

## CHAPTER TWO: Organizational Culture, Socialization, and Mentoring

### LEARNING OBJECTIVES



**See Slide 2-2**

After reading the material in this chapter, you should be able to:

- Discuss the layers and functions of organizational culture.
- Describe the general types of organizational culture and their associated characteristics.
- Summarize the process by which organizations change their cultures.
- Describe the three phases in Feldman's model of organizational socialization.
- Discuss the various tactics used to socialize employees.
- Explain the four types of developmental networks derived from a developmental network model of mentoring.

### CHAPTER SUMMARY

Chapter 2 defines organizational culture, describes its layers, identifies its functions, describes the types of cultures and discusses the outcomes associated with organizational culture. The process of cultural change and the mechanisms used for change are addressed. This chapter also discusses the organizational socialization process, including its three phases and its practical implications. Finally, embedding organizational culture through mentoring is addressed.

Organizational culture is the set of shared taken-for-granted implicit assumptions held by a group that determines how it perceives, thinks about, and reacts to its various environments. There are three layers of organizational culture: observable artifacts, espoused values, and basic assumptions. Artifacts are the physical manifestation of an organization's culture. Espoused values represent the explicitly stated values and norms preferred by the organization, whereas enacted values represent the values and norms actually exhibited by employees. There is often a gap between espoused and enacted values.

Organizational cultures give members an organizational identity, they facilitate collective commitment, they promote social system stability and they shape behavior by helping members make sense of their surroundings. According to the competing values framework, there are four types of cultures defined by their preference for flexibility and their orientation toward their internal or external environments. Clan cultures value flexibility and have an internal focus. Adhocracy cultures value flexibility and have an external focus. Hierarchy cultures value stability and have an internal focus. Finally, market cultures value stability and have an external focus. Research findings indicate that organizational culture is clearly related to measures of organizational effectiveness, including job satisfaction, organizational commitment and innovation.

According to Edgar Schein, cultures are embedded in organizations by using one or more of the following mechanisms: formal statements of organizational philosophy, mission, vision, values, and materials used for recruiting, selection, and socialization; the design of physical space, work environment, and buildings; slogans, language, acronyms, and sayings; deliberate role modeling, training programs, teaching, and coaching by managers and supervisors; explicit rewards, status symbols and promotion criteria; stories, legends, and myths about key people and events; the organizational activities, processes, or outcomes that leaders pay attention to, measure, and control; leader reactions to critical incidents and organizational crises; the workflow and organizational structure; organizational systems and procedures; and organizational goals and the associated criteria used for recruitment, selection, development, promotion, layoffs, and retirement of people.




Organizational socialization is the process by which employees learn an organization's values, norms, and required behaviors. The socialization process is characterized by three phases: anticipatory socialization, encounter, and change and acquisition. The anticipatory phase occurs before the individual joins the organization. It is represented by the information people have learned about different careers, occupations, professions, and organizations. The encounter phase is a time for reconciling unmet expectations and making sense of a new work environment. The third phase, change and acquisition, requires employees to master important tasks and roles and to adjust to their work group's values and norms.

Research suggests several practical guidelines for managing organizational socialization. First, managers play a key role during the encounter phase. Second, managers should avoid a haphazard, sink-or-swim approach to organizational socialization because formalized socialization tactics are more effective. Managers should also consider how they might best set expectations regarding ethical behavior during all three phases of the socialization process. Finally, managers should pay attention to the socialization of diverse employees.

Mentoring is the process of forming and maintaining development relationships between developers and a junior person. Mentoring serves five career functions (sponsorship, exposure and visibility, coaching, protection, and challenging assignments) and four psychosocial functions (role modeling, acceptance and confirmation, counseling, and friendship). In today's dynamic workplace, people should seek career information and support from numerous sources, called developers. A developmental network can be assessed based on the diversity of the developmental relationships and the strength of the developmental relationships. The diversity of developmental relationships reflects the variety of people within the network. Developmental relationship strength reflects the quality of relationships among those involved in the developmental network. The personal implications of these developmental networks include job and career satisfaction. On the organizational side, mentoring enhances the effectiveness of organizational communication and can reduce employee turnover and increase productivity.

## **LECTURE OUTLINE**

### **I. Organizational Culture: Definition and Context**

- i) Organizational culture:** 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.  **See Slide 2-3**
- ii)** Organizational culture is passed on to new employees through the process of socialization, it influences our behavior at work and it operates at different levels.  **See Slide 2-4**
- iii) Figure 2-1: A Conceptual Framework for Understanding Organizational Culture** provides a conceptual framework for reviewing the widespread impact organizational culture has on organizational behavior.  **See Slide 2-5**

- (1) Organizational culture is shaped by the founders' values, the industry and business environment, the national culture and the senior leaders' vision and behavior.
- (2) Organizational culture influences the type of structure adopted by the organization and a host of practices, policies, and procedures implemented in pursuit of organizational goals.
- (3) Organizational culture is a contextual variable influencing individual, group, and organizational behavior.

## II. Dynamics of Organizational Culture

### i) Layers of Organizational Culture See Slides 2-6, 2-8, 2-10, 2-12

#### (1) Observable Artifacts

- (a) Artifacts consist of the physical manifestation of an organization's culture.
- (b) Examples include acronyms, manner of dress, awards, myths and stories told about the organization, published lists of values, observable rituals and ceremonies, special parking spaces, decorations, and so on.
- (c) This level also includes visible behaviors exhibited by people and groups.
- (d) Artifacts are easier to change than the less visible aspects of organizational culture.

## (2) Espoused Values

### (a) Values:

- (i) Are concepts or beliefs.
- (ii) Pertain to desirable end-states or behaviors.
- (iii) Transcend situations.
- (iv) Guide selection or evaluation of behavior and events.
- (v) Are ordered by relative importance.

**(b) Espoused values:** the stated values and norms that are preferred by an organization.

(i) Espoused values are generally established by the founder of a new or small company and by the top management team in a larger organization.

(ii) The espoused values of Williams-Sonoma, Inc. are presented in the **Skills & Best Practices: Williams-Sonoma's Espoused Values Focus on Employees, Customers, Shareholders,**

**Ethical Behavior, and the Environment.**  See Slide 2-11

(iii) Because espoused values constitute aspirations that are explicitly communicated to employees, managers hope that espoused values will directly influence employee behavior, but this often does not occur.

**(iv)** At a growing number of companies, an espoused value is sustainability or “being green,” which involves meeting humanity’s needs without harming future generations.

**(v)** Managers hope that espoused values will directly influence employee behavior but employees do not always “walk the talk.”

**(c) Enacted values:** the values and norms that are exhibited or converted into employee behavior.

**(i)** Enacted values may differ from the values an organization espouses and companies such as Starbucks have used training to try to ensure the firm’s enacted values match the firm’s espoused values.

**(ii)** Any gaps between an organization’s espoused and enacted values should be reduced because they can significantly influence employee attitudes and organizational performance.

### **(3) Basic Assumptions**

**(a) Basic assumptions:** taken-for-granted underlying assumptions about the organizational values that guide organizational behavior.

**(b)** Basic underlying assumptions are unobservable and represent the core of organizational culture.

**(c)** Basic assumptions are highly resistant to change.

## ii) **Four Functions of Organizational Culture** **See Slide 2-13**

### **(1) Figure 2-2: The Four Functions of Organizational Culture** illustrates

the four functions of organizational culture are to:


- (a)** Give members an organizational identity.
- (b)** Facilitate collective commitment.
- (c)** Promote social system stability—social system stability reflects the extent to which the work environment is perceived as positive and reinforcing, and conflict and change are managed effectively.
- (d)** Shape behavior by helping members make sense of their surroundings—helps employees understand why the organization does what it does and how it intends to accomplish its long-term goals.

**(2)** Southwest Airlines is an example of a firm that has successfully achieved these four functions.

## iii) **Types of Organizational Culture**

### **(1) Overview of Organizational Culture Types**

- (a)** The competing values framework (CVF) provides a practical way for managers to understand, measure, and change organizational culture.
- (b)** The CVF indicates that organizations vary along two fundamental dimensions or axes:

- (i) The first dimension is the extent to which an organization focuses its attention and efforts on internal dynamics and employees or outward toward its external environment and its customers and shareholders.
- (ii) The second dimension is the organization's preference for flexibility and discretion or control and stability.
- (c) Combining these two axes creates four types of organizational cultures that are based on different core values and different sets of criteria for assessing organizational effectiveness: Clan, Adhocracy, Hierarchy and Market.
- (d) **Figure 2-3: Competing Values Framework** shows the strategic thrust associated with each of the four cultural types along with the means used to accomplish this thrust and the resulting ends or goals pursued by each cultural type.  **See Slide 2-14**
- (e) Organizations can possess characteristics associated with each culture type but they tend to have one type of culture that is more dominant than the others.



## **(2) Clan Culture**

- (a) Clan culture:** a culture that has an internal focus and values flexibility rather than stability and control.
- (b)** Clan cultures resemble family-type organizations in which effectiveness is achieved by encouraging collaboration between employees.
- (c)** Clan cultures are very “employee-focused” and strive to instill cohesion through consensus and job satisfaction and commitment through employee involvement.
- (d)** Clan organizations devote considerable resources to hiring and developing their employees, and they view customers as partners.
- (e)** Decagon Devices Inc. is an example of a company with a strong clan culture.

## **(3) Adhocracy Culture**

- (a) Adhocracy culture:** a culture that has an external focus and values flexibility.
- (b)** Adhocracy cultures foster the creation of innovative products and services by being adaptable, creative, and fast to respond to changes in the marketplace.
- (c)** Adhocracy cultures do not rely on centralized power and authority relationships and they encourage employees to take risks, think outside the box, and experiment with new ways of getting things done.

- (d) This type of culture is well suited for start-up companies, those in industries undergoing constant change, and those in mature industries that are in need of innovation to enhance growth.
- (e) AstraZeneca, Tata, W L Gore and Intel are examples of companies with an adhocracy culture.

#### **(4) Market Culture**

- (a) **Market culture:** a culture that has a strong external focus and values stability and control.
- (b) Market cultures are driven by competition and a strong desire to deliver results and accomplish goals.
- (c) Customers and profits take precedence over employee development and satisfaction and people who deliver results are rewarded.
- (d) Virgin America and Kia Motors are examples of market cultures.

#### **(5) Hierarchy Culture**

- (a) **Hierarchy culture:** a culture that has an internal focus and values stability and control over flexibility.
- (b) Hierarchy cultures have an internal focus, which produces a more formalized and structured work environment, and value stability and control over flexibility.
- (c) Hierarchy cultures are characterized by reliable internal processes, extensive measurement, and the implementation of a variety of control mechanisms.

(d) Johnson & Johnson (J & J) is an example of firm trying to create a hierarchical culture.

### (6) Cultural Types Represent Competing Values

(a) Cultures on the two diagonals in **Figure 2-3: Competing Values Framework** reflect opposing core values.

(b) The clan culture has opposing values to the market culture, while the adhocracy culture has opposing values to the hierarchical culture.

(c) These contradictions are important because an organization's success may depend on its ability to possess core values that are associated with competing cultural types.

(d) The **Skills & Best Practices: 3M Attempts to Reconcile Adhocracy and Hierarchy Cultures** profiles one firm's attempts to combine competing cultural types.

### iv) Outcomes Associated with Organizational Culture See Slides 2-16, 2-17

(1) **Figure 2-4: Correlates of Organizational Culture** presents the results of a meta-analysis that measured the strength of relationships between eight different organizational outcomes and the culture types of clan, adhocracy,

and market.  See Slide 2-18

- (2)** The results of this meta-analysis show:
- (a)** Organizational culture is clearly related to measures of organizational effectiveness, suggesting an organization's culture can be a source of competitive advantage.
  - (b)** Employees are more satisfied and committed to organizations with clan cultures, suggesting employees prefer to work in organizations that value flexibility and are concerned with satisfying employees' needs.
  - (c)** Innovation and quality can be increased by building characteristics associated with clan, adhocracy, and market cultures into the organization.
  - (d)** An organization's financial performance is not very strongly related to organizational culture.
  - (e)** Companies with market cultures tend to have more positive organizational outcomes.
- (3)** Studies of mergers have indicated that mergers frequently failed because of incompatible cultures.
- (4)** Research underscores the significance of organizational culture and it reinforces the need to learn more about the process of cultivating and changing an organization's culture.

v) **The Process of Culture Change**  **See Slides 2-19, 2-20, 2-21**

- (1) The process of culture change essentially begins with targeting one of the three layers of organizational culture—observable artifacts, espoused values, and basic assumptions.
- (2) Culture will not change in a significant way unless managers are able to change basic underlying assumptions.
- (3) Mechanisms for cultural change include:
  - (a) Formal statements of organizational philosophy, mission, vision, values, and materials used for recruiting, selection, and socialization.
  - (b) The design of physical space, work environments, and buildings.
  - (c) Slogans, language, acronyms, and sayings.
  - (d) Deliberate role modeling, training programs, teaching and coaching by managers and supervisors.
  - (e) Explicit rewards, status symbols (e.g., titles) and promotion criteria.
  - (f) Stories, legends, and myths about key people and events.
  - (g) The organizational activities, processes, or outcomes that leaders pay attention to, measure, and control.
  - (h) Leader reactions to critical incidents and organizational crises.
  - (i) The workflow and organizational structure.
  - (j) Organizational systems and procedures.


(k) Organizational goals and the associated criteria used for recruitment, selection, development, promotion, layoffs, and retirement of people.

The **Skills & Best Practices: Zappos Works Hard to Recruit and Select People** profiles the approach to recruitment and selection of the online shoe retailer, Zappos.

### III. The Organizational Socialization Process

#### i) Organizational Socialization Overview

(a) **Organizational socialization:** the process by which a person learns the values, norms, and required behaviors which permit him to


participate as a member of the organization.  **See Slide 2-22**

(b) Organizational socialization is a key mechanism used by organizations to embed their organizational cultures.

#### (2) A Three-Phase Model of Organizational Socialization

#### (3) Three-Phase Model of Organizational Socialization Overview

(a) **Figure 2-5: A Model of Organizational Socialization** shows the

three-phase model of organizational socialization.  **See Slide 2-23**

(b) Each phase has its associated perceptual and social processes.

(c) The model specifies behavioral and affective outcomes that can be used to judge how well an individual has been socialized.

**(4) Phase 1: Anticipatory Socialization**  **See Slide 2-24**


- (a)** Anticipatory socialization occurs before an individual joins an organization and involves the information people learn about different careers, occupations, professions, and organizations.
- (b)** The information for anticipatory socialization comes from many sources, including the organization's current employees, the Internet and social media.

**(5) Phase 2: Encounter**  **See Slide 2-25**

- (a)** In the encounter phase, employees learn what the organization is really like and reconcile unmet expectations after the employment contract has been signed.
- (b)** This is a time for reconciling unmet expectations and making sense of a new work environment.
- (c)** Organizations use a combination of orientation and training programs to socialize employees during the encounter phase, including onboarding.
- (d) Onboarding:** programs aimed at helping employees integrate, assimilate, and transition to new jobs to help assimilate employees into their new work environment.

**(6) Phase 3: Change and Acquisition**  **See Slide 2-27**

- (a) The change and acquisition phase requires employees to master tasks and roles and to adjust to work group values and norms.
- (b) Employees should be clear about their roles and be effectively integrated within the work unit.
- (c) Employees should have a clear understanding regarding the use of social media and communication devices.
- (d) **Table 2-1: Socialization Tactics** describes tactics used by

organizations to help employees through this adjustment process. 

**See Slide 2-28**

**ii) Practical Application of Socialization Research**

- (1) Past research suggests four practical guidelines for managing organizational socialization.
  - (a) Managers should play a key role during the encounter phase.
  - (b) Managers should avoid a haphazard, sink-or-swim approach to organizational socialization because formalized socialization tactics are more effective.
  - (c) Managers should consider how they might best set expectations regarding ethical behavior during all three phases of the socialization process.



**(d)** Managers should pay attention to the socialization of diverse employees.


**(2) The Hands-On Exercise: Have You Been Adequately Socialized**

measures the extent to which you have been socialized into your current work organization.

**IV. Embedding Organizational Culture Through Mentoring**

**i) Mentoring Overview**

**(1) Mentoring:** process of forming and maintaining development relationships

between developers and a junior person.  **See Slide 2-30**

**(2)** Mentoring contributes to creating a sense of oneness by promoting the acceptance of the organization's core values throughout the organization.

**(3)** The socialization aspect of mentoring also promotes a sense of membership.

**(4)** Mentoring can impact an employee's job performance, career advancement, and job and career satisfaction.

## ii) Functions of Mentoring

(1) Kathy Kram identified two general functions of the mentoring process.

### (a) Career functions:

- (i) Sponsorship.
- (ii) Exposure and visibility.
- (iii) Coaching.
- (iv) Protection.
- (v) Challenging assignments.

### (b) Psychosocial functions:

- (i) Role modeling.
- (ii) Acceptance and confirmation.
- (iii) Counseling.
- (iv) Friendship.

## iii) Developmental Networks Underlying Mentoring

(1) **Figure 2-6: Developmental Networks Associated with Mentoring**

presents a developmental network typology based on integrating the

diversity and strength of developmental relationships.  **See Slide 2-**

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(a) **Diversity of developmental relationships:** the variety of people within the network an individual uses for developmental assistance.



**See Slide 2-31**

(i) The two subcomponents are:

1. the number of different people the person is networked with
2. the various social systems from which the networked relationships stem (e.g., employer, school, family, community, professional associations, and religious affiliations).

(ii) The diversity of developmental relationships ranges from low to high.

**(b) Developmental relationship strength:** the quality of relationships among an individual and those involved in his or her developmental

network.  **See Slide 2-34**

(i) Strong ties are reflective of relationships based on frequent interactions, reciprocity, and positive affect.

(ii) Weak ties are based more on superficial relationships.

(2) These two dimensions combine to form four types of development networks:

**(a) Receptive:** composed of a few weak ties from one social system.

**(b) Traditional:** contains a few strong ties between an employee and developers that all come from one social system.

**(c) Entrepreneurial:** made up of strong ties among developers from several social systems.

**(d) Opportunistic:** associated with having weak ties with multiple developers from different social systems.


**iv) Personal and Organizational Implications**  **See Slides 2-35, 2-36, 2-37**

**(1)** Key personal implications to consider:

**(a)** Job and career satisfaction are likely to be influenced by the consistency between an individual's career goals and the type of developmental network at his or her disposal.

**(b)** A developer's willingness to provide career and psychosocial assistance is a function of the protégé/protégée's ability, potential, and the quality of interpersonal relationships.

**(c)** It is important to become proficient at using social networking tools such as Twitter, LinkedIn, and Facebook.

**(d)** Individuals should develop a mentoring plan. The **Skills & Best Practices: Building an Effective Mentoring Network** profiles tactics for fostering your own developmental network.  **See Slide 2-38**

**(2)** In addition to the obvious benefit of employee development, mentoring enhances the effectiveness of organizational communication by increasing the amount of vertical communication in both directions, and provides a mechanism for modifying or reinforcing organizational culture.

- (3) An effective mentoring program can also reduce employee turnover and increase productivity.

### **BACK TO THE CHAPTER-OPENING CASE**

1. Go to Chrysler's home page at <http://www.chryslergroupplc.com/company> and identify three of its key espoused values. Based on the chapter-opening case, to what extent is Chrysler walking the talk of these values? Explain.
  - a. *From the information on the company's website, one of Chrysler's espoused values is "engineering excellence and innovation." It appears to be focusing on this value by introducing new vehicles and developing new technologies for its products and production processes. It has recently launched 16 all-new or significantly refreshed vehicles. Another of its espoused values is creating a "sustainable future." It claims to do this by investing in its people, products and manufacturing facilities. Recently, the firm's sales have been increasing, as has its market share. From an economic perspective, the firm appears to have a more sustainable future than seemed possible just a few years ago. Another of its espoused values is "engaging and empowering its employees." The company invested approximately \$155 million to introduce World Class Manufacturing (WCM) principles to its manufacturing operations. The company realizes that the success of the program is dependent on the knowledge, creativity and dedication of its employees. Although the fact that Chief Executive Sergio Marchionne fired some senior executives appears to be inconsistent with the value of "empowering employees," the action was necessary to ensure a "sustainable future" for the firm.*

2. Use the competing values framework to diagnose Chrysler's culture. To what extent does Chrysler possess cultural characteristics associated with clan, adhocracy, market, and hierarchy cultures?
  - a. *The information in the opening-chapter case provides some examples of each of the organizational culture types. The fact that Chief Executive Sergio Marchionne has fired executives and made others interview to keep their job are examples of the competitive nature of the market culture. Furthermore, he has created an "element of fear" in the company and he excoriated the firm's sales chief for developing a plan to offer additional rebates during the "cash for clunkers" program. Mr. Marchionne has also displayed elements of the collaborative nature of the clan culture by locating his office with the engineers instead of in the separate executive tower and he uses video-conferencing to allow executives from Fiat to participate in his management team meetings. Mr. Marchionne also appears to be displaying elements of the hierarchy culture by stressing that vehicle quality needed to improve and the firm needed better control over its pricing. Finally, Mr. Marchionne appears to be striving for elements of an adhocracy culture by shaking things up at the firm and moving the firm away from its old ways that forced it into bankruptcy. It is hard to tell from just the information in the opening-chapter case which of the four cultures would be the dominant culture for the firm.*

To gain further insight and knowledge about Chrysler, visit its website: <http://www.chryslergroupllc.com> and explore the content in the "Our Company" section.

## **DISCUSSION QUESTIONS**

1. How would you respond to someone who made the following statement?  
“Organizational cultures are not important as far as managers are concerned.”
  - a. *Students should definitely recognize this statement as false. Managers must be aware of the organizational culture at all times. It governs how managers interact with their direct reports, how managers should react to different situations such as interpersonal conflict, and also gives a manager a blueprint of how to behave ethically (or whether or not a particular organization values ethics and behaves ethically). Students’ answers may vary slightly but definitely look for evidence as to why an organization’s culture is vitally important to a manager.*
2. Figure 2–4 revealed that organizational culture was not strongly related to measures of financial performance. Why do you think this is the case?
  - a. *Organizational culture is just one of several factors that would impact a firm’s financial performance. With an ineffective organizational culture, a firm is less likely to be profitable but an effective organizational culture is no guarantee of profitability. Consider the case of the bookstore Borders. The firm very may well have had an effective organizational culture and satisfied employees. What it did not have was a competitive environment that was favorable to its business strategy. Even though the firm’s organizational culture may have made it slow to respond to the shift to e-books, there is little the firm could have done to change the fact fewer people were buying books and the firm was liquidated in 2011. It may be that organizational culture is a necessary but not sufficient condition for a firm’s profitability.*
3. Can you think of any organizational heroes who have influenced your work behavior? Describe them and explain how they affected your behavior.
  - a. *Individual answers will vary. Look for an understanding of this concept and how it applies to organizational culture.*
4. Why is socialization essential to organizational success?
  - a. *If an employee is not properly socialized, he or she will not have a complete understanding of the organization’s culture. Organizational socialization turns outsiders into functioning members of an organization—an individual will never truly “fit in” without socialization.*
5. Have you ever had a mentor? Explain how things turned out.
  - a. *Students’ individual answers will vary. Key is an understanding of mentoring. If a student has never had a mentor—perhaps this student should exhibit an understanding of this concept so that he or she will understand the relationship involved in mentoring if he or she ever obtains a mentor.*

**LEGAL/ETHICAL CHALLENGE: Credit-Card Issuers Have Cultures That Focus on Growth by Targeting Financially Strapped People**

**Assume that you are member of Congress.**

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

**Discussion:**

The financial industry is one that has been and will continue to go through substantial transition as a result of the fallout from the implosion of the sub-prime mortgage crisis and the great recession. In order to prevent a future crisis, the actions of banks and financial institutions are becoming increasingly restricted. In 2010, Congress passed the Dodd-Frank Wall Street Reform and Consumer Protection Act, the most sweeping overhaul of financial regulations since the 1930s. The Act expands the power of key government agencies and creates a new consumer-protection agency to oversee financial products. The full requirements of the Dodd-Frank legislation are still being developed and the financial industry is working to block some of the provisions from being implemented. Although this legislation may be able to protect some consumers from the unscrupulous actions of financial institutions, whenever society relies on legislation to prevent problems, people need to be concerned about the “law of unintended consequences.” For instance, Dodd-Frank dramatically improves the protections for credit cards offered to consumers, but not for credit cards marketed to businesses. Thus, more consumers are being targeted with “business” credit card offers rather than consumer cards and some consumers have learned too late that their “business” card does not offer the same level of protection or come with the same consumer rights. If new legislation is passed that limits the ability of credit-card issuers to raise interest rates, this will likely help some consumers, but perhaps hurt others. In order to recoup the lost revenue from higher interest rates on existing cards, banks are likely to simply charge higher interest rates on new cards from the beginning. Thus, credit may be more difficult for young adults wanting to open their first credit card to access at affordable rates.



It is true that people should be held responsible for their own behavior, but only if they can fully appreciate the consequences of their actions. Some financial institutions likely use convoluted language and don't adequately highlight potential risks, especially when marketing their products to those most at risk with low levels of financial savvy. Perhaps the best solution to this problem is a combination of transparency and education. Financial institutions can be free to charge what they want and when they want, but the terms of their credit card offers and the risks of accepting the offers need to be clearly explained to the consumer using simple language that consumers can understand. The government should also do more to help consumers understand the risks of credit cards and fund non-profit agencies that help less savvy consumers understand the basics of financial management and credit markets. It would also be in the financial industry's enlightened self-interest to help educate consumers and education could be used as a tool for preventing even more stringent requirements mandated by the government.

### **INTERNET EXERCISE**

This chapter focused on organizational culture and the competing values framework as one tool for characterizing organizational cultures. General Electric, Facebook, Southwest Airlines, and Wal-Mart are all well-known successful firms but each has a different organizational culture. For this exercise, consult the web pages for each firm to determine what aspects of organizational culture you see demonstrated.

Go to the General Electric homepage at: <http://www.ge.com>. Click on the "Our Company" link. Under the "Our Culture" link, read the "Our People," "Working Environment" and "Leadership and Learning" sections. Return to the homepage and click on the "Our Company" link and read the section "Our History."

Go to the Facebook homepage at: <http://www.facebook.com>. Under the "Careers" section, review the information for "Benefits and Perks" and "Life at Facebook." Then go to the company's media link at <http://www.facebook.com/press/> and review the information under the "Factsheet" and "Timeline" sections. You should also watch some of the video clips under the "B-Roll" section.

Go to the Southwest Airlines homepage at: <http://www.southwest.com>. Click on the "About Southwest" section and read the "Mission" and "History" sections. Click on the "The Southwest Difference" link and read the sections "Our Charitable Giving," "Community Outreach," and "Environmental Initiatives."

Go to the Wal-Mart homepage at <http://walmartstores.com>. Click on the "About Us" section. Read the sections titled "Our Purpose" and "History" and the sections under "Culture." Return to the homepage and click on the "Diversity" section and read some of the sections of interest.

### Questions:

1. Describe examples of observable artifacts, espoused values, and basic assumptions for each firm.
2. How do you think the history of each firm has impacted its culture?
3. Using Figure 2-3: Competing Values Framework as a guide, how would you classify each organization's culture? Be sure to provide supporting evidence.

### INSTRUCTIONAL RESOURCES

1. Both self-assessment and group exercises are presented in "*An Instructor's Guide to an Active Classroom*" by A. Johnson and A. Kinicki (McGraw-Hill/Irwin, 2006).
2. Understanding physical surroundings as a manifestation of organizational culture is discussed in "Space at Work: Exercises in the Art of Understanding Physical Indicators of Culture" by L. Barklay and K. York in *Journal of Management Education*, February 2001, pp. 54-69.
3. Techniques to understand organizational culture are presented in "Exploring Organizational Culture: Teaching Notes on Metaphor, Totem, and Archetypal Images" by D. Starr-Glass in *Journal of Management Education*, June 2004, pp. 356-371.

### TOPICAL RESOURCES

1. For more on the Southwest Airlines model see "*The Southwest Airlines Way: Using the Power of Relationships to Achieve High Performance*" by J. Gittel (McGraw-Hill, 2002).
2. For more on the competing values framework see "*Diagnosing and Changing Organizational Culture: Based on the Competing Values Framework*" by K. S. Cameron and R. E. Quinn (Jossey-Bass, 2011).
3. An interesting account of leadership, culture, and ethics can be found in "Restorying a Culture of Ethical and Spiritual Values: A Role for Leader Storytelling" by C. Driscoll and M. McKee in *Journal of Business Ethics*, 2007, Vol. 73(2), pp. 205-217.
4. New research that shows that outstanding performance is the product of practice and mentorship is discussed in "The Making of an Expert" by E. Anders et al. in *Harvard Business Review*, 2007, Vol. 85(7/8), pp. 114-121.

5. A synthesis of the most commonly used general dimensions of organizational culture are discussed in “A Framework for Linking Culture and Improvement Initiatives in Organizations” by J. Detert, R. Schroeder, and J. Mauriel in *Academy of Management Review*, 2000, Vol. 25(4), pp. 850-863.
6. Compelling insights into the value of a carefully managed culture are presented in “Building Motivational Capital through Career Concept and Culture Fit: The Strategic Value Of Developing Motivation And Retention” by R. Larsson et al. in *Career Development International*, 2007, Vol. 12(4), pp. 361-381.
7. Further information on social networks and mentoring is found in “Reconceptualizing Mentoring at Work: A Developmental Network Perspective” by M. Higgins and K. Kram in *Academy of Management Review*, 2001, Vol. 26(2), pp. 264-288.

### **VIDEO RESOURCES**

1. Changing the corporate culture is the focus of the video, “*Leadership and the New Science*,” (CRM Films).
2. Employee interviews are used to exemplify organizational culture in the video “*Organizational Culture and Climate*” (Insight Media).
3. On June 7, 2010, the CBS news program “CBS Sunday Morning” aired a profile about Zappos titled “*Zappos Delivers Happiness.*” As of July of 2011, a link to the video was available at: <http://www.cbsnews.com/video/watch/?id=6554219n>