

Organizations as Cultures

Petersen Motor Company, a large automotive dealership located in Ogden, Utah, provides an example of organizational culture typical to American dealerships. This article explores the behaviors and attitudes that reflect the subconscious assumptions that comprise the dealership culture. Using the procedure suggested by Schein [2], we venture to uncover some of the underlying assumptions of the dealership culture, and to assess the resulting effectiveness of the organization. A key suggestion made by Schein is cultural assessment requires a joint discussion between organization members and individuals external to the organization. Morgan suggests that an insider view the organization from the perspective of a 'cultural stranger' [1]. This article is based on such interplay. In addition, focus will be on culture within the service department due to group member experience.

1 Cultural Observations

Schein explains that 'organizations exist in a parent culture, and much of what we find in them is derivative from the assumptions of the parent culture.' The connection of automotive dealerships to the automotive industry imposes important common influences on individual dealerships, such as warranty policy, customer satisfaction indices, and manufacturer incentives. Although operational details can vary, the culture and mindset present in American dealerships exhibits considerable uniformity. Walk into any such enterprise and interactions, attitudes, and behavior will be observed as remarkably similar. Figure 1 illustrates how the culture found in a single dealership, such as Petersen Motor Company (PMC), is a subset of the more general U.S. dealership culture, which in turn is a subset of the automotive industry culture. This uniform culture is evident by the advent of automotive dealer related texts such as 'Customers for Life' [3], to which diverse dealership employees can immediately relate. The remainder of this section deals with more detailed

observations of dealership culture.

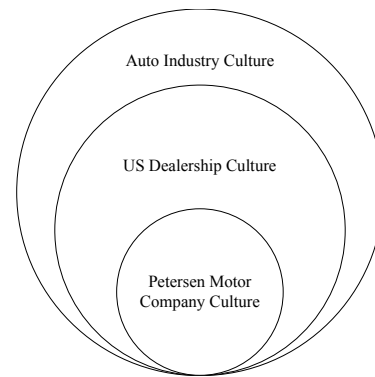


Figure 1: Cultural relationships.

1.1 Financial Policy

A pervasive element of dealership operation and culture is the way groups or individuals are paid. Most employees are paid on some type of commission basis. Salesmen are paid a percentage of the profit made for the cars they sell, and technicians are paid a flat rate for the repairs they perform¹. This benefits the organization by motivating productivity, employees by facilitating improvement and providing opportunity for increased wages, and customers by evening out repair costs. There are however several negative implications. 'Everyone needs their cut' is an unwritten mantra. As a result, processes can be unnecessarily circuitous and costly. In addition commission pay can breed selfishness, jealousy, defensiveness and secrecy. For example, technicians vie for 'gravey' jobs, i.e. services that are easy to complete quickly without hang-ups or time-consuming diagnosis. Some dishonest service advisers would secretly put their employee number on a repair

¹ Nearly every possible repair is assigned a standardized time based on empirical studies. A technician is paid an hourly rate times the flat-rate time assigned to the repairs performed, regardless of actual time required.

order they did not help with just before it is submitted. These observed behaviors are a result of the more subtle values and beliefs resulting from such financial policy.

1.2 Perceptions and Interactions

Observing the way insiders view and interact with the outside environment can reveal deeper cultural properties. These perceptions are evident in daily discussions that occur about others within the company but without the conversant's niche, or concerning individuals external to PMC such as customers or suppliers. Several divisions are present within a typical dealership, such as departmental (sales/service/parts), pay types (commission vs. hourly), and 'blue collar' vs. 'white collar'. Service employees balk at the lack of technical knowledge among salespeople, and members of the parts department complain about the unpredictable and urgent demands of the service department. Views of the external world are also flavored by the dealership environment. Service advisers form opinions of customers based on short, frequently stressful interactions. Such interactions are influenced by the preconceptions the general public has of dealerships (overpriced, cold environment, etc.) [3]. These interactions inevitably bias the feelings a service adviser has on human nature.

Location within the dealership can affect perceptions as well. For example, the Nissan service department is physically removed from the rest of the dealership and the main offices. As a result, the atmosphere is more relaxed. Upper management do not frequent the area, and employees are more casual in their work practices and attitudes toward the outside world.

1.3 Problem Management

Schein distinguished between two categories of problem-solving in organizations—positive problem-solving and anxiety avoidance. Both contribute to culture, but the latter is more difficult to change. An example of positive problem solving at PMC is a technician facing a tough diagnosis. The first resource is experience and personal skills, and then if required service manuals. Harder problems may require the assistance of other technicians, or even technical assistance from the manufacturer.

A second example of positive problem-solving is the task service advisers have of learning to effectively communicate with customers. A trend for some is to replicate strings of words that seem to work for particular situations. This behavior is reinforced when individuals in the same office use the same strings. This may make things easier for the service advisers, but their

communication can appear insincere and cold. Why does this occur? Perhaps the service advisor's opinion of customers does not motivate the extra effort required to listen more attentively and to carefully construct his own words. Or, this phenomena may occur in the name of efficiency.

An example of anxiety avoidance arises from employee mistakes. A technician may foul a repair job, or a service adviser might miscalculate a daily schedule. Everyone is under intense pressure to improve productivity (due to commission pay), and management in particular is attentive to the dealership's Customer Service Index (CSI)². A technician's mistake could negatively affect the dealership's reputation (and future profitability), as well as the CSI. From a manager's perspective, this mistake must be dealt with and prevented from future occurrence. Though styles may vary, typical dealership culture embodies strictly authoritarian management, and a usual response to technician mistakes is harsh. Technicians adopt techniques to better argue their case should the need arise. Actions and words are carefully documented, and narrow job descriptions are used as defense. This pattern of behavior contributes to a more individualistic environment.

1.4 Gender Roles

Dealerships are typically a male-dominated environment. Gender norms are firmly established in various parts of a dealership. For example, at PMC technicians and managers are ubiquitously male, and non-management office positions are exclusively female. These gender-homogeneous groups reinforce social norms. At PMC, the shops still have the latest 'Snap-On Girl Calendars', and the women who work in the main office throw parties for any event worth celebrating.

2 Four Dimensions of Cultural Analysis

Schein advocates four approaches to observing and analyzing organizational culture [2]. The combination of these approaches will help reveal the underlying assumptions of a culture. General observations and some analysis of the PMC culture has already been provided. This section summarizes the results of these four approaches.

²A dealership's CSI is based on warranty customer surveys, and can affect the level of support offered to the dealership by the manufacturer.

2.1 New Members

Schein explains that organizations with a stable history and low turnover usually exhibit strong cultures [2]. In addition, how new members are inducted influences whether new ideas will permeate the culture, or if new members will be indoctrinated before change can occur. Employees new to PMC are typically either seasoned employees, well acquainted with dealership life, or novices in need of a mentor. The seasoned newcomers are already well versed in dealership jargon, behavior, and attitude. Circulation within the larger system of US dealerships reinforces the homogenization of the parent auto industry culture. Most novice newcomers have formal training from individuals familiar with the dealership environment, and are mentored for months. These factors bolster the cultural stability of U.S. dealerships.

2.2 Response to Critical Events

The time history of critical events shape and give inertia to an organization's culture. Revelation of these events can help answer questions of *why*. At PMC, significant legal events have altered policy, processes, and attitudes. An hourly employee sued PMC over being forced to skip lunch, resulting in a policy requiring that all hourly employees take lunch, congruent with state law. Several years ago, an unattended toddler wandered into the shop and fell into the lube pit, resulting in a lawsuit, insurance settlements, and a renewed scrutiny on safety. These events altered how things were done in the dealership, giving rise to new problems that needed to be solved, and formation of new attitudes. Managers firmly believed that hourly employees needed to take lunch, regardless of any disruption it might cause in operations, and technicians grew more conscientious of safety issues within the shops.

Certainly the most significant recent event is the assimilation of PMC into a large chain of dealerships based in nearby Salt Lake City. Nearly all personnel were kept, but the new business strategy, company name, and associated reputation will inevitably influence PMC culture. The differences are subtle between PMC tradition and the new company's expectations (such as an even greater emphasis on sales volume and productivity and less interest on personal attention). Such a long-standing organization however has an entrenched culture, and will resist these forces. After some time an equilibrium between these competing influences will be reached, the state of which is difficult to predict.

2.3 Culture Creators and Carriers

Schein suggests that organization founders set in motion cultural norms that are difficult to modify. PMC was owned by Kent Petersen, and previously was founded by Kent's father. Both had a passion for cars, and both valued service to the community and professionalism. Although PMC shared many cultural norms with other U.S. dealerships, PMC did possess a handful of distinguishing characteristics. The PMC slogan—*The Petersen Style is the Extra Mile*—influenced decisions and attitudes within the company. It was a common event for PMC to assist where it could in the community. When a nearby suburban canal burst PMC donated its wrecker service and other resources to the relief effort.

Attention to professionalism was also evident. Most other local dealerships had service advisers wearing polo-type shirts. Kent Petersen's policy was for all management to wear ties, service advisers included. These small items combined to the internal and external perception that PMC was a small cut above the competition.

2.4 Joint Discussion

Schein and Morgan advocate the use of external perspectives combined with internal knowledge of the organization as a tool to reveal cultural traits [1, 2]. Much of this article is based on discussions between a group member that worked within PMC and other group members without inside experience. This revealed more subtle observations than otherwise possible. A more complete cultural analysis would require discussions with more individuals from various parts of a dealership organization, and perhaps from a variety of dealerships.

3 Conclusion

A key result is the set of conclusions that can be drawn about the effectiveness of the organization studied. It was shown that PMC, and other U.S. dealerships, exhibit stable cultures. This is a result of factors such as connections to the automotive industry, and the way dealership newcomers are infused with the ambient culture. This stable culture is congruent with the relatively stable operating environment, contributing to organizational effectiveness. Dealerships, nevertheless, carry certain stigmas which may inhibit effectiveness. The factors preceding this reputation are perpetuated by the ever-present dealership culture. Such strong culture frustrates efforts to move toward an environment more amenable to customer delight and employee fulfillment.

References

- [1] Gareth Morgan. *Images of Organization*. Sage Publications, Thousand Oaks, CA, 1997.
- [2] Edgar H. Schein. Coming to awareness of organizational culture. *Sloan Review*, pages 3–16, 1984.
- [3] Carl Sewell and Paul B. Brown. *Customers for Life*. Simon & Schuster, New York, 1990.