Organizational Culture and Knowledge Management

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Learning Objectives

After reading and studying this chapter and doing the exercises, you should be able to:

1. Describe three aspects of organizational culture: how it is determined, its dimensions, and how it is learned.

2. Explain some of the major consequences and implications of organizational culture.

3. Identify the building blocks of a learning organization.

4. Pinpoint strategies and techniques for knowledge management.

5. Specify methods for sharing information within an organization.

Toyota Motor Corp. is an enormously large and successful manufacturer of cars and trucks, and has recently been ranked as the world's largest automaker. Toyota has annual sales of more than $256 billion and has more than 366,000 employees worldwide. Although a Japan-based company, Toyota has 10 factories and 136,000 direct and indirect employees in the United States. In 2021, Toyota sold more vehicles in the United States than did General Motors, partially because Toyota had more parts in inventory, including computer chips, available to manufacture cars.

Toyota is acknowledged as having world-class manufacturing, engineering, marketing, information technology, and human resource management. Yet much of the success of Toyota over the years has been attributed to an organizational culture that supports innovation, high quality, and organizational learning.

A broad perspective on the Toyota culture is that employees are expected to follow The Toyota Way that combines software, hardware, and partnerships to create unique value. With software, employees are expected to apply imagination to improve society through a people-first design philosophy. Using hardware, Toyota workers are expected to create a physical space to enable the mobility of people and things. Hardware should be a flexible system that changes with the software. Partnerships are designed to expand the company's abilities by uniting the strength of partners, communities, customers, and employees to produce mobility and happiness for all.

The prominence of the Toyota organizational culture began in 2013 following an organizational restructuring. The previous culture emphasized hierarchy and secrecy, which resulted in the employee perception that all major decisions must come from corporate headquarters in Tokyo. Since 2013, three key characteristics of Toyota's culture have been teamwork, continuous improvement through learning, and quality.

Teams are used throughout Toyota, based on the belief that teamwork leads to greater capabilities and success in the automotive industry. The Toyota culture emphasizes learning as a way of finding solutions to problems, and making continuous improvements, even if small. High quality is the core of the Toyota culture, with much of the company's success attributed to the production of high-quality vehicles. Although secrecy is less emphasized now at Toyota, keeping problems quiet is still valued.

Another dimension of the Toyota culture that affects manufacturing is to exercise caution when facing an important problem. At Toyota manufacturing plants, any worker who spots a potential problem has the power to bring the entire line to a halt. In 2021, the company was hit with a cyberattack that paralyzed one of its suppliers, parts maker Komija Industries Corp. As a result, Toyota halted production for the entire day. "It's better to stop and figure out what the problem is, rather than to continue working while worrying that something might go wrong," said a Toyota spokesperson.

Going back to the 1960s, Toyota has emphasized lean manufacturing (Lean), referring to high efficiency and eliminating as much waste as possible. An appropriate culture has made it possible to implement Lean thinking. The values of continuous improvement and respect for people help make Lean possible. Another contributor to Lean is value-added thinking that differentiates between value-added and non-value-added time. A logistics technician might reflect during the workday, "Is what I am doing at the moment adding value for Toyota or customers? If not, I better move on to a task that adds value."[1]

The story about Toyota just presented illustrates the relevance of organizational (or corporate) culture. The concept of corporate culture is so well known and relevant that, according to a survey, highlighting the company culture is done by 73 percent of recruiters to compete against other employers. (Better benefits come in second at 54 percent.[2]) In this chapter we discuss organizational culture and how to understand it. The present chapter also emphasizes a topic closely related to culture—how an organization as an entity makes good use of knowledge, including getting workers to effectively share their knowledge with each other.

Organizational Culture

As implied in previous mentions of the term, **organizational culture** is the values and norms that define what is and is not appropriate behavior for employees.[3] Organizational psychologist Edgar Schein was the first management theorist to define the corporate culture and to explain how the culture is such a dominant force in organizations. Much of his original thinking has influenced these more recent ideas about organizational culture.[4] Organizational culture may be considered a soft concept, yet the culture itself is quite durable. Having the right organizational culture can bring a strategic advantage to a company.[5] Culture is considered to be among the primary levers at the disposal of organization leaders to maintain organizational viability and effectiveness.

An entrenched culture might take 10 years to change, such as a smug and insular company becoming more open to ideas and new ways of doing things. A specific example is the difficulty top management at the Coca-Cola company faced for years in getting people to believe that, for the company to continue to prosper in the long run, it must not rely so heavily on carbonated beverages for its revenues.

The term *organizational climate* is close in meaning to the organizational culture, and the study of climate predates the study of culture. Climate is about the measurable properties of the perceived work environment that influence the motivation and performance of workers.[6] For example, workers might perceive a company to have a good safety climate or a strong digital climate. (Both are measurable, whereas culture is usually more difficult to measure.) Organizational climate remains an important part of organizational behavior.

Our study of organizational culture focuses on its determinants, its dimensions, how it is learned, and its consequences.

Determinants of Organizational Culture

Many forces shape a firm's culture. Often its origin lies in the values, administrative practices, and personality of the founder or founders. Also, the leader's vision can have a heavy impact on culture. An example is John Chambers, the former CEO of Cisco Systems, who dreamed of Cisco becoming one of the world's greatest companies. A historically important example of the impact of a leader on culture is Herb Kelleher, the founder of Southwest Airlines, who is considered pivotal in shaping one of the most distinctive organizational cultures. Up until Kelleher's retirement over 15 years ago, Southwest was considered very dependent on his personality and character. After his retirement for health reasons, his personality could still be felt. At the core of Southwest are the values of humor and altruism. For example, Southwest employees have established a catastrophe fund to help workers who need more assistance than usual employee benefits cover. Also,

> **organizational culture** The values and norms that define what is and is not appropriate behavior for employees.

> **LEARNING OBJECTIVE 1**
> Describe three aspects of organizational culture: how it is determined, its dimensions, and how it is learned.

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The organizational culture at Toyota has contributed to its success.

flight attendants and pilots use jokes and games to put customers at ease (a practice now copied by several other airlines).[7]

Organizational culture responds to and mirrors the conscious and unconscious choices, behavior patterns, and prejudices of top-level managers. As the founders leave or become less active, other top-level managers help define the culture. One of the ways in which Lou Gerstner, the former CEO and chair of IBM, changed the IBM culture was to relax its dress standards. His intent was to create a more relaxed (and less rigid) atmosphere at IBM. His successors have continued the tradition.

The culture of the society in which a firm operates also helps determine its culture. Sooner or later, society's norms, beliefs, and values find their way into the firm. Societal values are communicated through means such as the media, conversations, and education. The emphasis on sexual and racial equality in U.S. society has become incorporated into the value culture of many employers. The emphasis on collegiality translates into harmony and cooperation in the workplace at many Scandinavian companies, including Ikea. Another perspective on national culture is that the introduction of values from another society into a retail business can be a competitive advantage. For example, the Korean values of high quality and reliability, and spotless factories, have helped fuel the success of the Hyundai and Kia car brands in the United States.

The industry to which a firm belongs helps shape its culture; for example, the culture of a high-tech firm is quite different from that of a meat-packing facility. A public utility will have a culture different from a food manufacturer of comparable size. Heavy competition and low profit margins may force the food manufacturer to operate at a faster pace than the utility, which has more limited competition. Because of deregulation, competition among utilities has increased in recent years even though they face a less competitive environment than many manufacturers.

Another perspective on the determinants of organizational culture is the methods organizations use to build their workplace culture. According to a human resources research report, the six most frequent ways for organizations to build and maintain a strong workplace culture are as follows:

- Include mission and values in onboarding (employee orientation): 68 percent.
- Include mission and values in company communications: 67 percent.
- Include cultural elements in learning and development: 54 percent.
- Build culture into the work processes: 50 percent.
- Hire for cultural fit (new hire fits the culture): 49 percent.
- Make culture a part of the employee review process: 8 percent.[8]

An interpretation of the information in this section is that the corporate culture is determined and built in a variety of ways. This interpretation is not surprising because organizational culture encompasses many different ideas.

Dimensions of Organizational Culture

The dimensions, or elements, of culture help explain the nature of the subtle forces that influence employee actions. For example, a culture that values risk taking encourages employees to try new ways of doing things. The employees will do so without concern that they will be punished for failed ideas. The following list describes 13 influential dimensions of culture. How much workers are influenced by each dimension depends on its *tightness*, or how tightly the behavior of workers is controlled by the value or norm. Tightness also refers to how strictly the value or norm is enforced. For example, the norm of providing excellent customer service might be enforced by reprimands for employees who do not provide excellent customer service.

The foundation of any organizational culture is values. A firm's philosophy is expressed through values, and values guide behavior on a daily basis. Values shape or form the dimensions of organizational culture. Values also contribute directly to the eth-

ical atmosphere within a firm. An ethical workplace starts at the top of the organization. HR (human resources) professionals within organizations, however, are expected by the Society for Resource Management (SHRM) to influence others to behave in an ethical manner and also to perform as an ethical role model.[9]

A positive value that contributes to a healthy organizational culture is a high regard for human welfare, exhibited in programs and policies that enhance employee health and well-being. The Cisco well-being platform described in Chapter 13 is an illustration of this value in practice.

A subtle, but key, point about dimensions is that they link closely with the consequences of organizational culture. For example, if a culture had a dimension of innovation, it will succeed in a marketplace demanding innovative products and services.

1. *Organizational stories with underlying meanings and myths.* Stories are circulated in many organizations to reinforce principles that top management thinks are important. An oft-repeated story is how company officials or other workers inconvenienced themselves to satisfy a customer or client need, such as foraging through a salvage yard to find a replacement part for a customer's old machine. Myths are dramatic narratives or imagined events about the firm's history. (A myth is more exaggerated than an organizational story but can be true.) Myths contribute to corporate legends, help unify groups, and can build competitive advantage. At United Parcel Service (UPS), for example, stories are repeated about drivers overcoming severe obstacles or reaching inaccessible locations to deliver packages.

   According to Ron Storn, VP of People at the ride-sharing service Lyft, one of the company's key values is to uplift people. The following story reinforces this value and helps uplift company employees: During a meeting of all 500 Lyft employees, a woman stood on the stage and told the story of how a Lyft driver drove her daughter to safety from a vicious roommate and also helped her pack and unpack her belongings into a hotel room. A photo of the driver smiling appeared on the screen behind the choked-up mother as she recounted the impact the driver's kindness had on her, the daughter, and the rest of the family.[10]

2. *Degree of stability and rapidity of decision making.* A fast-paced, dynamic firm has a different culture from that of a slow-paced, stable one. Top-level managers send out signals by their own energetic or lethargic stance regarding how much they welcome innovation. The degree of stability also influences the strength of a culture and whether or not a culture can take root. In a relatively stable organization, decisions tend to be made deliberately, whereas in a less stable organization, decisions are made more rapidly, often on the fly.

How quickly people make decisions is part of the organizational culture.

3. *Resource allocations and rewards.* The ways in which money and other resources are allocated have a critical influence on culture. The investment of resources sends a message about what the firm values. A basic example is the allocation of bonuses at Jetco Delivery, a trucking firm with about 125 employees. Teamwork is a strong value at the company, so bonuses are based on team performance, not individual performance.[11]

4. *Rites and rituals.* Part of a firm's culture is made up of its traditions, or its rites and rituals. Few companies think they have rites and rituals, yet an astute observer can identify them. Examples include regular staff meetings, company picnics, retirement banquets (even for fired executives), and receptions for visiting dignitaries. A customer-related ritual is to celebrate customers who make a major purchase,

Celebrations are a meaningful aspect of company rituals.

such as associates clapping and smiling at CarMax when a customer leaves the lot with a vehicle just purchased from the dealer.

5. *A sense of ownership.* The movement toward stock ownership for an increasing number of employees has created an ownership culture in many firms, in which workers are inspired to think and act like owners. An ownership culture includes increased loyalty, improved work effort, and the alignment of worker interests with those of the company. An ownership culture can be reflected in everyday actions, such as conserving electricity, making gradual improvements, and not tolerating sloppy work by coworkers.

6. *Belief in a higher purpose.* A dominant characteristic of many of the companies judged to be The 100 Best Companies to Work For is that employees have a sense of purpose. Employees derive deep satisfaction from feeling what they do is good and right. A belief in a higher purpose is easy to understand if one works for a pharmaceutical company. Employees of some financial services firms also believe that they are occupying a useful role in society. For example, at Edward Jones, the financial services giant, helping achieve financial security is part of the mission.[12]

Many firms are making a values shift to embody a sense of higher purpose in order to appeal to millennials as workers and, by extension, as customers also. Josh Bersin, a Deloitte consultant who researches trends in organizational cultures, says, "Young people are calling the shots, and they don't even know it."[13]

7. *Innovativeness and organizational ambidexterity.* A cultural dimension of significance in most fields is the innovative spirit of the workforce. As described in Chapter 5 about our study of creativity, an environment that encourages innovation contributes to individual creativity. The study of innovation will be introduced again in Chapter 16 about organizational change. Genentech, the biotech giant, is driven by a spirit of innovation, such as the development of a breast-cancer drug.[14]

Organizational ambidexterity is a flexible approach to innovation that is part of the culture. The term refers to the ability of an organization to efficiently take advantage of existing market opportunities while at the same time creating and innovating to meet the challenges of future markets.[15] The ambidextrous organization helps build excitement into the culture as the firm prospers in the present and has even better prospects for the future. Google Inc. is an ideal example as it prospers now and looks to future projects, such as a driverless automobile, wearable technology (including computer chips inserted in clothing), and a partnership in developing a longevity drug.

Owning company stock can contribute to a feeling of loyalty.

8. *Organizational justice.* A highly meaningful aspect of organizational culture for employees is what they perceive to be a climate of justice or fairness throughout the organization. Justice refers to how fairly employees are treated by organizational authorities. A climate of justice has three components: organizational decisions (distributive justice); decision-making procedures (procedural justice); and the quality of interpersonal treatment as part of these procedures (interpersonal justice). Visualize

an employee who was accused of making private use of company equipment, such as using a company pickup truck to haul firewood for his house. He would look at the decision about any reprimands, the steps taken to decide on the punishment, and with how much dignity he was treated while being reprimanded for the rule infraction.

An organizational climate perceived to be fair and just is likely to enhance job satisfaction, productivity, customer satisfaction, and organizational citizenship behavior.[16] (Of course, if the worker in question was simply advised to "not do it again," he would perceive the company to be highly just.)

9. *Orientation toward serving employees.* The presence of enough servant leaders in an organization helps foster a dimension of culture characterized by the desire to serve others. A person whose leader wants to serve that person will often want to serve others. The cultural dimension of orientation toward service refers to behavioral norms and shared expectations of giving high priority to helping others.

10. *Orientation toward serving customers.* Virtually every business organization, non-profit organization, or government agency believes that providing good service to customers or clients is important. When a climate of good service toward customers is combined with an ethical climate, business performance tends to be strong. A study with 16,862 medical sales representatives across 77 subsidiary companies of a multinational health-care enterprise supported the relationship just mentioned. Profitability was enhanced in customer-service-oriented firms that also emphasized good ethics.[17]

The accompanying Organizational Behavior in Action provides additional insights about the cultural dimension of customer service.

11. *Joy and happiness.* An important dimension of organizational culture from the standpoint of employees is the extent of joy and happiness that pervades the organization. Joy and happiness are a component of the emotional culture. An outstanding example is Vail Resorts Inc., where management recognizes that cultivating joy among employees also facilitates customers having fun, which has a big impact in the hospitality business. (Vail, Colorado, is a world-famous ski resort, but the company also has 15 other locations.) CEO Bob Katz espouses "Have fun" as a corporate value. Resort managers model joy regularly and prescribe it for their teams. For example, ski-lift operators are often seen dancing, making jokes, and doing whatever is necessary to entertain guest while still emphasizing ski safety.[18]

12. *Family friendliness.* A family-friendly culture respects the challenges that workers with families often face. This problem was described in Chapter 13 with respect to work and personal life conflict. Indra Nooyi, the former PepsiCo CEO, says that the ideal family-friendly culture would include flexible work schedules and remote work arrangements.[19] (For many organizations today, such arrangements are standard practice.) In a family-friendly work culture, colleagues would not be shocked because a key member of the group had to miss a meeting to take a child to the dentist.

13. *Inclusiveness of all stakeholders.* Inclusivity has emerged as an important dimension or organizational culture. Inclusion has been mentioned at multiple places in the book already, and is covered extensively in Chapter 17. The general idea is that in an inclusive organizational culture, stakeholders from all demographic and cultural groups who want to contribute positively to the organization are welcome. The stakeholders include employees, customers, suppliers, bankers, union officials, and government inspectors.

In addition to the dominant culture of a firm, the subculture also influences behavior. A **subculture** is a pocket in which the organizational culture differs from the dominant culture, as well as other pockets of subculture. In a bank, the consumer loan division may have a culture different from that of the mortgage group because the consumer group has to work with much shorter time frames in processing loans.

subculture A pocket in which the organizational culture differs from the dominant culture, as well as other pockets of subculture.

A Contrast between the Service Design of Starbucks and Dunkin' Donuts

Starbucks Corp. and Dunkin' Brands are the two largest restaurant chains in the United States that specialize in coffee. Both companies offer similar coffee options but different food options. Both have similar business strategies. Starbucks has approximately 30,000 locations worldwide, and Dunkin' Brands is smaller with 13,000 locations. Starbucks has built a premium brand, and its stores resemble a comfortable coffee house. Dunkin' stores resemble more traditional fast-food restaurants. Dunkin's prices are lower, and their coffee has about 20 percent less caffeine than Starbucks coffee.

Patricia O'Connell is the president of Aerten Consulting, a company that helps other companies design their service experience. She explains that "when you walk into a restaurant, you walk into a hotel, you interact with a company, you go into the lobby of a business, every step of that interaction between you and that company, that brand, that business, needs to be designed in order to give you a satisfactory experience."

O'Connell notes, "One of the classic examples we use to explain service design really quickly is Starbucks versus Dunkin' Donuts—who's a Starbucks person, who's a Dunkin' Donuts person? People usually have a very strong preference. Ostensibly both companies are selling the same thing, coffee. But that's not all they're selling. They're selling very different experiences. Dunkin' is grab and go—there's a reason the slogan is 'America runs on Dunkin.' The logo is very hot. Hot pink, hot green. Starbucks is much more about being relaxed and leisurely. It's not for the person who wants to get up and go."

O'Connell and her writing partner Thomas A. Stewart were talking to an audience in Seattle once and asked for a show of hands: Who's a Dunkin' person, and who's a Starbucks person? Stewart notes, "If you think about it, it's really interesting. At Starbucks, the seating is laid back, and at Dunkin' there are little stools if there's anything at all. [A little exaggerated because some Dunkin' Donut stores have tables and chairs upstairs.] So these are examples of how you're selling coffee. You're selling better than average coffee. But what you're doing is creating two very different experiences, and people are in one camp or the other. There are not many people who say 'Whichever's closest.' They have a preference. And that preference is because the experience is different, and it's designed that way very consciously on both sides."

QUESTIONS

1. What differences, if any, do you think there are between people who would feel comfortable working as a barista at Starbucks versus a counter worker at Dunkin'?

2. What differences in organizational culture have you observed (or can you imagine) between Starbucks and Dunkin'?

3. Is it possible that O'Connell and Stewart are overlooking the fact that the tastiness of donuts and pastries also influences whether a consumer is a fan of Starbucks' versus Dunkin'?

Source: Excerpted and adapted from: An Interview with Thomas A. Stewart and Patricia O'Donnell, "'Woo, Wow, and Win': Designing a Captivating Customer Experience," *Knowledge@Wharton* (http://knowledge.wharton.upenn.edu), September 21, 2017, pp. 2–4. Additional information is from Shoshanna Delventhal, "Starbucks vs. Dunkin': An Overview," *Investopedia* (www.investopedia.com), January 12, 2022, pp. 1–4.

Figure 15-1 presents key aspects of the organizational culture of business firms most likely to be familiar to you. Scanning Figure 15-1, combined with other references to culture in this chapter and elsewhere in the book, will add to your understanding of organizational culture.

How Workers Learn the Culture

socialization The process of coming to understand the values, norms, and customs essential for adapting to an organization.

Employees learn the organizational culture primarily through **socialization**, the process of coming to understand the values, norms, and customs essential for adapting to the organization. Socialization is therefore a method of indoctrinating employees into the organization in such a way that they perpetuate the culture. The socialization process takes place mostly by learning through imitation and observation.

Another important way in which workers learn the culture is through the teachings of leaders, as implied in the cultural dimension of resource allocations and rewards. Organizational members learn the culture to some extent by observing what leaders pay attention to, measure, and control.[20] Suppose a coworker of yours is praised publicly for doing community service. You are likely to conclude that an important part of the culture is

FIGURE 15-1 A Sampling of Organizational Cultures of Well-Known Companies

Google (major division of Alphabet Inc.)—Has been designated as the tech company with the best corporate culture. CEO Sundar Pichai wrote in a company-wide email, "We have a timeless mission, enduring values, and a culture of collaboration and exploration that makes it exciting to come to work every day." Employees are inspired by Google's purpose: "To organize the world's information and to make it universally accessible and useful." High job satisfaction is emphasized through such perks as free meals, on-site massages and dry cleaning, and flexible work schedules. Employees are given the freedom to think creatively and innovatively and are encouraged to have fun at work, including bringing their dogs to work. Collaboration is encouraged. Employees label themselves "Googlers" and believe they are a superior group of people, with some saying that it is more difficult to be hired by Google than to be accepted into Harvard.

IKEA—Egalitarian values run deep in the company, including a de-emphasis on rank. The U.S. president carries the title "country manager." Only the CEO has an assistant. Very informal culture with roots in Swedish culture, yet the culture is quite strong in terms of worker commitment to the culture. The company is very collegial and friendly. Emphasis on informality, cost-consciousness, and a humble, down-to-earth approach. A strong corporate value is that it is a virtue to be frugal. Simplicity, such as not having overly complicated work procedures, is also valued. Workers are allowed considerable responsibility.

Nike—Go-it-alone, insular culture characterized by a desire for growth within, rather than taking on the hassles of integrating a merger with another company. Very difficult for outside executives to be accepted by the inner circle. An attitude of secrecy and exclusivity around projects pervades the company. Employees are so loyal that many of them tattoo a Nike "swoosh" onto their legs. The company believes in building a culture of belonging, rooted in diversity and inclusion. Varied perspectives are welcome to contribute to the strong culture of innovation. A statement in the company mission helps drive its growth: "If you have a body, you are an athlete."

Home Depot—Rowdy corporate culture, with the idea of growing big and fast. Workers used to drive forklift trucks through aisles with customers around. Dedication to helping customers by offering practical solutions to household problems. Cultural diversity is highly valued as reflected in the mix of their workforce. Customer diversity is highly valued as reflected in the posting of the languages spoken by store associates (especially in mixed ethnic neighborhoods). From open-floor office to open-door ethos, the Home Depot culture is rooted in improving, evolving, and having fun at work.

Coca-Cola—Bureaucratic, slow-moving, with major changes taking a long time to implement. New CEO in 2017 wanted company to shake off culture of cautiousness that had gripped the company for more than a century. Continuing profits from beverages kept key employees in the past from seeing the need for change. For many years it had a bloated corporate staff. Gradually has shifted to a faster-moving culture, willing to experiment on new products, acquisitions, and new arrangements with suppliers. Employees tend to be loyal and are expected to drink Coke or other company beverages. Workers are geared toward professional behavior. Company has a feeling of being a family with a "work hard, play hard" attitude. During the pandemic, the biggest culture shift was empowering employees and trusting them to make the right decision.

Southwest Airlines—Strong, trusting partnerships between managers and workers and unions that allow all concerned to execute the intricacies of an airline running smoothly. Strong emphasis on valuing human resources and intrinsic job satisfaction. Hilarious safety announcements are a company ritual, such as "If you have more than one child, put a safety mask on the one you love the most." Positive job attitude, a key hiring factor. Emphasis on a relaxed work environment in which employees are regarded as even more important than Southwest customers. Three key corporate values are "a warrior spirit," "a servant's heart," and "a fun-luving (meaning loving) heart." Creating a fun-loving culture and giving priority to employee happiness is said to have made a major contribution to the success of Southwest.

Apple Inc.—A strong cultural attitude of being winners who have changed and continue to change the world. Considerable emphasis on cognitive intelligence and creativity, combined with the smug attitude that people who work at lesser companies are less intelligent and imaginative. Very little tolerance for poor performance. The company emphasizes secrecy about its products and services and emphasizes obsessive attention to details. Employees are expected to keep company information and property tightly secured. Company encourages a moderate level of competition among teams to drive growth and improve output.

(Continued)

FIGURE 15-1 A Sampling of Organizational Cultures of Well-Known Companies *(Continued)*

Alibaba—This e-commerce giant has a cultish corporate culture that has touches of a video game. Company employees are referred to as "Alipeople" and are encouraged to choose nicknames from warriors in martial art novels. CEO Jack Ma uses the name Feng Qingyang, a sword master and kung fu guru. Job performance is measured in part by adherence to the company's core values, including integrity, teamwork, and strong customer focus. Company heavily emphasizes placing employees into positions in which they can excel.

Sources: "Google—A Tech Titan with the Best Corporate Culture," *Fang Path* (https://fangpath.com), July 13, 2021, p. 3; Forbes Technology Council, "13 Reasons Google Deserves Its 'Best Company Culture' Award," *Forbes* (www.forbes.com), February 8, 2018, pp. 1–2; Beth Kowitt, "At Ikea: No Ranks, No Rancor," *Fortune*, March 14, 2016, pp. 202–203; Jim Riley, "Would You Fit into the Organizational Culture at Ikea?" (www.tutor2U.net), May 22, 2013, pp. 1–4; "IKEA Navigates the Future While Staying True to Its Culture," *Working Knowledge* (https://hbswk.hbs.edu), June 15, 2021, pp. 1–14; "How Nike Is Building on Diversity and Inclusion to Advance Sustainability," *Nike News* (https://news.nike.com), October 15, 2021, pp. 1–3; Max Nisen, "At Nike, Workers Quote the Company's Maxims Like the Ten Commandments," *Business Insider* (www.businessinsider.com), February 15, 2013, pp. 1–2; "The Culture at Home Depot," www.zippia.com, 2022, p. 1; Aixa M. Pascual, "Tidying Up at Home Depot," *Business Week*, November 26, 2001, pp. 102–104; Jennifer Maloney, "Shaking the 'New Coke Syndrome,'" *The Wall Street Journal*, May 10, 2017, p. B1; Thornsten Klein, "How Coca-Cola HBC Transformed the Company Culture During Covid," *People Management* (www.peoplemanagement.co.uk), February 11, 2021, p. 3; Ken Makovsky, "Behind the Southwest Airline Culture" (www.forbes.com), November 21, 2013, pp. 1–3; Gustavo Razzetti, "Southwest Airlines Culture Design Puts Employees First," *Fearless Culture* (www.fearlessculture.design/blog), January 12, 2020, pp. 1–3; Thao Nguyen Le, "Inside Apple's Company Culture: Collaborative and Inspiring," *Work Pulse* (https://grovehr.com), 2021, pp. 1–7; Dylan Love, "Former Employee: 'At Apple, They Really Are After You'," *Business Insider* (www.businessinsider.com), January 9, 2013, pp. 1–2; Karen Gilchrist, "The 3 Culture Traits That Shaped Alibaba's $697 Billion Business," *CNBC* (www.cnbc.com), August 4, 2021, pp. 1–4; Jessica Guynn and Calum MacLeod, "Jack Ma's e-Commerce Giant Prepares to Take On the World," *USA Today*, September 15, 2014, p. 2. Some of the observations are based on scattered comments from employees of the above companies.

to help people outside the company. Senior executives will sometimes publicly express expectations that help shape the culture of the firm. At Paychex Inc., the founder and former chairman, Tom Golisano, sets the tone for a practical-minded, action-oriented culture with dedicated managers. (Golisano also became a major philanthropist.) He reflects:

> We expect our senior management to be hands on. And I think when you talk to a lot of people who come from larger organizations, a lot of times they come from a different culture and it's hard for them to adapt. They expect in most cases a much healthier benefits and wage package, okay? They expect larger support staffs. They expect a little more freedom in their time and movement than we're willing to give them.[21]

A recommended way of learning the culture when entering an organization is to find a cultural mentor, someone who can help you comprehend and navigate the unwritten codes of the new culture. For example, an unwritten or implicit code in the company might be to show considerable respect for the opinions of senior management. An effective cultural mentor would be someone who understands deeply the company, wants you to succeed, and will give you objective information. This mentor might be someone you knew from outside the company, such as a former classmate.[22]

The Consequences and Implications of Organizational Culture

LEARNING OBJECTIVE 2
Explain some of the major consequences and implications of organizational culture.

Depending on its strength, a firm's organizational culture can have a pervasive impact on organizational effectiveness, as illustrated in the chapter-opening story about Toyota. Employees of a firm with a strong (or tight) culture will follow its values with little questioning. A weaker (or looser) culture provides only broad guidelines to members. Eight major consequences and implications of organizational culture are outlined in Figure 15-2 and summarized next.

1. *Competitive advantage and organizational effectiveness.* The right organizational culture contributes to gaining competitive advantage in several ways, including increased market share, profit, and smooth functioning of the organization. You will recall that much of Toyota's success has been attributed to its corporate culture.
2. *Productivity, quality, and engagement.* The consequence of competitive advantage and organizational effectiveness often happens because a culture that empha-
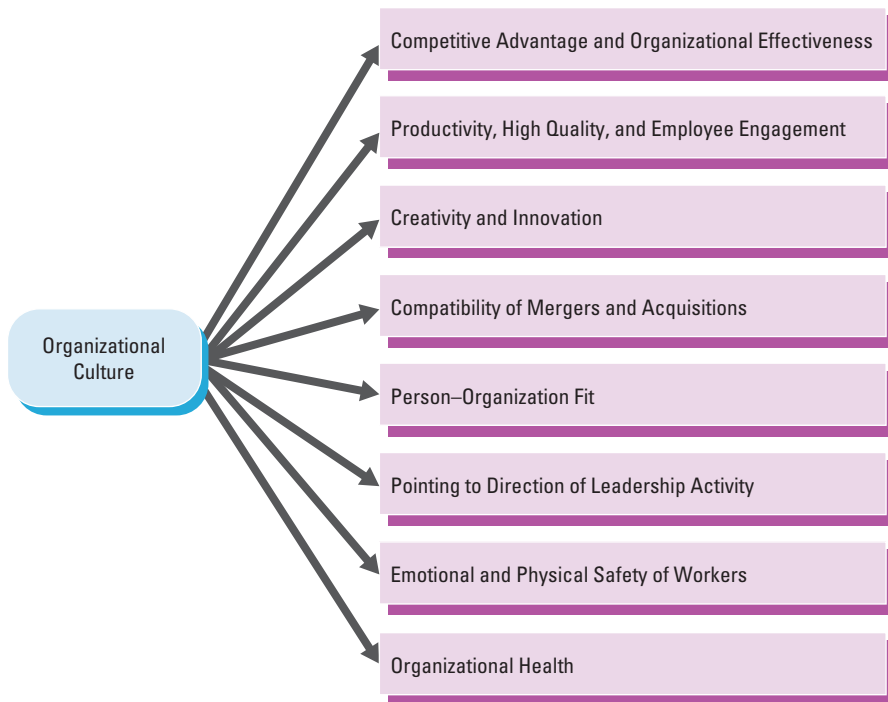
FIGURE 15-2 Consequences and Implications of Organizational Culture

sizes productivity, including high quality, encourages workers to be productive and engaged.

A culture that values the dignity of human beings fosters high morale, job satisfaction, and employee engagement. A human resource management specialist has observed that if corporate stewards tend the culture well, they will have an engaged and committed workforce for many years. Employees who work in what they perceive to be a toxic culture are more likely to quit.[23] The consistently strong performance of Southwest Airlines is partially attributed to its humane and fun-loving culture that leads to high job satisfaction and motivation, often resulting in high productivity.

3. *Creativity* and *innovation.* A major contributor to innovation is a corporate culture that encourages creative behavior. Gary Hamel has identified specific features of a culture that inspire innovation, including setting very high expectations, creating a cause about which workers can be passionate, encouraging radical ideas, and allowing talented people in the company to easily transfer to different business areas within the firm. Also, innovators must be paid exceptionally well.[24]

4. *Compatibility of mergers and acquisitions.* A reliable predictor of success in merging two or more firms is the compatibility of their respective cultures. When the cultures clash, such as a bureaucratic firm merging with a team-oriented one, the result can be negative synergy. Approximately 40 percent to 50 percent of mergers and acquisitions fail. Jennifer Vergilii, an attorney specializing in mergers and acquisitions, said, "There's a staggering percentage of mergers that fail, and the reason is that you can't get the two cultures to mesh."[25] A cultural clash between mergers is often manifested in such small items as the members of one company wearing sandals and tank tops to work, versus the members of the other company preferring more formal business attire.

5. *Person–organization fit.* An important success factor for the individual is finding an organization that fits that individual's personality. Similarly, an organization will be more successful when the personalities of most members fit its culture. Johnny C. Taylor, the CEO of the Society for Human Resource Management (SHRM), says that workplace cultures should be factored into recruiting and hiring decisions. When people are hired whose values do not match those of the organization, these

workers are likely to not fully engage. The problem is that they oppose the corporate philosophy or do not agree with how the company operates.[26]

In one study, organizations were measured on dimensions such as stability, experimenting, risk taking, and an orientation toward rules. The preferences of professional employees regarding culture were measured and compared with the culture of their firms. Good person–organization fits result in more commitment and higher job satisfaction.[27]

6. *Pointing to direction of leadership activity.* Much of a top-level manager's time is spent working with the forces that shape the attitudes and values of employees at all levels. A key leadership role is to establish what type of culture is needed for the firm and then shape the existing culture to match that ideal. A frequent role for company leaders today is to establish a culture that welcomes new technology, such as artificial intelligence, in all business functions. The CEO might therefore ask for regular updates on the progress of introducing AI into all aspects of the organization.

7. *Emotional and physical safety of workers.* An organizational culture in which rudeness, incivility, and sexual harassment are discouraged and punished increases the probability of workers feeling safe emotionally and physically. In contrast, a culture that tolerates or ignores these negative behaviors leads to many workers feeling threatened and intimidated.

8. *Organizational health.* A culture that facilitates attaining the previous seven consequences would result in a strong and healthy organization. As defined by the consultancy McKinsey & Company, organizational health is "[t]he organization's ability to align around a commons vision, execute against that vision effectively, and renew itself through innovation and creative thinking." A healthy organization tends to perform well financially.[28] The concept of organizational health is so broad that it encompasses many different methods and techniques of organizational behavior, including creative problem solving and leadership among many others described in this book.

Building Blocks of a Learning Organization

learning organization An organization that is skilled at creating, acquiring, and transferring knowledge and at modifying behavior to reflect new knowledge and insights.

Closely related to organizational culture and change is the idea that an effective organization engages in continuous learning by proactively adapting to the external environment. A **learning organization** is one that is skilled at creating, acquiring, and transferring knowledge and at modifying behavior to reflect new knowledge and insights.[29] Although we speak of organizational learning, it is still individual people who create the conditions for such learning. Our approach to understanding the learning organization will be to describe a sampling of its building blocks or components.

To become and remain a learning organization, certain characteristics and behaviors are required of organizational members, as described next.[30] Although organizational theorists speak of a learning organization, the workers do the learning. The collective wisdom of the workers might then translate into a learning organization.

Double-Loop Learning

double-loop learning A change in behavior that occurs when people use feedback to confront the validity of the goal or the values implicit in the situation.

An in-depth, non-defensive type of learning takes place in a learning organization. **Double-loop learning** occurs when people use feedback to confront the validity of the goal or the values implicit in the situation. When you engage in double-loop learning, you change the governing values or assumptions themselves. As a result, you change your actions. A conventional-thinking manager (one who engages in single-loop learning) at a tire distributor observes that sales have been declining (feedback from the environment). The manager then asks, "How can we more effectively market retread tires for automobiles?" As a double-loop learner, the same manager might ask, 'Why are we even selling retreads for the automotive market? The demand is declining, and they are

Group learning is a key part of organizational learning.

not very safe." Note that the sales manager is being open and non-defensive about his or her product line, and is changing the assumption that retreaded tires even make a contribution to society.

Systems Thinking

In the learning organization, members regard the organization as a system in which everybody's work affects the activities of everybody else. Systems thinking also means keeping the big picture foremost in everybody's mind and being keenly aware of the external environment. This is true because the organization is part of a system that includes the outside world. A systems thinker at Brooks Brothers said about 15 years ago, "The trend even among affluent businesspeople is away from our ultraconservative image. Our customer base is declining. If we don't want Brooks Brothers to be perceived as a museum of fashions past, we had better modify our product line." Brooks Brothers was able to modify its product image just enough to satisfy the modern conservative dresser without alienating its remaining die-hard ultraconservatives. Each store has elegant products to satisfy the conservative and ultraconservative dresser.

Team Learning

A learning organization emphasizes collective problem solving. Members freely share information and opinions with one another to facilitate problem solving. The team learning can take place in several ways. The basic approach is to use group problem solving throughout the firm. However, a large firm might bring people together at a retreat where they work in teams to reflect on ways of improving the organization.

Personal Mastery of the Job

Continuous learning usually is required to master a job in the modern organization. Three major examples are learning new information technology as it applies to the job, understanding how to use analytics, and learning more about different cultures. For continuous learning to take place, each member must develop expertise. Quite often this detail is overlooked because of the emphasis on learning in groups. Collective learning is much more productive when every member of the group brings something valuable to the table.

Translation of New Knowledge into New Ways of Behaving

Given that learning involves a change in behavior, a true learning organization translates knowledge into action. Learning at a superficial level would occur if managers attended a seminar on expectancy theory and simply retained key principles. Members of a learning organization would *apply* expectancy theory, such as giving workers assurances that they would receive anticipated rewards for attaining goals.

Learning from Other Organizations

Some of the best insights an organization can acquire stem from studying competitors and other firms. Borrowing ideas from the competition, also known as "benchmarking," took place long before the concept of a learning organization arose. A learning organization systematizes the process while at the same time attempting to be ethical. "Learning from others" is most ethical when the learning does not directly capitalize on an idea a competitor spent considerable time and money developing.

Substantial learning can take place in copying the practices of firms not directly in your line of business. Suppose you would like to establish a worldwide method of distributing hard-to-get automobile parts, like a carburetor for a 1956 Edsel. You carefully study the marketing techniques of Amazon.com and Alibaba.com. You set up an elaborate system, copy the order and shipping process of these firms, and call yourself Oldautoparts.com. Because your benchmarking targets do not distribute hard-to-find auto parts, nobody gets hurt. You are a learning organization without directly copying another company's ideas.

An example of a company with a learning-obsessed culture is WD-40. The company produces WD-40, a powerful lubricant for metal parts that also aids in the removal of rust. Comparable brands exist, but WD-40 is used in four out of five American households and almost all factories, mines, and construction sites in the country. When Garry Ridge became CEO of WD-40 in 1987, he recognized that the company had become too dependent on its one, almost cult-like product. He decided to build an organizational culture that emphasized learning. Part of his solution was for everyone at the company to take the "WD-40 Maniac Pledge," a vow to become a "learning maniac."

Ridge demanded that his management team become more interested in possibilities for the organization, its products, and the brand. He placed a premium on learning, experimenting, and improvising, transforming an old business into a vibrant company. Today, WD-40 sells its products in 176 countries and has launched a collection of new brands and products. Two other well-known company products are 3-in-One Oil and Lava hand soap for heavy-duty cleaning.[31]

Knowledge Management

LEARNING OBJECTIVE 4
Pinpoint strategies and techniques for knowledge management.

knowledge management (KM)
The systematic sharing of information to achieve advances in innovation, efficiency, and competitive advantage.

intellectual capital Knowledge that transforms raw materials and makes them more valuable; it is also a capital asset consisting of intellectual material.

A major consequence of a learning organization is that knowledge is managed more effectively. **Knowledge management (KM)** is a systematic approach to documenting, applying, and transferring the know-how and experience of employees.[32] A major objective of knowledge management is to make effective use of the vast store of useful information and experience possessed by employees. Often this knowledge has to be transferred to affiliates in other countries and with different cultures.

Managing knowledge well achieves goals such as innovation, nonduplication of effort, and competitive advantage. When knowledge is managed effectively, information is shared as needed, whether it is printed or stored electronically or in the brains of workers. The justification for knowledge management is that intellectual capital is a resource that allows for survival and competitive advantage. **Intellectual capital** is knowledge that transforms raw materials and makes them more valuable. It is also a capital asset consisting of intellectual material.[33] The intellectual capital of many firms, consisting of the know-how and intelligence of the workers, is far more valuable than their physical assets, consisting mostly of a handful of machines and furniture. Firms high in intellectual capital and low in physical capital include software development companies, consult-

ing firms, and advertising agencies. Knowledge management also helps deal with the problem of knowledge loss when competent employees leave the firm. If the employee's useful knowledge, including creative ideas, is documented by the firm, a knowledgeable employee's departure is a less serious problem.

Knowledge-Management Strategies and Techniques

Given that knowledge management can help an organization succeed, various strategies and techniques have been developed to foster the process. The building blocks of a learning organization are also closely tied in with the knowledge-management strategies and techniques to be described next.

Hire the Right Persons

Hiring people who are good at learning and teaching makes a substantial difference in the effectiveness of knowledge management (KM). Thomas H. Davenport explains: "Not enough companies have built into their competency models how well people learn and pass on their knowledge informally on the job. If you've got people who are hungry to learn and people who are good at transferring knowledge, the organization will be much more alive."[34] People with the right stuff for KM are most likely to be those who have demonstrated intelligence, accumulated knowledge, and displayed intellectual curiosity in the past.

Create Knowledge

Creating knowledge is an important first step for managing knowledge. The strategy is easily stated but not so easy to implement. First, you need intelligence to create the knowledge, and you also need the conditions favoring creativity and innovation described in Chapter 5. To understand the need for creating new knowledge, it is useful to perceive every product, service, and work process as a bundle of knowledge. For example, the Jeep Wrangler is the intelligence bundled in the ability to transform an 80-year-old design to fit modern tastes for the retro look, do the appropriate engineering and manufacturing, and market and distribute the product to customers.

A standard approach to creating knowledge is to scan the environment for information that might apply to one's situation. The Internet and paid-for databases have become standard techniques for environmental scanning. Executive scanning is often done to search for information that could affect the future of the firm.[35] In the recent past, residential real estate developers scanned the environment to help predict what type of structures might be in demand in the future. It became apparent that home ownership would be declining, so developers invested heavily in constructing multifamily dwellings, including apartment buildings. Part of the decline was attributed to predicted substantial increases in the price of single-family houses. Because it can take at least two years from site location to completed apartment complex, environmental scanning is particularly necessary.

Another perspective on knowledge creation is that servant leadership facilitates the process by sharing leadership responsibilities. Because leadership is shared, there is mutual influence and direction, as well as caring relationships. The mutual influence and caring stimulate greater exchange of ideas, experiences, and expertise among servant leaders and group members that results in the generation of new knowledge.[36]

Because the leader and the group members are functioning as partners, they tend to exchange ideas, thereby creating knowledge that did not exist previously. For example, suppose an authoritarian leader says to the sales group, "Increase the

A successful organization creates knowledge.

Ismagilov/Shutterstock

customer retention rate by 15 percent by the end of the quarter." A minimum of discussion is likely to take place within the group about why the customer retention rate is low. Instead, imagine the servant leader saying, "Our customer retention rate is far too low. How can we work together to improve our retention rate?" Discussion and idea sharing leading to new knowledge are more likely to take place.

Close the Gap between Knowing and Doing

Why don't companies accomplish more if they have so much knowledge and expertise? Jeffrey Pfeffer and Robert I. Sutton believe that companies have fallen into the knowing–doing gap because doing something requires the hard work of making something happen. Managing knowledge is not enough. The knowledge must be converted into action. It is easier and safer to have intellectual discussions, to gather large databases, and to invest in technical infrastructure than it is to actually execute. The challenge for companies and the people in them is to build a culture of action.[37] Often this means taking decisive action that results in repeat business, such as an airline having a high percentage of on-time flights or a retailer offering commissions to store associates who sell merchandise.

A big gap between knowing and doing stems from the challenge of Big Data and analytics. Managers now have access to enormous amounts of complicated data about customers, employees, and operations, but these data do not translate readily into useful knowledge.[38] For example, artificial intelligence (AI) might inform WD-40 management that people who purchase WD-40 and 3-in-One oil purchase a lot of hand tools and garden tools. Translating this tidbit into profitable action might prove difficult.

Methods of Sharing Information

A major goal of the learning organization and knowledge management is for organizational members to share relevant information. Sharing can take place in all four organizational directions: downward, laterally, upward, and diagonally. Many of the strategies and techniques already described in this chapter contribute directly or indirectly to information sharing.

Although knowledge management does not appear to be highly complicated, few organizations have figured out how to share knowledge among employees or how to pass it on when one employee transfers or quits.[39] A major problem is that many employees withhold what they know, referred to as knowledge hoarding. Many employees pretend not to know something, promise to share but never do, or tell people they are not permitted to share even if they can. A team of six researchers found that more cognitively complex jobs—in which people need to process large amounts of information to process difficult problems—tended to promote more knowledge sharing. Jobs offering more autonomy also resulted in more sharing.[40]

Here we briefly describe six focused methods for sharing information. Self-Assessment 15-1 provides you with an opportunity to reflect on your own tendencies toward information sharing.

1. *In-house Yellow Pages*. The basic idea of company Yellow Pages is to compile a directory of the skills, talents, and special knowledge of employees throughout the firm. To be useful, the Yellow Pages have to go far beyond basic information and job experience. The directory should indicate the specialized knowledge of the people listed and their level of expertise. When faced with a problem requiring specialized talent, employees can consult the Yellow Pages for a person who can help.
2. *Intranet communication systems*. Many firms use intranets and online forums to spread and share knowledge. Workers who need to share information log on to an internal collaboration network to access content posted by another worker within the company. Accessing the site saves the time of sending around numerous emails asking for information, as well as sending text messages or making phone calls. An example of the use of such a network is LifeSize Communications, a videoconferencing company in Austin, Texas. In one situation, the company wanted advice

My Tendencies toward Sharing Knowledge

Directions: Indicate whether each of the following statements is mostly true or mostly false as it applies to your own attitudes and behaviors.

Statement about Knowledge Sharing	Mostly True	Mostly False
1. I am very secretive at work or school.	☐	☐
2. When I get a good idea in relation to work, I will usually describe it to a coworker as soon as possible.	☐	☐
3. I post loads of personal information about myself on social media sites.	☐	☐
4. Only a fool would tell coworkers about a great idea the person had for a new business.	☐	☐
5. I try to make sure I get full credit for any useful new idea I have at work.	☐	☐
6. I am willing to let coworkers know about a good idea I have for improving work efficiency.	☐	☐
7. I think it is important that laws about intellectual property rights be strictly enforced.	☐	☐
8. Only a jerk would describe in great detail an idea that person had for a new product, service, or book.	☐	☐
9. If I thought I had a money-making idea, I would share it with other people in a brainstorming activity for a course such as this one.	☐	☐
10. I think that Coca-Cola is completely justified in keeping its secret receipt for its syrup in a vault.	☐	☐
11. I enjoy working as part of a team and sharing ideas.	☐	☐
12. If a student submits a paper to a professor, I like the idea of indicating that the ideas are copyrighted, such as stating "© Mary Ketchum. All rights reserved."	☐	☐
13. I would be comfortable posting my best ideas for work improvement or a new product on my company's intranet.	☐	☐
14. I worry a lot about a boss stealing my best ideas, even if the boss appears to be honest.	☐	☐
15. I enjoy providing a coworker with new information or teaching the coworker a new skill.	☐	☐

Scoring and Interpretation: Give yourself 1 point for having answered Mostly True to the following statements: 2, 3, 6, 9, 11, 13, and 15. Give yourself 1 point for having answered Mostly False to the following statements: 1, 4, 5, 7, 8, 10, 12, and 14.

12 or higher: You have very positive attitudes toward sharing knowledge with others. However, you might be a little too trusting of people whose intentions you do not know.

5–11: You tend to have about-average attitudes toward information sharing.

0–4: You have negative attitudes toward information sharing, and you may need to become a little more open with your ideas to work well in a team setting.

about how to sell a product against a competitor. The post-in question showed a detailed description of conversations the partner had with the customer and included iPhone photos of the competitor's product that pointed to key differences between the two videoconferencing systems. The sharing of information provided an effective way of selling against the competitor.[41]

An analysis of problem solving conducted in an online discussion forum within a global engineering firm provides some clues as to which problems workers bother with—and therefore share information about. An influential factor was whether the recipient of the message thought the problem involved fit that person's expertise. Reciprocity also had an effect in the sense that the recipient of a request to help solve a problem kept in mind whether the sender had helped him or her in the past. Requests in relation to problems that were too long and too complex tended to receive less attention. Having several competing problems to work on also had a negative influence on information sharing.[42]

3. *Encouraging knowledge sharing in employee networks.* Networks, both those on the computer and face-to-face, are a major mechanism for knowledge sharing. For example, if a person has an extensive network within the organization, the person is likely to receive tidbits of useful, work-related information. One recruiter in the network might say to another in the network, "I came across a small historically black college in Georgia that is a wonderful source of mechanical engineering candidates. Let me tell you about it."

A study of 700 employees in an engineering, information technology, and management consultancy demonstrated that both the characteristics of the network and the individual influence the amount of information sharing that takes place. The main finding of the study was that knowledge sharing happens best when having a central position in a network, motivation, and ability are the highest. *Ability* in this context refers to the ability to learn from others as well as to understand how one's knowledge can be used by other workers.[43]

4. *Personal explanations of success factors.* An advanced method of information sharing is for key organizational members to teach others what they know through explanations of success factors. Noel Tichy refers to these stories as the "teachable point of view" because they help leaders become teachers. The teachable point of view is a written explanation of what a person knows and believes about what it takes to succeed in the person's own business, as well as in business in general. About two pages in length, the document focuses on critical success factors, such as: What would it take to knock out the competition? Tichy claims that this hard-hitting method of information sharing is used in hundreds of companies.[44]

5. *Fostering dialogue among organization members.* To promote the importance of information sharing, company leaders should converse about the importance of intellectual capital and the development of core competencies.[45] At the same time, workers throughout the firm should be encouraged to share useful suggestions, tidbits of knowledge, and success stories about problem solving. This type of information sharing can take place face-to-face, but e-mail exchanges also play a vital role. The most consistent observation about knowledge management and information sharing is that the human touch is more important than technology. David Gilmour, the president of a knowledge systems company, advises that technology should not flood people with information or take it from them. It is better to identify connections that are valuable to the people who are being connected.[46]

When GM president Dan Ammann (he reported to the CEO) was first dealing with the problems created by the ignition-switch recall, one of his first moves was to look for ways information could be more effectively shared. He said, "We needed

The Knowledge-Sharing Investigation Teams

A challenge with the idea of knowledge sharing is to know what knowledge should be shared among company members. The class is organized into knowledge-sharing investigation teams. Members of each team contact two people working in a support, technical, sales, professional, or managerial position in a profit or nonprofit organization. Ask the contact persons what knowledge would be valuable to share in their place of work. Communicate using the easiest method, whether it be a phone call, a text message, or a tweet.

Discuss your findings in a group, and perhaps add opinions of your own as to what knowledge would be worthwhile sharing in an organization. Arrive at a conclusion about five specific types of knowledge within an organization worth sharing. Share your findings with members of the other groups in the class.

to break down internal silos, integrate, and require transparency across the business so that everyone is sharing information. We want what we are calling a 'zero-defect mentality.'"[47]

6. *Sharing physical facilities and informal learning.* An important method of fostering dialogue is to develop shared physical facilities, as described in Chapter 10 about teamwork development. Considerable information sharing is likely to take place in a snack lounge or company information resource center. At the same time, informal learning takes place, which is almost synonymous with information sharing.

Skill-Building Exercise 15-1 is designed to provide you additional insights about the nature of knowledge sharing.

Implications for Managerial Practice

1. Because the term *organizational culture* is used to label so many different activities and behaviors, it is best for the practicing manager to explain to others what the manager means by the term. Defining organizational culture as "the values and norms that define what is and is not appropriate behavior for employees" would help pinpoint what the term really means.

2. To manage organizational culture, one must first understand the culture of the firm and then use that knowledge to guide one's own behavior and that of group members. For example, an executive might resist downsizing as a way to reduce costs because laying off productive and loyal employees conflicts with the firm's values.

3. The most important and the most practical aspect of the learning organization and knowledge management is for workers to share useful information with one another. In your role as a manager, you should therefore make a systematic effort to ensure that information is shared in the total organization or your organizational unit. Establish both formal steps (e.g., an intranet) and informal methods (e.g., simply encouraging people to exchange good ideas) to accomplish information sharing.

4. The manager should be clear about the possible dysfunctions of knowledge hoarding, such as less innovation and wasted time duplicating what is already known ("reinventing the wheel").

5. Several theorists have mentioned that a company's true competitive advantage derives from intellectual capital. If this observation is valid, then one of the highest organizational priorities is to recruit and retain knowledgeable and intelligent workers. Even during a downsizing, maximum effort should be invested in retaining the best thinkers and most knowledgeable people in the company.

Summary of Key Points

1. *Describe three aspects of organizational culture: how it is determined, its dimensions, and how it is learned.* The origins of organizational culture often lie in the values, administrative practices, and personality of its founders. Other key influences are the societal culture, the industry, the organization's code of conduct, and the methods to build the culture, such as hiring for cultural fit.

   Organizational culture has various dimensions, such as stories and myths maintained by the organization; the degree of stability and rapidity of decision making; resource allocation and rewards; rights and rituals; the sense of ownership within the firm; belief in a higher purpose; innovativeness and organizational ambidexterity; organizational justice; orientation for serving employees; orientation toward serving customers; joy and happiness; family friendliness; and inclusiveness. The culture is taught primarily through socialization and the teaching of leaders, and having a cultural mentor is helpful.

2. *Explain some of the major consequences and implications of organizational culture.* The consequences and implications of organizational culture include competitive advantage and organizational effectiveness; productivity, quality, and employee engagement; creativity and innovation; compatibility of mergers and acquisitions; the person-organization fit; the direction of leadership activity; emotional and physical safety of workers; and organizational health.

3. *Identify the building blocks of a learning organization.* Components of the learning organization include (a) double-loop learning, (b) systems thinking, (c) team learning, (d) personal mastery of the job, (e) translation of new knowledge into new ways of behaving, and (f) learning from other organizations.

4. *Pinpoint strategies and techniques for knowledge management.* Strategies and techniques for knowledge management include (a) hiring the right persons, (b) creating knowledge, and (c) closing the gap between knowing and doing.

5. *Specify methods for sharing information within an organization.* Information sharing is at the heart of a learning organization and knowledge management. Six specific methods are (a) in-house Yellow Pages, (b) intranet communication systems, (c) encouraging knowledge sharing in employee networks, (d) personal explanations of success factors, (e) fostering dialogue among organizational members, and (f) sharing physical facilities and informal learning.

Key Terms and Phrases

organizational culture, p. 377	learning organization, p. 386	intellectual capital, p. 388
subculture, p. 381	double-loop learning, p. 386	
socialization, p. 382	knowledge management (KM), p. 388	

Discussion Questions and Activities

1. During the past two decades, the term *corporate culture* has become so widely used that it is almost as well-known as a term such as *return on investment.* What do you think accounts for the popularity of the term *corporate culture*?

2. How would you describe the organizational culture of Walmart (or any other large retailer) based on whatever evidence you have? If necessary, visit your local Walmart (or other large retailer) to make firsthand observations.

3. Why do so many CEOs believe that their primary responsibility is managing organizational culture? What happened to making a profit?

4. Identify any organization you know about that you think would best fit your personality. Justify your reasoning.

5. What relevance does *organizational culture* have for members of the gig economy (essentially, freelance workers)?

6. What do you think of the assertion made by many business observers that corporate culture is more important than a company's strategy in determining its success?

7. How should a manager deal with professional workers who are hesitant to share information because they are

concerned that a coworker will steal their best ideas and take credit for them?

8. Give an example of how a first-level manager might engage in systems thinking.

9. What is your opinion of the validity of Nike's mission: "If you have a body, you are an athlete"?

10. Ask two experienced managers or corporate professionals what they think is the higher purpose of their employer and whether they care about the purpose.

CASE PROBLEM: The Work from Home Culture

Darren is the owner-operator of a produce distribution business, Winning Produce. The company's primary business is to purchase large supplies of fruits and vegetables from farmers, who then ship them to food distribution companies. The distributors then package the produce and sell the packages in bulk, such as selling bagged onions to supermarkets and grocery stories. Winning Produce does not handle the products because all transactions are done by phone or online. The farmers and distributors do the shipping and handling. Decisions about purchases from farmers and sales to intermediaries usually have to be made quickly, and decisions about the cost and price of the produce have to be accurate. Winning Produce has 45 employees.

Winning Produce has a physical location in a suburban business park. A few months after the pandemic took hold, company employees were asked to work from home if it was not a hardship, such as one of the buyers sharing a small apartment with two roommates. Darren accepted the necessity of all the employees working from home, but he perceived some problems. Coordinating people on a big purchase or sale took more time than before the pandemic. Sometimes a key employee was not available to respond within an hour to a problem during the workday.

When the state government cleared workplaces to fully reopen their offices, Darren informed all employees they had to return to the physical office. An exception was that 10 employees whose work did not require considerable coordination with other employees were permitted to work from home two days per week. By 30 days after the return to the company office, Darren noticed that difficulties in coordination and quick response time to problems were about the same as they were during the pandemic.

Darren thought a good approach to resolving the problems with coordination and response time would be to get the opinion of Amanda, the onion and potato specialist. Darren thought Amanda would be a good person to consult because she has a strong interest in workplace behavior. Amanda provided Darren this input:

"What we are experiencing is a cultural shift at Winning Produce. Even though we are a very small company, we still have a corporate culture. Before the pandemic, we had a culture that valued teamwork. We pulled together to be winners (said with a smile). We all jumped on problems.

"By about six months of working from home, our staff became more laid back. If someone needed to get an oil change during a workday, the person did it. The need to find 300 pounds of onions by tomorrow could wait. You could say that our company developed a work-from-home culture."

Darren said to Amanda, "Thanks for your analysis of our problem. I want to work with you to return to a work-from-the-home-office culture."

Case Questions

1. Does Darren have a problem? Why should workers feel a sense of urgency to buy and sell produce?

2. What dimension or dimensions of organizational culture appeared to have lost strength during the pandemic?

3. What do you recommend that Darren and Amanda do to restore the pre-pandemic culture at Winning Produce?

Endnotes

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