

knew they were doing wrong but were afraid to refuse to follow orders. At Beech-Nut, the company's ethical values completely broke down: Managers joked about harming stakeholders.

1. Why is it that an organization's values and norms can become too strong and lead to unethical behavior?
2. What steps can a company take to prevent this problem, to stop its values and norms from becoming so inwardly focused that managers and employees lose sight of their obligations to their stakeholders?

Making the Connection #7

Identify an organization that has been trying to change its culture. Describe the culture that it is trying to alter. Why is this culture no longer effective? How has the organization tried to bring about change? How successful has it been?

Analyzing the Organization: Design Module #7

In this module, you will analyze the culture of your organization, discuss the characteristic ways in which members act, and its stance on social responsibility.

Assignment

1. Do managers and employees use certain words and phrases to describe the behavior of people in the organization? Are any stories about events or people typically used to describe the way the organization works? (*Hint: Look at the company's Web page.*)
2. How does the organization socialize employees? Does it put them through formal training programs? What kind of programs are used, and what is their goal?
3. What beliefs and values seem to characterize the way people behave in the organization? How do they affect people's behavior?
4. Given the answers to the first three questions, how would you characterize the organization's culture and the way it benefits or harms the organization? How could the culture be improved?
5. Can you find a written statement of the organization's stance on social responsibility? Are there stories in the press about the company? If there are, what do they say?

CASE FOR ANALYSIS

A Tale of Two Cultures

In an attempt to give Southwest Airlines a competitive advantage based on low-cost, high-quality service, CEO Herb Kelleher developed terminal and instrumental values that made Southwest's culture the envy of its competitors. Southwest managers and employees alike are committed to the success of the organization and do all they can to help one another and to provide customers with excellent service (a terminal value). Four times a year, Southwest managers work as baggage handlers, ticket agents, and flight attendants so they get a feel for the problems facing other employees. An informal norm makes it possible for employees to gather with Kelleher every Friday at noon in the company's Dallas parking lot for a company cookout.

Southwest keeps the organization as flat and informal as possible, and managers encourage employees to be creative and to develop rules and norms to solve their own problems. To please customers, for example, employees dress up on special days like Halloween and Valentine's Day and wear "fun uniforms" every Friday. In addition, they try to develop innovative ways to improve customer service and satisfaction. All employees participate in a bonus system that bases rewards on company performance, and employees own over 22% of the airline's stock. The entrance hall at company headquarters at Love Field in Dallas is full of plaques earned by employees for their outstanding performance. Everybody in the organization cooperates to achieve Southwest's goal of providing low-cost, high-quality service.

The culture of excellence that Southwest has created seems to be working to its advantage. Southwest increased its operating routes and profits every year and is the most profitable airline flying today.

Contrast Southwest's CEO and culture with that of Value Line, Inc. Jean Buttner, publisher of the *Value Line Investment Survey*, fashioned a culture that the company's employees apparently hated. In her attempt to reduce costs and improve efficiency, she created instrumental values of frugality and economy that poisoned employees' attitudes toward the organization. Employees were told to sign in by 9 A.M. every day and sign out when leaving. If they faked their arrival or departure time, they could be terminated. Because at Value Line messy desks were regarded as signs of laziness or "unproductivity," Buttner required department managers to file a "clean surfaces report" every day, certifying that employees did tidy up their desks.⁵¹ Salary increases were also kept as small as possible and the company's bonus and health plans were under tight rein.

How have these values paid off? Many highly trained professional workers left Value Line because of the hostile atmosphere produced by these "economical" values and by work rules that devalued employees. Also, this turnover generated discontent among the company's customers, who began to complain. So bad did feelings between employees and Buttner become that employees reportedly put up a notice on their bulletin board that criticized Buttner's management style and suggested that the company could use some new leadership. Buttner's response to this message from a significant stakeholder group was to remove the bulletin board. Clearly, at Value Line no culture of cooperation between managers and employees exists.

Discussion Questions

1. List the reasons why Southwest's and Value Line's cultures differ so sharply.
2. Could Value Line's next CEO copy Southwest's culture?

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