Cultivating Organizational Culture and Ethical Behavior

chapter Two

FROM BOOM TO BUST AT YAHOO

They were the most successful sextet of the Internet boom. . . . Their company, Yahoo! Inc., rocketed to a market value of $134 billion, and the young leaders became legends, defining Silicon Valley start-up life. . . . On Wednesday [March 7, 2001] the game abruptly ended. With its stock down 92% from its peak and advertising sales plunging, Yahoo said it would launch a search for a new chief executive from outside the company. . . . The unexpected move amounted to a humbling acknowledgement of something people close to Yahoo have increasingly been saying: that the tightknit, us-against-the-world management style that fueled Yahoo's astronomical rise may also have exacerbated its decline.

"Their culture helped them build a superb site and a really edgy brand, but it also held them back from making forward looking business decisions," says Holly Becker, an analyst at Lehman Brothers. "The culture that served them so incredibly well until the middle of last year is now letting them down."

Business partners and former executives say the small group's intense closeness made it hard for Yahoo to retain or attract experienced managers. Over a long acquisition spree, Yahoo spent billions to buy Geocities Inc., Broadcast.com, and numerous smaller companies—yet many of the targets' top executives wound up leaving Yahoo, unable to penetrate its inner sanctum. Yahoo's top European and Asian executives and a slew of middle managers also left, amid complaints that the top team wouldn't delegate authority.

"They're very insular," says Stephen Hansen, former chief financial officer at GeoCities, a company acquired by Yahoo in 1999. "They see the world through the Yahoo lens."[1]

How would you describe the organizational culture at Yahoo and how did it get embedded? For an interpretation of this case and additional comments, visit our Web site:

www.mhhe.com/kinicki.

FOR DISCUSSION

THE OPENING CASE HIGHLIGHTS the role of organization culture in contributing to organizational effectiveness. At Yahoo, the organizational culture was an asset as the company formed and grew. Over time, however, the culture became a liability because it fostered a bureaucratic organization in which senior management failed to delegate and empower employees. The case also underscores that an organization's culture originates from the values and beliefs of an organization's founders and that it can be very difficult, if not impossible, to change it.

This chapter will help you better understand how managers can use organizational culture as a competitive advantage. We discuss (1) the foundation of organizational culture, (2) the organization socialization process and the role of mentoring in socialization, and (3) the importance of ethics in organizational behavior.

Foundation of Organizational Culture

Organizational culture

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

Values

Enduring belief in a mode of conduct or end-stage.

Espoused values

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

Organizational culture is "the set of shared, taken-for-granted implicit assumptions that a group holds and that determines how it perceives, thinks about, and reacts to its various environments."[2] This definition highlights three important characteristics of organizational culture. First, organizational culture is passed on to new employees through the process of socialization, a topic discussed later in this chapter. Second, organizational culture influences our behavior at work. Finally, organizational culture operates at different levels.

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

FIGURE 2–1

The Layers of Organizational Culture

SOURCE: Adapted from E H Schein, *Organizational Culture and Leadership*, 2nd ed (San Francisco: Jossey-Bass, 1992), p 17.
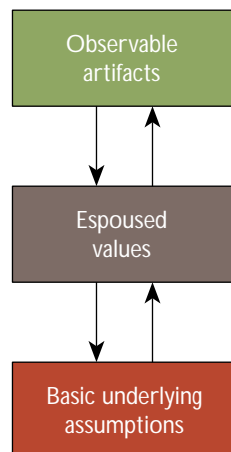
Layers of Organizational Culture

Figure 2–1 shows the three fundamental layers of organizational culture. Each level varies in terms of outward visibility and resistance to change, and each level influences another level.[3]

Observable Artifacts At the more visible level, culture represents observable artifacts. Artifacts consist of the physical manifestation of an organization's culture. Organizational examples include acronyms, manner of dress, awards, myths and stories told about the organization, published lists of values, observable rituals and ceremonies, special parking spaces, decorations, and so on. This level also includes visible behaviors exhibited by people and groups. Artifacts are easier to change than the less visible aspects of organizational culture.

Espoused Values Values possess five key components. "**Values** (1) are concepts or beliefs, (2) pertain to desirable end-states or behaviors, (3) transcend situations, (4) guide selection or evaluation of behavior and events, and (5) are ordered by relative importance."[4] It is important to distinguish between values that are espoused versus those that are enacted.

Espoused values represent the explicitly stated values and norms that are preferred by an organization. They are generally established by the founder of a new or small company and by the top management team in a larger organization. Gerald Levin, chairman of Time Warner Inc., for instance, is "putting groups of its most promising executives through an intensive two-day program designed to define and disseminate

what the company calls its 'core values and guiding principles'—among them 'diversity,' 'respect,' and 'integrity.'"[5] Time Warner is sending 1,000 executives to these sessions. Because espoused values constitute aspirations that are explicitly communicated to employees, managers such as Levin hope that espoused values will directly influence employee behavior. Unfortunately, aspirations do not automatically produce the desired behaviors because people do not always "walk the talk."

Enacted values, on the other hand, represent the values and norms that actually are exhibited or converted into employee behavior. Let us consider the difference between these two types of values. Home Depot, for instance, has espoused that it values customer service and safety. If the organization displays customer service and safety through its store layouts and behavior of employees, then the espoused value is enacted and individual behavior is being influenced by the values of customer service and safety. Unfortunately, Home Depot appears to have a discrepancy between its espoused and enacted values:

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

> "Home Depot advertises having the best customer service, but it seems like everybody is so busy," says Priscilla High, a customer shopping in Atlanta recently for a rug and kitchen sink. "Lowe's [a Home Depot rival] has more customer service." . . . as sales volumes soared and product lines expanded in recent years, that busy warehouse action became a liability. Shoppers complained that pallets of merchandise cluttered the aisles. Injuries from falling merchandise grabbed headlines. And the company says many employees became more concerned with stocking away socket wrenches than helping customers. . . . On a recent morning at a Home Depot near Stone Mountain, [Georgia], assistant manager Jill Roberts found three pallets of space heaters clogging an aisle of kitchen sinks and plumbing supplies. . . . Another priority for Home Depot is improved store safety in the wake of three deaths last year [2000] and other injuries caused by falling merchandise.[6]

It is important to reduce gaps between espoused and enacted values because they can significantly influence employee attitudes and organizational performance. For example, a study of 312 British rail drivers revealed that employees were more cynical about safety when they believed that senior managers' behaviors were inconsistent with the stated values regarding safety.[7] Home Depot is aware of this important issue and has instituted a program labeled Service Performance Improvement, or SPI, to reduce the gap between espoused and enacted values regarding customer service and safety. Preliminary results from six test stores indicated increases in store sales and the amount of time store employees spent helping customers.[8]

Basic Assumptions   Basic underlying assumptions are unobservable and represent the core of organizational culture. They constitute organizational values that have become so taken for granted over time that they become assumptions that guide organizational behavior. They thus are highly resistant to change. When basic assumptions are widely held among employees, people will find behavior based on an inconsistent value inconceivable. Southwest Airlines, for example, is noted for operating according to basic assumptions that value employees' welfare and providing high-quality service. Employees at Southwest Airlines would be shocked to see management act in ways that did not value employees' and customers' needs.[9]
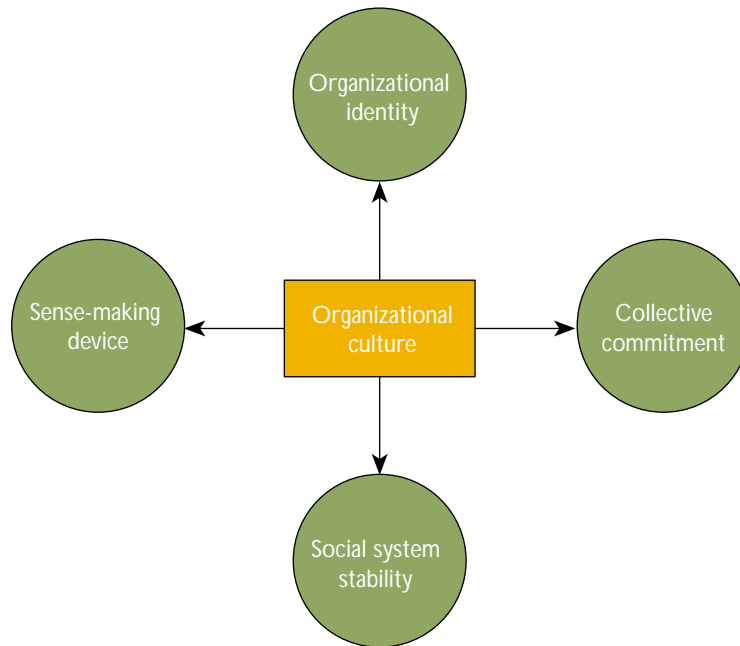
Four Functions of Organizational Culture

As illustrated in Figure 2–2, an organization's culture fulfills four functions.[10] To help bring these four functions to life, let us consider how each of them has taken shape at 3M. 3M is a particularly instructive example because it has a long history of being

FIGURE 2–2   Four Functions of Organizational Culture

SOURCE: Adapted from discussion in L Smircich, "Concepts of Culture and Organizational Analysis," *Administrative Science Quarterly*, September 1983. pp 339–58. Reproduced by permission of John Wiley & Sons, Limited.

an innovative company—the company was founded in 1902—and it was ranked as the 94th most admired company in the United States by *Fortune* in 1998, partly due to its strong and distinctive culture.[11]

1. *Give members an organizational identity.* 3M is known as being an innovative company that relentlessly pursues new-product development. One way of promoting innovation is to encourage the research and development of new products and services. For example, 3M regularly sets future sales targets based on the percentage of sales that must come from new products. In one year, the senior management decreed that 30% of its sales must come from products introduced within the past four years. The old standard was 25% in five years. This identity is reinforced by creating rewards that reinforce innovation. For example, "The 3M Corporation has its version of a Nobel Prize for innovative employees. The prize is the Golden Step award, whose trophy is a winged foot. Several Golden Steps are given out each year to employees whose new products have reached significant revenue and profit levels."[12]

2. *Facilitate collective commitment.* One of 3M's corporate values is to be "a company that employees are proud to be a part of." People who like 3M's culture tend to stay employed there for long periods of time. Approximately 24,000 of its employees have more than 15 years of tenure with the company while 19,600 have stayed more than 20 years. Consider the commitment and pride expressed by Kathleen Stanislawski, a staffing manager. "I'm a 27-year 3Mer because, quite frankly, there's no reason to leave. I've had great opportunities to do different jobs and to grow a career. It's just a great company."[13]

3. *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. Consider how 3M dealt with its financial problems in 1998. "Even in tough times, which have now arrived because of the upheavals in Asia, 3M hasn't become a mean, miserly, or miserable place to work. It's shedding about 4,500 jobs, but slowly, and mostly by attrition."[14] This strategy helped to maintain a positive work environment in the face of adversity. The company also attempts to promote stability through a promote-from-within culture, a strategic hiring policy that ensures that capable college graduates are hired in a timely manner, and a layoff policy that provides displaced workers six months to find another job at 3M before being terminated.

4. *Shape behavior by helping members make sense of their surroundings.* This function of culture helps employees understand why the organization does what it does and how it intends to accomplish its long-term goals. 3M sets expectations for innovation in a variety of ways. For example, the company employs an internship and co-op program. 3M also shapes expectations and behavior by providing detailed career feedback to its employees. New hires are measured and evaluated against a career growth standard during their first six months to three years of employment.

Types of Organizational Culture

Researchers have attempted to identify and measure various types of organizational culture in order to study the relationship between types of culture and organizational effectiveness. This pursuit was motivated by the possibility that certain cultures were more effective than others. Unfortunately, research has not uncovered a universal typology of cultural styles that everyone accepts.[15] Just the same, there is value in providing an example of various types of organizational culture. Table 2–1 is thus presented as an illustration rather than a definitive conclusion about the types of organizational culture that exist. Awareness of these types provides you with greater understanding about the manifestations of culture.

Table 2–1 shows that there are three general types of organizational culture—constructive, passive–defensive, and aggressive–defensive—and that each type is associated with a different set of normative beliefs.[16] **Normative beliefs** represent an individual's thoughts and beliefs about how members of a particular group or organization are expected to approach their work and interact with others. A *constructive culture* is one in which employees are encouraged to interact with others and to work on tasks and projects in ways that will assist them in satisfying their needs to grow and develop. This type of culture endorses normative beliefs associated with achievement, self-actualizing, humanistic-encouraging, and affiliative. In contrast, a *passive–defensive culture* is characterized by an overriding belief that employees must interact with others in ways that do not threaten their own job security. This culture reinforces the normative beliefs associated with approval, conventional, dependent, and avoidance (see Table 2–1). Finally, companies with an *aggressive–defensive culture* encourage employees to approach tasks in forceful ways in order to protect their status and job security. This type of culture is more characteristic of normative beliefs reflecting oppositional, power, competitive, and perfectionist.

> **Normative beliefs**
>
> Thoughts and beliefs about expected behavior and modes of conduct.

TABLE 2–1   Types of Organizational Culture

General Types of Culture	Normative Beliefs	Organizational Characteristics
Constructive	Achievement	Organizations that do things well and value members who set and accomplish their own goals. Members are expected to set challenging but realistic goals, establish plans to reach these goals, and pursue them with enthusiasm. (Pursuing a standard of excellence)
Constructive	Self-actualizing	Organizations that value creativity quality over quantity, and both task accomplishment and individual growth. Members are encouraged to gain enjoyment from their work, develop themselves, and take on new and interesting activities. (Thinking in unique and independent ways)
Constructive	Humanistic-encouraging	Organizations that are managed in a participative and person-centered way. Members are expected to be supportive, constructive, and open to influence in their dealings with one another. (Helping others to grow and develop)
Constructive	Affiliative	Organizations that place a high priority on constructive interpersonal relationships. Members are expected to be friendly, open, and sensitive to the satisfaction of their work group. (Dealing with others in a friendly way)
Passive–defensive	Approval	Organizations in which conflicts are avoided and interpersonal relationships are pleasant—at least superficially. Members feel that they should agree with, gain the approval of, and be liked by others. ("Going along" with others)
Passive–defensive	Conventional	Organizations that are conservative, traditional, and bureaucratically controlled. Members are expected to conform, follow the rules, and make a good impression. (Always following policies and practices)
Passive–defensive	Dependent	Organizations that are hierarchically controlled and nonparticipative. Centralized decision making in such organizations leads members to do only what they are told and to clear all decisions with superiors. (Pleasing those in positions of authority)

Although an organization may predominately represent one cultural type, it still can manifest normative beliefs and characteristics from the others. Research demonstrates that organizations can have functional subcultures, hierarchical subcultures based on one's level in the organization, geographical subcultures, occupational subcultures based on one's title or position, social subcultures derived from social activities such as a bowling or golf league and a reading club, and counter-cultures.[17] It is important for managers to be aware of the possibility that conflict between subgroups that form subcultures can undermine an organization's overall performance.

Outcomes Associated with Organizational Culture

Both managers and academic researchers believe that organizational culture can be a driver of employee attitudes and organizational effectiveness and performance. To test this possibility, various measures of organizational culture have been correlated with

General Types of Culture	Normative Beliefs	Organizational Characteristics
Passive–defensive	Avoidance	Organizations that fail to reward success but nevertheless punish mistakes. This negative reward system leads members to shift responsibilities to others and avoid any possibility of being blamed for a mistake. (Waiting for others to act first)
Aggressive–defensive	Oppositional	Organizations in which confrontation and negativism are rewarded. Members gain status and influence by being critical and thus are reinforced to oppose the ideas of others. (Pointing out flaws)
Aggressive–defensive	Power	Nonparticipative organizations structured on the basis of the authority inherent in members' positions. Members believe they will be rewarded for taking charge, controlling subordinates and, at the same time, being responsive to the demands of superiors. (Building up one's power base)
Aggressive–defensive	Competitive	Winning is valued and members are rewarded for outperforming one another. Members operate in a "win-lose" framework and believe they must work against (rather than with) their peers to be noticed. (Turning the job into a contest)
Aggressive–defensive	Perfectionistic	Organizations in which perfectionism, persistence, and hard work are valued. Members feel they must avoid any mistake, keep track of everything, and work long hours to attain narrowly defined objectives. (Doing things perfectly)

SOURCE: Reproduced with permission of authors and publisher from R A Cooke and J L Szumal, "Measuring Normative Beliefs and Shared Behavioral Expectations in Organizations: The Reliability and Validity of the Organizational Culture Inventory," *Psychological Reports*, 1993, 72, 1299–1330. © *Psychological Reports*, 1993.

a variety of individual and organizational outcomes. So what have we learned to date? First, several studies demonstrated that organizational culture was significantly correlated with employee behavior and attitudes. For example, a constructive culture was positively related with job satisfaction, intentions to stay at the company, and innovation and was negatively associated with work avoidance. In contrast, passive–defensive and aggressive–defensive cultures were negatively correlated with job satisfaction and intentions to stay at the company.[18] These results suggest that employees seem to prefer organizations that encourage people to interact and work with others in ways that assist them in satisfying their needs to grow and develop. Second, results from several studies revealed that the congruence between an individual's values and the organization's values was significantly associated with organizational commitment, job satisfaction, intention to quit, and turnover.[19]

Third, a summary of 10 quantitative studies showed that organizational culture did not predict an organization's financial performance.[20] This means that there is not one type of organizational culture that fuels financial performance. That said, however, a study of 207 companies from 22 industries for an 11-year period demonstrated that financial performance was higher among companies that had adaptive and flexible cultures.[21] Finally, studies of mergers indicated that they frequently failed due to incompatible cultures. Due to the increasing number of corporate mergers around the world, and the conclusion that 7 out of 10 mergers and acquisitions failed to meet their financial promise, managers within merged companies would be well advised to

consider the role of organizational culture in creating a new organization.[22]

These research results underscore the significance of organizational culture. They also reinforce the need to learn more about the process of cultivating and changing an organization's culture. An organization's culture is not determined by fate. It is formed and shaped by the combination and integration of everyone who works in the organization.

How Cultures Are Embedded in Organizations

An organization's initial culture is an outgrowth of the founder's philosophy. For example, an achievement culture is likely to develop if the founder is an achievement-oriented individual driven by success. Over time, the original culture is either embedded as is or modified to fit the current environmental situation. Edgar Schein, a well-known OB scholar, notes that embedding a culture involves a teaching process. That is, organizational members teach each other about the organization's preferred values, beliefs, expectations, and behaviors. This is accomplished by using one or more of the following mechanisms:[23]

1. *Formal statements of organizational philosophy, mission, vision, values, and materials used for recruiting, selection, and socialization.* Texas Instruments, for example, published a list of corporate values that includes integrity, innovation, and commitment.[24]

2. *The design of physical space, work environments, and buildings.*

3. *Slogans, language, acronyms, and sayings.* For example, Bank One promoted its desire to provide excellent client service through the slogan "whatever it takes." Employees are encouraged to do whatever it takes to exceed customer expectations.

4. *Deliberate role modeling, training programs, teaching, and coaching by managers and supervisors.* General Semiconductor implemented the "People Plus" program. It is an in-house leadership development and problem-solving training program that uses the company's mission and values as the springboard for creating individual development plans.[25]

5. *Explicit rewards, status symbols (e.g., titles), and promotion criteria.* Consider how Jack Welch, former CEO of General Electric, describes the reward system at General Electric: "The top 20% should be rewarded in the soul and wallet because they are the ones who make magic happen. Losing one of these people must be held up as a leadership sin," Welch says. The middle 70% should be energized to improve; the rest should be shown the door. Not getting rid of the 10% early "is not only a management failure, but false kindness as well—a form of cruelty," Welch says. They will wind up being fired eventually and "stranded" in midcareer.[26]

6. *Stories, legends, and myths about key people and events.*

7. *The organizational activities, processes, or outcomes that leaders pay attention to, measure, and control.* Dick Brown, CEO at Electronic Data Systems, believes that leaders get the behavior they tolerate. He instituted the "performance call" to change the organization's culture from one that promoted individualism and information hoarding to one the supported teamwork and information sharing (see Skills & Best Practices).

8. *Leader reactions to critical incidents and organizational crises.*

9. *The workflow and organizational structure.* Hierarchical structures are more likely to embed an orientation toward control and authority than a flatter organization.

10. *Organizational systems and procedures.* An organization can promote achievement and competition through the use of sales contests.

11. *Organizational goals and the associated criteria used for recruitment, selection, development, promotion, layoffs, and retirement of people.* PepsiCo reinforces a high-performance culture by setting challenging goals. Executives strive to achieve a 15% increase in revenue per year.[27]

Embedding Organizational Culture through Socialization Processes and Mentoring

Organizational socialization is defined as "the process by which a person learns the values, norms, and required behaviors which permit him to participate as a member of the organization."[28] As previously discussed, organization socialization is a key mechanism used by organizations to embed their organizational cultures. In short, organizational socialization turns outsiders into fully functioning insiders by promoting and reinforcing the organization's core values and beliefs.

Organizational socialization

Process by which employees learn an organization's values, norms, and required behaviors.

The modern word *mentor* derives from "Mentor," the name of a wise and trusted counselor in Greek mythology. Terms typically used in connection with mentoring are teacher, coach, sponsor, and peer. **Mentoring** is defined as the process of forming and maintaining intensive and lasting developmental relationships between a variety of developers (i.e., people who provide career and psychosocial support) and a junior person (the protégé, if male; or protégée, if female).[29] Mentoring can serve to embed an organization's culture when developers and the protégé/protégée work in the same organization for two reasons. First, mentoring contributes to creating a sense of oneness by promoting the acceptance of the organization's core values throughout the organization. Second, the socialization aspect of mentoring also promotes a sense of membership.

Mentoring

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

This section enhances your understanding of socialization and mentoring by introducing a three-phase model of organizational socialization, examining the practical application of socialization research, and discussing how you can use the mentoring process to your advantage.

A Three-Phase Model of Organizational Socialization

One's first year in a complex organization can be confusing. There is a constant swirl of new faces, strange jargon, conflicting expectations, and apparently unrelated events. Some organizations treat new members in a rather haphazard, sink-or-swim manner. More typically, though, the socialization process is characterized by a sequence of identifiable steps.[30]

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 2–3, the three phases are (1) anticipatory socialization, (2) encounter, and (3) change and acquisition. Each phase has its associated perceptual and social processes. Feldman's model also specifies behavioral and affective outcomes that can be used to judge how well an individual has been socialized. The entire three-phase sequence may take from a few weeks to a year to complete, depending on individual differences and the complexity of the situation.

Phase 1: Anticipatory Socialization   Organizational socialization begins *before* the individual actually joins the organization. Anticipatory socialization information comes from many sources. US Marine recruiting ads, for example, prepare future recruits for a rough-and-tumble experience. All of this information—whether formal or informal, accurate or inaccurate—helps the individual anticipate organiza-

Caption TK

A Model of Organizational Socialization | FIGURE 2–3

Outsider

Phases	Perceptual and Social Processes
1. Anticipatory socialization Learning that occurs prior to joining the organization	• Anticipating realities about the organization and the new job • Anticipating organization's needs for one's skills and abilities • Anticipating organization's sensitivity to one's needs and values
2. Encounter Values, skills, and attitudes start to shift as new recruit discovers what the organization is truly like	• Managing lifestyle-versus-work conflicts • Managing intergroup role conflicts • Seeking role definition and clarity • Becoming familiar with task and group dynamics
3. Change and acquisition Recruit masters skills and roles and adjusts to work group's values and norms	• Competing role demands are resolved • Critical tasks are mastered • Group norms and values are internalized

Behavioral Outcomes

• Performs role assignments
• Remains with organization
• Spontaneously innovates
  and cooperates

Socialized
Insider

Affective Outcomes

• Generally satisfied
• Internally motivated to work
• High job involvement

SOURCE: Adapted from material in D C Feldman, "The Multiple Socialization of Organization Members," *Academy of Management Review,* April 1981, pp 309–18.

tional realities. Unrealistic expectations about the nature of the work, pay, and promotions are often formulated during phase I.

Phase 2: Encounter   This second phase begins when the employment contract has been signed. It is a time for surprise and making sense as the newcomer enters unfamiliar territory. Many companies use a combination of orientation and training programs to socialize employees during the encounter phase. Consider the socialization tactics used in Trilogy's renowned orientation program. The three-month orientation program takes place at the organization's corporate university, called Trilogy University:

Month One. When you arrive at Trilogy University, you are assigned to a section and to an instruction track. Your section, a group of about 20, is your social group for the duration of TU. . . . Tracks are designed to be microcosms of future work lilfe at Trilogy. . . . The technical challenges in such exercises closely mimic real

customer engagements, but the time frames are dramatically compressed. The assignments pile up week after week for the first month, each one successively more challenging than the last. During that time, you're being constantly measured and evaluated, as assignment grades and comments are entered into a database monitoring your progress. . . .

Month Two. Month two is TU project month. . . . In teams of three to five people, they have to come up with an idea, create a business model for it, build the product, and develop the marketing plan. In trying to launch bold new ideas in a hyper-accelerated time frame, they gain a deep appreciation of the need to set priorities, evaluate probabilities, and measure results. Mind you, these projects are not hypothetical—they're the real thing. . . .

Month Three. Month three at Trilogy University is all about finding your place and having a broader impact in the larger organization. A few students continue with their TU projects, but most move on to "graduation projects," which generally are assignments within various Trilogy business units. People leave TU on a rolling basis as they find sponsors out in the company who are willing to take them on.[31]

The encounter phase at Trilogy is stressful, exhilarating, and critical for finding one's place within the organization. How would you like to work there?

Phase 3: Change and Acquisition   Mastery of important tasks and resolution of role conflict signals the beginning of this final phase of the socialization process. Those who do not make the transition to phase 3 leave voluntarily or involuntarily or become isolated from social networks within the organization. Senior executives frequently play a direct role in the change and acquisition phase.

Practical Application of Socialization Research

Past research suggests four practical guidelines for managing organizational socialization:

1. Managers should avoid a haphazard, sink-or-swim approach to organizational socialization because formalized socialization tactics positively affect new hires. A formalized orientation program positively influenced 116 new employees in a variety of occupations.[32]

2. Managers play a key role during the encounter phase. Studies of newly hired accountants demonstrated that the frequency and type of information obtained during their first six months of employment significantly affected their job performance, their role clarity, and the extent to which they were socially integrated.[33] Managers need to help new hires integrate within the organizational culture. Take a moment now to complete the Hands-On Exercise. It measures the extent to which you have been socialized into your current work organization. Have you been adequately socialized?

3. The organization can benefit by training new employees to use proactive socialization behaviors. A study of 154 entry-level professionals showed that effectively using proactive socialization behaviors influenced the newcomers' general anxiety and stress during the first month of employment and their motivation and anxiety six months later.[34]

4. Managers should pay attention to the socialization of diverse employees. Research demonstrated that diverse employees, particularly those with

Have You Been Adequately Socialized?

INSTRUCTIONS: Complete the following survey items by considering either your current job or one you held in the past. If you have never worked, identify a friend who is working and ask that individual to complete the questionnaire for his or her organization. Read each item and circle your response by using the rating scale shown below. Compute your total score by adding up your responses and compare it to the scoring norms.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1. I have been through a set of training experiences that are specifically designed to give newcomers a thorough knowledge of job related skills.	1	2	3	4	5
2. This organization puts all newcomers through the same set of learning experiences.	1	2	3	4	5
3. I did not perform any of my normal job responsibilities until I was thoroughly familiar with departmental procedures and work methods.	1	2	3	4	5
4. There is a clear pattern in the way one role leads to another, or one job assignment leads to another, in this organization.	1	2	3	4	5
5. I can predict my future career path in this organization by observing other people's experiences.	1	2	3	4	5
6. Almost all of my colleagues have been supportive of me personally.	1	2	3	4	5
7. My colleagues have gone out of their way to help me adjust to this organization.	1	2	3	4	5
8. I received much guidance from experienced organizational members as to how I should perform my job.	1	2	3	4	5
Total Score	_____	_____	_____	_____	_____

SCORING NORMS
 8–18 = Low socialization
19–29 = Moderate socialization
30–40 = High socialization

SOURCE: Adapted from survey items excerpted from D Cable and C Parsons, "Socialization Tactics and Person-Organization Fit." *Personnel Psychology*, Spring 2001, pp 1–23.

disabilities, experienced different socialization activities than other newcomers. In turn, these different experiences affected their long-term success and job satisfaction.[35]

Using Mentoring to Your Advantage

Research demonstrates that mentored employees perform better on the job and experience more rapid career advancement. Mentored employees also report higher job and career satisfaction and working on more challenging job assignments.[36] To use mentoring to your advantage, you first need to understand the various functions mentors can provide. With this information in hand, you are ready to use the various developmental networks that underlie the mentoring process. Let us now consider the functions of mentoring and the developmental networks associated with mentoring.

"Bill Wear, a program manager for security at Hewlett-Packard, started out hacking into phone lines at the age of 10. At 14, he hacked into his school computer using a password he'd stolen from his guidance counselor. The counselor knew Wear had stolen the password, so he left this message for him, "I know that you're using my account. I also know about your father. I know he abuses you. I also know that we can do something. Call me. Let me help." The counselor helped get him into a private school, and through two engineering degrees. Wear today is a mentor. He even wrote a handbook for the company's email-mentoring program.

Functions of Mentoring   Kathy Kram, a Boston University researcher, conducted in-depth interviews with both members of 18 pairs of senior and junior managers. As a by-product of this study, Kram identified two general functions—career and psychosocial—of the mentoring process. Five *career functions* that enhanced career development were sponsorship, exposure-and-visibility, coaching, protection, and challenging assignments. Four *psychosocial functions* were role modeling, acceptance-and-confirmation, counseling, and friendship. The psychosocial functions clarified the participants' identities and enhanced their feelings of competence.[37]

Developmental Networks Underlying Mentoring   Historically, it was thought that mentoring was primarily provided by one person who was called a mentor. Today, however, the changing nature of technology, organizational structures, and marketplace dynamics requires us to seek career information and support from many sources. Mentoring is currently viewed as a process in which protégés and protégées seek developmental guidance from a network of people, who are referred to as developers. This implies that the diversity and strength of your network of relationships is instrumental in obtaining the type of career assistance you need to manage your career. Figure 2–4 presents a developmental network typology based on integrating the diversity and strength of developmental relationships.[38]

The diversity of your developmental relationships reflects the variety of people within your network that are used for developmental assistance. There are two subcomponents associated with network diversity: (1) the number of different people you are networked with and (2) the various social systems from which the networked relationships stem (e.g., employer, school, family, community, professional associations, and religious affiliations). As shown in Figure 2–4, developmental relationship diversity ranges from low (few people or social systems) to high (multiple people or social systems). Relationship strength reflects the quality of relationships among you and those involved in your development network. For example, strong ties are reflective

Developmental Networks Associated with Mentoring **FIGURE 2–4**
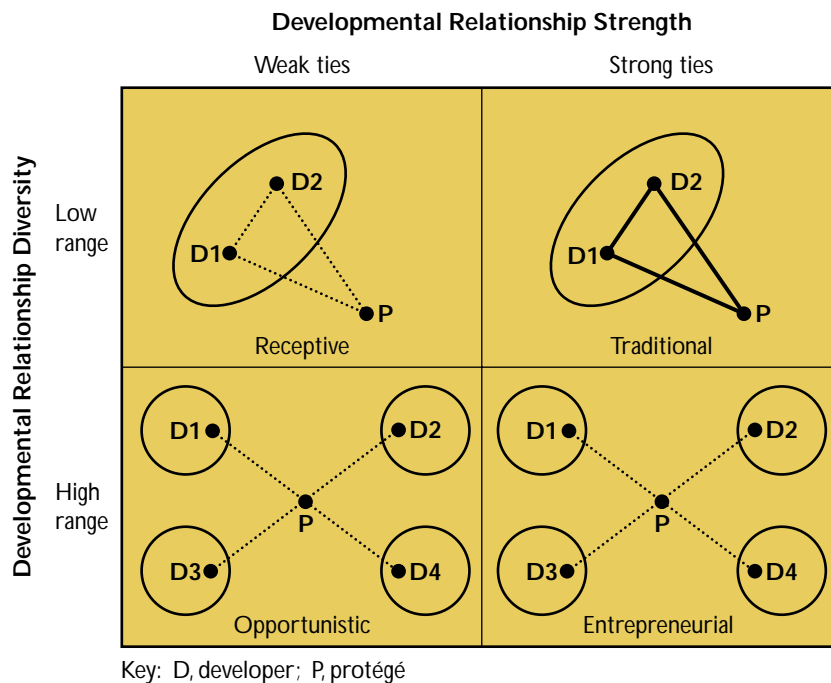
SOURCE: M Higgins and K Kram, "Reconceptualizing Mentoring at Work: A Developmental Network Perspective," *Academy of Management Review,* April 2001, p 270.

of relationships based on frequent interactions, reciprocity, and positive affect. Weak ties, in contrast, are based more on superficial relationships. Together, the diversity and strength of your developmental relationships results in four types of developmental networks (see Figure 2–4): receptive, traditional, opportunistic, and entrepreneurial.

A receptive developmental network is composed of a few weak ties from one social system such as your employer or a professional association: The single oval around D1 and D2 in Figure 2–4 is indicative of two developers who come from one social system. In contrast, a traditional network contains a few strong ties between an employee and developers that all come from one social system. An entrepreneurial network, which is the strongest type of developmental network, is made up of strong ties among several developers (D1–D4) who come from four different social systems. Finally, an opportunistic network is associated with having weak ties with multiple developers from different social systems.

Personal and Organizational Implications   There are two key personal implications to consider. First, your job and career satisfaction are likely to be influenced by the consistency between your career goals and the type of developmental network at your disposal. For example, people with an entrepreneurial developmental network are more likely to experience change in their careers and to benefit from personal learning than people with receptive, traditional, and opportunistic networks. If this sounds attractive to you, you should try to increase the

Getting the Most Out of Mentoring

1. Train mentors and protégés/protégées on how to best use career and psychosocial mentoring.

2. Use both formal and informal mentoring, but do not dictate mentoring relationships.

3. Diverse employees should be informed about the benefits and drawbacks associated with establishing mentoring relationships with individuals of similar and different gender and race.

4. Women should be encouraged to mentor others. Perceived barriers need to be addressed and eliminated for this to occur.

5. Increase the number of diverse mentors in high-ranking positions.

diversity and strength of your developmental relationships. In contrast, lower levels of job satisfaction are expected when employees have receptive developmental networks and they desire to experience career advancement in multiple organizations. Receptive developmental networks, however, can be satisfying to someone who does not desire to be promoted up the career ladder.[39] Second, a developer's willingness to provide career and psychosocial assistance is a function of the protégé/protégée's ability, potential, and the quality of the interpersonal relationship.[40] This implies that people must take ownership for enhancing their skills, abilities, and developmental networks if they desire to experience career advancement throughout their lives.

Organizationally, it is important to consider whether mentoring should be formal or informal and to implement training programs aimed at helping people to foster high-quality developmental relationships (see Skills & Best Practices).

Fostering Ethical Organizational Behavior

The issue of ethics and ethical behavior is receiving greater attention today. This interest is partly due to reported cases of questionable or potentially unethical behavior and the associated costs. For instance, US industries lose about $400 billion a year from unethical and criminal behavior. Another nationwide survey revealed that 20% of the respondents were asked to do something that violated their ethical standards: 41% complied.[41]

Ethics

Study of moral issues and choices.

Ethics involves the study of moral issues and choices. It is concerned with right versus wrong, good versus bad, and the many shades of gray in supposedly black-and-white issues. Moral implications spring from virtually every decision, both on and off the job. Managers are challenged to have more imagination and the courage to do the right thing. Consider the following managerial decision:

> The parent company of a California utility [Pacific Gas and Electric Co. (PG&E)] awarded about 6,000 bonuses and raises to midlevel managers and other employees hours before the utility filed for bankruptcy.[42]
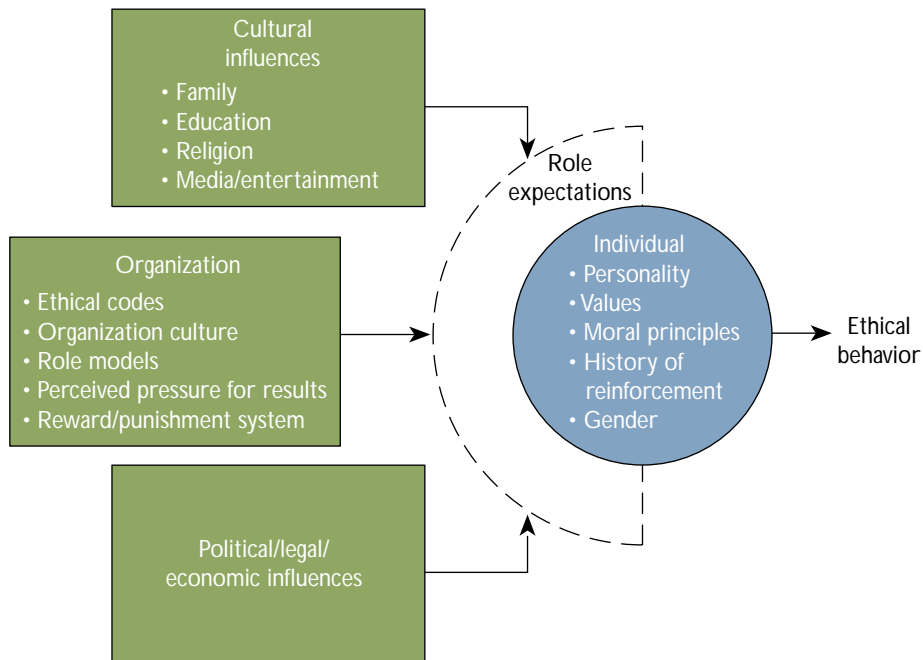
Do you think that this was a fair and ethical thing to do to the utility's creditors? If you worked at PG&E, would you be happy with this decision? Clearly, any discussion of ethics entails a consideration of the motives and goals of those involved. To enhance your understanding about the causes of ethical and unethical behavior, we present a conceptual framework for making ethical decisions.

A Model of Ethical Behavior

Ethical and unethical conduct is the product of a complex combination of influences (see Figure 2–5). At the center of the model in Figure 2–5 is the individual decision maker. He or she has a unique combination of personality characteristics, values, and moral principles, leaning toward or away from ethical behavior. Personal experience

A Model of Ethical Behavior in the Workplace   **FIGURE 2–5**

Cultural influences
- Family
- Education
- Religion
- Media/entertainment

Organization
- Ethical codes
- Organization culture
- Role models
- Perceived pressure for results
- Reward/punishment system

Political/legal/economic influences

Role expectations

Individual
- Personality
- Values
- Moral principles
- History of reinforcement
- Gender

Ethical behavior

with being rewarded or reinforced for certain behaviors and punished for others also shapes the individual's tendency to act ethically or unethically. Finally, gender plays an important role in explaining ethical behavior. Men and women have significantly different moral orientations toward organizational behavior.[43] This issue is discussed later in this section.

Next, Figure 2–5 illustrates three major sources of influence on one's role expectations. People play many roles in life, including those of employee or manager. One's expectations for how those roles should be played are shaped by cultural, organizational, and general environmental factors.

Focusing on one troublesome source of organizational influence, many studies have found a tendency among middle- and lower-level managers to act unethically in the face of perceived pressure for results. By fostering a pressure-cooker atmosphere for results, managers can unwittingly set the stage for unethical shortcuts by employees who seek to please and be loyal to the company. In contrast, consider how the organizational culture at Timberland reinforces and encourages employees to engage in socially responsible behaviors:

> Everyone gets paid for 40 hours a year of volunteer work. On Timberland's 25th anniversary, the whole place shut down so that employees could work on community projects. One employee described the event as a "religious experience."[44]

This example also highlights that an organization's reward system can influence ethical behavior. Individuals are more likely to behave ethically/unethically when they are incented to do so.[45] Managers are encouraged to examine their reward systems to ensure that the preferred types of behavior are being reinforced.

Because ethical or unethical behavior is the result of person–situation interactions, we need to discuss both the decision maker's moral principles and the organization's ethical climate.

Do Moral Principles Vary by Gender?

Yes, men and women view moral problems and situations differently. Carol Gilligan, a well-known psychologist, proposed one underlying cause of these gender differences. Her research revealed that men and women differed in terms of how they conceived moral problems. Males perceived moral problems in terms of a **justice perspective** while women relied on a **care perspective.** The two perspectives are described as follows:

> **Justice perspective**
>
> Based on the ideal of reciprocal rights and driven by rules and regulations.
>
> **Care perspective**
>
> Involves compassion and an ideal of attention and response to need.

A justice perspective draws attention to problems of inequality and oppression and holds up an ideal of reciprocal rights and equal respect for individuals. A care perspective draws attention to problems of detachment or abandonment and holds up an ideal of attention and response to need. Two moral injunctions, not to treat others unfairly and not to turn away from someone in need, capture these different concerns.[46]

This description underscores the point that men are expected to view moral problems in terms of rights, whereas women are predicted to conceptualize moral problems as an issue of care involving empathy and compassion.

A recent meta-analysis of 113 studies tested these ideas by examining whether or not the justice and care orientations varied by gender. Results did not support the expectation that the care perspective was used predominantly by females and the justice orientation predominantly by males.[47] The authors concluded that "although distinct moral orientations may exist, these orientations are not strongly associated with gender."[48] This conclusion suggests that future research is needed to identify the source of moral reasoning differences between men and women.

How to Improve the Organization's Ethical Climate

A team of management researchers recommended the following actions for improving on-the-job ethics.[49]

- *Behave ethically yourself.* Managers are potent role models whose habits and actual behavior send clear signals about the importance of ethical conduct. Ethical behavior is a top-to-bottom proposition.

- *Screen potential employees.* Surprisingly, employers are generally lax when it comes to checking references, credentials, transcripts, and other information on applicant résumés. More diligent action in this area can screen out those given to fraud and misrepresentation. Integrity testing is fairly valid but is no panacea.[50]

- *Develop a meaningful code of ethics.* Codes of ethics can have a positive effect if they satisfy these four criteria:

  1. They are *distributed* to every employee.
  2. They are firmly *supported* by top management.
  3. They refer to *specific* practices and ethical dilemmas likely to be encountered by target employees (e.g., salespersons paying kickbacks, purchasing agents receiving payoffs, laboratory scientists doctoring data, or accountants "cooking the books").

    4. They are evenly *enforced* with rewards for compliance and strict penalties for noncompliance.

- *Provide ethics training*. Employees can be trained to identify and deal with ethical issues during orientation and through seminar and video training sessions.

- *Reinforce ethical behavior*. Behavior that is reinforced tends to be repeated, whereas behavior that is not reinforced tends to disappear. Ethical conduct too often is punished while unethical behavior is rewarded.

- *Create positions, units, and other structural mechanisms to deal with ethics*. Ethics needs to be an everyday affair, not a one-time announcement of a new ethical code that gets filed away and forgotten. The Raytheon Company, for example, uses an "Ethics Quick Test" that asks employees to answer a series of questions when faced with ethical dilemmas. The answers help employees determine the best course of action.[51]

chapter summary

- *Discuss the layers and functions of organizational culture.* The three layers of organizational culture are observable artifacts, espoused values, and basic underlying assumptions. Each layer varies in terms of outward visibility and resistance to change. Four functions of organization culture are organizational identity, collective commitment, social system stability, and sense-making device.

- *Discuss the three general types of organizational culture and their associated normative beliefs.* The three general types of organizational culture are constructive, passive–defensive, and aggressive–defensive. Each type is grounded in different normative beliefs. Normative beliefs represent an individual's thoughts and beliefs about how members of a particular group or organization are expected to approach their work and interact with others. A constructive culture is associated with the beliefs of achievement, self-actualizing, humanistic-encouraging, and affiliative. Passive–defensive organizations tend to endorse the beliefs of approval, conventional, dependent, and avoidance. Aggressive–defensive cultures tend to endorse the beliefs of oppositional, power, competitive, and perfectionistic.

- *Summarize the methods used by organizations to embed their cultures.* Embedding a culture amounts to teaching employees about the organization's preferred values, beliefs, expectations, and behaviors. This is accomplished by using one or more of the following 11 mechanisms: (a) formal statements of organizational philosophy, mission, vision, values, and materials used for recruiting, selection, and socialization; (b) the design of physical space, work environments, and buildings; (c) slogans, language, acronyms, and sayings; (d) deliberate role modeling, training programs; teaching, and coaching by managers and supervisors; (e) explicit rewards, status symbols, and promotion criteria; (f) stories, legends, and myths about key people and events; (g) the organizational activities, processes, or outcomes that leaders pay attention to, measure, and control; (h) leader reactions to critical incidents and organizational crises; (i) the workflow and organizational structure; (j) organizational systems and procedures; and (k) organizational goals and associated criteria used for recruitment, selection, development, promotion, layoffs, and retirement of people.

- *Describe the three phases in Feldman's model of organizational socialization.* The three phases of Feldman's model are anticipatory socialization, encounter, and change and acquisition. Anticipatory socialization begins before an individual actually joins the organization. The encounter phase begins when the employment contract has been signed. Phase 3 involves the period in which employees master important tasks and resolve any role conflicts.

- *Explain the four types of development networks derived from a developmental network model of mentoring.* The four development networks are receptive, traditional, entrepreneurial, and opportunistic. A receptive network is composed of a few weak ties from one social system. A traditional network contains a few strong ties between an employee and developers that all come from one social system. An entrepreneurial network is made up of strong ties among developers from several social systems, and an opportunistic network is associated with having weak ties with multiple developers from different social systems.

- *Specify at least four actions managers can take to improve an organization's ethical climate.* They can do so by (a) behaving ethically themselves, (b) screening potential employees, (c) developing a code of ethics, (d) providing ethics training, (e) reinforcing and rewarding ethical behavior, and (f) creating positions and structural mechanisms dealing with ethics.

internet exercise

This chapter focused on the role of values and beliefs in forming an organization's culture. We also discussed how cultures are embedded and reinforced through socialization and mentoring. The topic of organizational culture is big business on the Internet. Many companies use their Web pages to describe their mission, vision, and corporate values and beliefs. There also are many consulting companies that advertise how they help organizations to change their cultures. The purpose of this exercise is for you to obtain information pertaining to the organizational culture for two different companies. You can go about this task by very simply searching on the key words "organizational culture" or "corporate vision and val-

ues." This search will identify numerous companies for you to use in answering the following questions. You may want to select a company for this exercise that you would like to work for in the future.

QUESTIONS
1. What are the organization's espoused values and beliefs?
2. Using Table 2–1 as a guide, how would you classify the organization's culture? Be sure to provide supporting evidence.