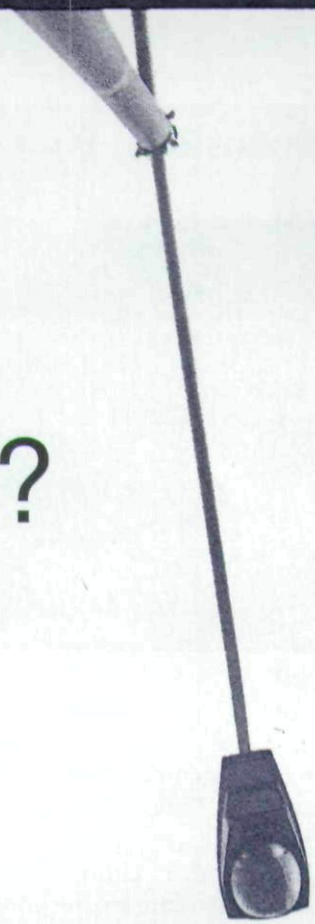
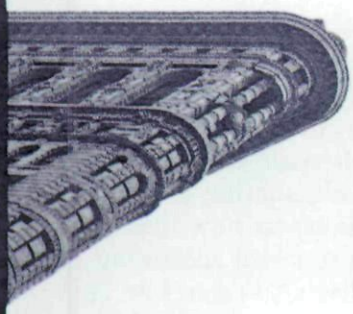
What Holds the Modern Company Together?





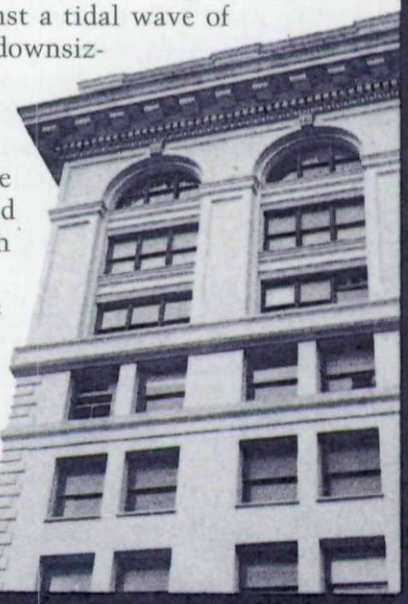
The short answer is culture. But which type is right for your organization?

by Rob Goffee and Gareth Jones

The organizational world is awash with talk of corporate culture – and for good reason. Culture has become a powerful way to hold a company together against a tidal wave of pressures for disintegration, such as decentralization, de-layering, and downsizing. At the same time, traditional mechanisms for integration – hierarchies and control systems, among other devices – are proving costly and ineffective.

Culture, then, is what remains to bolster a company's identity as one organization. Without culture, a company lacks values, direction, and purpose. Does that matter? For the answer, just observe any company with a strong culture – and then compare it to one without.

But what is corporate culture? Perhaps more important, is there one right culture for every organization? And if the answer is no – which we



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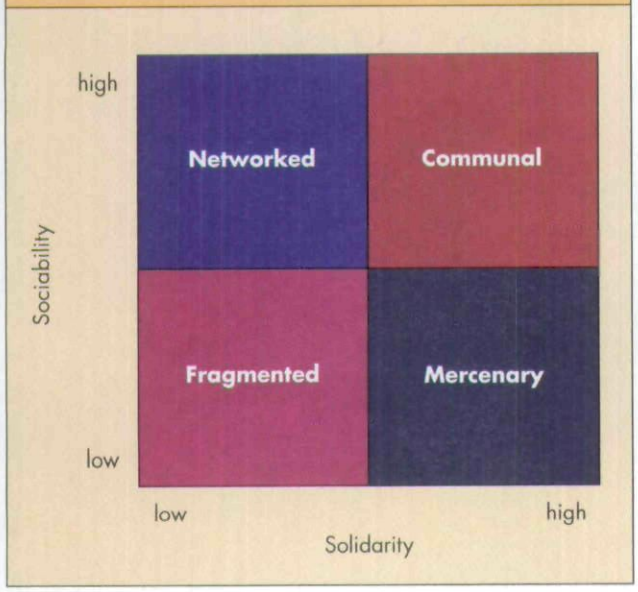
Two Dimensions, Four Cultures



firmly believe – how can a manager change an organization's culture? Those three questions are the subject of this article.

Culture, in a word, is community. It is an outcome of how people relate to one another. Communities exist at work just as they do outside the commercial arena. Like families, villages, schools, and clubs, businesses rest on patterns of social interaction that sustain them over time or are their undoing. They are built on shared interests and mutual obligations and thrive on cooperation and friendships. It is because of the commonality of all communities that we believe a business's culture can be better understood when viewed through the same lens that has illuminated the study of human organizations for nearly 150 years.

That is the lens of sociology, which divides community into two types of distinct human relations: sociability and solidarity. Briefly, *sociability* is a measure of sincere friendliness among members of a community. *Solidarity* is a measure of a community's ability to pursue shared objectives quickly and effectively, regardless of personal ties. These two categories may at first seem not to capture the whole range of human behaviors, but they have stood the test of close scrutiny, in both academia and the field.

What do sociability and solidarity have to do with culture? The answer comes when you plot the dimensions against each other. The result is four types of community: networked, mercenary, fragmented, and communal. (See the matrix "Two Dimensions, Four Cultures.") None of these cultures is "the best." In fact, each is appropriate for different business environments. In other words, managers need not begin the hue and cry for one cultural type over another. Instead, they must know how to assess their own culture and whether it fits the competitive situation. Only then can they consider the delicate techniques for transforming it.

Sociability and Solidarity in Close Focus

Sociability, like the laughter that is its hallmark, often comes naturally. It is the measure of emotional, noninstrumental relations (those in which people do not see others as a means of satisfying their own ends) among individuals who regard one another as friends. Friends tend to share certain ideas, attitudes, interests, and values and usually associate on equal terms. In its pure form, sociability represents a type of social interaction that is valued for its own sake. It is frequently sustained through continuing face-to-face relations characterized by high levels of unarticulated reciprocity. Under these circumstances, there are no prearranged "deals." We help one another, we talk, we share, we laugh and cry together – with no strings attached.

In business communities, the benefits of high sociability are clear and numerous. First, most employees agree that working in such an environment is enjoyable, which helps morale and esprit de corps. Sociability also is often a boon to creativity because it fosters teamwork, sharing of information, and a spirit of openness to new ideas, and allows the freedom to express and accept out-of-the-box thinking. Sociability also creates an environment in which individuals are more likely to go beyond the formal requirements of their jobs. They work harder than is technically necessary to help their colleagues – that is, their community – look good and succeed.

But there also are drawbacks to high levels of sociability. The prevalence of friendships may allow poor performance to be tolerated. No one wants to rebuke or fire a friend. It's more comfortable to accept – and excuse – subpar performance in light of an employee's personal problems. In addition, high-sociability environments are often characterized by an exaggerated concern for consensus. That is to say, friends are often reluctant to disagree with or criticize one another. In business settings, such a tendency can easily lead to diminished debate over goals, strategies, or simply how work gets done. The result: the best *compromise* gets applied to problems, not the best *solution*.

In addition, high-sociability communities often develop cliques and informal, behind-the-scenes networks that can circumvent or, worse, under-

PHOTO: JOANNE DUGAN/GRAPHISTOCK

What Is Your Organization's Culture?

To assess your organization's level of sociability, answer the following questions:	low	medium	high
1. People here try to make friends and to keep their relationships strong			
2. People here get along very well			
3. People in our group often socialize outside the office			
4. People here really like one another			
5. When people leave our group, we stay in touch			
6. People here do favors for others because they like one another			
7. People here often confide in one another about personal matters			
To assess your organization's level of solidarity, answer the following questions:			
1. Our group (organization, division, unit, team) understands and shares the same business objectives			
2. Work gets done effectively and productively			
3. Our group takes strong action to address poor performance			
4. Our collective will to win is high			
5. When opportunities for competitive advantage arise, we move quickly to capitalize on them			
6. We share the same strategic goals			
7. We know who the competition is			

mine due process in an organization. This is not to say that high-sociability companies lack formal organizational structures. Many of them are very hierarchical. But friendships and unofficial networks of friendships allow people to pull an end run around the hierarchy. For example, if a manager in sales hates the marketing department's new strategic plan, instead of explaining his or her opposition at a staff meeting, the manager might talk it over directly (over drinks, after work) to an old friend, the company's senior vice president. Suddenly the plan might be canceled without the marketing department's ever knowing why. In a best-case scenario, this kind of circumvention of systems lends a company a certain flexibility: maybe the marketing plan was lousy, and canceling it through official routes might have taken months. But in the worst case, it can be destructive to loyalty, commitment, and morale. In other words, networks can function well if you are an insider – you know the right people, hear the right gossip. Those on the outside often feel lost in the organization, mistreated by it, or simply unable to affect processes or products in any real way.

Solidarity, by contrast, is based not so much in the heart as in the mind, although it, too, can come naturally to groups in business settings. Its relationships are based on common tasks, mutual interests, or shared goals that will benefit all involved parties. Labor unions are a classic example of high-solidarity communities. Likewise, the solidarity of professionals – doctors and lawyers, for example –

may be swiftly and ruthlessly mobilized if there is an outside competitive threat, such as proposed government regulations that could limit profitability. But, just as often, solidarity occurs between unlike individuals and groups and is not sustained by continuous social relations.

Consider the case of a Canadian clothing maker that wanted to identify strategies to expand internationally. Although its leaders were aware that the company's design, manufacturing, and marketing divisions had a long history of strained relations, they assigned two managers from each to a strategy SWAT team. Despite very little socializing and virtually no extraneous banter, the team worked fast and well together – and for good reason: each manager's bonus was based on the team's performance. After the group's report was done – its analysis and recommendations were top-notch – the managers returned to their jobs, never to associate again. In other words, solidarity can be demonstrated discontinuously, as the need arises. In contrast to sociability, then, it can be expressed both intermittently and contingently. It does not require daily display, nor does it necessarily rest upon a network of close friendships.

The organizational benefits of solidarity in a business community are many. Solidarity generates a high degree of strategic focus, swift response to competitive threats, and intolerance of poor performance. It also can result in a degree of ruthlessness. If the organization's strategy is correct, this kind of focused intent and action can be devastatingly effective. The ruthlessness, by the way, can itself reinforce solidarity: if everyone has to perform to strict standards, an equality-of-suffering effect may occur, building a sense of community in shared experience. Finally, when all employees are held to the same high standards, they often develop a strong sense of trust in the organization. This company treats everyone fairly and equally, the thinking goes; it is a meritocracy that cuts no special deals for favored or connected employees. In time, this trust can translate into commitment and loyalty to the organization's goals and purpose.

> One of the great errors of the recent literature on corporate culture has been to assume that organizations are homogeneous.

But, like sociability, solidarity has its costs as well. As we said above, strategic focus is good as long as it zeroes in on the right strategy. But if the strategy is not the right one, it is the equivalent of corporate suicide. Organizations can charge right over the cliff with great efficiency if they do the wrong things well. In addition, cooperation occurs in high-solidarity organizations only when the advantage to the individual is clear. Before taking on assignments or deciding how hard to work on projects, people ask, "What's in it for me?" If the answer is not obvious or immediate, neither is the response.

Finally, in high-solidarity organizations, roles (that is, job definitions) tend to be extremely clear. By contrast, in cultures where people are very friendly, roles and responsibilities tend to blur a bit. Someone in sales might become deeply involved in a new R&D project – a collaboration made possible by social ties. This kind of overlap usually doesn't happen in high-solidarity environments. Indeed, such environments are often characterized by turf battles, as individuals police and protect the boundaries of their roles. Someone in sales who tried to become involved in an R&D effort would be sent packing – and quickly.

Although our discussion separates sociability and solidarity, many observers of organizational life confuse the two, and it is easy to see why. The concepts can, and often do, overlap. Social interaction at work may reflect the sociability of friends, the solidarity of colleagues, both, or – sometimes – neither. Equally, when colleagues socialize outside work, their interaction may represent an extension of workplace solidarity or an expression of intimate or close friendship. Yet to identify a community's culture correctly and to assess its appropriateness for the business environment, it is more than academic to assess sociability and solidarity as distinct measures. Asking the right questions can help in this process. (See the questionnaire "What Is Your Organization's Culture?")

It is critical, before completing the form, to select the parameters of the group you will be evaluating; for instance, you might assess your entire company with all its divisions and subgroups or a unit as small as a team. Either is fine, as long as you do not change horses in midstream. Our unit of analysis here is primarily the corporation, but we recognize that executives may use the framework to look inside their own organizations, comparing units, divisions, or other groups with one another.

Such an exercise can indeed be instructive. One of the great errors of the recent literature on corporate culture has been to assume that organizations are homogeneous. Just as one organization differs from another, so do units within them. For example, the R&D division of a pharmaceutical company might differ markedly from the manufacturing division in both solidarity and sociability. In addition, there are often hierarchical differences within a single company: senior managers may display an entirely different culture from middle managers, and different still from blue-collar workers.

Is this variation good news or bad news? The answer depends on the situation and requires managerial judgment. Radically different cultures inside a company may very well explain conflict and suggest that intervention is necessary. Similarly, one type of culture throughout a corporation may be a signal that some forms need to be adjusted to account for differing business environments.

The Networked Organization: High Sociability, Low Solidarity

It is perhaps the rituals of what we call networked organizations that are most noticeable to outsiders. People frequently stop to talk in the hallways; they wander into one another's offices with no purpose but to say hello; lunch is an event in which groups often go out and dine together; and after-hours socializing is not the exception but the rule. Many of these organizations celebrate birthdays, field softball teams, and hold parties to honor an employee's long service or retirement. There may be nicknames, in-house jokes, or a common language drawn from shared experiences. (At one networked company, for instance, employees tease one another with the phrase "Don't pull a Richard," in reference to an employee who once fell asleep during a meeting. Richard himself uses the jest as well.) Employees in networked organizations sometimes act like family, attending one another's weddings, anniversary parties, and children's confirmations and bar mitzvahs. They may even live in the same towns.

Inside the office, networked cultures are characterized not by a lack of hierarchy but by a profusion of ways to get around it. Friends or cliques of friends make sure that decisions about issues are made before meetings are held to discuss them. People move from one position to another without the "required" training. Employees are hired without going through official channels in the human resources department – they know someone inside the network. As we have said, this informality can lend flexibility to an organization and be a healthy way of cutting through the bureaucracy. But it also means that the people in these cultures have developed two of the networked organization's key competencies: the ability to collect and selectively disseminate soft information, and the ability to acquire sponsors or allies in the company who will speak on their behalf both formally and informally.

What are the other hallmarks of networked organizations? Their low levels of solidarity mean that managers often have trouble getting functions or operating companies to cooperate. At one large European manufacturer, personal relations among senior executives of businesses in France, Italy, the United Kingdom, and Germany were extremely friendly. Several executives had known one another for years; some even took vacations together. But when the time came for corporate headquarters to parcel out resources, those same executives fought acrimoniously. At one point, they individually subverted attempts by headquarters to introduce a Europe-wide marketing strategy designed to combat the entry of U.S. competition.

Finally, a networked organization is usually so political that individuals and cliques spend much of their time pursuing personal agendas. It becomes hard for colleagues to agree on priorities and for managers to enforce them. It is not uncommon to hear frequent calls for strong leadership to overcome the divisions of subcultures, cliques, or warring factions in networked organizations.

Networked organizations are characterized not by a lack of hierarchy but by a profusion of ways to get around it.

In addition, because there is little commitment to shared business objectives, employees in networked organizations often contest performance measures, procedures, rules, and systems. For instance, at one international consumer-products company with which we have worked, the strategic planning process, the structural relationship between corporate headquarters and operating companies, and the accounting and budgetary control systems were heavily and continually criticized by

Unilever: A Networked Organization

There is a frequently told story within Unilever, the Anglo-Dutch consumer-goods group with worldwide sales of roughly $50 billion. Unilever executives, it is said, recognize one another at airports, even when they've never met before. There's something about the way they look and act – something so subtle it's impossible to pin down in words yet unmistakable to those who have worked for the company for more than a few years.

Obviously, there's a bit of exaggeration in this company legend, but it underscores Unilever's tradition as a networked company – that is, one with a culture characterized by high levels of sociability. For years, the company has explicitly recruited compatible people – people with similar backgrounds, values, and interests. Unilever's managers believe that this corps of like-minded individuals is the reason why its employees work so well together despite their national diversity, why they demonstrate such strong loyalty to their colleagues, and why they embrace the company's values of cooperation and consensus.

Unilever takes other steps to reinforce and increase the sociability in its ranks. At Four Acres, the company's international-management-training center outside London, hundreds of executives a year partake in activities rich in social rituals: multicourse dinners, group photographs, sports on the lawn, and, perhaps above all, a bar that literally never closes. As former chairman Floris Maljers remarks, "This shared experience creates an informal network of equals who know one another well and usually continue to meet and exchange experiences."

In addition to the events at Four Acres, Unilever's sociability is bolstered by annual conferences attended by the company's top 500 managers. The company's leaders use these meetings to communicate and review strategy, but there is much more to them than work. (The intense fraternizing that takes place at these conferences has earned them the nickname Oh! Be Joyfuls!) Maljers notes, "Over good food and drink, our most senior people meet, exchange views, and reconfirm old friendships."

Finally, Unilever moves its young managers frequently – across borders, products, and divisions. This effort is an attempt to start Unilever relationships early, as well as to increase know-how.

Yet these carefully nurtured patterns of sociability have not always been matched by high levels of companywide solidarity. Unilever has found it hard over the years to achieve cross-company coordination and agreement on objectives. It's not that executives fight over strategy as much as "talk it to death" in the search for consensus, says one senior vice president.

Does this networked culture fit Unilever's business environment? In good part, yes. Unilever's managers hail from dozens of countries. This diversity could have been an isolating factor, hindering the flow of information and ideas. But because of the culture's high levels of sociability, there is widespread fellowship and goodwill instead. Second, a key success factor in Unilever's business is proximity to local markets. The organization's low solidarity has kept units focused on their home bases with good results. And finally, until recently, Unilever has been a highly decentralized organization. Simply put, there has been little need for strategic agreement among units.

But Unilever's environment might very well be changing with the emergence of a single European market, which would make coordination among businesses and functions imperative. Indeed, many recent organizational changes – the creation of Lever Europe in the detergents business, for example – can be interpreted as an attempt by Unilever to create higher levels of corporate solidarity, largely through a process of centralization.

In addition, Unilever faces some competitors, such as Procter & Gamble and L'Oréal, known for their high levels of solidarity around corporate goals. This asset has lent Unilever's competitors the ability to accelerate product development processes and exploit market opportunities quickly. Unilever must match those competencies or risk losing clout.

Finally, Unilever's relative lack of solidarity means that management can lose its sense of urgency – a

executives in country businesses. Indeed, the criticism even took on an element of sport, increasing sociability among employees but doing nothing for the already diminished levels of solidarity.

Generally speaking, few organizations start their life cycle in the networked quadrant. By definition, sociability is built up over time. It follows, then, that many organizations migrate there from other quadrants. And despite the political nature of this kind of community, there are many examples of successful networked corporations. These organizations have learned how to overcome the negatives of sociability, such as cliques, gossip, and low productivity, and how to reap its benefits, such as increased creativity and commitment. One method of maximizing the benefits of a networked culture is to move individuals regularly between functions, businesses, and countries in order to limit excessive local identification and help them develop a wider strategic view of the organization. Later on,

competitive advantage in any business environment. This challenge is well known to the company's leaders. As Maljers himself notes, "Everybody may be so busy with friends elsewhere – with the interesting training program, the well-organized course, the next major conference – that complacency sets in. Unfortunately, we have seen this happen in some of our units, especially the more successful ones. It may be necessary to shake up the system from time to time."

This comment underlines one of the biggest risks of the networked organization. Employees may be so busy being friends that they lose sight of the reason they are at work in the first place.

Interestingly, Unilever's recently announced organizational restructuring is designed in part to address some of the negative consequences of the networked form. The company will be broken into 14 business groups, and, according to the plan, each will have a clear business rationale, stretch targets, and transparent accountability. In a booklet sent to all managers, the company described the changes as a means to "establish a simple, effective organization dedicated to the needs of the future. This must provide great clarity of roles, responsibilities, and decision making.... Under the new structure, business groups will make annual contracts on which they must deliver come 'hell or high water.'"

Similarly, in an interview in the September issue of *Unilever* magazine, company chairman Niall FitzGerald identified the values of the new organization in these words: "Simplicity, clarity, and delegation of authority are intended to be the prime virtues of the new organization. A disciplined approach [is essential] – those who have been given the task of delivering results must focus on delivering."

In the terms of our model, this reorganization is clearly an effort to move toward the mercenary quadrant: less politicking (as enjoyable as it might be) and a more ruthless focus on results. But can Unilever let go of its ingrained sociability and take on the behaviors of a high-solidarity enterprise? The company's future performance will tell.

these individuals often become the primary managers of the networked organization's political processes, and they keep them healthy.

High levels of sociability usually go hand in hand with low solidarity because close friendships can inhibit the open expression of differences, the criticism of ideas, and forceful dissent. Constructive conflict, however, is often a precondition for developing and maintaining a shared sense of purpose – that is, solidarity. It would not be surprising, then, to find that well-meaning management interventions to increase strategic focus often consolidate workplace friendships but do little for organizational solidarity. That could account for at least some of the frustrations of those who complain, for example, that the outdoor team-building weekend was great fun but not remotely connected to the daily work of ensuring that the different parts of the business are integrated.

As we have noted, each type of corporate culture has its most appropriate time and place. We have observed that the networked organization functions well under the following business conditions:

□ When corporate strategies have a long time frame. Sociability maintains allegiance to the organization when short-term calculations of interest do not. Consider the case of a company expanding into Vietnam. It might be years before such an effort is profitable, and in the meantime the process of getting operations running may be difficult and frustrating. In a networked culture, employees are often willing to put up with risk and discomfort. They are loyal to their colleagues in an open-ended way. The enjoyment of friendship on a daily basis is its own reward.

□ When knowledge of the peculiarities of local markets is a critical success factor. The reason is that networked organizations are low on solidarity: members of one unit don't willingly share ideas or information with members of another. This would certainly be a strategic disadvantage if success came from employees having a broad, big-picture perspective. But when success is driven by deep and intense familiarity with a unit's home turf, low solidarity is no hindrance.

□ When corporate success is an aggregate of local success. Again, this is a function of low solidarity. If headquarters can do well with low levels of interdivisional communication, then the networked culture is appropriate.

The Mercenary Organization: Low Sociability, High Solidarity

At the other end of the spectrum from the networked organization, the mercenary community is low on hallway hobnobbing and high on data-laden memos. Indeed, almost all communication in a mercenary organization is focused on business matters. The reason: individual interests coincide with corporate objectives, and those objectives are often linked to a crystal clear perception of the "enemy" and the steps required to beat it. As a result, mercenary organizations are characterized by the ability to respond quickly and cohesively to a perceived

Mastiff Wear: A Mercenary Organization

Several years ago, a senior manager at a company we'll call Mastiff Wear, an international manufacturer of popular children's clothing, invited 15 of the company's top executives to dinner at a fancy new restaurant in London. The men and women had just sat down when the host announced a challenge to be completed over dinner: devise a new advertising slogan. The best solution, the host said, would earn a bottle of Dom Pérignon. For the next three hours, the guests took to their task single-mindedly, even tearing up the elegant menus to use as working paper. The restaurant's delicacies passed before them throughout the night, and the executives ate, but few seemed to take notice of where they were. What they were doing was all that mattered.

Not long after, one of the authors of this article met with a similar group of executives at Mastiff Wear. "If I join Mastiff next Monday," he asked them, "what should I know are the rules of success at this organization?" Rule one, he was told: Arrive on Sunday. Rule two: Call your family and tell them you won't be home until next weekend.

Both of these stories illustrate a typical mercenary culture in action: members work long hours and often value work over family life. (The executives in the restaurant worked even when they could have been socializing, and no one complained – or even noticed.) In addition, the stories illustrate this form's high degree of internal competition and strong focus on the achievement of tasks.

Mastiff also embodies several other characteristics of high-solidarity cultures. There are strict standards for performance, and underachievers are dealt with ruthlessly. As one executive remarks, "Once in a while, one of us just disappears." Those who survive are well rewarded – so well that many are able to retire early. Indeed, a common strategy for a Mastiff executive is to work hard, even at the cost of his or her personal life, accumulate wealth, and then leave. Relationships with the organization exist primarily as a means for employees to promote their own interests – career, personal, or otherwise.

In some ways, this mercenary culture has been an apt fit for Mastiff in recent years. The company has had considerable success in the clearly defined distribution channels in which it operates. Internally, a fierce focus on efficiency has ensured that resources are used to the fullest. Little is wasted, and the company does only what it can do best, creating centers of corporate excellence to spread its knowledge. Externally, a strategy of targeting clearly defined sectors – primarily department stores and catalogs – and a clearly identified "enemy" has consistently enabled Mastiff to establish dominant market positions. Most recently, this ability has been illustrated by the company's dramatic entry into the European market – a move that has inflicted considerable damage on a major competitive player there.

But mercenary cultures have their shortcomings. When you successfully occupy the number one position in many markets, as Mastiff has for many years, you may run out of enemies. As a result, you may lose the competitive edge that originally brought your company a sense of urgency and the collective will to win. In addition, Mastiff, like many mercenary cultures, may have suffered from excessive strategic focus. In this case, a characteristic concern with operational efficiencies proved barely adequate when competitors were gaining market share from new-product development. Focusing on one or two issues is a strength, of course. The danger is that you can lose sight of what's happening on the horizon.

opportunity or threat in the marketplace. Priorities are decided swiftly – generally by senior management – and enforced throughout the organization with little debate.

Mercenary organizations are also characterized by a clear separation of work and social life. (Interestingly, these cultures often consist of people whose work takes priority over their private life.) Members of this kind of business community rarely fraternize outside the office, and if they do, it is at functions organized around business, such as a party to celebrate the defeat of a competitor or the successful implementation of a strategic plan.

Because of the absence of strong personal ties, mercenary organizations are generally intolerant of poor performance. Those who are not contributing fully are fired or given explicit instructions on how to improve, with a firm deadline. There is a hard-heartedness to this aspect of mercenary cultures, and yet the high levels of commitment to a common purpose mean it is accepted, and usually supported, in the ranks. If someone has not performed, you rarely hear, for instance, "It was a shame we had to let John go – he was so nice." John, the thinking would be, wasn't doing his part toward clearly stated, shared strategic objectives.

Finally, the low level of social ties means that mercenary organizations are rarely bastions of loyalty. Employees may very well respect and like their organizations; after all, these institutions are

usually fair to those who work hard and meet standards. But those feelings are not sentimental or tied to affectionate relationships between individuals. People stay with high-solidarity companies for as long as their personal needs are met, and then they move on.

Without a doubt, the advantages of a mercenary organization can sound seductive in the performance-driven 1990s. What manager would not want his or her company to have a heightened sense of competition and a strong will to win? In addition, because of their focused activity, many mercenary organizations are very productive. Moreover, unhindered by friendships, employees are not reluctant to compete, further enhancing performance as standards get pushed ever higher.

But mercenary communities have disadvantages as well. Employees who are busy chasing specific targets are often disinclined to cooperate, share information, or exchange new or creative ideas. To do so would be a distraction. Cooperation between units with different goals is even less likely. Consider the example of Warner Brothers, the entertainment conglomerate. The music and film divisions, each with its own strategic targets, have trouble achieving synergy – for example, with sound tracks. (Musicians recording on a Warner record label, for instance, might be called on to score a Warner movie.) Compare this situation with that at Disney, a major competitor, which relentlessly and profitably exploits synergies between its movie characters – from Snow White to Simba – and its merchandising divisions.

The mercenary organization works effectively under the following business conditions:

□ When change is fast and rampant. This type of situation calls for a rapid, focused response, which a mercenary organization is able to mount.

□ When economies of scale are achieved, or competitive advantage is gained, through creating corporate centers of excellence that can impose processes and procedures on operating companies or divisions. For example, the Zürich-based diversified corporation ABB Asea Brown Boveri builds worldwide centers of excellence for product groups. Its Finnish subsidiary Stromberg has become the world leader in electric drives since its acquisition in 1986, and it now sets the standard for the ABB empire.

□ When corporate goals are clear and measurable, and there is therefore little need for input from the ranks or for consensus building.

□ When the nature of the competition is clear. Mercenary organizations thrive when the enemy – and the best way to defeat it – are obvious. The mercenary organization is most appropriate when one enemy can be distinguished from many. Komatsu, for example, made *Maru-C* – translated as "Encircle Caterpillar" – its war cry back in 1965 and focused all its strategic efforts during the 1970s and early 1980s on doing just that, aided effectively by a high-solidarity culture. By contrast, IBM zigzagged strategically for years, unable to identify its competition until the game was nearly up. Its cultural type during that time is not known to us, but we can guess with confidence that it wasn't mercenary.

The Fragmented Organization: Low Sociability, Low Solidarity

Few managers would volunteer to work for or, perhaps harder still, run a fragmented organization. But like strife-ridden countries, unfriendly neighborhoods, and disharmonious families, such communities are a fact of life. What are their primary characteristics in a business setting?

Perhaps most notably, employees of fragmented organizations display a low consciousness of organizational membership. They often believe that they work for themselves or they identify with occupational groups – usually professional. Asked at a party what he does for a living, for instance, a doctor at a major teaching hospital that happens to have this kind of culture might reply, "I'm a surgeon," leaving out the name of the institution where he is employed. Likewise, organizations that have this kind of culture rarely field softball teams – who would want to wear the company's name on a T-shirt? – and employees engage in none of the extracurricular rites and rituals that characterize high-sociability cultures, considering them a waste of time.

> In mercenary organizations, you rarely hear, for instance, "It was a shame we had to let John go – he was so nice."

This lack of affective interrelatedness extends to behavior on the job. People work with their doors shut or, in many cases, at home, going to the office only to collect mail or make long-distance calls.

They are often secretive about their projects and progress with coworkers, offering information only when asked point-blank. In extreme cases, members of fragmented organizations have such low levels of sociability that they attempt to sabotage the work of their "colleagues" through gossip, rumor, or overt criticism delivered to higher-ups in the organization.

This culture also has low levels of solidarity: its members rarely agree about organizational objectives, critical success factors, and performance standards. It's no surprise, then, that high levels of dissent about strategic goals often make these organizations difficult to manage top-down. Leaders often feel isolated and routinely report feeling as if there is no action they can take to effect change. Their calls fall on deaf ears.

Low sociability also means that individuals may give of themselves on a personal level only after careful calculation of what they might get in return. Retirement parties, for example, are often sparsely attended. Indeed, any social behavior that is discretionary is unlikely to take place.

We realize it must sound as if fragmented organizations are wretched places to work – or at least appeal only to the hermits or Scrooges of the business world. But situations do exist that invite, or even benefit from, such a culture, and further, this kind of environment is attractive to individuals who prefer to work alone or to keep their work and personal lives entirely separate.

In our research, we have seen fragmented organizations operate successfully in several forms. First, the culture functions well in manufacturing concerns that rely heavily on the outsourcing of piecework. Second, the culture can succeed in professional organizations, such as consulting and law firms, in which highly trained individuals have idiosyncratic work styles. Third, fragmented cultures often accompany organizations that have become virtual: employees work either at home or on the road, reporting in to a central base mainly by

University Business School: A Fragmented Organization

Despite how unpleasant it sounds to work where both sociability and solidarity are lacking, there are indeed environments that invite such cultures and do no harm whatsoever to the organization, its people, or its products in the process. Still, there is the stigma of an "unfriendly" organization to contend with, which is the reason this case study uses a disguised name for its subject.

University Business School is typical of its breed: it offers an M.B.A. program and several shorter executive programs. Its other products are books, reports, and scholarly articles. The school achieves all this smoothly, with remarkably low levels of social interaction of any kind among members of the community.

Take sociability. At UBS, professors work mainly on their own, researching their specialty, preparing classes, writing articles, and assessing students' papers. Often this work is done at home or in the office, behind closed doors displaying Do Not Disturb signs. Many professors have demanding second jobs as consultants to industry. Therefore, when social contact does occur, it is with clients, students, or research sponsors rather than with colleagues. In fact, faculty members may actively avoid sociability on campus in order to maximize discretionary time for private consulting work and research for publication.

As for solidarity, UBS professors see themselves foremost as part of an international group of scholars, feeling no particular affinity for the institution that employs them. Their occupational group, they believe, sets the standards and controls outputs, such as journal articles. In addition, it shapes employment opportunities and determines career progress. There is no point, the professors' thinking goes, concerning themselves with the goals and strategies of an institution that does not have direct bearing on their day-to-day work or future pursuits.

As we have said, however, none of this diminished sociability or solidarity compromises the competitive position of UBS, a highly renowned institution. The reason is that many professors do indeed do their best work alone or with scholars from other institutions who share similar interests. Moreover, M.B.A. and other academic programs don't necessarily need input from groups of staff members; most professors know what to teach and are disinclined in any case to take the advice of others. Indeed, the only reason for meetings in this environment is to decide on academic appointments and promotions. This activity involves consideration of scholarship, which requires neither sociability nor solidarity. Finally, UBS need not worry that its employees are losing focus or urgency about their work – one of the biggest risks of low-solidarity organizations. On the contrary. UBS attracts a self-selecting group of highly autonomous, sometimes egocentric individuals who are motivated, not alienated, by the freedoms of the fragmented organization.

In short, the success of UBS underscores our point: there is no generic ideal when it comes to corporate community. If the culture fits, wear it.

electronic means. Of course, fragmented organizations sometimes reflect dysfunctional communities in which ties of sociability or solidarity have been torn asunder by organizational politics, downsizing, or other forms of disruption. In these cases, the old ties of friendship and loyalty are replaced by an overriding concern for individual survival, unleashing a war of all against all.

The last unhealthy scenario aside, however, a fragmented culture is appropriate under the following business conditions:

□ When there is little interdependence in the work itself. This might occur, for example, in a company in which pieces of furniture or clothing are subcontracted to individuals who work out of their homes and then assembled at another site. A second example might be a firm composed of tax lawyers, each working for different clients.

□ When significant innovation is produced primarily by individuals rather than by teams. (This, it should be noted, is becoming increasingly rare in business, as cross-disciplinary teams demonstrate the power of *unlike* minds working together.)

□ When standards are achieved by input controls, not process controls. In these organizations, time has proven that management's focus should be on recruiting the right people; once they have been hired and trained, their work requires little supervision. They are their own best judges, their own harshest taskmasters.

□ When there are few learning opportunities between individuals or when professional pride prevents the transfer of knowledge. In an international oil-trading company we have worked with, for example, employees who traded Nigerian oil never shared market information with employees trading Saudi crude. For one thing, they weren't given any incentive to take the time to do so; for another, each group of traders took pride in knowing more than the other. To give away information was to give away the prestige of being at the top of the field – a market insider.

The Communal Organization: High Sociability, High Solidarity

A communal culture can evolve at any stage of a company's life cycle, but when we are asked to illustrate this form, we often cite the characteristics of a typical small, fast-growing, entrepreneurial start-up. The founders and early employees of such companies are close friends, working endless hours in tight quarters. This kinship usually flows into close ties outside the office. In the early days of Apple Computer, for instance, employees lived together, commuted together, and spent weekends together, too. At the same time, the sense of solidarity at a typical start-up is sky high. A tiny company has one or at most two products and just as few goals (the first usually being survival). Because founders and early employees often have equity in the start-up, success has clear, collective benefits. In communal organizations, everything feels in sync.

People in fragmented organizations often work with their doors shut or at home.

But, as we have said, start-ups don't own this culture. Indeed, communal cultures can be found in mature companies in which employees have worked together for decades to develop both friendships and mutually beneficial objectives.

Regardless of their stage of development, communal organizations share certain traits. First, their employees possess a high, sometimes exaggerated, consciousness of organizational identity and membership. Individuals may even link their sense of self with the corporate identity. Some employees at Nike, it is said, have the company's trademark symbol tattooed above their ankles. Similarly, in the early days of Apple Computer, employees readily identified themselves as "Apple people."

Organizational life in communal companies is punctuated by social events that take on a strong ritual significance. The London office of the international advertising agency J. Walter Thompson, for instance, throws parties for its staff at exciting, even glamorous, locations; recent events were held at the Hurlingham Club and the Natural History Museum in London. The company also offers its employees a master class on creativity that features a speech by a celebrity. Dave Stewart, former guitarist of the rock band the Eurythmics, even played a set during his presentation. And finally, Thompson holds an annual gala awards ceremony for the company's best creative teams. Winners go to lunch in Paris. Other communal companies celebrate entrance into their organizations and promotions with similar fanfare.

The high solidarity of communal cultures is often demonstrated through an equitable sharing of risks and rewards among employees. Communal organizations, after all, place an extremely high

British-Borneo Petroleum Syndicate: A Communal Organi

Synergy is a term that gets bandied about quite a bit, as in "Wouldn't it be terrific if our divisions, operating companies, or functional areas had more synergy? Then they could learn from one another and share new ideas – even exchange market or technological information." This hope, while admirable in theory, often remains just that in practice – a hope.

Not so at British-Borneo Petroleum Syndicate, where a communal culture – combining high sociability and high solidarity – dovetails effectively with the company's strategic need for cooperation and interchange among functions and locations. Indeed, the synergy among groups at British-Borneo is perhaps its greatest competitive advantage. The London-based company, which has grown more than tenfold in the 1990s to reach a market capitalization of $550 million in 1996, explores for and produces oil and gas in the North Sea and the Gulf of Mexico. Success in this kind of endeavor arises from speed of movement, risk management, and the innovative use of technology – which in this context can come only out of cross-functional teams. Success is also linked to well-orchestrated, complex interfaces with other players in the market and with governments. And finally, success comes from employees committing to strategies that are rather long-term. The exploration phase for most ventures will take several years, and production – hence cash flow – often lags a few years beyond that.

British-Borneo's high levels of sociability can be seen in the honest and relaxed way employees interact. They talk about their feelings openly and often help one another out – without making deals. In addition, they are a team that plays together out of the office – at picnics, parties, and ball games. This conviviality is, in some part, management's doing. Managers have systematically tried to recruit compatible people with similar interests and backgrounds. And they have improved on this foundation with regular team-building events such as Outward Bound courses for all new hires, frequent social events, and active support of company softball, track, and sailing teams. Everyone in the company is invited to participate, from board members to clerks.

British-Borneo's sociability, however, has not come at the expense of solidarity. The company's employees display a strong sense of urgency and will to win. They are clearly committed to a common purpose. Indeed, in the United Kingdom, the company's strategy is known and understood by people of every rank, including secretaries and other support personnel. The widespread knowledge and acceptance of British-Borneo's objectives have come about through careful effort. The company devotes considerable time and energy to hammering out – through workshops and brainstorming sessions – a collective vision that is owned by the staff.

Interestingly, despite the company's high levels of sociability, British-Borneo employees are not reluctant to speak their mind. (Ordinarily, friendships preclude tough criticism or disagreement.) Staff members

value on fairness and justice, which comes into sharp focus particularly in hard times. For example, during the 1970 recession, rather than lay people off, Hewlett-Packard introduced a 10% cut in pay and hours across every rank. It should be noted that the company's management did not become demonized or despised in the process. In fact, what happened at Hewlett-Packard is another characteristic of communal companies: their leaders command widespread respect, deference, and even affection. Although they invite dissent, and even succeed in receiving it, their authority is rarely challenged.

Solidarity also shows itself clearly when it comes to company goals and values. The mission statement is often given front-and-center display in a communal company's offices, and it evokes enthusiasm rather than cynicism.

Finally, in communal organizations, employees are very clear about the competition. They know which companies threaten theirs – what they do well, how they are weak – and how they can be overcome. And not only is the external competition seen clearly, its defeat is also perceived to be a matter of competing values. The competition has as much to do with an organization's purpose – the reason it exists – as it has with winning market share or increasing operating margins.

Given all these characteristics, it is perhaps not surprising that many managers see the communal organization as the ideal. Solidarity alone may be symptomatic of excessive instrumentalism. Employees may withdraw their cooperation the moment they become unable to identify shared advantage. In some cases, particularly where there are well-established performance-related reward systems, this attitude may be reflected in an exaggerated concern with those activities that produce measurable outcomes. By contrast, organizations that are characterized primarily by sociability may lose their sense of purpose.

However, where both sociability and solidarity are high, a company gets the best of both worlds – or

zation

are encouraged to strip things down to reality when they communicate about the company's business. This frankness creates an atmosphere of challenge and debate, which is one of the hallmarks of a high-solidarity environment.

Finally, British-Borneo is a classic high-solidarity environment in its adherence to strict performance standards. The culture does not tolerate underachievement. Outstanding results are generously rewarded, but it is not unusual for someone who does not measure up to be asked to leave, sooner rather than later.

We've mentioned some of the sources of British-Borneo's culture, but it is critical to note that perhaps the most important source is CEO Alan Gaynor, whose charismatic leadership sets an example. Gaynor participates in the company's many social functions, for example, and is open about his feelings. At the same time, he is intolerant of subpar performance and is relentlessly focused on strategic goals.

That Gaynor is a major driver of British-Borneo's communal culture, however, is emblematic of one of this form's challenges. While a communal culture is usually difficult to attain and sustain, a strong leader can manage both to powerfully effective ends. But should the leader ever leave, the community he or she created can easily collapse. Because of its fragility, a communal culture is also difficult to export. That is the challenge Gaynor faces today, in fact, as British-Borneo's embryonic operations in Houston, Texas, go through a dramatic expansion.

does it? The answer is that the communal culture may be an inappropriate and unattainable ideal in many business contexts. Our research suggests that it seems to work best in religious, political, and civic organizations. It is much harder to find commercial enterprises in this quadrant. The reason is that many businesses that achieve the communal form find it difficult to sustain. There are a number of possible explanations. First, high levels of sociability and solidarity are often formed around particular founders or leaders whose departure may weaken either or both forms of social relationship. Second, the high-sociability half of the communal culture is often antithetical to what goes on inside an organization during periods of growth, diversification, or internationalization. These massive and complex change efforts require focus, urgency, and performance – the stuff of solidarity in its undiluted form.

More profoundly, though, there may be a built-in tension between relationships of sociability and solidarity that makes the communal business enterprise an inherently unstable form. The sincere geniality of sociability doesn't usually coexist – it can't – with solidarity's dispassionate, sometimes ruthless focus on achievement of goals. When the two do coexist, as we have said, it is often in religious or volunteer groups. Perhaps one reason is that people tend to join these groups after they've become familiar with, and agree with, their objectives. (A church's policies, procedures, beliefs, and goals, for instance, are made well known to prospective members before they join. Once inside the organization, members find little "strategic" dissension to get in the way of friendship.) By contrast, when people consider employment at a business enterprise, they may not know what the organization's beliefs and values are – or they may know them and disagree with them but join the organization anyway for financial or career reasons. Over time, their objections may manifest themselves in low-solidarity behaviors.

In their attempts to mimic the virtues of communal organizations, many senior managers have failed to think through whether high levels of both sociability and solidarity are, in fact, what they need. Again, from our research, it is clear that the desirable mix varies according to the context. In what situations, then, does a communal culture function well?

□ When innovation requires elaborate and extensive teamwork across functions and perhaps locations. Increasingly, high-impact innovation cannot be achieved by isolated specialists. Rather, as the knowledge base of organizations deepens and diversifies, many talents need to combine (and combust) for truly creative change. For example, at the pharmaceutical company Glaxo Wellcome, research projects are undertaken by teams from different disciplines – such as genetics, chemistry, and toxicology – and in different locations. Without such teamwork, drug development would be much slower and competitive advantage would be lost.

□ When there are real synergies among organizational subunits and real opportunities for learning. We emphasize the word *real* because synergy and learning are often held up as organizational goals without hard scrutiny. Both are good – in theory. In practice, opportunities for synergy and learning among one company's divisions may not actually exist or be worth the effort. However, when they do exist, a communal culture unquestionably helps.

□ When strategies are more long-term than short-term. That is to say, when corporate goals won't be reached in the foreseeable future, managerial mechanisms are needed to keep commitment and focus

high. The communal culture provides high sociability to bolster relationships (and the commitment that accompanies them) and high solidarity to sustain focus. Indeed, we have seen communal cultures help enormously as organizations have gone global – a long and often tortuous process during which strategies have a tendency to be open ended and emergent, as opposed to the sum of measurable milestones.

□ When the business environment is dynamic and complex. Although many organizations claim to be in such an environment, it is perhaps most pronounced in sectors like information technology, telecommunications, and pharmaceuticals. In these industries, organizations interface with their environment through multiple connections involving technology, customers, the government, competition, and research institutes. A communal culture is appropriate in this kind of environment because its dynamics aid in the synthesis of information from all these sources.

There may be a built-in tension between sociability and solidarity that makes communal cultures inherently unstable.

Changing the Culture

There is clearly an implied argument here that organizations should strive for a form of community suited to their environment. Reality is never so neat. In fact, managers continually face the challenge of adjusting their corporate community to a changing environment. Our research suggests that over the last decade, a number of large, well-established companies with strong traditions of loyalty and collegiality have been forced, mostly through competitive threat, to move from the networked to the mercenary form. To describe the process as tricky does not do it justice. It is perhaps one of the most complex and risk-laden changes a manager can face.

Consider the example of chairman and president Jan D. Timmer of the Dutch electronics company Philips. Once a monumentally successful company, Philips lost its competitive edge in the mid-1980s and even came close to collapse. Timmer (and many observers) attributed much of the company's troubles to its corporate culture. Sociability was so extreme that highly politicized cliques ruled and healthy information flow stopped, particularly between R&D and marketing. (During this period, many of Philips's new products flopped; critics said the reason was that they provided technology that consumers didn't particularly want.) Meanwhile, authority was routinely challenged, as were company goals and strategies. Management's lack of control allowed many employees to relax on the job. They had little concern with performance standards and no sense of competitive threat. In short, Philips demonstrated many of the negative consequences of a networked organization. However, given the industry's primary success factors – innovation, market focus, and fast product rollout – Philips needed a mercenary or communal culture to stay even, not to mention get ahead.

Timmer attempted just such a transformation, first by trying to lower managers' comfort level. He implemented measurable, ambitious performance targets and held individuals accountable to them. In the process, many long-serving executives left the company or were sidelined. Timmer also conducted frequent management conferences, at which the company's objectives, procedures, and values were clearly communicated. He demanded commitment to these goals, and those employees who did not conform were let go. In this way, solidarity was increased, and Philips's performance began to show it.

As performance began to improve markedly, Timmer made efforts to restore some of the company's sociability, which had been lost during the turnaround – thus moving the company from mercenary toward communal. Meetings began to focus on the company's values and on gaining consensus. In short, Timmer was trying to reestablish loyalty to Philips and connections among its members. Timmer was scheduled to retire in October, and it remains to be seen in what direction his successor, Cor Boonstra, will take the company.

Boonstra's challenge is formidable. Once organizations try to reduce well-established ties of sociability, they can inadvertently unleash a process that is difficult to control. Unpicking emotional relationships may make solidarity difficult, too. The result: organizations can devolve toward an inappropriate fragmented form. From there, recovery can be difficult.

This precise phenomenon, in fact, can be seen in the uncomfortable transition now occurring in the

British Broadcasting Corporation. Its director general, John Birt, has tried to focus the organization – long known for its quality programming and public service – on efficiency and productivity. In the process, strict performance standards have been set, and colleagues have had to vie against one another for scarcer resources. As sociability has diminished, talented individuals who once saw themselves as part of a communal culture have railed against what they consider target-oriented changes. Some have decided to stay and stubbornly defend their own interests; others have chosen to leave. With its communal culture heading toward a fragmented one, the BBC faces no alternative but to reinvent itself.

How, then, does an organization change its culture from one type to another without wreaking too much damage? How does a manager tweak levels of sociability or solidarity?

Clearly, the tools required to manipulate each dimension are different. And using them involves understanding why a culture has taken its current form in the first place – why, that is, a culture possesses its present levels of sociability and solidarity. Neighborhoods, book clubs, and *Fortune* 100 companies can all be friendly for myriad reasons – the example set by a leader, the personalities of certain members, the physical setting of the organization or its history, or simply the amount of cash in the bank. Likewise, solidarity can arise for many reasons. Our purpose here has been not to analyze *why* organizations have different levels of sociability and solidarity but to examine *what happens* to their culture when they do, and what that means for managers who seek satisfied employees and strong performance. However, before attempting to change levels of sociability or solidarity, a manager needs to think a bit like a doctor taking on a new patient. The patient's past and current conditions are not only relevant but also critically important to assessing the best future treatment.

Our research shows that to increase sociability, managers can take the following steps:

Promote the sharing of ideas, interests, and emotions by recruiting compatible people – people who naturally seem likely to become friends. Before hiring a candidate, for instance, a manager might arrange for him or her to have lunch with several current employees in order to get a sense of the chemistry among them. This kind of activity need not be covert. Trying to find employees who share interests and attitudes can even be stated as an explicit goal. In itself, such an announcement may signal that management seeks to increase sociability.

Increase social interaction among employees by arranging casual gatherings inside and outside the office, such as parties, excursions – even book clubs. These events might be awkward at first, as employees question their purpose or simply feel odd associating outside a business setting. One way around this problem is to schedule such gatherings during work hours so that attendance is essentially mandatory. It is also critical to make these interactions enjoyable so that they create their own positive, self-reinforcing dynamic. The hard news for managers is that sometimes this orchestrated socializing requires spending money, which can be difficult to rationalize to the finance department. However, if the business environment demands higher levels of sociability, managers can consider the expenditure a good investment in long-term profitability.

Reduce formality between employees. Managers can encourage informal dress codes, arrange offices differently, or designate spaces where employees can mingle on equal terms, such as the lunchroom or gym.

Limit hierarchical differences. There are several means to this end. For one, the organization chart can be redesigned to eliminate layers and ranks. Also, hierarchy has a hard time coexisting with shared facilities and open office layouts. Some companies have narrowed hierarchical differences by ensuring that all employees, regardless of rank, receive the same package of benefits, park in the same lot (with no assigned spaces), and get bonuses based on the same formula.

How does an organization change its culture from one type to another without wreaking too much damage?

Act like a friend yourself, and set the example for geniality and kindness by caring for those in trouble. At one communal company we know of, management gave a three-month paid leave of absence to an employee whose young son was ill, and then allowed her to work on a flexible schedule until he was completely well. Sociability is increased when this caring extends beyond crisis situations – for

instance, when management welcomes the families of its employees into the fold by inviting them to company picnics or outings. Indeed, many high-sociability companies hold Christmas parties for the children of employees or give each family a special holiday present.

To build solidarity, managers can take the following steps:

Develop awareness of competitors through briefings, newsletters, videos, memos, or E-mail. For example, as Timmer worked to move Philips toward the mercenary form, he exhorted his managers to take a new, hard look at the company's Japanese competitors. Breaking a longtime organizational taboo, he praised Japanese quality highly and compared Japanese products favorably with those his company made.

Create a sense of urgency. Managers can promote a sense of urgency in their people by developing a visionary statement or slogan for the organization and communicating it relentlessly. In the late 1980s, for example, Gerard van Schaik, then chairman of the board of Heineken, took his company global with the internal war cry Paint the World Green. The message was clear, focused, and action oriented. It worked. Today Heineken is the most international beer company in the world.

Stimulate the will to win. Managers can hire and promote individuals with drive or ambition, set high standards for performance, and celebrate success in high-profile ways. Mary Kay, the Texas-based cosmetics company, is famous for giving its top saleswomen pink Cadillacs. In most other organizations, a large check or public recognition – or both – does the same job. Similarly, an incentive system that rewards corporate performance (rather than or in addition to unit and personal performance) underscores the importance of the company's overall achievement.

Encourage commitment to shared corporate goals. To do so, managers can move people between functions, businesses, and countries to reduce strong subcultures and create a sense of one company. Disney, for example, identifies highfliers – candidates that show promise – and then moves them through five divisions in five years. These individuals then carry the organization's larger strategic picture and purpose with them throughout their later positions at Disney, pollinating each division in the process.

Building the Right Community

So far, we have stressed three primary points. First, knowing how your organization measures up on the dimensions of sociability and solidarity is an important managerial competence. Second, knowing whether the company's culture fits the business environment is critical to competitive advantage. And third, there is no golden quadrant that guarantees success. We must stress, however, that our model for analyzing culture and its fit with the business context is a dynamic one. Business environments do not stay the same. Similarly, organizations have life cycles. Successful organizations need a sense not just of where they are but of where they are heading. This demands a subtle appreciation of human relations and an awareness that manipulating sociability on the one hand and solidarity on the other involves very different challenges.

Finally, we have claimed that patterns of organizational life are often conditioned by factors outside the organization, such as the competition, the industry structure, and the pace of technological change. But a company's culture is also governed by choices. Senior executives cannot avoid or deny this fact. Managers can increase the amount of sociability in their staffs by employing many of the devices listed above; similarly, they can manipulate levels of solidarity through the decisions they make. In short, these choices have the ability to affect what kinds of experiences members of an organization enjoy – and don't – on a day-to-day basis. Executives are therefore left with the job of managing the tension between creating a culture that produces a winning organization and creating one that makes people happy and allows the authentic expression of individual values. This challenge is profound and personal, and its potential for impact on performance is enormous. Culture *can* hold back the pressures for corporate disintegration if managers understand what culture means – and what it means to change it.

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