

Organizational Culture: Preferences and Realities

Rachel Edgington & Grady Bruce

GMAC[®] Research Reports • RR-06-11 • June 7, 2006

Abstract

An understanding of the organizational culture preferences of new hires is required in order to achieve a person-organization fit—the key to reducing job turnover and maintaining a committed workforce. In addition, because all organizations socialize new hires (formally or informally) to understand “the way things are done around here,” a knowledge of preferences that are changeable—and those that are not—is both valuable and necessary. In this study we provided findings on the changeability of organizational culture preferences, the gaps between organizational preferences and realities, and findings on differences in preferences across five world regions and four countries—all with an emphasis on graduates with MBA degrees.

Job turnover is a major concern for organizations. The cost for recruiting new hires in the United States averages \$6,000 (Leibowitz, Schollossberg, & Shore, 1991), and, for new MBA hires, the worldwide average is \$12,073 (Schoenfeld, 2005). These recruiting costs alone make it in the best interest of the organization to reduce turnover, but when the monetary and nonmonetary costs of training, start-up time, and integration into the organization’s operations and culture are also considered, the importance of reducing job turnover becomes even more apparent.

Previous research suggests that turnover can occur when new hires fail to integrate into the organizational culture (Leibowitz, Schollossberg, & Shore, 1991; Cable & Parson, 2001) or when there is a lack of person-organization fit (Chatman, 1991). Research further suggests that a fit between organizations and their employees results in greater commitment to the organization, higher job satisfaction, and reduced intention to leave (e.g., Bretz & Judge, 1994; Chatman, 1989; O’Reilly, Chatman, & Caldwell, 1991; McMillan & Lopez, 2001). As such, person-organization fit is a key to maintaining a committed workforce, which is especially important in today’s competitive business environment and increasingly tight labor market.

Both selection and socialization process determine successful person-organization fit (Chatman, 1991). The selection process involves a mutual assessment between the prospective employee and the organization (McMillan & Lopez, 2001; Cable & Parson, 2001). Then, once the individual is selected and hired, organizations employ a series of techniques to ensure a smooth process of socialization and acculturation. Organizational socialization is the process by which employees learn the values, abilities, expected behaviors, and social knowledge that are essential for integrating effectively into an organization (Louis, 1980; Selmer & de Leor, 1993; Chatman, 1991). When the socialization process is effective, employees’ personal values become aligned with organizational values, and values are a fundamental element in most definitions of organizational culture.

Organizational culture is a system of values and beliefs that form the foundation of an organization’s management practices and behaviors (Denison, 1990). Deshpandé and Farley (1999) draw on research by Quinn (1988) to categorize four types of organizational cultures: Competitive (which emphasizes competitive advantage and market superiority); Entrepreneurial (which emphasizes innovation and risk taking); Bureaucratic (which emphasizes internal regulations and formal

structures); and Consensual (which emphasizes loyalty, tradition, and internal focus). Organizations typically exemplify a combination of these four types of culture, but with an emphasis on particular types.

The extent to which prospective employees select an organization and new employees acculturate into an organization is dependent on the fit between the individual and the organizational culture. Individuals possess personal values, preferences, and expectations before they enter an organization. And an individual's national culture influences their unique values and norms. Geert Hofstede (1980, 1991) developed four dimensions of differences in values that constitute elements of national cultures that are especially relevant to research on management; and Hofstede and Bond (1988) added a fifth dimension. The first dimension is Power Distance, defined as the acceptable degree of inequality among people. In a culture with high Power Distance, such as France and India, you could expect a preference for relatively bureaucratic organizations (Deshpandé & Farley, 1999; Overby, 2005). The second dimension is Individualism, the degree to which people prefer to act as individuals, often expecting personal, rather than group, awards. Much has been written about the individualism of Western cultures compared to the collectivism of Eastern cultures. The third dimension is Masculinity, the degree to which "masculine" values, such as assertiveness and competition, are preferred over "feminine" values, such as importance of relationships and service. The fourth dimension is Uncertainty Avoidance, which is the degree to which people prefer structured situations in which the rules about how they should behave are clear (Hofstede, 1980). France is an example of a culture that emphasizes uncertainty avoidance. French managers often emphasize rules, regulations, and control of employees (Overby, 2005). Finally, the fifth dimension is long-term orientation, the degree to which a culture focuses on the future.

Although Hofstede's work has been widely cited in the social sciences, recent research has questioned the extent to which differences in cultural values and related concepts are country related (Gerhart & Fang 2005). Indeed, these authors demonstrate that Hofstede incorrectly interpreted the results of his statistical analysis and that only between 2% and 4% of the variance in the items he analyzed is

explained by country differences. Other objections relate not so much to Hofstede's work, but to the way in which it has been applied. Bearden et al. (2005) argue that Hofstede's VSM and VSM 94 are intended to measure "aggregate-level values at the country level" and are not appropriate for measuring "individual-level behavioral phenomena" (pp. 195-6).

Leung et al. (2005), in their comprehensive review of advances in the understanding of the relationship between culture and international business, note that "recently scholars have argued that, instead of addressing whether or not national culture makes a difference, it is more useful to address the issue of how and when it makes a difference" (p. 368). Accordingly, these authors point to the need to understand factors that moderate the influence of culture. The study of HRM practices is an area in which this has been done extremely well. Aycan (2005), for example, derives 35 propositions from published studies that describe the complex interactions of culture and institutional/structural contingencies (e.g., organization size, type of industry/job, public/private sector) associated with differences in HRM practices. As Leung et al. (2005) conclude: "Yes, culture does matter. However, there will be certain circumstances when it matters more, and others when it matters less" (p. 370).

In addition to studies of the influence of culture, past research has made general connections between selection and socialization experiences and an individual's preferences and changes in preferences. The socialization research literature has discovered much about how new employees learn about a culture after they enter an organization; however, little research has been conducted on an individual's organizational culture preferences prior to employment (for an exception, see Cable & Parson, 2001; Cable, Aiman-Smith, Mulvey, & Edwards, 2000). Understanding individual values and preferences in the context of organizational culture and the organization's socialization process is especially important today, as business is becoming more and more global. Multinational companies are increasingly interested in promoting their organizational culture to improve control, coordination, and integration of their subsidiaries. In addition, globalization produces workforces that are increasingly heterogeneous. This places additional demands on human resource personnel as they coordinate selection decisions.

Because person-organization fit is a key factor in maintaining a committed workforce, and because workforces are becoming increasingly heterogeneous, it is important to understand the organizational culture preferences of potential employees. This paper reports the result of a study conducted to increase this understanding through the pursuit of answers to two research questions:

1. To what extent are the organizational culture preferences of new hires affected by organizational socialization; and
2. To what extent do individuals from different cultures differ in their preferences?

The focus of the study is on individuals who graduate with MBA degrees. To answer the first question, the study reports the organizational culture preferences of MBA students prior to the selection and socialization process. These preferences are compared to MBA alumni with 18 months of post-MBA work experience and post-MBA organizational socialization. Preferences of MBA students are compared to actual organizational culture as reported by MBA employers to determine to what extent the preferences of the MBA students are likely to be satisfied in reality. Preferences of MBA alumni are compared to actual organizational culture to determine the extent to which preferences are modified by the organization. To answer the second question, differences in preferences of MBA students by world region and select countries are examined. Data for the study are from surveys sponsored by the Graduate Management Admission Council® (GMAC®), a not-for-profit education association best known around the world as provider of the Graduate Management Admission Test® (GMAT®). We do not, in pursuit of answers to the second question, mean to suggest that cultural influences bind either the behavior of individuals or organizations, nor that cultural influences operate in a simplistic manner without complex interactions that ultimately determine outcomes. Rather, in asking and answering our two questions, we wish to present to the HRM and OB communities previously unavailable information on MBAs, highly valued additions to organizations' workforces.

Methodology

The findings reported are based on surveys among three constituencies: MBA graduates, MBA alumni, and MBA employers. We first discuss the general methodology used in the surveys and then the specific methodologies for each of the three surveys utilized in this paper.

The surveys use a Web-based survey methodology, allowing the investigator to collect information from global samples in a cost-efficient manner that ensures a high level of data quality. Item non-response errors are eliminated using available technology that requires questions to be answered before advancing further—an error elimination method not possible in a mail survey. Randomization can be used to control for order bias.

Although some researchers have reservations about a “digital divide”—potential gaps in Web-based survey coverage—the populations and samples used in this research have access to computers and the Internet and are generally well-versed in their use, thus eliminating the greatest concerns with this mode of data collection.

Global MBA® Graduate Survey

The Global MBA® Graduate Survey, first implemented in 2000, is an annual survey of students in their final year of graduate business school. The survey objectives are to gauge the opinions of graduating students regarding their education and the value of the MBA degree, to gather information on how students choose the school they attend, whether they would recommend their school, and what they intend to do with their degree after graduation, as well as other objectives.

To develop the sample for Global MBA® Graduate Surveys, schools are asked to provide email addresses for their graduates. A link to the online survey is sent directly to sample members by GMAC® or, in some cases, by the schools themselves. Data from Global MBA® Graduate Surveys conducted in 2002, 2004, and 2005 are used in this study because questions were asked in these survey years on the organization culture preferences of graduates. Table I shows the number of schools participating, the

sampling frames, sample sizes, and response rates for each of the years. As the table shows, an average of 126 schools participated during these years, and the average response rate was 32%. Seventy-nine percent of respondents are

from schools located in the United States. Schools located in other world regions contributed the balance of respondents, as follows: Europe, 9%; Canada, 8%; and Asia/Australia, 4%.

Table I. Global MBA Graduate Surveys				
	2002	2004	2005	Average
Number of Schools	113	128	136	126
Sampling Frame	15,027	18,504	18,520	17,350
Sample Size	4,736	6,223	5,829	5,596
Response Rate	32%	34%	31%	32%

Respondents to Global MBA® Graduate Surveys indicate their citizenship by selecting from a list of 214 specific countries (plus one “other country” category). In order to explore possible differences in the cultural preferences of graduates from different regions of the world, five regional categories were created: Asia, Canada, United States, Latin America and the Caribbean, and Europe. Some respondents, of course, could not be included in these world regions and they are excluded from the analysis. Results are based on a combined sample of respondents from Global MBA® Graduate Surveys conducted in 2002, 2004, and 2005. Citizens of 137 of the 214 specific countries are represented in this combined sample. Due to the large sample sizes, a $p < .01$ significance level is used in this analysis, as large samples are likely to produce statistically significant results. This .01 level reduces the possibility of concluding that results are statistically significant when those same results may not be practically significant.

MBA Alumni Perspectives Survey

The MBA Alumni Perspectives Survey is a biannual panel survey of graduate business school alumni who previously participated in Global MBA® Graduate Surveys. The survey objectives are to understand first and/or current job characteristics; track changes in responsibilities, promotions, and salaries; assess the performance of graduate management education; and monitor the educational needs of alumni, as well as other objectives.

The analysis for this paper is based on results from the MBA Alumni Perspectives Survey conducted in March 2002. A sub-sample of alumni from the class of 2000

with 18 months of post-MBA work experience is used.¹ The response rate to the March 2002 survey was 61%.

Corporate Recruiters Survey

The Corporate Recruiters Survey, an annual survey of MBA employers, was first implemented in the 2001–2002 recruiting season. The survey objectives are to gather information that graduate business school professionals, MBA students, and prospective students can use to gauge the job market and better understand employer expectations; to gather information MBA employers can use to develop recruiting and hiring plans; and to provide comprehensive data to business school professionals and employers that they can use to benchmark their MBA recruiting practices.

Results from the 2003–2004 Corporate Recruiters Survey are used in this study. To develop the sample for the Corporate Recruiters Survey, schools are asked to provide the names and email addresses of those who recruit at their schools. For the 2003–2004 survey, 209 schools were invited to participate and 79 agreed to do so (a response rate among schools of 37.8%). This produced a sampling frame of 11,463 recruiters and a sample size of

¹ Both the 2002 Global MBA® Graduate Survey and the Alumni Perspectives Survey were conducted in March 2002. The decision to use a sub-sample of graduates from the MBA class of 2000 controls for possible environmental effects (social and economic) on results and assures that respondents have been exposed to post-MBA organizational socialization.

1,299 (a response rate of 11.3%). A company-based analysis of respondents showed a response rate among companies of 21.3%.

In summary, then, the samples used to answer the two research questions are as follows:

1. To what extent are the organizational culture preferences of new hires affected by organizational socialization? Three samples are used: a sample of all graduates who participated in the Global MBA® Graduate Survey 2002, a sub-sample of alumni who participated in an MBA Alumni Perspectives Survey conducted at the same time (i.e., those who graduated in 2000), and a sample of corporate recruiters.
2. To what extent do individuals from different cultures differ in their preferences? One sample is used: a combined sample of graduates who participated in Global MBA® Surveys 2002, 2004, and 2005 that is subdivided by world region or country of citizenship.

To assess organizational culture and respondent preferences (where applicable), nine pairs of items were presented that can be used to describe organizational culture. Respondents to graduate and alumni surveys were presented with the following:

Each of the following pairs of items can be used to describe organizational culture. Most organizations reflect a mixture, but most people prefer one or the other item in each pair. Please select the item in each pair that best describes your preference for organization culture.

Respondents to the Corporate Recruiters Survey were asked to select the item that best described their organization. Table 2 lists the nine pairs of items, along with a summary descriptor (e.g., focus, competition-cooperation, etc.). The item pairs are from earlier GMAC® research among registrants for the GMAT®. The summary descriptors were not presented to respondents. In order to control for order bias, the item pairs were randomized when presented on respondents' screens.

Table 2. Organizational Culture Descriptors: Item Pairs	
Pair Descriptor	Item Pairs
Focus	Focus on company success
	Focus on public good
Competition-cooperation	Internal competition
	Cooperative atmosphere
Career path	Well-defined career path
	Flexible career opportunities
Atmosphere	Formal atmosphere
	Informal atmosphere
Goals	Clear, well-communicated vision
	Flexible, adaptable corporate goals
Procedures	Formalized procedures
	Loosely defined procedures
Rewards	Individual performance-based reward
	Team-based reward
Responsibilities	Clearly defined responsibilities
	Varied/fluid responsibilities
Decision-making	Centralized decision-making
	Decentralized decision-making

Percentages of respondents preferring each item in the nine pairs (graduates and alumni) or describing their organization with the item (corporate recruiters) are used to summarize responses. ANOVA is used to evaluate the overall statistical significance of differences across groups used in each analysis, and post hoc Bonferroni tests are used to evaluate the significance of differences between pairs of groups. This involved coding the items in each pair as either 1 or 2 and assumes that the underlying scale is interval. While it could be argued that the underlying scales are ordinal, rather than interval, and that a nonparametric analysis may be more appropriate, the large sample sizes in most analyses suggest that a more conservative approach would not have yielded results substantially (or meaningfully) different from those achieved with ANOVA.

Findings

Graduates, Alumni, and Organization Reality

MBA graduates in the Global MBA® Survey 2002 indicated their preferences for organizational culture using the same nine pairs of items that respondents of the

Corporate Recruiters Survey 2003–04 used to describe the actual culture in their organizations. In addition, alumni of the MBA graduating class of 2000 indicated their preferences for organizational culture in the MBA Alumni Perspectives Survey conducted when they had about eighteen months of post-MBA work experience. It is possible, then, to evaluate (1) the extent to which preferences of graduates are likely to be satisfied in reality and (2) the extent to which preferences of alumni may be modified by reality. The data necessary to do this are presented in Table 3. In this table, the cultural pairs are ranked from those on which there is most agreement among corporate recruiters (e.g., focus, competition-cooperation) to those for which there is least agreement (e.g., responsibilities, decision-making). As noted earlier, ANOVA was used with post hoc Bonferroni tests to evaluate statistical significance; results of these analyses are presented in Appendix I. Conclusions are drawn based on a significance level of $p < .05$. Even though the data utilized in this portion of the study are cross-sectional rather than longitudinal, we follow the convention of generalizing about effects as if they were being experienced by individuals over time.

Table 3. Organizational Culture Preferences and Realities

Organizational Culture Preferences		MBA Students (Class of 2002) n = 4,736	MBA Alumni (Class of 2000) n = 378	MBA Employers (2003–04) n = 1,279
Focus	Company success	73%	85%	86%
	Public good	27%	15%	14%
	Total	100%	100%	100%
Competition-cooperation	Internal competition	8%	16%	20%
	Cooperative atmosphere	92%	84%	80%
	Total	100%	100%	100%
Career path	Well-defined career path	15%	23%	21%
	Flexible career opportunities	85%	77%	79%
	Total	100%	100%	100%
Atmosphere	Formal atmosphere	16%	19%	31%
	Informal atmosphere	84%	81%	69%
	Total	100%	100%	100%
Goals	Clear, well-communicated vision	76%	69%	65%
	Flexible, adaptable corporate goals	24%	31%	35%
	Total	100%	100%	100%

Table 3. Organizational Culture Preferences and Realities

Organizational Culture Preferences		MBA Students (Class of 2002) n = 4,736	MBA Alumni (Class of 2000) n = 378	MBA Employers (2003–04) n = 1,279
Procedures	Formalized procedures	56%	52%	63%
	Loosely defined procedures	44%	48%	37%
	Total	100%	100%	100%
Rewards	Individual performance-based	57%	71%	62%
	Team-based	43%	29%	38%
	Total	100%	100%	100%
Responsibilities	Clearly defined responsibilities	47%	39%	41%
	Varied/fluid responsibilities	53%	61%	59%
	Total	100%	100%	100%
Decision-making	Centralized decision-making	16%	31%	48%
	Decentralized decision-making	84%	69%	52%
	Total	100%	100%	100%

Focus. Students have a significantly greater preference for a focus on public good than do alumni. And the preference of alumni for a focus on public good matches organization reality, as reflected in the descriptions of recruiters.

Competition-cooperation. The preference of students for a cooperative atmosphere significantly exceeds the preferences of alumni; and the preferences of alumni significantly exceed organization reality.

Career path. Students have a significantly greater preference for flexible career opportunities than do alumni. And the preference of alumni for flexible career opportunities matches organization reality, as reflected in the descriptions of recruiters.

Atmosphere. Both students and alumni have a significantly greater preference for an informal atmosphere than the reality described by recruiters.

Goals. Students have a significantly greater preference for a clear, well-communicated vision than do alumni. And the preference of alumni for a clear, well-communicated vision matches organization reality, as reflected in the descriptions of recruiters.

Procedures. Both students and alumni have a significantly lower preference for formalized procedures than the reality described by recruiters.

Rewards. Alumni have a significantly greater preference for individual performance-based rewards than do students or the description of reality given by recruiters. And the description given by recruiters significantly exceeds the preferences of students.

Responsibilities. Students have a significantly lower preference for varied, fluid responsibilities than do alumni. And the preference of alumni for varied, fluid responsibilities matches organization reality.

Decision-making. The preference of students for decentralized decision-making significantly exceeds the preferences of alumni; and the preferences of alumni significantly exceed organization reality.

This analysis suggests that organization reality has its most powerful influence on the modification of the individual in four areas:

- Focus. The preference for a focus on public good as opposed to a focus on company success.
- Career path. The preference for flexible career opportunities as opposed to a well-defined career path.
- Goals. The preference for a clear, well-communicated corporate vision as opposed to flexible, adaptable career goals.
- Responsibilities. The preference for varied, fluid responsibilities as opposed to clearly defined responsibilities.

Organization reality appears less powerful in modifying the preferences of individuals in two areas. In these areas, the preferences of alumni move in the direction of organization reality but remain significantly different from it:

- Competition-cooperation. The preference for a cooperative rather than competitive atmosphere.
- Decision-making. The preference for decentralized decision-making rather than centralized decision-making.

In two other areas, organization reality appears to have no effect on individual preferences:

- Atmosphere. The preference for an informal atmosphere over a formal one.
- Procedures. The preference for loosely defined procedures over formalized procedures.

Finally, in one area—Rewards—the preference of alumni (within 18 months of graduation) for individual performance-based rewards appears to be intensified by their organizational experience. The preference of alumni for individual, performance-based rewards is greater than that of students or organizational reality as described by recruiters.

Cultural Preferences In Five World Regions

Table 4 shows the organizational culture preferences of citizens from the five world regions; the same order of cultural item pairs is used as in the previous analysis. The analyses of statistical significance (ANOVA) contained in Appendix II show that graduates differ significantly in their preferences across the five regions for all nine pairs of cultural orientation.

Table 4. Preferences of Graduates from Five World Regions

Organizational Culture Preferences		Asia n = 2,863	United States n = 9,665	Canada n = 1,141	Latin America n = 774	Europe n = 1,620
Focus	Company success	76%	72%	74%	78%	77%
	Public good	24%	28%	26%	22%	23%
	Total	100%	100%	100%	100%	100%
Competition-cooperation	Internal competition	13%	10%	11%	8%	10%
	Cooperative atmosphere	87%	90%	89%	92%	90%
	Total	100%	100%	100%	100%	100%
Career path	Well-defined career path	31%	21%	19%	24%	18%
	Flexible career opportunities	69%	79%	81%	76%	82%
	Total	100%	100%	100%	100%	100%

Table 4. Preferences of Graduates from Five World Regions

Organizational Culture Preferences		Asia n = 2,863	United States n = 9,665	Canada n = 1,141	Latin America n = 774	Europe n = 1,620
Atmosphere	Formal atmosphere	23%	21%	19%	23%	14%
	Informal atmosphere	77%	79%	81%	77%	86%
	Total	100%	100%	100%	100%	100%
Goals	Clear, well-communicated vision	76%	77%	78%	73%	73%
	Flexible, adaptable corporate goals	24%	23%	22%	27%	27%
	Total	100%	100%	100%	100%	100%
Procedures	Formalized procedures	65%	58%	53%	69%	54%
	Loosely defined procedures	35%	42%	47%	31%	46%
	Total	100%	100%	100%	100%	100%
Rewards	Individual performance-based	55%	67%	62%	51%	60%
	Team-based	45%	33%	38%	49%	40%
	Total	100%	100%	100%	100%	100%
Responsibilities	Clearly defined responsibilities	69%	47%	45%	58%	54%
	Varied/fluid responsibilities	31%	53%	55%	42%	46%
	Total	100%	100%	100%	100%	100%
Decision-making	Centralized decision-making	22%	24%	18%	13%	16%
	Decentralized decision-making	78%	76%	82%	87%	84%
	Total	100%	100%	100%	100%	100%

Results of the post hoc Bonferroni tests show whether respondents from each region differ significantly from those of other regions in their preferences. Conclusions

made possible through interpretation of Table 4 and Appendix II are contained in Table 5.

Table 5. Comparisons of Organizational Culture Preferences among World Regions

Cultural Orientation	Citizens of this World Region Prefer the Orientation	Significantly More than Citizens of this World Region
Focus on company success	Asia, Latin America, Europe	U.S.
Cooperative atmosphere	U.S., Latin America, Europe	Asia
Flexible career opportunities	U.S., Canada, Latin America, Europe	Asia
	Europe	Latin America
Informal atmosphere	Europe	Asia, U.S., Latin America
Clear, well-communicated vision	U.S.	Europe
Formalized procedures	Asia, Latin America	U.S., Canada, Europe
	U.S.	Canada, Europe

Table 5. Comparisons of Organizational Culture Preferences among World Regions

Cultural Orientation	Citizens of this World Region Prefer the Orientation	Significantly More than Citizens of this World Region
Individual, performance-based rewards	U.S., Canada	Asia
	U.S.	Latin America, Europe
	Canada, Europe	Latin America
Varied, fluid responsibilities	U.S., Canada, Latin America, Europe	Asia
	U.S., Canada	Latin America, Europe
Decentralized decision-making	Latin America, Europe	Asia
	Canada, Latin America, Europe	U.S.

Tables 4 and 5 show the following regional differences:

Focus. While the majority of graduates from all world regions prefer a focus on corporate success, those from the United States are significantly more likely to prefer a focus on the public good than are those from Asia, Latin America, and Europe.

Competition-cooperation. The majority of graduates from all world regions prefers a focus on a cooperative atmosphere. Those from Asia are significantly more likely to prefer internal competition than are those from the United States, Latin America, and Europe, although in each world region, the preference for internal competition is the preference of a small minority.

Career path. Asians are significantly less likely to prefer flexible career opportunities than are citizens of all other world regions; and Europeans prefer flexible career opportunities more than do Latin Americans.

Atmosphere. Europeans prefer an informal atmosphere significantly more than do Asians, U.S. citizens, and Latin Americans.

Goals. U.S. citizens prefer a clear, well-communicated vision more than do Europeans.

Procedures. Asians and Latin Americans prefer formalized procedures more than do U.S. citizens, Canadians, and Europeans; and U.S. citizens prefer formalized procedures more than Canadians and Europeans.

Rewards. Individual, performance-based rewards (as opposed to team-based rewards) are preferred more by U.S. citizens and Canadians than Asians; more by U.S. citizens than Latin Americans and Europeans; and more by Canadians and Europeans than by Latin Americans.

Responsibilities. Varied, fluid responsibilities are preferred less by Asians than by citizens of all other world regions; and more by U.S. citizens and Canadians than by Latin Americans and Europeans.

Decision-making. Asians prefer decentralized decision-making less than do Latin Americans and Europeans; and decentralized decision-making is preferred less by U.S. citizens than Canadians, Latin Americans, and Europeans.

Cultural Preferences In Four Countries

While regional analysis is clearly instructive, additional insight into the preferences of graduates can be gained through analysis at the country level. For these analyses, two European countries were selected (United Kingdom and France) and two Asian countries (China and India). As sample sizes are reduced from those in the preceding regional analysis, we return to a $p < .05$ level of significance in the interpretation of results. Table 6 shows the preferences of graduates from the four countries; Appendix III shows the results of ANOVA and post hoc Bonferroni tests.

Table 6. Preferences of Graduates from Four Countries

Organizational Preferences		UK n = 341	France n = 238	China n = 765	India n = 841
Focus	Company success	74%	70%	78%	79%
	Public good	26%	30%	22%	21%
	Total	100%	100%	100%	100%
Competition-cooperation	Internal competition	11%	7%	10%	17%
	Cooperative atmosphere	89%	93%	90%	83%
	Total	100%	100%	100%	100%
Career path	Well-defined career path	16%	14%	36%	27%
	Flexible career opportunities	84%	86%	64%	73%
	Total	100%	100%	100%	100%
Atmosphere	Formal atmosphere	11%	13%	30%	17%
	Informal atmosphere	89%	87%	70%	83%
	Total	100%	100%	100%	100%
Goals	Clear, well-communicated vision	72%	73%	78%	76%
	Flexible, adaptable corporate goals	28%	27%	22%	24%
	Total	100%	100%	100%	100%
Procedures	Formalized procedures	46%	63%	69%	62%
	Loosely defined procedures	54%	37%	31%	38%
	Total	100%	100%	100%	100%
Rewards	Individual performance-based	57%	54%	59%	57%
	Team-based	43%	46%	41%	43%
	Total	100%	100%	100%	100%
Responsibilities	Clearly defined responsibilities	37%	61%	77%	63%
	Varied/fluid responsibilities	63%	39%	23%	37%
	Total	100%	100%	100%	100%
Decision-making	Centralized decision-making	14%	16%	33%	13%
	Decentralized decision-making	86%	84%	67%	87%
	Total	100%	100%	100%	100%

As Appendix III shows, graduates across the four countries do not differ significantly in their preferences for goals (a clear, well-communicated vision versus flexible, adaptable corporate goals), nor do they differ in their preferences for individual, performance-based or

team-based rewards. There are inter-country differences for the seven other cultural pairs. Examination of Table 6 in conjunction with Appendix III reveals the significant inter-country differences; and these are summarized in Table 7.

Table 7. Comparisons of Organizational Culture Preferences in Four Countries		
Cultural Orientation	Citizens of this Country Prefer the Orientation	Significantly More than Citizens of this Country
Focus on company success	India	France
Cooperative atmosphere	UK, France, China	India
Flexible career opportunities	UK, France	China, India
	India	China
Informal atmosphere	UK, France, India	China
Clear, well-communicated vision*	—	—
Formalized procedures	France, China, India	UK
	China	India
Individual, performance-based rewards*	—	—
Varied, fluid responsibilities	UK	France, China, India
	France, India	China
Decentralized decision-making	UK, France, India	China

* There were no significant differences by citizenship for preferences on vision and rewards.

Tables 6 and 7 show the following significant differences among the four countries:

Focus. Citizens of India prefer a focus on company success significantly more than do citizens of France.

Competition-cooperation. Citizens of India prefer a cooperative atmosphere less than do citizens of the other three countries.

Career path. Citizens of both European countries (the United Kingdom and France) prefer flexible career opportunities more than do citizens of both of the Asian countries (China and India); and within Asia, citizens of India prefer flexible career opportunities significantly more than do citizens of China.

Atmosphere. An informal atmosphere is preferred less by citizens of China than by citizens of the other three countries.

Procedures. Formalized procedures are preferred less by citizens of the United Kingdom than by citizens of the other three countries and more by citizens of China than by citizens of India.

Responsibilities. Varied, fluid responsibilities are preferred more by citizens of the United Kingdom than by citizens of the other three countries and more by citizens of France and India than by citizens of China.

Decision-making. Citizens of China prefer decentralized decision-making less than do citizens of the other three countries.

Discussion

The organizational culture preferences of individuals prior to the organizational socialization process are markedly different from reality. This could be a function of context, wherein students are moving out of a cooperative, team-based learning environment into the business world.

The findings from this study suggest that these preferences change as employees have gone through an organization’s socialization process and have gained experience with the realities of the business environment. They move towards a preference for Bureaucratic Culture (which emphasizes internal regulations and formal structures). This may reduce their Uncertainty Avoidance (the degree to which people prefer structured situations in which the rules about how they should behave are clear). This is exactly the purpose of Organizational Socialization (the process by which employees learn the values, abilities, expected behaviors, and social knowledge that are essential for integrating effectively into an organization). Or it could be that the educational

environment fosters (or allows) values that are more idealistic than realistic.

Because value orientations are pervasive in their influence on behavior, it is important that they are fully understood by managers. Leung et al. (2005) assert that, in their experience, “most managers are entirely unaware of the impact of culture” (p. 370). Aycan’s (2005) discussion of the interplay of cultural and institutional/structural contingencies, however, shows just how complex the impact can be. Below we speculate on how some of our findings may impact specific areas with the goal of increasing managerial awareness. In each case, of course, we are only illustrating a possible influence of culture, while ignoring factors that may modify that influence.

Selection. Person-organization fit, as discussed earlier, affects job turnover and job satisfaction. It serves neither the job applicant nor the organization if possible world-region or national differences in organizational culture preferences are not recognized and considered in the selection process. HR managers responsible for coordinating the recruitment of MBA graduates can utilize the findings presented here to sensitize themselves (and others involved in the recruiting process) to the likely cultural preferences of individuals from different world regions and the four specific countries studied here. For example, 31% of Asians prefer a well-defined career path (contrasted with 18% of Europeans). Recruiting efforts targeted toward new MBAs from Asia clearly need to attend to this difference. That is, the recruiter should expect more specific questions about career path and be prepared with answers that are responsive to the differential needs of Asians and consistent with the organization’s practices and needs.

Placement. Decisions about the first job assignment of recently graduated MBAs can also benefit from knowledge of differences in organizational culture preferences. For example, though the majority of graduates from the four countries studied here prefer an informal atmosphere, Chinese MBAs are nearly three times as likely to prefer a formal atmosphere than are MBAs from the United Kingdom (30%, compared with 11%). It would appear incumbent upon those deciding the organizational assignments of a new Chinese MBA hire to consider whether the individual prefers a formal atmosphere and to accommodate that desire for both the benefit of the

individual and the organization. Other findings in this study show that organizational reality is not likely to modify the preferences of alumni, at least not within eighteen months of graduation.

Supervision. Supervisors at all levels of the organization need to be able to distinguish between competence-based and culture-based influences on job performance. To assume a competence-based effect when, in fact, the effect is culture-based risks incorrect personnel actions. For example, Chinese are more than twice as likely to prefer clearly defined responsibilities than are citizens of the United Kingdom (77%, compared with 37%). A Chinese MBA new to the organization could appear to have competence-based performance problems when, in fact, all that is needed is a clearer definition of responsibilities and performance expectations.

Rewards. The collectivist orientation of Asian and Latin American cultures appears to influence the findings in this study—a relative preference for team-based rewards compared with MBAs from other world regions. While the majority of MBAs prefer individual, performance-based rewards regardless of world region, the greater likelihood of Asians and Latin Americans to prefer team-based rewards means that the responses of MBAs from these world regions to reward systems need to be differentially considered. That is, if individual, team-based rewards are intended to be motivational, they may be less effective with Asians and Latin Americans whose reward-structure preferences differ from existing practices. One could incorrectly conclude that an Asian or Latin American “can’t be motivated” when the problem is in the reward system and not the individual.

Socialization. Since the purpose of organizational socialization is to align personal values with organizational values, it is important for both line management and human resource management to understand organizational culture preferences that are changeable—and those that are not. This study sheds light on the values that are most changeable, at least among MBA graduates after 18 months of post-MBA work experience. Expectations of individual change at this point in time in specific organizations and situations should be informed by what this study shows about likely changes in general across organizations.

Globalization. The effects described in the preceding five areas are multiplied in multinational organizations. With many organizations moving from having international divisions to embracing a global perspective and a multinational workforce, many companies strive to instill their organizational culture in all locations to provide necessary coherence, coordination, and control. Close scrutiny of findings on world region and national similarities and differences should aid the management of multinationals in developing recruiting and training programs that will achieve the global perspective they seek.

Further Research

An understanding of the organizational culture preferences of new hires is required in order to achieve a person-organization fit—the key to reducing job turnover and maintaining a committed workforce. In addition, because all organizations socialize new hires (formally or informally) to understand “the way things are done around here,” a knowledge of preferences that are changeable—and those that are not—is both valuable and necessary. In this study we have provided findings on both the changeability of preferences through organizational socialization, as well as findings on differences in preferences across world regions and four countries—all with an emphasis on graduates with MBA degrees.

These findings are important because new MBAs are an important source of talent for organizations: correct selection, placement, and development are critical.

References

- Aycan, Z. (2005). The Interplay between Cultural and Institutional/Structural Contingencies in Human Resource Management Practices. *Journal of Human Resource Management, 16*(7), 1083–1119.
- Bearden, W., Mooney, R., Nevins, J. (2006). Multidimensional Versus Unidimensional Measures in Assessing National Culture Values: The Hofstede VSM 94 Example. *Journal of Business Research, 59*, 195–203,
- Bretz, R., & Judge, T. (1994). Person-Organization Fit and the Theory of Work Adjustment: Implications for Satisfaction, Tenure, and Career Success. *Journal of Vocational Behavior, 44*, 32–54.
- Cable, D., & Parsons, C. (2001). Socialization Tactics and Person-Organization Fit. *Personnel Psychology, 54*(1), 1–23.
- Cable, D., Aiman-Smith, L., Mulvey, P.W., & Edwards, J.R. (2000). The Sources and Accuracy of Job Applicants' Beliefs about Organizational Culture. *Academy of Management Journal, 43*(6), 1076–1085.

Recruiters in the GMAC® Corporate Recruiters Survey 2004–2005 expected to offer an average starting salary to new MBAs of \$78,040 and a total compensation package of \$96,657 (Schoenfeld, 2005). But the number of new hires without MBAs far exceeds the number with MBAs. Thus, the first suggestion for further research is the replication of this study among graduates with baccalaureate degrees. Second, with regard to the changeability of preferences, the study of MBA alumni should be expanded to include stages in the socialization process beyond the 18 months of post-MBA work experience studied here. Third, longitudinal research should be conducted to confirm whether conclusions drawn from our cross-sectional design are supported. Fourth, our research is in the tradition of early studies of cross-national cultural influence, in which the focus is on cross-national differences. Additional research among MBAs should focus on how and when suspected influences do and do not emerge. Finally, the sample of specific countries needs to be expanded to permit further generalizations valuable to multinationals whose operations require integration across cultures and countries.

Contact Information

For questions or comments regarding study findings, methodology or data, please contact the GMAC Research and Development department at research@gmac.com.

- Chatman, J. (1991). Matching People and Organizations: Selection and Socialization in Public Accounting Firms. *Administrative Science Quarterly*, 36(3), 459–484.
- Chatman, J. (1989). Improving Interactional Organizational Research: A Model of Person-Organization Fit. *Academy of Management Review*, 14, 333–349.
- Denison, D. (1990). *Corporate Culture and Organizational Effectiveness*. New York: Wiley.
- Deshpandé, R., & Farley, J. (1999). Executive Insights: Corporate Culture and Market Orientation: Comparing Indian and Japanese Firms. *Journal of International Marketing*, 7(4), 111–127.
- Gerhart, B., & Fang, M. (2005). National Culture and Human Resource Management: Assumptions and Evidence. *Journal of Human Resource Management*, 16(6), 971–986.
- Hofstede, G. (1980). *Culture's Consequences: International Differences in Work-Related Values*. Beverly Hills, CA: Sage Publishing.
- Hofstede, G. (1991). *Culture and Organizations: Software of the Mind*. London: McGraw-Hill.
- Hofstede, G., & Bond, M.H. (1988). Confucius and Economic Growth: New Trends in Culture's Consequences. *Organizational Dynamics*, 16(4), 4–21.
- Leibowitz, Z., Scholossberg, N., & Shore, J. (1991). Stopping the Revolving Door. *Training and Development Journal*, 45(2), 43–50.
- Leung, K., Bhagat, R., Buchan, N., Erez, M., & Gibson, C. (2005). Culture and International Business: Recent Advances and Their Implications for Future Research. *Journal of International Business Studies*, 36(4), 357–378.
- Louis, M. (1980). Surprise and Sense-Making: What Newcomers Experience in Entering Unfamiliar Organizational Settings. *Administrative Science Quarterly*, 25, 226–251.
- McMillan, A., & Lopez, T. (2001). Socialization and Acculturation: Organizational and Individual Strategies Toward Achieving P-O Fit in a Culturally Diverse Society. *The Mid - Atlantic Journal of Business*, 37(1), 19–34.
- O'Reilly, C., Chatman, J., & Caldwell, D. (1991). People and Organizational Culture: A Profile Comparison Approach to Assessing Person-Organization Fit. *Academy of Management Journal*, 34(3), 487–546.
- Overby, J. (2005). An Integrative Review of Customer Value Management and National Culture: France and the United States. *International Journal of Management*, 22(2), 166–175.
- Schneider, S. (1988). National vs. Corporate Culture: Implications for Human Resource Management. *Human Resource Management*, 27(2), 231–246.
- Schoenfeld, G. (2005) *Corporate Recruiters Survey 2004–05 Executive Summary*. McLean, VA: Graduate Management Admission Council®. <http://www.gmac.com/gmac/ResearchandTrends/Tools/CorpRec2004-05ExecSumm.htm> (current January 31, 2006).
- Selmer, J., & De Leon, C. (1993). Organizational Acculturation in Foreign Subsidiaries. *The International Executive*, 35(4), 321–338.

Appendix I Significance Tests for Table 2 Analysis

Significance Tests for Table 2 Analysis					
	ANOVA		Post hoc Bonferonni Tests (Sig.)		
	F, df=2	Sig.	Graduates, Alumni	Graduates, Recruiters	Alumni, Recruiters
Focus	61.7	0.000	0.000	0.000	NS
Competition-cooperation	94.3	0.000	0.000	0.000	0.037
Decision-making	20.0	0.000	0.000	0.000	0.000
Career path	74.5	0.000	0.000	0.000	NS
Goals	309.6	0.000	0.020	0.000	NS
Procedures	31.0	0.000	NS	0.000	0.000
Atmosphere	13.4	0.000	NS	0.000	0.000
Rewards	15.4	0.000	0.000	0.009	0.008
Responsibilities	12.2	0.000	0.005	0.000	NS

Appendix II Significance Tests for Table 3 Analysis

ANOVA Post hoc Bonferonni Tests (Sig.)									
	Focus	Competition-cooperation	Career path	Atmosphere	Goals	Procedures	Rewards	Responsibilities	Decision-making
F, df=3	10.7	7.4	41.3	15.6	4.8	29.3	44.7	123.2	26.4
Sig.	0.000	0.000	0.000	0.000	0.001	0.000	0.000	0.000	0.000
Asia, U.S.	0.000	0.000	0.000	NS	NS	0.000	0.000	0.000	NS
Asia, Canada	NS	NS	0.000	NS	NS	0.000	0.001	0.000	NS
Asia, Latin America	NS	0.000	0.000	NS	NS	NS	NS	0.000	0.000
Asia, Europe	NS	0.006	0.000	0.000	NS	0.000	NS	0.000	0.000
U.S., Canada	NS	NS	NS	NS	NS	0.002	NS	NS	0.000
U.S., Latin America	0.003	NS	NS	NS	NS	0.000	0.000	0.000	0.000
U.S., Europe	0.000	NS	NS	0.000	0.002	0.002	0.000	0.000	0.000
Canada, Latin America	NS	NS	NS	NS	NS	0.000	0.000	0.000	NS
Canada, Europe	NS	NS	NS	NS	NS	NS	NS	0.000	NS
Latin America, Europe	NS	NS	0.007	0.000	NS	0.000	0.000	NS	NS

Appendix III Significance Tests for Table 4 Analysis

Significance Tests for Table 4 Analysis								
	ANOVA		Post hoc Bonferonni Tests (Sig.)					
	F, df=3	Sig.	UK, France	UK, China	UK, India	France, China	France, India	China, India
Focus	3.4	0.017	NS	NS	NS	NS	0.020	NS
Competition-cooperation	9.3	0.000	NS	NS	0.016	NS	0.000	0.000
Career path	24.4	0.000	NS	0.000	0.000	0.000	0.001	0.000
Atmosphere	26.7	0.000	NS	0.000	NS	0.000	NS	0.000
Goals	1.9	NS	NS	NS	NS	NS	NS	NS
Procedures	18.1	0.000	0.000	0.000	0.000	NS	NS	0.019
Rewards	0.6	NS	NS	NS	NS	NS	NS	NS
Responsibilities	58.7	0.000	0.000	0.000	0.000	0.000	NS	0.000
Decision-making	39.3	0.000	NS	0.000	NS	0.000	NS	0.000

© 2006 Graduate Management Admission Council® (GMAC®). All rights reserved.

No part of this publication may be reproduced, stored in a retrieval system, distributed or transmitted in any form by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior written permission of GMAC®. For permission contact the GMAC® legal department at legal@gmac.com.

Creating Access to Graduate Business Education®, Global MBA®, GMAC®, GMAT®, Graduate Management Admission Council®, and Graduate Management Admission Test® are registered trademarks of the Graduate Management Admission Council® (GMAC®).