge. Research shows that the failure to integrate cultures is a key cause of failed acquisitions.

14.3 MECHANISMS OR LEVERS FOR CULTURE CHANGE

MAJOR QUESTION

What mechanisms or levers can I use to implement culture change?

THE BIGGER PICTURE

Some people suggest that culture change takes years, whereas others believe leadership actions can change culture more quickly. Yet others contend that culture evolves and managers should not attempt to manage it. Where do you stand? We believe culture can and should be nurtured and developed so it aligns with a company's vision and strategic plan. You will learn about 12 mechanisms or levers you can use to implement culture change. We discuss them in the context of the managerial role, but knowing these techniques helps you at any level in the organization.

Edgar Schein, who has written a great deal about organizational culture, believes the creation and management of culture is a leader's most important role. We agree, because culture can be a source of competitive advantage. Consider companies like Apple, Google, and Facebook. As suggested by Figure 14.2, the cultures at these companies were first formed by their founders Steve Jobs at Apple, Larry Page and Sergey Brin at Google, and Mark Zuckerberg at Facebook.

Over time, the 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. It is not an easy task to change an organization's culture, but let us look at how it can be done.

A photo.

Sergey Brin (left) and Larry Page met as Ph.D. students at Stanford. They created the first version of the algorithm underlying searches while students, and then incorporated Google after graduation. Today, Brin is president of Alphabet, Inc., Google's parent company, and Page is the CEO. Although Google is somewhat secretive about the number of searches it conducts, the best estimate is more than 3 billion a day.

© Matthew Staver/Bloomberg/Getty Images

First let's review four truths about culture change.

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. Aileen Wilkins, chief people officer for H&R Block, believes creating a healthy culture starts with strong leadership. The people at the top set the tone for behaviors all the way down the line, she says.

Changing culture starts with targeting one of the three levels of organizational culture observable artifacts, espoused values, or basic underlying assumptions. 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 to reinforce the value of high performance. That said, culture will not change in a significant way unless managers are able to change basic underlying assumptions. It takes time to alter this deep-seated component of culture.

The current culture probably closely aligns with the organization's vision and strategic plan. Remember the quote culture eats strategy for breakfast whenever you pursue culture change. An organization's culture must be consistent with its vision and strategic goals. A vision is a long-term goal that describes what an organization wants to become. A strategic plan outlines the organization's long-term goals and the actions necessary to achieve them.

EXAMPLE Alan Mulally, former CEO of Ford, wanted to get management to work more collaboratively in pursuit of the company's strategic goals. This change toward a clan culture was necessary to overcome the competitiveness and aggressiveness signs of a market culture among senior managers. Among other changes, Mulally instituted weekly update meetings in which executives shared results about their units. The culture changed as executives became more collaborative, and profits rose.

A structured approach works best when implementing culture change. Our experience as consultants tells us that culture change frequently meets with resistance. People become accustomed to the culture they know and 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 managers can use to change an organization's culture.

12 Mechanisms or Levers for Creating Culture Change

OB experts have proposed 12 mechanisms or levers for changing organizational culture. These levers can be pushed to create a preferred type of culture or they can be pulled to reduce a particular culture type. Changing culture amounts to pushing and pulling these levers to create a culture profile that is best suited to help an organization achieve its goals. Any of these levers can be used to foster any of the culture types previously discussed. Table 14.1 shows the relationship between these levers and the three levels of organizational culture. Let's consider how these levers can be used to create culture change.

TABLE 14.1 12 MECHANISMS FOR CHANGING ORGANIZATIONAL CULTURE

Mechanism	Level of Organizational Culture		
Observable Artifact	Espoused Value	Basic Assumption	
Formal statements			
X	X		
Design of physical space, work environments, and buildings			
X		X	
Slogans, language, acronyms, and sayings			
X	X		
Deliberate role modeling, training programs, teaching, and coaching by others			
X	X	X	
Explicit rewards, status symbols, and promotion criteria			
X	X	X	
Stories, legends, or myths about key people and events			
X	X	X	
Organizational activities, processes, or outcomes			
X	X		
Leader reactions to critical incidents and organizational crises			
X			
Rites and rituals			
X	X	X	
Work flow and organizational structure			
X		X	
Organizational systems and procedures			
X	X	X	
Organizational goals and criteria throughout employee cycle (hire to retire)			

1. Formal Statements

Formal statements of organizational philosophy, mission, vision, values, and materials can embed culture when 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 Corp. 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.

2. 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 and innovation.

EXAMPLE Facebook plans to put several thousand people into a single mile-long room. Samsung is building a new office in the United States that contains vast outdoor areas sandwiched between floors. Executives hope this design will lure workers into public spaces, where ... engineers and salespeople will actually mingle.

3. Slogans, Language, Acronyms, and Sayings

Corporate slogans, acronyms, and specialized language often have a profound effect on the organization over time because they are easy to remember and repeat.

EXAMPLE CEO Mary Berner wants to make a culture change at Cumulus Media Inc. Cumulus is the second-largest radio broadcaster in the United States and operates 454 stations. The company is experiencing declining revenue and is saddled with \$2.5 billion in debt. Berner began the change process by circulating two slogans. The acronym HABU reflects the company's focus on the highest and best use of resources. The slogan The force is short for focused, responsible, collaborative, and empowered. To model support for these slogans, The Wall Street Journal reported that Berner sold the corporate jet, consolidated duplicate Internet-technology departments, and created a department to provide stations with market data and analytics on which to base local programming decisions. What types of culture are reinforced by these slogans and changes?

4. Deliberate Role Modeling, Training Programs, Teaching, and Coaching by Others

Companies such as Keller Williams Realty Inc., the largest real estate franchise in the world, use coaching and training to promote a culture focused on employee growth and development. According to CEO Chris Heller, Our success results from a deeply ingrained culture of learning, innovation, and giving.

EXAMPLE Heller believes training is critical to helping Keller Williams agents be more purposeful and productive, to providing clients with a better customer experience, and to building more stable and profitable businesses. The KW Masterminds program is run three times a year as a vehicle to increase the sharing of best practices among employees. Executives

believe these efforts are one of the reasons Keller Williams is setting all-time records for productivity and profitability and growing three times faster than our industry.

5. Explicit Rewards, Status Symbols, and Promotion Criteria

Because they are meaningful and visible, reward systems have a strong impact on employees and are one of the strongest ways to embed organizational culture. For example, team-based rewards reinforce a clan culture, while individual rewards are better suited for market cultures. Hamdi Ulukaya, the Turkish immigrant who founded Chobani, the largest seller of Greek yogurt in the United States, recently made a decision that will significantly affect the company's culture.

A photo of Hamdi Ulukaya.

Hamdi Ulukaya was named the World Entrepreneur of the Year in 2013. Starting with the purchase of a defunct yogurt factory in New York, he created a yogurt empire with Chobani. Chobani is the largest yogurt brand in the United States. Ulukaya believes that companies prosper when they pay higher wages to employees. He also believes that companies should focus on improving the lives of their employees and the people in communities in which they operate. Do you agree with him?

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EXAMPLE Chobani's 2,000 employees were surprised by the CEO's decision to give them up to 10 percent of the company in the form of stock when Chobani goes public or is sold. The company is worth several billion dollars, and Ulukaya simply wants to pass along the wealth they have helped build. The number of shares employees receive will be based on their tenure with the company. It's better than a bonus or a raise, said manager Rich Lake. He believes the shares are an acknowledgment of what he and the other employees have put into Chobani. What type of culture is promoted by this decision?

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 the organization desires. Stories reinforce characteristics of the desired culture.

EXAMPLE Jeff Bezos, Amazon CEO, told an interviewer from the Harvard Business Review, There are stories we tell ourselves internally about persistence and patience, long-term thinking, staying focused on the customer. This practice reinforces a market culture.

EXAMPLE In a story that has spread throughout Ed Doherty's Panera Bread restaurants, a customer drove to a store during a blizzard to place an order. He inadvertently left his food there and called the store to inform the manager. The store was about to close as the snow piled up, so the manager delivered the order to the customer's house. What type of culture does this action reinforce?

7. Organizational Activities, Processes, or Outcomes

Leaders pay special attention to activities, processes, and outcomes they can measure and control. This behavior sends strong messages to employees about acceptable norms and behavior. For example, if you want to create an adhocracy culture, then managers would pay attention to innovation processes and outcomes such as number of patents or number of ideas submitted to suggestion systems.

EXAMPLE Howard Schultz, Starbucks CEO, examines coffee-sales figures four times a day. This behavior, characteristic of a hierarchical and market culture, helps Schultz monitor the performance of the company's nearly 12,000 stores.

EXAMPLE GM CEO Mary Barra is trying to move the company culture toward a higher level of hierarchy and market. She started this change by establishing a vision of GM as the world's most valued automotive company, and by measuring its achievement of this vision via strategic goals to improve customer satisfaction, quality, and financial results. To reinforce this strategic and cultural shift, she told the company's top 300 executives, If you're not in line with this vision ... you don't need to be here.

8. Leader Reactions to Critical Incidents and Organizational Crises

Neuroscience research shows that people learn and pay attention to the emotions leaders exhibit. Positive emotions spread, but negative emotions travel faster and farther. Market cultures, for example, are reinforced by showing positive emotions after landing a new customer or negative emotions such as anger after losing a customer because of bad service. Consider how executives at Microsoft responded to a crisis eroding feelings of respect and inclusiveness, both of which reinforce clan cultures.

EXAMPLE Executives at Microsoft responded quickly to activities that occurred at an Xbox Division party held as part of the Game Developers Conference. The party featured dancers dressed as scantily clad schoolgirls. Kathleen Hogan, Microsoft executive vice president of human resources, sent an e-mail to all employees saying:

This is unacceptable in terms of how we treat women and how we represent Microsoft, and it undermines the culture we are working so hard to cultivate one that is diverse and inclusive and grounded in a growth mind-set.

We are not going to tolerate this. I appreciate that we will be judged by our deeds, and not just our words. And yet every day, we see our people taking important and meaningful steps forward in our journey towards inclusion.... It is not a stretch to say the company as a whole is shocked and upset, and that we all are determined that this is never repeated.

9. Rites and Rituals

Rites and rituals are the planned and unplanned activities and ceremonies used to celebrate important events or achievements. Consider how managers at Arnold Worldwide reinforce several culture types at once.

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. A Wall Street Journal report commented that 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.

Financial and human resources staffing firm Salo LLC, located in Minneapolis, uses a less controversial set of rites and rituals to reinforce its clan and market-based culture (see the OB in Action box).

OB IN ACTION

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

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

Whiteboard and Gong Used as Key Artifacts The whiteboards are visible to everyone and 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. Clients are first 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, and people 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.'

YOUR THOUGHTS?

How are clan and market cultures being reinforced by Salo?

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?

Which industries are the best fit for Salo's cultural approach, and why?

10. Work Flow and Organizational Structure

Work flow is the way work gets done work flow and organizational structure are the way reporting relationships are organized. Both can become tools for changing organizational culture. For example, encouraging brainstorming meetings to solve problems reinforces an adhocracy culture, whereas having weekly progress meeting encourages both market and hierarchy cultures.

A photo of a doctor and nurse attending to a patient in a hospital bed.

Bedside meetings between nurses and doctors and their patients are becoming more commonplace as hospitals change their work flow to improve patient satisfaction. Hospitals are doing this in an attempt to provide better customer service and more effective treatments.

© Pixtal/agefotostock RF

EXAMPLE Some hospitals are revising the way they handle nursing shift changes in order to improve patient safety, the quality of services, and patient inclusion and satisfaction. Traditional shift change meetings occur when nurses going off duty typically confer in a hallway or at the nursing station with the nurse coming on for the next shift, giving a rundown of their patients' status and needs. In some cases nurses may simply write up a report in the medical record for the

next shift to read, according to The Wall Street Journal. The new approach entails a bedside meeting in which nurses meet in the presence of the patient to discuss treatment plans. This approach has been shown to help reduce the number of patient falls and catch safety issues such as an incompatible blood transfusion and air bubbles that form in arteries. Patients also are more satisfied with this work flow. These work flow changes would serve to move the culture in the direction of hierarchy and market.

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 to identify the best way to provide customer service, a characteristic of market cultures.

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 competing values framework (CVF). The feedback is used as input to employees' performance evaluations. Managers feel these evaluations are more accurate because they are based on information from several people.

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 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. The content describes an approach the partner used to win business against that competitor.

12. Organizational Goals and Criteria throughout the Employee Cycle

An organization's culture is reflected in the goals it pursues. For example, the clan-type cultures in companies such as Google and Zappos are reinforced by goals like increasing employee development, satisfaction, or involvement. General Motors has decided to foster more of an adhocracy and market culture in response to its strategic goal of growing revenue and market share.

EXAMPLE GM and Lyft will begin testing a self-driving Chevrolet Bolt electric taxi in 2017. According to The Wall Street Journal, this strategic focus is directed mostly at challenging Google and Uber. In addition to driverless cars, GM aims to use Lyft and its growing army of drivers as a primary customer for the Bolt, an electric car that is scheduled to launch later this year. Getting the Bolt delivered on time may also require some improvements in GM's operating processes, an aspect of a hierarchical culture.

Remember 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 (P-O) fit. Recall that P-O fit reflects the extent to which your personality and values match the climate and culture in an organization. Your P-O fit matters because it links to your work attitudes and performance.

We have two activities for you to complete to measure your level of fit and see what you can do about it. The first is Self-Assessment 14.2, which 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. You can use this gap to make a plan of action for improving your P-O fit.

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

Please be prepared to answer these questions if your instructor has assigned Self-Assessment 14.2 in Connect.

In rank order, what are your preferred culture types?

To what extent does your preferred culture type affect your job satisfaction?

TAKE-AWAY APPLICATION

What Is My Level of Person–Organization Fit?

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

Compute the gap between your preferred and actual culture types by subtracting your actual culture type score (Self-Assessment 14.1) from your preferred type score (Self-Assessment 14.2). Where are the largest gaps?

Make a plan to improve your person–organization fit. Focusing on your two largest culture type gaps, identify what is causing the gaps. You will find it helpful to look at the survey items that measure these types.

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.

How would you assess whether the changes you identified in question 3 are working? Be specific.

14.4 EMBEDDING ORGANIZATIONAL CULTURE THROUGH THE SOCIALIZATION PROCESS MAJOR QUESTION

How can I integrate the findings of socialization research with the three phases of socialization?

THE BIGGER PICTURE

Organizational culture spreads by means of a learning process. That is, people teach each other about the values and norms the organization values and rewards. Organizational socialization is one mechanism underlying this learning process. All of us have been socialized at one time or another. It's a natural aspect of starting a new job at any company, and 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.

Organizational socialization is the process by which individuals acquire the knowledge, skills, attitudes, and behaviors required to assume a work role. This definition highlights that organizational socialization is a key mechanism by which organizations embed their cultures, particularly in 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

A photo of a young man alone, dressed in a suit, on a city street.

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

© Oli Kellett/Getty Images

Anyone'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. Many organizations treat new members in a rather haphazard, sink-or-swim manner. A recent study of 1,000 employees, for example, revealed that 33 percent had no formal socialization experience. This is unfortunate because unstructured socialization is associated with decreased learning, performance, and satisfaction. It also leads to increased turnover. There is a better way.

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 14.7, the three phases are:

Anticipatory socialization

Encounter

Change and acquisition

FIGURE 14.7 Model of organizational socialization

An organizational chart illustrating the three-phase 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.

Access the text alternative for Figure 14.7.

Each phase has associated perceptual and social processes. Feldman's model also specifies behavioral and affective outcomes that reveal how well the 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. Let's look at each phase.

Phase 1: Anticipatory Socialization

The anticipatory socialization phase occurs before an individual actually joins an organization. During this phase people acquire information about different careers, occupations, professions, and organizations that can come from many sources. An organization's current employees are a powerful source of information. So are the Internet, social media, internships, and job fairs.

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 should offer realistic job previews. A realistic job preview (RJP) gives 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, says, We can see who is genuinely interested and physically up to the challenge after the RJP

EXAMPLE AT&T, which has employed RJP's for over 20 years, uses face-to-face meetings and videos to provide applicants with RJP's. 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, according to HR Magazine. AT&T does this because it needs employees who have the technical knowledge to install the product and who can also deliver outstanding customer service.

Research revealed that realistic job previews were related to higher performance and lower attrition from the recruitment process. RJP's also lowered job applicants' initial expectations and led to lower turnover among those who were hired.

Phase 2: Encounter

The next 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. One corporate survey revealed that roughly 73 percent of organizations rely on onboarding programs, but only 51 percent believe they are effective.

There is no set way to onboard a new employee. The OB in Action box illustrates a variety of methods used at different organizations. Video gaming company Riot Games, Fortune's 39th best place to work in 2016, has an interesting approach to onboarding. If within the first 60 days new hires decide the company is not a good fit, Riot Games pays them 10 percent of their annual salary, up to \$25,000, to quit. Zappos similarly pays new employees \$3,000 if they believe they are a bad fit after participating in the company's four-week onboarding program.

OB IN ACTION

Companies Use Different Approaches to Onboard Employees

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

Facebook Uses a Boot Camp Facebook asks new hires to complete all necessary paperwork before starting work. This enables the company to send new engineering recruits right into its six-week Bootcamp program. A Fortune reporter described the program in this way. Bootcampers are first given a computer and desk and 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 with mentors who coach them on how to best get through the first few weeks.

Consulting Firm Protiviti Puts New Hires in Groups A Fortune reporter stated, The company ushers in new hires in batches, then sends them on a journey through Passport to Protiviti, a program that integrates them into the environment as they collaborate as teams, work with peer advisers, and meet regularly with leaders.

Apple Focuses on Secrecy Apple's onboarding process is a combination of a standard orientation, challenges, secrecy threats, and peer coaching. For security reasons, Fortune noted many employees are hired into so-called dummy positions, roles that aren't explained in detail until after they join the company. In their half-day orientation, these new hires are given very limited information beyond a welcome package containing all the paperwork to be completed. For example, they 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 are also given a secrecy briefing, referred to as Scared Silent. They are warned about the importance of secrecy and security and told that swift termination comes to anyone who talks about Apple's secrets outside work. Apple does help new employees in one important way. It assigns them 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, according to Fortune.

NCR Corp. Relies Heavily On an Online Portal Electronics and computer hardware maker NCR Corp. has a year-long onboarding process that starts with an online portal. HR Magazine noted that this enables new hires to interact with one another with built-in social networking capabilities tied to virtual learning platform CorpU. Managers can assign an onboarding plan for each new hire, track his or her progress, and solicit feedback about the individual's performance. HR also partnered with the company's marketing staff to make the portal design appealing and fun, as well as to ensure a consistent branded experience for all employees, according to HR Magazine. Employees reported positive attitudes about their onboarding experiences.

YOUR THOUGHTS?

Which of these onboarding methods is most appealing to you? Why?

Which of these onboarding methods is least appealing to you? Why?

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 adjust to their work group's values and norms. Mastery will occur only when employees have a clear understanding about their roles and are effectively integrated within the work unit. Being successful in Phase 3 also requires employees to have a clear understanding of 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 use of company equipment for personal messages. Experts suggest setting ground rules on the first day of employment, coaching employees on norms, and discussing how guidelines have changed.

Table 14.2 presents a list of paired socialization processes or tactics organizations use to help employees through this adjustment process.

TABLE 14.2 SOCIALIZATION TACTICS

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

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.

Formal vs. Informal 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.

Sequential vs. Random Example

The newcomer completes a fixed progression of steps culminating in his or her new role. No clear steps are given and progression is ambiguous or dynamic. Doctors must follow a sequence from medical school to internship to residency before they are allowed to practice on their own.

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 the role. American university students typically spend one year apiece as freshman, sophomores, juniors, and seniors.

Serial vs. Disjunctive Example

The newcomer is socialized over time with the help of an experienced organization member. The newcomer is not provided a role model. A buddy system is used during 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.

To what extent have you been adequately socialized? If your socialization level is high, then all is well. If it is medium to low, you may need to find a mentor. We discuss mentoring 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?

Please be prepared to answer these questions if your instructor has assigned Self-Assessment 14.3 in Connect.

What is your level of socialization? Are you surprised by the results?

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 Applications of Socialization Research

Research suggests four practical guidelines for managers.

Managers should avoid a haphazard, sink-or-swim approach to organizational socialization, because formalized and proactive socialization tactics positively affect new hires.

More organizations today use socialization tactics to reinforce a culture that promotes ethical behavior. Managers should consider how they might best set expectations for ethical behavior during all three phases of the socialization process.

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. Managers should use a contingency approach to organizational socialization. In other words, keep in mind that different techniques are appropriate for different people at different times.

Research finds 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.

Regardless of how well your employee handles the socialization process, you can improve your own socialization experience. The Applying OB box provides recommendations for improving three skills essential for success at a new job.

APPLYING OB

Key Skills Needed for Success in a New Job

Introducing yourself to strangers. Don't assume others will not want to meet you or are too busy to spend time with you. As a new employee you are expected to reach out and meet people. Gain confidence in this activity by practicing your opening lines. It helps to write them down, rehearse, and experiment with different approaches. Preparing a list of initial questions to ask people will help you demonstrate interest and motivation. When talking with others, try to make them feel heard, valued, and respected. People will remember this more than specific details about yourself. Finally, write down what you learn about others and consult it when you are next going to meet them.

Remembering people's names. Neuroscientists have shown that we encode and remember names differently than other details about people, such as their faces, jobs, or family status. This tells us that weak neural connections exist between someone's face and name. You can overcome this drawback by using a few key techniques:

Make a commitment to pay attention to people when you first meet them.

Repeat the name in your mind several times and use it during the conversation.

Write down the name as soon as you can to increase recall.

Create a mental picture that provides a clue to the person's name, because we remember things or objects better than names. For example, when meeting Angelo, picture an angel.

Use cheat sheets before going to events or meetings. Review the names and backgrounds of people you expect to see during such encounters.

Asking good questions. Research shows the more questions new employees ask and the more help they seek, the better they perform ... question askers are also more satisfied in new jobs and more committed to new organizations. The learning point is that most new employees do not ask enough questions. Here are a few ideas for asking better questions:

Be clear in your mind about what you want. The clearer you are, the easier it is to ask the right questions.

Find the best person to answer your questions. If it is someone you just met, ask him or her whether you can contact them later for advice.

There are no dumb questions coming from new employees. Just ask what is on your mind.

Ask pointed questions. If you want a specific piece of information, ask a closed question such as, When is the report due? If you want more detailed information, ask an open-ended question such as, What is the process for completing an expense report?

Show appreciation and gratitude to those who answer your questions.

Find a newbie buddy, a peer who can be your initial go-to person for questions.

14.5 EMBEDDING ORGANIZATIONAL CULTURE THROUGH MENTORING

MAJOR QUESTION

How can I use mentoring to foster personal and professional success?

THE BIGGER PICTURE

Mentoring is another mechanism for embedding organizational culture because mentors play a key role in socializing newcomers. This section can help you understand how to benefit from 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 the process of forming and maintaining intensive and lasting developmental relationships between a variety of developers (people who provide career and psychosocial support) and a junior person (the protégé, if male, or protégée, if female).

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 networking aspect of mentoring also promotes positive interpersonal relationships.

Not only is mentoring valuable as a tactic for embedding organizational culture, but research suggests it can significantly influence the protégé/protégée's future career. This section reviews the functions of mentoring, the role of human and social capital in mentoring, and the personal implications of mentoring.

Functions of Mentoring

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

A photo of a man and a child reading a book together.

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 adults who participated in the program as children revealed that 83 percent obtained values and principles that influenced them throughout their lives.

© Connecticut Post, Ned Gerard/AP Photo

Five career functions that enhanced career development were:

Sponsorship

Exposure and visibility

Coaching

Protection

Challenging assignments

Four psychosocial functions were:

Role modeling

Acceptance and confirmation

Counseling

Friendship

Four Phases of Mentoring

The four phases of mentoring are initiation, cultivation, separation, and redefinition. The initiation phase lasts 6 to 12 months and starts during the encounter phase of socialization. Mentors socialize new employees about the values, norms, and expectations associated with the organization's culture during this phase. If you don't get connected to a mentor during this period of employment, we suggest actively seeking someone out. The cultivation phase spans two to five years and entails the protégé/protégée receiving a host of career and psychosocial guidance. Your ability to learn the ropes and master the tasks during this phase is essential for future promotions. In the separation phase you detach from your mentor and become more autonomous. During the redefinition phases, you and your mentor start interacting as peers.

Benefits of Mentoring

Mentoring leads to more positive outcomes for the protégé/protégée when several conditions are present, some of which the protégé cannot control.

Both mentor and protégé/protégée possess emotional intelligence.

The mentor is male and the protégé/protégée is a minority or non-Caucasian.

The mentoring relationship is formal rather than informal.

The mentor is skilled at coaching, is a good role model, and possesses social capital.

The protégé/protégée possesses high levels of human and social capital discussed in the next section.

Human and Social Capital Enhance the Benefits of Mentoring

Human Capital

Human capital is the productive potential of an individual's knowledge, skills, and experiences. Potential is the operative word in this definition. When you are hungry, money in your pocket is good because it has the potential to buy a meal. Likewise, a protégé/protégée with the right combination of knowledge, skills, and motivation to excel possesses human capital with the potential to give the organization a competitive advantage. Developing your human capital not only enables you to more effectively do your job, but it also makes you more attractive to mentors, who have options when selecting protégé/protégées. You may find this surprising, but a recent study showed that lack of sleep depletes your human capital and lowers performance. Get the proper amount of sleep to perform at your best.

Scripps Health, a nonprofit health care system in San Diego and the 42nd best place to work in 2016 according to Fortune, helps employees develop human capital by providing career coaching and up to \$7,300 per year in tuition reimbursement and scholarships. The company also offers a wide variety of internal courses that focus on employee development.

Social Capital

Social capital is the productive potential resulting from relationships, goodwill, trust, and cooperative effort. Again, the word potential is key. Social capital helps you during the anticipatory phase of socialization. For example, a national survey of recruiters revealed that 74 percent found the highest-quality job applicants were employee referrals. Referrals also tend to stay longer at their jobs, a result of better P-O fit.

Social capital is beneficial beyond the early stages of your career, particularly when you are developing trusting relationships with others. Trusting relationships lead to more job and business opportunities, faster advancement, greater capacity to innovate, and more status and authority. Consider, for example, the experience of members from the Silicon Beach Surfers.

A photo of three people surfing.

It's no surprise that outdoor activities like surfing are great opportunities to build one's social capital. You can build your social capital by making contacts with those you spend your leisure time. Both of your authors have made important contacts while golfing with others.

© Royalty-Free/Corbis

EXAMPLE Part professional association, social club, and networking group, the Silicon Beach Surfers group was formed by Rob Lambert. The group meets at a variety of surf spots between Manhattan Beach and Malibu. Although members share a passion for surfing, they also discuss common experiences at work. The idea is to build a rapport through surfing, and then those conversations can happen organically, said Lambert. Aaron Godfred found his job through the group, but he has also used it to hire others.

The moral of the story is that it pays to have a rich network of good relationships. Social capital helps make that possible.

Personal Implications

Here are four key implications to consider:

Build a broad developmental network because the number and quality of your contacts influences 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. Invest time in your developmental relationships.

Seek 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, 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.

A mentor's willingness to provide career and psychosocial assistance depends on the protégé/protégée's ability and potential and the quality of the interpersonal relationship. This point underscores the value of building your human and social capital.

Develop a mentoring plan. Experts suggest your plan should include the following steps:¹²⁵

Base your mentoring goals on what you want to learn, and then prioritize them.

Identify people who are skilled or experienced in areas where you want to improve. Don't overlook your peers; they are a good source of functional, technical, and organizational knowledge.

Decide how best to build a relationship with your targeted individuals.

Figure out 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 to pursue your career goals.

Recognize when it is time to move on. Mentors are not forever. If you believe your mentor is ineffective or harming more than helping, 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 develop his or her mentoring skills as well.

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 you can take stock of your level of mentoring.

SELF-ASSESSMENT 14.4 Assessing My Level of Mentoring

Please be prepared to answer these questions if your instructor has assigned Self-Assessment 14.4 in Connect.

What is your level of mentoring?

After identifying your three lowest-scoring items in the survey, propose steps you can take to improve your level of mentoring.

How will you evaluate the success of these steps?

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 organizations use to embed organizational culture. As an employee you realize how to use this knowledge to understand your employer's culture and how best to fit in. Reinforce what you learned with the Key Points below. Then consolidate your learning using the Organizing 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 we learn 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 are the explicitly stated values and norms an organization prefers. Enacted values, in contrast, are the values and norms we actually see in employee behavior.

Four functions of organizational culture are to establish organizational identity, encourage collective commitment, ensure social system stability, and act as a device for sense-making.

14.2 THE IMPACT OF ORGANIZATIONAL CULTURE TYPES ON OUTCOMES

The competing values framework identifies four 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 six conclusions about outcomes associated with organizational culture: (1) culture is related to the way an organization measures its effectiveness; (2) employees are more satisfied and committed to companies with clan cultures; (3) clan and market cultures are more likely to deliver higher customer satisfactions and market share; (4) operational outcomes, quality, and innovation are more strongly related to clan, adhocracy, and market cultures; (5) an organization's financial performance is not strongly related to culture; and (6) companies with market cultures tend to have more positive organizational outcomes.

Subcultures should be integrated with a company's overall culture.

14.3 MECHANISMS OR LEVERS FOR CULTURE CHANGE

Here are four key points 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, a structured approach works best when implementing culture change.

Managers can change organizational culture in 12 ways.

Good person–organization fit is associated with positive work attitudes and performance.

14.4 EMBEDDING ORGANIZATIONAL CULTURE THROUGH THE SOCIALIZATION PROCESS

Socialization is a key mechanism organizations use to embed their organizational cultures. It turns outsiders into fully functioning insiders.

The three-phase model of socialization proposes that anticipatory socialization, encounter, and change and acquisition take place.

Six opposite pairs of socialization tactics are collective versus individual, formal versus informal, sequential versus random, fixed versus variable, serial versus disjunctive, and investiture versus divestiture.

14.5 EMBEDDING ORGANIZATIONAL CULTURE THROUGH MENTORING

Mentoring helps embed organizational culture in two ways. First, it contributes to creating a sense of oneness by promoting 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.

Mentoring occurs in four phases: initiation, cultivation, separation, and redefinition.

The human and social capital of both parties enhance the benefits of mentoring.

There are four important personal implications of effective mentoring. First, build a broad developmental network because the number and quality of your contacts influences your career success. Second, seek consistency or congruence between your career goals and the type of developmental network at your disposal. Third, a mentor's willingness to provide career and psychosocial assistance depends on the protégé/protégée's ability and potential and the quality of the interpersonal relationship. Finally, develop a mentoring plan.

The Organizing Framework for Chapter 14

As shown in Figure 14.8, you learned that two person factors and four situation factors influence individual, group/team, and organizational processes. You now understand the power of organizational culture, having considered many outcomes related to it. The Outcomes box shows five individual-, two group/team-, and five organizational-level outcomes influenced by culture, socialization, and mentoring.

FIGURE 14.8 Organizing Framework for Understanding and Applying OB

A summary graphic outlining what was learned in this chapter.

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Access the text alternative for Figure 14.8.

Challenge: Major Questions for Chapter 14

You now 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 14.8, the chapter itself, and your notes to revisit and answer the following major questions:

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

How are different types of organizational culture related to important outcomes?

What mechanisms or levers can I use to implement culture change?

How can I integrate the findings of socialization research with the three phases of socialization?

How can I use mentoring to foster personal and professional success?

IMPLICATIONS FOR ME

This chapter highlights seven implications for you. First, person–organization fit matters. It’s important to assess your level of fit with current and future employers. Use the recommendations discussed in the Winning at Work feature at the start of the chapter to help in this effort. Second, departments or work units contain subcultures, suggesting that you should also assess the level of fit at this level. Third, awareness of the 12 mechanisms for changing culture provides insight you can use to help your employer move its culture in a desired direction. Fourth, if you are not getting what you need to perform a new job, stop and ask for guidance. Too many companies take an ad hoc approach toward socialization, which adversely affects your level of success. Fifth, you can continually upgrade your human and social capital. Take ownership for enhancing your skills, abilities, and developmental networks as well as your interpersonal relationships if you want to experience career advancement throughout your life. You get what you give. Sixth, don’t contact mentors only when you want something. Build and maintain relationships by continuing to have regular contact with people in your developmental network. Finally, proficiency with social networking tools such as Twitter, LinkedIn, and Facebook will help find jobs throughout your career.

IMPLICATIONS FOR MANAGERS

There are six implications for managers. First, managing organizational culture is one of the most important aspects of your job. Remember, culture eats strategy for breakfast. Second, culture is important because it performs four key functions for employees. Use this knowledge to help employees reach their maximum potential. Third, consider the extent to which your unit’s culture is fostering the type of work environment needed to help you achieve department goals. If the culture is conflicting with your strategies or goals, consider using one of the 12 mechanisms for changing culture. Fourth, assess the extent to which your unit’s culture is consistent with the company’s overall culture. Make changes as needed. Fifth, take an active role in socializing employees. It’s good for you and your employer. Finally, we all benefit from mentoring. Spend time developing your own human and social capital. You never know when a new opportunity will arise.

PROBLEM-SOLVING APPLICATION CASE

Zenefits Experiences the Pains of Growth

David Sacks was hired in 2014 as the chief operating officer at Zenefits. He later was given the role CEO in 2016 after cofounder Parker Conrad resigned. Sacks faced a company struggling to meet its financial goals, a culture run wild, and a slew of formal investigations regarding the company use of unlicensed brokers to sell insurance. He now had to decide what to do.

Phase One: Grow, Grow, Grow

Zenefits was the brainchild of Parker Conrad. Conrad came up with idea while working at start-up SigFig. He also cofounded that company, but his college friend and cofounder/co-CEO fired

him. The day he left SigFig in 2013, Conrad incorporated Zenefits with \$20,000 of his personal savings.

Conrad had learned that small companies like SigFig do not have the people to handle the administrative work that comes with having employees. Activities like signing people up for insurance and tracking compensation took time and paperwork. Conrad thought much of the work could be automated, saving companies substantial money. This was the concept behind Zenefits, which he dubbed the hub and spoke business model.

The core idea was to create software to do the human resource paperwork and then give it away for free. Zenefits focused on small businesses because they were less likely to already have such software and they were too small to hire HR employees. The hub and spoke model relied on making the software very easy to use. The software was the hub and the spokes were related ways of making money, such as selling insurance. This would entice companies to want to do everything through our system, including health insurance, other benefits, and payroll, Conrad said. Hey, we can actually make enough money on all of these spokes that it makes sense to give the hub away for free.

Conrad knew that selling insurance was a very lucrative spoke in the model. He noted that when companies use Zenefits to buy a group plan, we get a commission from the insurance carrier, like any other broker. . . . Zenefits also integrates with different payroll systems. We get a revenue share from the payroll companies on the clients we send to them. The business model worked.

Eight months after launching, Zenefits achieved \$1 million of run-rate revenue (run-rate revenue is an accounting measure used by subscription-based software companies). A year later, the company was at \$20 million in run-rate revenue. By that time its base had grown to more than 2,000 small companies across 47 states. Conrad then decided to set a stretch goal of achieving \$100 million for the next year. It appears he was interested in growth more than anything else. To fuel this growth, the company raised \$581 million from venture capitalists.

Phase Two: Problems Arise

Zenefits is one of the fastest-growing cloud companies ever, according to a reporter from Business Insider. The company grew from 15 employees to more than 1,600 in three years. And although it booked \$80 million in revenue in 2015, investors were not pleased that it missed the \$100 million goal Conrad had announced. Fidelity Investments had written down about half the value of its \$10 million investment in the company, indicating Zenefits valuation had tanked. Then The Wall Street Journal reported that Zenefits was running into ‘turbulence’ and had implemented some hiring freezes and cost-cutting measures.

These negative evaluations were also related to regulatory problems. The New York Times reported that insurance regulators in California and Washington State have been investigating the company. According to people with knowledge of the investigation, at the root of the California inquiry is software that Mr. Conrad created to let Zenefits’ employees cheat on the state’s online broker license course. Consider the issues behind these allegations.

Insurance brokers must pass a state licensing exam before they can legally sell or advise people on insurance. Each state has a different exam and training requirements. In California, brokers had to spend at least 52 hours on an online training course. Zenefits says Conrad created a Google Chrome browser extension that allowed people to bypass the 52-hour rule by making it appear as if they were working on the course when they weren’t. The modification was referred to as the macro within the company, and Conrad admits to creating it.

Nor did Zenefits properly track who was allowed to sell insurance in different states, so some people were likely selling insurance in states where they were not licensed. One employee who was licensed as an insurance broker told Bloomberg Businessweek that he was not allowed to sell insurance. Instead, he made cold calls and gave leads to other brokers who were supposed to close the deals. I was giving [clients] to people who didn't have their insurance license, he said. They were selling insurance illegally. He also said he told his boss about these issues and nothing was done to correct the problem. BuzzFeed estimated that 83 percent of the sales in Washington State were made by unlicensed brokers. If true, this opens the company to fines of \$20,000 for each violation.

The Times noted that Zenefits' focus on growth created other problems. For one, it resulted in the hiring of people with little experience with software sales in a highly regulated industry.... To increase revenue, the company moved beyond small businesses to customers with hundreds of employees and the software struggled to keep up. Instead of pausing to fix bugs, Zenefits simply hired more employees to fill in where the software failed, including repurposing product managers for manual data entry.

Quality problems arose because employees could not keep up with the workload. For example, customers reported that employees' insurance claims could not be processed because of errors in the forms, such as incorrect names and dates. It appears that Zenefits did not have effective quality control processes in place that could handle its growth.

Employee morale began to deteriorate as a result of 15-hour days and a change that reduced compensation for people in the sales development organization. The company lowered base salaries while increasing variable pay the amount of pay tied to selling products. The work environment also was lax about adhering to rules and norms for professionalism.

According to The Wall Street Journal, employees would gather and do shots of alcohol when someone signed a big new client. Sacks, the new CEO, was told by building management and security [at the San Francisco office] that the stairwells are being used inappropriately.... Cigarettes, plastic cups filled with beer, and several used condoms were found in the stairwell. The Journal described the culture as having a frat-house feel. Zenefits offered beer kegs in its offices, and in the Scottsdale, Arizona, office, people freely imbibed during the workday. According to one staff member, managers had to remind employees to turn their Zenefits T-shirts inside-out before partying at local bars, so their rowdiness didn't reflect badly on the company.

Sacks and Conrad also had conflicting leadership styles. Sacks continually argued with Conrad about his micromanaging the company's HR decisions. Zenefits uses its own product to manage its employees, and Conrad controlled the account, which meant he personally approved every benefits change or vacation request for more than 1,000 employees. HR employees did not have access to the system.

Phase Three: Conrad Resigns and David Sacks Becomes CEO

In 2016 the board asked Conrad to resign because of his role in the insurance allegations. One of Sacks's first actions was to cut back on the party atmosphere clan culture run wild and instill some hierarchy. He immediately banned alcohol in the office and communicated that a culture change was needed. A Zenefits spokesperson said, As Zenefits' new CEO has made clear, it is time to turn the page at Zenefits and embrace a new set of corporate values and culture. Zenefits

is now focused on developing business practices that will ensure compliance with all regulatory requirements, and making certain that the company operates with integrity as its No. 1 value.

Sacks also has to deal with low employee morale, decreased business valuations, and a bloated cost structure given the company's lower run-rate revenue.

Apply the 3-Step Problem-Solving Approach to OB

Step 1: Define the problem.

Look first at the Outcomes box of the Organizing Framework in Figure 14.8 to help identify the important problem(s) in this case. Remember that a problem is a gap between a desired and a current state. State your problem as a gap, and be sure to consider problems at all three levels. If more than one desired outcome is not being accomplished, decide which one is most important and focus on it for steps 2 and 3.

Cases have protagonists (key players), and problems are generally viewed from a particular protagonist's perspective. Take the perspective of David Sacks.

Step 2: Identify causes of the problem by using material from this chapter, summarized in the Organizing Framework shown in Figure 14.8. Causes will appear in either the Inputs box or the Processes box.

Start by looking at Figure 14.8 to identify which person factors, if any, are most likely causes to the defined problem. For each cause, ask yourself, Why is this a cause of the problem? Asking why multiple times is more likely to lead you to root causes of the problem.

Follow the same process for the situation factors.

Now consider the Processes box shown in Figure 14.8. Consider concepts listed at all three levels. For any concept that might be a cause, ask yourself, Why is this a cause? Again, do this for several iterations to arrive at root causes.

To check the accuracy or appropriateness of the causes, map them onto the defined problem.

Step 3: Make your recommendations for solving the problem. Consider whether you want to resolve it, solve it, or dissolve it (see Section 1.5). Which recommendation is desirable and feasible?

Given the causes identified in Step 2, what are your best recommendations? Use the content in Chapter 14 or one of the earlier chapters to propose a solution.

You may find potential solutions in the OB in Action boxes and Applying OB boxes within this chapter. These features provide insights into what other individuals or companies are doing in relationship to the topic at hand.

Create an action plan for implementing your recommendations.

Legal/Ethical Challenge

Should the Citadel Change Its Socialization Practices?

The Citadel The Military College of South Carolina was founded in 1842. It has a student body of about 2,300 undergraduates (2,121 males and 171 females) and about 1,000 graduate students. The college's vision is achieving excellence in the education and development of principled leaders. Its primary purpose has been to educate undergraduates as members of the South

Carolina Corps of Cadets and to prepare them for post-graduate positions of leadership through academic programs of recognized excellence supported by the best features of a military environment. The cadet lifestyle provides a structured environment that supports growth and development of each student's intellect, discipline, physical fitness, and moral and ethical values.

In socializing new students, the Citadel uses the divestiture approach reviewed in Table 14.2. In this method, organizations attempt to strip away a newcomer's existing sense of self and reorient it into one that conforms to the institution's image. College President Lt. General John Rosa said, The cadet system is based on common uniform and standardization of cadets in appearance, actions, and privileges is essential to the military system.

A newly admitted female student requested to wear a traditional Muslim headscarf, called a hijab. President Rosa said the school respects students' religious views, but could not accommodate a request that would disrupt the school's core principles. Uniformity is the cornerstone of this four-year leader development model, said Rosa. The school does make accommodations for prayer and dietary needs.

The students' parents are considering legal action because the Citadel is a public university.

Solving the Dilemma

Assuming you were the president of the Citadel, what would you do?

The college has the right to determine its own mission, culture, and socialization techniques. I would deny the request because such action is consistent with the Citadel's mission, culture, and method of socialization.

The college is a public institution and it needs to be more open-minded when it comes to supporting diversity. I would accommodate the woman based on religious considerations.

I would deny the request because the Citadel is a military school. The prospective student knew this coming in, and she should not have applied if she could not abide by the dress code for religious reasons.

Invent other options.