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CHAPTER 2

THE ENVIRONMENT AND CORPORATE CULTURE

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Annotated Learning Outcomes

These annotated learning outcomes provide an outline of the chapter's learning objectives, along with notes on the knowledge and skills students should acquire as they work to fulfill the outcomes.

2.1 *Define an organizational ecosystem and how the general and task environments affect an organization's ability to thrive.*

The organizational environment consists of all elements existing outside the boundary of the organization that have the potential to affect and influence the organization. This environment consists of two layers: the task environment and the general environment.

The task environment is closer to the organization and includes the sectors that conduct day-to-day transactions with the organization and directly influence its basic operations and performance, such as competitors, suppliers, and customers.

The general environment affects the organization indirectly. It includes social, economic, legal-political, international, natural, and technological factors that influence all organizations about equally.

2.2. *Explain the strategies that managers use to help organizations adapt to an uncertain or turbulent environment.*

The environment creates uncertainty for organization managers. Uncertainty means that managers do not have sufficient information about environmental factors to understand and predict environmental needs and changes. Two basic elements that influence uncertainty are the number of factors that affect the organization and the extent to which those factors change. Strategies to adapt to these changes in the environment include boundary-spanning roles, interorganizational partnerships, and mergers and joint ventures.

Boundary-spanning roles are assumed by people and/or departments to link and coordinate the organization with key elements in the external environment. Interorganizational partnerships are a popular strategy for adapting to the environment by reducing boundaries and increasing collaboration with other organizations. A merger is the combining of two or more organizations into one. A joint venture involves a strategic alliance of or program by two or more organizations.

2.3 *Define corporate culture.*

Culture can be defined as the set of key values, beliefs, understandings, and norms shared by members of an organization. It can be analyzed at two levels. At the surface level are visible

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artifacts, which include things such as manner of dress, patterns of behavior, physical symbols, organizational ceremonies, and office layout. At a deeper, less obvious level are the expressed values and beliefs, which can be discerned from how people explain and justify what they do. These are values that members of the organization hold at a conscious level. They can be interpreted from the stories, language, and symbols that organization members use to represent them. Some values become so deeply embedded in a culture that members are no longer consciously aware of them. These basic, underlying assumptions and beliefs are the essence of culture and subconsciously guide behavior and decisions.

2.4 *Provide organizational examples of symbols, stories, heroes, slogans, and ceremonies and explain how they relate to corporate culture.*

Fundamental values and corporate culture cannot be observed directly, but they can be understood through the visible manifestations of symbols, stories, heroes, slogans, and ceremonies. A symbol is an object, act, or event that conveys meaning to others. Symbols associated with corporate culture convey the organization's important values. A story is a narrative based on true events that is repeated frequently and shared among organizational employees. Stories are told to new employees to keep the organization's primary values alive. A hero is a figure who exemplifies the deeds, character, and attributes of a strong culture. Heroes are role models for employees to follow. A slogan is a phrase or sentence that succinctly expresses a key corporate value. Many companies use a slogan or saying to convey special meaning to employees. A ceremony is a planned activity that marks up a special event and is conducted for the benefit of an audience. Managers hold ceremonies to provide dramatic examples of company values. Organizational culture represents the values, understandings, and basic assumptions that employees share, and these values are signified by the above events. Managers help define important symbols, stories, heroes, slogans, and ceremonies to shape the future.

2.5 *Describe four types of corporate culture.*

The adaptability culture is characterized by values that support the company's ability to rapidly detect, interpret, and translate signals from the environment into new behavior responses. This culture emerges in an environment that requires fast response and high-risk decision making.

The achievement culture is a results-oriented culture that values competitiveness, aggressiveness, personal initiative, and willingness to work long and hard to achieve results. It is suited to organizations concerned with serving specific customers in the external environment, but without the intense need for flexibility and rapid change. An emphasis on winning and achieving specific ambitious goals is the glue that holds the organization together.

The involvement culture places high value on meeting the needs of employees and values cooperation and equality. This culture has an internal focus on the involvement and participation of employees to adapt rapidly to changing needs from the environment. Managers emphasize values such as cooperation, consideration of both employees and customers, and avoiding status differences.

The consistency culture values and rewards a methodical, rational, orderly way of doing things. This culture uses an internal focus and a consistency orientation for a stable environment.

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The external environment exerts a big influence on internal corporate culture. The internal culture should embody what it takes to succeed in the environment. If the external environment requires extraordinary customer service, the culture should encourage good service; if it calls for careful technical decision making, cultural values should reinforce effective managerial decision making.

2.6 *Examine the relationship among culture, corporate values, and business performance.*

Companies that succeed in a turbulent world are those in which managers are evaluated and rewarded for paying careful attention to both cultural values *and* business performance. Exhibit 2.8 illustrates four organizational outcomes based on the relative attention that managers pay to cultural values and business results. Some companies put high emphasis on both culture and solid business performance as drivers of organizational success. Managers in these organizations align values with the company's day-to-day operations—hiring practices, performance management, budgeting, and criteria for promotions and rewards.

2.7 *Define a cultural leader and explain the tools that a cultural leader uses to create a high-performance culture.*

A cultural leader is a manager who uses signals and symbols to influence corporate culture. Cultural leaders influence culture by articulating a vision for the organizational culture that employees can believe in and heeding the day-to-day activities that reinforce the cultural vision. To create a high-performance culture, a cultural leader would tie the central values that employees believe in to the need for high performance, and then make sure that work procedures and reward systems match and reinforce those values. Finally, the cultural leader must be sure to exemplify high-performance in his or her own work activities.

Lecture Outline

NEW MANAGER SELF-TEST: ARE YOU FIT FOR MANAGERIAL UNCERTAINTY?

Organizations in uncertain environments find that everything seems to be constantly changing. Such an environment requires that new managers possess the quality of "mindfulness"—being open-minded and thinking independently. This exercise helps students determine their levels of mindfulness, indicating whether they would likely perform better in stable or unstable environments.

2.1 THE EXTERNAL ENVIRONMENT Exhibit 2.1

The external **organizational environment** includes all elements existing outside the boundary of the organization that have the potential to affect the organization. The environment includes competitors, resources, technology, and economic conditions that influence the organization. It

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does not include those events so far removed from the organization that their impact is not perceived. The external organizational environment can be further conceptualized as having two components: the **general environment** and the **task environment**. The organization also has an **organizational ecosystem** formed by interaction among a community of organizations in the environment and an **internal environment** that includes the elements within the organization's boundaries such as current employees, management, and especially corporate culture.

A. Task Environment

1. The **task environment** is the layer closest to the organization and includes those sectors that have a direct working relationship with it. The task environment includes customers, competitors, suppliers, and the labor market.

    a. **Customers** are those people and organizations in the environment that acquire goods or services from the organization. Customers are important because they determine the organization's success. Customers today have even greater power because of the Internet, which poses threats as well as opportunities for managers.

Discussion Question #4: *Contemporary best-selling management books often argue that customers are the most important element in the external environment. Do you agree? In what company situations might this statement be untrue?*

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    b. **Competitors** are organizations in the same industry or type of business that provide goods or services to the same set of customers. Specific competitive issues characterize each industry. The recording industry differs from the steel industry and the pharmaceutical industry.

    c. **Suppliers** are people and organizations that provide the raw materials that the organization uses to produce its output. A *supply chain* is a network of multiple businesses and individuals that are connected through the flow of products or services. Many companies are using fewer suppliers and building good relationships with them so that they will receive high-quality goods at lower prices. These companies are also finding that being cooperative, rather than adversarial, is the key to saving money, maintaining quality, and speeding products to market.

    d. The **labor market** represents people in the environment who can be hired to work for the organization. Labor market factors that impact organizations include:

        - the growing need for computer-literate knowledge workers;
        - the necessity for continuous investment in human resources through recruitment, education, and training to meet competitive demands of the borderless world; and

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- the effects of international trading blocs, automation, outsourcing, and shifting facility locations on labor dislocations, creating unused labor pools in some areas and labor shortages in others.

Exhibit 2.2

Discussion Question #2: *Would the task environment for a wireless provider such as Verizon Wireless contain the same elements as that for a government welfare agency? Discuss the similarities and differences.*

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B. General Environment Exhibit 2.3

1. The dimensions of the **general environment** include international, technological, sociocultural, economic, natural, and legal-political.

   a. The **international dimension** represents events originating in foreign countries and opportunities for American companies in other countries. This dimension influences all other aspects of the external environment. This provides new competitors, customers, and suppliers and shapes social, technical, and economic trends.

   b. The **technological dimension** includes scientific and technological advancements in a specific industry as well as in society at large. Technology has created massive changes for organizations and industries. Today, computer networks, Internet access, hand-held devices, videoconferencing capabilities, cell phones, and laptops are the minimum tools for doing business. Advances in technology drive competition and help innovative companies gain market share, and they have the potential to transform consumer expectations of an entire industry.

   c. The **sociocultural dimension** represents the demographic characteristics, norms, customs, and values of the general population. Important sociocultural characteristics are geographical distribution, population density, age, and education levels. Today's demographic profiles are the foundation of tomorrow's work force and customers.

   d. The **economic dimension** represents the general economic health of the country or region in which the organization operates. Components of the economic dimension include consumer purchasing power, the unemployment rate, and interest rates. In the last few years, the weakened U.S. economy has had a devastating effect on small businesses. Nevertheless, there is still tremendous vitality in the small business sector of the economy.

   e. The **legal-political dimension** includes federal, state, and local government

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regulations and political activities designed to influence company behavior. Government regulations influence organizations through a variety of legislation such as Occupational Safety and Health Administration (OSHA), the Environmental Protection Agency (EPA), fair trade practices, and others. Pressure groups are interest groups that work within the legal-political framework to influence companies to behave in socially responsible ways. For example, Wal-Mart has been pushed to improve workers' wages and health care benefits.

f. The **natural dimension** is different from other sectors of the general environment because it has no voice of its own. It includes all elements that occur naturally on earth, including plants, animals, rocks, and natural resources such as air, water, and climate. Influence on managers to meet needs in the natural environment may come from other sectors, such as government regulation, consumer concerns, the media, competitors' actions, or even employees.

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2.2 THE ORGANIZATION–ENVIRONMENT RELATIONSHIP

A. Environmental Uncertainty Exhibit 2.4

1. Environmental uncertainty must be managed to make the organization more effective. *Uncertainty* means that managers do not have sufficient information about environmental factors to understand and predict environmental needs and changes. Environmental characteristics that influence uncertainty are the number of factors that affect the organization and the extent to which those factors change.

2. When external factors change rapidly, the organization experiences very high uncertainty (e.g., telecommunications firms, computer firms, and electronics firms). When an organization deals with a few external factors that are stable, managers experience low uncertainty (e.g., soft drink bottlers or food processors).

Discussion Question #3: *What are the strategic issues that have the potential to create environmental uncertainty in the following four industries: (a) automobile; (b) social media; (c) newspaper; and (d) medical services?*

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B. Adapting to the Environment
1. Managers continuously scan the business horizon for both subtle and dramatic environmental changes, also called strategic issues, and identify those that require strategic responses. **Strategic issues** are "events or forces either inside or outside an organization that are likely to alter its ability to achieve its objectives."

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2. Organizations depend on information, and companies that most effectively acquire, interpret, disseminate, and use information come out as winners.
   Boundary-spanning roles link and coordinate the organization with key elements in the external environment.

   a. One area of boundary spanning is the use of business intelligence, which results from using sophisticated software to search through internal and external data to spot patterns, trends, and relationships that might be significant. The fastest-growing segment of business intelligence is *big data analytics*, which refers to searching and examining massive, complex sets of data to uncover hidden patterns and correlations and make better decisions. Business intelligence and big data analytics are also related to the growing area of boundary spanning known as *competitive intelligence* (CI), which refers to activities to get as much information as possible about one's rivals.

3. Boundary spanning is an increasingly important task in organizations because environmental shifts can happen quickly in today's world. Managers need good information about their customers, competitors, and other elements to make good decisions. Boundary spanning also includes activities that represent the organization's interest in the environment and attempt to influence elements of the external environment.

4. Mergers and joint ventures also reduce environmental uncertainty. A **merger** occurs when two or more organizations combine to become one. A **joint venture** is a strategic alliance between two or more organizations that occurs when the project is too complex, expensive, or uncertain for one firm to handle alone.

Discussion Question #6: *Why do you think 2015 was the biggest year ever for mergers and acquisitions? What are the elements in the current environment that might contribute to either an increase or a decrease in mergers? Discuss.*

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2.3 THE INTERNAL ENVIRONMENT: CORPORATE CULTURE Exhibit 2.5

The internal environment includes corporate culture, production technology, organization structure, and physical facilities. Corporate culture is extremely important in an organization attempting to achieve a competitive advantage. The internal culture must fit the needs of the external environment and company strategy.

Culture is defined as the set of key values, beliefs, understandings, and norms shared by

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members of an organization. Culture is a pattern of shared values and assumptions about how things are done within the organization. It can be analyzed at two levels, with each level becoming less obvious. At the surface level are visible artifacts, which include all the things one can see, hear, and observe by watching members of the organization. At a deeper, less obvious level are the expressed values and beliefs, which are not observable but can be discerned from how people explain and justify what they do. Some values become so deeply embedded in a culture that members are no longer consciously aware of them. These basic, underlying assumptions and beliefs are the essence of culture and subconsciously guide behavior and decisions.

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A. Symbols

    1. A **symbol** is an object, act, or event that conveys meaning to others. Symbols associated with corporate culture convey the organization's important values.

B. Stories

    1. A **story** is a narrative based on true events that is repeated and shared among organizational employees. Stories are told to new employees to keep the organization's primary values alive.

C. Heroes

    1. A **hero** is a figure who exemplifies the deeds, character, and attributes of a strong corporate culture. Heroes are role models for employees to follow.

D. Slogans

    1. A **slogan** is a phrase or sentence that succinctly expresses a key corporate value.

E. Ceremonies

    1. A **ceremony** is a planned activity that marks up a special event and is conducted for the benefit of an audience.

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2.4 TYPES OF CULTURE Exhibit 2.6

In considering what cultural values are important for the organization, managers consider the external environment, as well as the company's strategy and goals. Studies suggest that the right

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fit between culture, strategy, and the environment is associated with four categories or types of culture, based on two dimensions: (1) the extent to which the external environment requires flexibility or stability; and (2) the extent to which a company's strategic focus is internal or external.

A strong corporate culture alone does not ensure business success unless the culture encourages healthy adaptation to the external environment. Healthy cultures help companies adapt to the environment. A strong, but unhealthy, culture may encourage the organization to march resolutely in the wrong direction.

A. Adaptability Culture

1. The **adaptability culture** is characterized by values that support the company's ability to rapidly detect, interpret, and translate signals from the environment into new behavior responses. This culture emerges in an environment that requires fast response and high-risk decision making.

B. Achievement Culture

1. The **achievement culture** is a results-oriented culture that values competitiveness, aggressiveness, personal initiative, cost cutting, and willingness to work long and hard to achieve results. It is suited to organizations concerned with serving specific customers in the external environment, but without the intense need for flexibility and rapid change. An emphasis on winning and achieving specific ambitious goals is the glue that holds the organization together.

C. Involvement Culture

1. The **involvement culture** places high value on meeting the needs of employees and values cooperation and equality. This culture has an internal focus on the involvement and participation of employees to adapt rapidly to changing needs from the environment. Managers emphasize values such as cooperation, consideration of both employees and customers, and avoidance of status differences.

D. Consistency Culture

1. The **consistency culture** values and rewards a methodical, rational, orderly way of doing things. This culture uses an internal focus and a consistency orientation for a stable environment.

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NEW MANAGER SELF-TEST: CULTURAL PREFERENCE

The fit between a new manager and organizational culture can determine success and satisfaction. This exercise helps students determine their preferences with regard to

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organizational culture. Scores indicate the degree to which students will be comfortable and effective in four types of culture: involvement, adaptability, achievement, and consistency.

2.5 SHAPING CORPORATE CULTURE FOR INNOVATIVE RESPONSE

Research shows that one factor that increases a company's value the most is people and how they are treated. Corporate culture has become increasingly important to managers as they recognize its importance in attracting, motivating, and keeping good employees. Culture plays a key role in creating an organizational climate that enables learning and responding innovatively to threats from the external environment, challenging new opportunities, or organizational crises.

A. Managing the High-Performance Culture Exhibit 2.7

1. Companies that succeed in a turbulent world are those that pay careful attention to both cultural values and business performance. Cultural values can energize and motivate employees by appealing to higher ideals and unifying people around shared goals. Values boost performance by shaping and guiding employee behavior, so that everyone's actions are aligned with strategic priorities. Four organizational outcomes are possible based on the relative attention managers pay to cultural values and business performance.

    a. Companies that pay little attention to either values or business results are unlikely to survive for long.

    b. Companies that focus on values but pay little attention to business results are likely to miss important environmental changes, eventually resulting in loss of market share.

    c. Companies that focus primarily on bottom line results but pay little attention to organizational values will struggle to survive in times of crisis.

    d. Companies that emphasize both culture and business performance will develop a strong organizational culture that gives employees a sense of identity, holds the company together during tough times, and helps it adapt quickly to a changing environment. These companies represent the **high-performance culture** that:

        - is based on a solid organizational mission or purpose;
        - embodies shared adaptive values that guide decisions and business practices; and
        - encourages individual employee ownership of both bottom line results and the organization's cultural backbone.

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B. Cultural Leadership

1. One way by which managers change norms and values to build a high-performance culture is through cultural leadership. A **cultural leader** defines and uses signals and symbols to influence corporate culture by:

   a. articulating a vision for the organizational culture that employees can believe in; and

   b. heeding the day-to-day activities that reinforce the cultural vision.

2. Managers widely communicate the cultural values through words and actions. Value statements that aren't reinforced by management behavior are meaningless. Cultural leaders also uphold their commitment to values during difficult times or crises. Maintaining consistency with the cultural values helps organizations weather the storm and come out stronger on the other side. Cultural leaders let everyone in the organization know what really counts.

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Suggested Answers to End-Of-Chapter Discussion Questions

1. *Surveys reveal dramatic shifts in social attitudes toward issues such as gay marriage and citizenship for illegal immigrants. How do you think these changing attitudes might affect the manager's job over the next few years?*

The sociocultural dimension of the general environment represents the demographic characteristics, norms, customs, and values of the general population. Today's demographic profiles are the foundation of tomorrow's workforce and consumers. By understanding these profiles and addressing them in the organization's business plans, managers prepare their organizations for long-term success. Smart managers consider how the following sociocultural trends are changing the consumer and business landscape.

Managers will have to take into consideration that young people are leading the trend toward widespread social equality. Support for gay marriage increased to 53 percent from 30 percent in 2004, and a number of states have already passed laws allowing same-sex marriage. Another poll shows that 57 percent of people support a path to citizenship for illegal immigrants.

2. *Would the task environment for a wireless provider such as Verizon Wireless contain the same elements as that for a government welfare agency? Discuss the similarities and differences.*

There are three components of the task environment: competitors, suppliers, and customers. An

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analysis of each of these components for the two organizations illustrates the differences in their task environments.

Competitors for cellular phone companies include not only other cellular phone companies but also traditional phone companies, broadband phone services, and other electronic communication services. It is debatable whether there are competitors for most government welfare agencies. Churches and other charitable organizations often provide similar services but do not really compete with the agencies.

Suppliers of cellular phone companies include the cell phone and other electronic device manufacturers, investors, and companies that build and operate cell phone towers. Suppliers of government agencies, in addition to material suppliers, are ultimately the taxpayers.

Customers of cellular phone companies generally include businesses and members of the general public who are financially sound and able to afford the services offered by the cellular phone companies. Customers or clients of a government welfare agency are generally persons who are financially weak.

3. *What strategic issues have the potential to create environmental uncertainty in the following four industries: (a) automobile; (b) social media; (c) newspaper; and (d) medical services?*

The forces influencing the environment are competitors, resources, technology, and economic conditions. The general environment forces include natural, international, technological, social, economic, and legal-political dimensions. The task environment includes those sectors that have a direct working relationship with the organization, namely customers, competitors, suppliers, and the labor market. Organizations are challenged by uncertainty in the market place and must be able to respond quickly to changing conditions. These forces impact management and create uncertainty, especially in the general environment. A manager must be able to adopt a contingency approach to planning and controlling events and activities as they develop.

4. *Contemporary best-selling management books often argue that customers are the most important element in the external environment. Do you agree? In what company situations might this statement be untrue?*

Companies in the public and private sector must be customer driven to remain competitive. Management and employees must be customer sensitive and custom deliver the right bundle of utilities to create optimal customer satisfaction. Every organization must have a customer focus, and this should be reflected in the mission, goals, and strategies of every firm.

5. *What do you see as the primary advantage of using big data analytics—understanding the environment or influencing the environment? Why?*

Answers will vary. Managers sometimes do not realize the need to carefully use big data analytics to monitor the environment so that they can anticipate and prepare for changes. There are also things that happen in the environment that cannot reasonably be predicted. By definition, uncertainty means that managers lack sufficient information about environmental factors to understand and predict needs and changes, but big data analysis can help both in understanding the environment and influencing it.

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6. *Why do you think 2015 was the biggest year ever for mergers and acquisitions? What elements in the current environment might contribute to either an increase or a decrease in mergers? Discuss.*

Corporate mergers and acquisitions decreased during the "Great Recession," but by 2015, recovery had solidified and corporate confidence in the economy had greatly improved. Companies that were in a position to do so were looking for ways to consolidate and improve their competitiveness through mergers and acquisitions, Corporate cash reserves were high and interest rates were low, making mergers and acquisitions easier from a budgetary point of view.

7. *Consider the factors that influence the environmental uncertainty (rate of change in factors and number of factors in the environment) that are presented in Exhibit 2.4. Classify each of the following organizations as operating in either (a) a low-uncertainty environment or (b) a high-uncertainty environment: Hyundai, Facebook, a local Subway franchise, FedEx, a cattle ranch in Oklahoma, and McDonald's. Explain your reasoning.*

In a high-uncertainty environment, the external factors change rapidly whereas in a low-uncertainty environment, there are few external factors involved and they are relatively stable. Hyundai, Facebook, FedEx, Subway, and McDonald's would be classified as organizations operating in a high-uncertainty environment as there are a number of external factors involved that change rapidly.

In the case of a cattle ranch in Oklahoma, there are few external factors involved and they would be relatively stable; hence, the cattle ranch may be categorized as an organization operating in a low-uncertainty environment.

8. *Distribution center managers for Anheuser-Busch InBev frequently start the day with a sort of pep rally, reviewing the day's sales targets and motivating people to get out and sell more beer. What does this suggest about the type of culture the company's managers promote?*

The "pep rally" is a type of symbol. Symbols are important to corporate culture because they are tangible events that embody deeper values shared by organization members. Astute managers create symbols to help reinforce key values. Almost anything can serve as a symbol. Thus, slogans, and ceremonies like the "pep rally," have symbolic value by indicating to employees the values and understandings that are especially significant for the organization.

9. *As a manager, how would you use symbols to build an adaptability culture that encourages teamwork and risk-taking? What kinds of symbols could you use to promote the values of an involvement culture?*

The adaptability culture emerges in an environment that requires fast response and high-risk decision making. Employees have the autonomy to make decisions and act freely to meet new needs, and responsiveness to customers is highly valued. Managers also actively create change by encouraging and rewarding creativity, experimentation, and risk taking. A manager could offer special awards as symbols of praise for risk-taking and decision-making.

The involvement culture emphasizes an internal focus on the participation of employees to adapt

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rapidly to changing needs from the environment. This culture places a high value on meeting the needs of employees, and the organization may be characterized by a caring, family-like atmosphere. Managers emphasize values such as cooperation, consideration of both employees and customers, and avoidance of status differences. Managers could use awards such as a spirit award or celebrate birthdays with a birthday cake as symbols of recognition for employees.

10. *Do you think it is wise for a top executive to fire a manager who is bringing in big sales and profits for the company but not living up to a cultural value of "showing respect for employees"? Explain.*

This question pertains to cultural leadership. A top executive should fire a manager who does not live up to the cultural value of showing respect for employees. Cultural leaders must uphold their commitment to values during difficult times or crises. Upholding the cultural values helps organizations weather a crisis and come out stronger on the other side. Creating and maintaining a high-performance culture is not easy in today's turbulent environment and changing workplace, but through their words— and particularly their actions—cultural leaders let everyone in the organization know what really counts.

Apply Your Skills: Self-Learning

Working in an Adaptability Culture

Although this exercise deals with culture in the workplace, some students may not have much experience with workplace cultures, so it may be useful to ask students about norms on their campus—a culture with which they may be more familiar. Are there styles of dress, books, bags, hangout places, modes of talking, drinking, and dressing, or fitness, that govern what reaction students give to one another? You might also ask them about the clubs or organizations to which they belong. If there are strong norms, then there is a strong culture, whether it is a positive or negative one. Often sororities and fraternities have strong cultures, and they have been criticized for that in recent years because of harsh "hazing" practices. Ask them to compare, if possible, a club or organization with a strong culture and one with a weaker culture and see what the differences are. The discussion of norms on campus and in clubs or other organizations can then be compared to culture in work organizations.

Apply Your Skills: Group Learning

Organizational Culture in the Classroom and Beyond

This exercise asks students to identify cultural norms from their own experiences in three different settings, then discuss the identified norms in groups of four to six students and group the norms by common themes and give each group of norms a title. Students will also discuss the origins of norms, the difference between espoused norms and enacted norms, and responsibility for establishing norms.

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Apply Your Skills: Action Learning

This exercise invites students to think about good and bad experiences they have had at work or student organization and to analyze those situations in terms of corporate culture and the fit between themselves, as individuals, and the culture. Then, with other students, they explore their experiences jointly to identify common factors as well as differences.

Apply Your Skills: Ethical Dilemma

CI Predicament

1. *Go ahead and use the documents to the company's benefit but make clear to your boss that you don't want him passing confidential information to you in the future. If he threatens to fire you, threaten to leak the news to the press.*

This is probably not a good option, since Miquel would feel uncomfortable using the information, knowing that it was received illegally, and it's almost never a good idea to get into a threat/counter-threat argument with your boss.

2. *Confront your boss privately and let him know you're uncomfortable with how the documents were obtained and what possession of them says about the company's culture. In addition to the question of the legality of using the information, point out that it is a public relations nightmare waiting to happen.*

This is probably the best initial option. Miquel should be up front with his boss and let him know he doesn't intend to do anything illegal. If the boss insists on doing it anyway, or threatens him with being fired if he doesn't, then he might consider moving on to Option 3.

3. *Talk to the company's legal counsel and contact the Society of Competitive Intelligence Professionals for guidance. Then with their opinions and facts to back you up, go to your boss.*

After being up front with his boss, Miquel should then go elsewhere if the boss does not support him in this matter.

Apply Your Skills: Case for Critical Analysis

Not Measuring Up

1. *Do you think Zeitland's desire for changes in culture are related to changes in the external environment? Explain.*

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The task environment component of the external organizational environment includes competitors, suppliers, customers, and the labor market. The organization also has an internal environment, which includes the current employees, management, and corporate culture. An increasingly younger workforce, changing consumer tastes, and technological changes in the industry had caused Zeitland to look more closely at culture and employee satisfaction. The goal of the survey and scoring process was to provide feedback in order to assure continuous improvement across a variety of criteria. Hence, Zeitland's desire for changes in culture is related to changes in the external environment as well as internal environment.

2. *What additional investigation might Wheeling and Zeitland undertake before settling on a plan of action?*

Wheeling and Zeitland undertake additional investigation before settling on a plan of action because Cam's score on his management skills and job performance had not improved despite Cam implementing several of the changes from last year's survey. Wheeling and Zeitland should talk to employees and Cam separately to figure out the problem areas.

3. *In which quarter of Exhibit 2.7 Combining Culture and Performance would you place Cam? What are some steps you would recommend that Cam consider to better connect with the employees who report to him?*

Cam could be placed in the first quarter of Exhibit 2.7 under Quadrant A as he meets the performance goals but fails to uphold cultural values. Cam is unable to build a cohesive team. Cam must communicate more to ensure that employees understand him better. He should emphasize on both values and business results to create a high-performance culture.

On the Job Video Cases

(NOTE: The On the Job Video Cases and questions can be found in MindTap.)

Camp Bow Wow: Environment and Corporate Culture

1. *What aspects of Camp Bow Wow's corporate culture are visible and conscious? What aspects are invisible and unconscious?*
   The visible aspects include employee uniform, materials, web presence, and other branded materials. Less visible aspects include the "scrappy" attitude as well as the relationships with franchisees and customers.

2. *Why did Camp Bow Wow have to change its culture when it became a national franchise?*
   Ms. Ganahl noted the importance of consistency and high standards in terms of protecting the brand, caring for animals, and continuing the vision. However, she also noted the importance of flexibility in allowing franchisees to develop their locales while still maintaining the identity of the corporation. Expanding to include franchisees also created new layers of the culture, at the franchise locations, among the franchisees, and the culture involving corporate offices and franchisees.

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3. *What impact does Heidi Ganahl's story have on employees at Camp Bow Wow?*
   Ms. Ganahl's story serves as inspiration to her employees and franchisees when they are facing challenges and she could thus be termed a hero. That she was able to overcome the tragedy of the loss of her husband, her own squandering of the settlement she received, and the challenges she faced when she was first building the company provides them with a sense that they, too, can overcome the challenges they face.

Dish CEO Ergen: I'm Easy To Work With For High Achievers

1. *At the beginning of the video, Charlie Ergen speaks of uncertainty on the part of stockholders and employees. Which parts of the external environment, task or general, creates most of this uncertainty? Does uncertainty arise from both parts of the external environments?*
   While all dimensions of the task and general external environment likely affects the company, most of the uncertainty Mr. Ergen speaks of involves the technological dimension of the general environment and includes advancements in a specific industry, as well as in society. Advances in technology drive competition and help innovative companies gain market share. If companies fail to adapt to technological shifts, they face decline. Mr. Ergen cites the uncertainty of the industry to affect both stockholders and employees. The uncertainty faced by employees becomes a factor of the labor market in the task environment. The company needs employees with the necessary skills, but also those who are self-motivators with low risk sensitivity. This specificity is likely to narrow the applicant pool of employees with a good "fit" for the company. The customer in the task environment also adds to uncertainty. Customer viewing habits are changing and Dish must adapt or get beat out by competitors.

2. *When Mr. Ergen is discussing the internal culture at Dish Network, is he talking more about the surface level of the culture or about the deeper values and shared understandings of the culture?*
   Mr. Ergen seems to be referring more to the deeper values and shared understandings of the culture. He mentions there is no training program so people have to be self-motivated to achieve. The level of uncertainty in the industry means employees must not be adverse to a certain risk level. Mr. Ergen mentions there are people who started in the call center who are executives now and later he mentions the company launched over twenty satellites and initially they did not even know how to spell 'satellite.' While these stories are part of the surface level of the culture, they add to the deeper level self-starter mentality of the culture at Dish Network. The statement from Mr. Ergen about how the company has high expectations from their employees and if you are not used to having high expectations placed on you, you most likely will not be comfortable at Dish Network. This reflects deeper values and a shared understanding within the company's culture.

3. *Of the four types of corporate culture – adaptability, achievement, involvement, and consistency – which type appears to be the culture at Dish Network? Of the three facets of a high-performance culture, which appears to be the most descriptive of the culture at Dish Network?*
   Dish Network appears to embody the adaptability culture, which emerges in an environment requiring fast response and high-risk decision-making. Managers encourage values that support the company's ability to rapidly detect, interpret, and translate signals from the environment into new behaviors. Mr. Ergen states that his company moves 'pretty fast'

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without the bureaucracy of other organizations, adding to the culture of self-motivation. One facet of a high-performance culture encourages individual employee ownership of both bottom-line results and the organization's cultural backbone, which appears to apply to the Dish Network culture. The culture also embodies shared adaptive values that appear to guide decisions and business practices, another facet of the high-performance culture.

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