

# ORGANIZATIONAL CULTURE: PREFERENCES AND REALITIES

Rachel Edgington, Graduate Management Admission Council  
Grady Bruce, California State University-Fullerton

## ABSTRACT

*An understanding of the organizational cultural 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 five world regions, across four countries in two world regions (Europe and Asia), and across countries within a world region (Latin America)—all with an emphasis on graduates with MBA degrees.*

**JEL:** D23, M12, M14, M16, M51, M53, M54

## INTRODUCTION

Job turnover is a major concern for organizations. The cost for recruiting new hires in the United States averages \$6,000 (Leibowitz, Scholossberg, and 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. When the monetary and non-monetary 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, Scholossberg, and Shore, 1991; Cable and 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 and Judge, 1994; Chatman, 1989; O’Reilly, Chatman, and Caldwell, 1991; McMillan and Lopez, 2001). 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 and Lopez, 2001; Cable and Parson, 2001). Once the individual is hired, organizations then 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 and de Leor, 1993; Chatman, 1991). When the socialization process is effective, employees’ personal values align with organizational values, and those 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). An understanding of the organizational cultural 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.

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 eighteen months of post-MBA work experience and post-MBA organizational socialization. To determine the extent to which MBA student preferences will likely be satisfied in reality, their preferences are compared to actual organizational culture reported by MBA employers. In addition, MBA alumni preferences are compared to actual organizational culture to determine the extent to which preferences are modified by the organization. Differences among preferences of MBA students by world region and select countries are examined to answer the second question. 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). In pursuit of answers to the second question, we do not mean to suggest that cultural influences bind the behavior of individuals or organizations or 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.

## LITERATURE REVIEW

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. Additionally, an individual's national culture also 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 and 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 literature exists 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 "between-country differences in cultural values and related concepts are large relative to within-country differences" (Gerhart and Fang 2005). Indeed, these authors demonstrate that Hofstede incorrectly interpreted the results of his statistical analysis and that only between 2 and 4 percent 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. In the study of HRM practices, this has been done extremely well. Aycan (2005), for example, derives thirty-five 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 exists on an individual's organizational culture preferences prior to employment (for an exception, see Cable and Parson, 2001; Cable et al., 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 increasingly heterogeneous workforces. This places additional demands on human resource personnel as they coordinate selection decisions.

## **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.

Surveys were conducted online; therefore, item non-response errors are eliminated using available technology that requires questions to be answered before advancing further. Randomization is used to control for order bias.

### Global MBA<sup>®</sup> Graduate Survey

The Global MBA<sup>®</sup> 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, what they intend to do with their degree after graduation, as well as other objectives.

To develop the sample for Global MBA<sup>®</sup> Graduate Surveys, schools provide email addresses for their graduates. A link to the online survey is sent via email to sample members by GMAC or, in some cases, by the schools themselves. Data from Global MBA<sup>®</sup> 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 1 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 1: Global MBA Graduate Surveys

Survey Aspect	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<sup>®</sup> Graduate Surveys indicate their citizenship by selecting from a list of 214 specific countries, plus “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 could not be included in these world regions and are excluded from the analysis. Results are based on a combined sample of respondents from Global MBA Surveys conducted in 2002, 2004, and 2005. Citizens of 137 of the 214 specific countries are represented in this combined sample.

### MBA Alumni Perspectives Survey

The MBA Alumni Perspective Survey is a biannual panel survey of graduate business school alumni who previously participated in Global MBA<sup>®</sup> 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, monitor the educational needs of alumni, as well as other objectives.

The analysis for this paper is based on results from the MBA Alumni Perspective 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. The response rate to the March 2002 survey was 61%.

Both the 2002 Global MBA<sup>®</sup> 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.

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.

This study uses results from the 2003–2004 Corporate Recruiters Survey. To develop the sample for the Corporate Recruiters Survey, schools provide the names and email addresses of those who hire their students. For the 2003–2004 survey, 209 schools were invited to participate and 79 did so (a response rate among schools of 37.8%). This produced a sampling frame of 11,463 recruiters and a sample size of 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 does organizational socialization affect the organizational culture preferences of new hires? 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 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 describes different types of 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.). Respondents did not see these summary descriptors. In order to control for order bias, the item pairs were randomized when presented on respondents' screens.

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. In this study, ANOVA evaluates the overall statistical significance of differences across groups used in each analysis; and post hoc Bonferroni tests evaluate the significance of differences between pairs of groups. This involves coding the items in each pair as either one or two 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. Due to the large sample sizes, a  $p < .001$  significance level is used in the ANOVA analyses across the three groups—students, alumni, and corporate recruiters, as large samples are likely to produce statistically significant results. This .001 level reduces the possibility of concluding that results are statistically significant when those same results may not be practically significant

## FINDINGS

### Students, Alumni, and Organization Reality

MBA students in the Global MBA<sup>®</sup> 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

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

when they had about eighteen months of post-MBA work experience. It is possible, then, to evaluate (1) the extent to which preferences of students 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 Table 4, which shows ANOVA findings across the three groups, as well as results of the pairwise Bonferroni tests. In the discussion following Table 4, pairwise conclusions are drawn based on a significance level of  $p < .05$ .

Simultaneous consideration of Tables 3 and 4 shows the following: *Focus* - Students have a significantly greater preference for a focus on public good than do alumni. Alumni preferences for a focus on public good match the organization reality reflected by 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. The preference of alumni for flexible career opportunities matches the organization reality reflected in the descriptions from 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. However, the preference of alumni for a clear, well-communicated vision matches the organization reality 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. Furthermore, the description given by recruiters significantly exceeds the preference indicated by students. *Responsibilities*- Students have a significantly lower preference for varied, fluid responsibilities than do alumni. 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.

Table 3: Organizational Culture Preferences and Realities

Company Characteristic	MBA Students (Class of 2002) <i>n</i> = 4,736	MBA Alumni (Class of 2000) <i>n</i> = 378	MBA Employers (2003–04) <i>n</i> = 1,279
Focus*			
Focus on company success	73%	85%	86%
Focus on 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	16%	19%	31%
Informal	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%
Procedures*			
Formalized	56%	52%	63%
Loosely defined	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	47%	39%	41%
Varied/fluid	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%

*In this table, we show the percentages of each group preferring each one of the two items in each of the cultural pairs. As regards Focus, for example, the majority of students, alumni, and employers prefer a focus on company success (73%, 85%, and 86%, respectively). However, 27% of students prefer a focus on public good, contrasted with 15% of alumni and 14% of employers. \* *p* < .001, ANOVA from Table 4*

This analysis suggests that organization reality has its most powerful influence on the modification of the individual in four areas: *Focus* - The preference for public good as opposed to 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.

Table 4: Significance Tests for Table 3 Analysis

Company Characteristic	ANOVA*		Post Hoc Bonferroni Tests (Sig.)		
	F, df=2	Sig.	Students, Alumni	Students, 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

\*ANOVA across the three groups for Table 3 findings is significant for all nine cultural pairs ( $p < .001$ ). As regards the post hoc Bonferroni tests and the pairwise comparisons for Focus in Table 3, for example, the preferences of students differ significantly from those of alumni ( $p < .001$ ) and from those of recruiters ( $p < .001$ ), but the preferences of alumni do not differ significantly from those of recruiters (NS).

### Cultural Preferences in Five World Regions

To answer our second research question, we turn to Table 5—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. ANOVA results show that students differ significantly in their preferences across the five regions for all nine pairs of cultural orientation. Results of the post hoc Bonferroni tests show whether respondents from each region differ significantly from those of each other region in their preferences. Table 6 reports all pairwise comparisons,  $p < .01$ .



Table 5: Preferences of Students from Five World Regions

Company Characteristic	Asia n = 2,863	United States n = 9,665	Canada n = 1,141	Latin America n = 774	Europe n = 1,620	F, df=4	Sig.
<b>Focus</b>							
Focus on company success	76%	72%	74%	78%	77%	10.7	.000
Focus on public good	24%	28%	26%	22%	23%		
Total	100%	100%	100%	100%	100%		
<b>Competition-cooperation</b>							
Internal competition	13%	10%	11%	8%	10%	7.4	.000
Cooperative atmosphere	87%	90%	89%	92%	90%		
Total	100%	100%	100%	100%	100%		
<b>Career path</b>							
Well-defined career path	31%	21%	19%	24%	18%	41.3	.000
Flexible career opportunities	69%	79%	81%	76%	82%		
Total	100%	100%	100%	100%	100%		
<b>Atmosphere</b>							
Formal atmosphere	23%	21%	19%	23%	14%	15.6	.000
Informal atmosphere	77%	79%	81%	77%	86%		
Total	100%	100%	100%	100%	100%		
<b>Goals</b>							
Clear, well-communicated vision	76%	77%	78%	73%	73%	4.8	.001
Flexible, adaptable corporate goals	24%	23%	22%	27%	27%		
Total	100%	100%	100%	100%	100%		
<b>Procedures</b>							
Formalized procedures	65%	58%	53%	69%	54%	29.3	.000
Loosely defined procedures	35%	42%	47%	31%	46%		
Total	100%	100%	100%	100%	100%		
<b>Rewards</b>							
Individual performance-based reward	55%	67%	62%	51%	60%	44.7	.000
Team-based reward	45%	33%	38%	49%	40%		
Total	100%	100%	100%	100%	100%		
<b>Responsibilities</b>							
Clearly defined responsibilities	69%	47%	45%	58%	54%	123.2	.000
Varied/fluid responsibilities	31%	53%	55%	42%	46%		
Total	100%	100%	100%	100%	100%		
<b>Decision-making</b>							
Centralized decision making	22%	24%	18%	13%	16%	26.4	.000
Decentralized decision making	78%	76%	82%	87%	84%		
Total	100%	100%	100%	100%	100%		

In this table, we show the percentages of students from each world region preferring each one of the two items in each of the cultural pairs. As regards Decision-making, for example, the majority of students prefer decentralized decision-making, regardless of world region. The preference for centralized decision-making is lowest among citizens of Latin America, Europe, and Canada (13%, 16%, and 18%, respectively) and highest among citizens of Asia and the United States (22% and 24%, respectively).

Tables 5 and 6 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 prefer 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 Europeans do. *Procedures* - Asians and Latin Americans prefer formalized procedures more than U.S. citizens, Canadians, and Europeans do; and U.S. citizens prefer formalized procedures more than Canadians and Europeans do. *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 are preferred 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.

Table 6: 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
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.

### Cultural Preferences in Four Countries

While regional analysis is clearly instructive, additional insight into the preferences of students 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 7 shows the preferences of graduates from the four countries, as well as ANOVA results across the four countries. .

As Table 7 shows, students 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. For the seven other cultural pairs, ANOVA results show significant differences across the four countries. A summary of significant between-country differences (based on  $p < .05$  for the Bonferroni tests) for these seven other cultural pairs appear in Table 8.

Tables 7 and 8 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 four 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.

Table 7: Preferences of Students from Four Countries

Cultural Orientation	UK n = 341	France n = 238	China n = 765	India n = 841	F, df=3	Sig.
Focus						
Focus on company success	74%	70%	78%	79%	3.4	.017
Focus on public good	26%	30%	22%	21%		
Total	100%	100%	100%	100%		
Competition-cooperation						
Internal competition	11%	7%	10%	17%	9.3	.000
Cooperative atmosphere	89%	93%	90%	83%		
Total	100%	100%	100%	100%		
Career path						
Well-defined career path	16%	14%	36%	27%	24.4	.000
Flexible career opportunities	84%	86%	64%	73%		
Total	100%	100%	100%	100%		
Atmosphere						
Formal atmosphere	11%	13%	30%	17%	26.7	.000
Informal atmosphere	89%	87%	70%	83%		
Total	100%	100%	100%	100%		
Goals						
Clear, well-communicated vision	72%	73%	78%	76%	1.9	NS
Flexible, adaptable corporate goals	28%	27%	22%	24%		
Total	100%	100%	100%	100%		
Procedures						
Formalized procedures	46%	63%	69%	62%	18.1	.000
Loosely defined procedures	54%	37%	31%	38%		
Total	100%	100%	100%	100%		
Rewards						
Individual performance-based reward	57%	54%	59%	57%	0.6	NS
Team-based reward	43%	46%	41%	43%		
Total	100%	100%	100%	100%		
Responsibilities						
Clearly defined responsibilities	37%	61%	77%	63%	58.7	.000
Varied/fluid responsibilities	63%	39%	23%	37%		
Total	100%	100%	100%	100%		
Decision-making						
Centralized decision making	14%	16%	33%	13%	39.3	.000
Decentralized decision making	86%	84%	67%	87%		
Total	100%	100%	100%	100%		

Example: In this table, we show the percentages of students from each of the four countries preferring each one of the two items in each of the cultural pairs. As regards Decision-making, the majority of students prefer decentralized decision-making, regardless of their country of citizenship. However, 33% of the students from China prefer centralized decision-making, contrasted with 14% of those from the UK, 16% of those from France, and 13% of those from India.

Table 8: 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	(No significant differences)	
Formalized procedures	France, China, India	UK
	China	India
Individual, performance-based rewards	(No significant differences)	
Varied, fluid responsibilities	UK	France, China, India
	France, India	China
Decentralized decision-making	UK, France, India	China

### Cultural Differences within a World Region: Latin America

We now shift our focus from an emphasis across world regions and across countries in different world regions to a focus on countries within a world region—specifically, Latin America. Included in this analysis are all Latin American countries in our combined sample of graduating MBA students for which  $n > 30$ : Argentina, Brazil, Chile, Colombia, Mexico, Peru, and Venezuela. Table 9 presents the results. At a significance level of  $p < .01$ , citizens of the seven countries overall differ significantly on only one cultural dimension—atmosphere. Although the majority of Latin Americans prefer an informal atmosphere to a formal one, pairwise comparisons of countries show that citizens of Mexico prefer a formal atmosphere significantly more than do citizens of Argentina and Brazil—35% of Mexicans, contrasted with 12% and 18% of Argentineans and Brazilians, respectively ( $p < .05$ ). Colombians, whose preference for a formal atmosphere matches that of Brazilians, are not included in the contrast because of a smaller sample size (yielding a marginally significant  $p = .059$ ). This effect from smaller sample sizes for Latin American countries than for European and Asian countries in the previous analysis makes the present analysis more suggestive than conclusive. That is, differences across countries for some of the other cultural dimensions should be noted, even if they are not statistically significant. Among these are the preferences of 30% of Colombians and Peruvians for a well-designed career path, contrasted with 18% of Chileans, as well as the preference of 18% of Venezuelans for centralized decision-making, contrasted with 9% of Colombians. Indeed, these differences—essentially exploratory in nature in light of the relatively small sample sizes—offer a foundation for more extensive, large-scale investigations at the country level.

Table 9: Comparisons of Organizational Culture Preferences in Seven Latin American Countries

Cultural Orientation	Argentina n = 86	Brazil n = 113	Chile n = 39	Colombia n = 88	Mexico n = 162	Peru n = 100	Venezuela n = 62	F, df=6	Sig.
Focus									
Focus on company success	83%	75%	82%	76%	80%	81%	77%	.440	NS
Focus on public good	17%	25%	18%	24%	20%	19%	23%		
Total	100%	100%	100%	100%	100%	100%	100%		
Competition-cooperation									
Internal competition	9%	4%	13%	6%	9%	7%	5%	.401	NS
Cooperative atmosphere	91%	96%	87%	94%	91%	93%	95%		
Total	100%	100%	100%	100%	100%	100%	100%		
Career path									
Well-defined career path	21%	20%	18%	30%	28%	30%	19%	1.331	NS
Flexible career opportunities	79%	80%	82%	70%	72%	70%	81%		
Total	100%	100%	100%	100%	100%	100%	100%		
Atmosphere									
Formal atmosphere	12%	18%	18%	18%	35%	24%	21%	3.918	.001
Informal atmosphere	88%	82%	82%	82%	65%	76%	79%		
Total	100%	100%	100%	100%	100%	100%	100%		
Goals									
Clear, well-communicated vision	77%	73%	64%	70%	75%	71%	69%	.688	NS
Flexible, adaptable corporate goals	23%	27%	36%	30%	25%	29%	31%		
Total	100%	100%	100%	100%	100%	100%	100%		
Procedures									
Formalized procedures	59%	70%	72%	65%	71%	79%	65%	2.194	NS
Loosely defined procedures	41%	30%	28%	35%	29%	21%	35%		
Total	100%	100%	100%	100%	100%	100%	100%		
Rewards									
Individual performance-based rewards	56%	44%	54%	45%	56%	41%	52%	2.216	NS
Team-based reward	44%	56%	46%	55%	44%	59%	48%		
Total	100%	100%	100%	100%	100%	100%	100%		
Responsibilities									
Clearly defined responsibilities	55%	61%	59%	61%	59%	56%	48%	.911	NS
Varied/fluid responsibilities	45%	39%	41%	39%	41%	44%	52%		
Total	100%	100%	100%	100%	100%	100%	100%		
Decision-making									
Centralized decision making	12%	12%	10%	9%	12%	13%	18%	.303	NS
Decentralized decision making	88%	88%	90%	91%	88%	87%	82%		
Total	100%	100%	100%	100%	100%	100%	100%		

Example: In this table, we show the percentages of students from each of the seven Latin American countries that prefer each one of the two items in each of the nine cultural pairs. As regards Atmosphere, for example, the majority of students from Latin American countries prefer an informal atmosphere, regardless of their country of citizenship. Thirty-five percent of Mexicans, however, prefer a formal atmosphere, contrasted with 12% of Argentinians and 24% of Peruvians, for example.

## DISCUSSION

Individuals' organizational culture preferences 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). Alternatively, it could be because 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 managers fully understand them. 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 our findings may affect 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 cultural 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 both 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, while the majority of graduates from the four countries studied here prefer an informal atmosphere, Chinese graduates are nearly three times as likely as MBAs from the United Kingdom to prefer a formal atmosphere (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 both 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 citizens are more than twice as likely to prefer clearly defined responsibilities as UK citizens (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. Although the majority of MBAs prefer individual, performance-based rewards regardless of world region, the more common preference for team-based rewards among Asian and Latin American MBAs means their response to reward systems needs 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 with 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 cultural 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 eighteen months of post-MBA work experience. Current expectations of individual change within 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 multinationals 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. 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 cultural 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, across four countries in different world regions, and across seven countries within a world region—all with an emphasis on graduates with MBA degrees.

These findings are important because new MBAs are a fundamental source of talent for organizations: correct selection, placement, and development are critical. Recruiters in the GMAC Corporate Recruiters Survey 2007 expected to offer the typical MBA graduate a base salary of \$85,000 (Murray, 2007). However, 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, as regards the changeability of preferences, the study of MBA alumni should be expanded to include stages in the socialization process beyond the eighteen 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—especially those in Latin America—to

permit further generalizations valuable to multinationals whose operations require integration across cultures and countries.

## REFERENCES

- Aycan, Z. 2005. The Interplay between Cultural and Institutional/Structural Contingencies in Human Resource Management Practices. *Journal of Human Resource Management*, vol. 16(7), p. 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*, vol. 59, p. 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*, vol. 44, p. 32-54.
- Cable, D., & Parsons, C. 2001. Socialization Tactics and Person-Organization Fit. *Personnel Psychology*, vol. 54(1), p. 1-23.
- Cable, D. M., 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*, vol. 43(6), p. 1076-1085.
- Chatman, J. 1991. Matching People and Organizations: Selection and Socialization in Public Accounting Firms. *Administrative Science Quarterly*, vol. 36(3), p. 459-484.
- Chatman, J. 1989. Improving Interactional Organizational Research: A Model of Person-Organization Fit. *Academy of Management Review*, vol. 14, p. 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*, vol. 7(4), p. 111-127.
- Gerhart, B., & Fang, M. 2005. National Culture and Human Resource Management: Assumptions and Evidence. *Journal of Human Resource Management*, vol. 16(6), p. 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*, vol. 16(4), p. 4-21.
- Leibowitz, Z., Scholossberg, N., & Shore, J. 1991. "Stopping the Revolving Door" *Training and Development Journal*, vol. 45(2), p. 43-50.
- Leung, K., Bhagat, R., Buchan, N., Erez, M., & Gibson, C. Culture and International Business: Recent Advances and Their Implications for Future Research. *Journal of International Business Studies*, vol. 36, p. 357-378,



Louis, M. 1980. Surprise and Sense-Making: What Newcomers Experience in Entering Unfamiliar Organizational Settings. *Administrative Science Quarterly*, vol. 25, p. 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*, vol. 37(1), p. 19-34.

Murray, M. 2007. Corporate Recruiters Survey 2007 General Data Report (*GMAC® Survey Series*). Available at <http://www.gmac.com/gmac/ResearchandTrends/Tools/CorpRecSurvey07GeneralDataReport.htm>.

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*, vol. 34(3), p. 487-546.

Overby, J. 2005. An Integrative Review of Customer Value Management and National Culture: France and the United States. *International Journal of Management*, vol. 22(2), p. 166-175.

Schneider, S. 1988. National vs. Corporate Culture: Implications for Human Resource Management. *Human Resource Management*, vol. 27(2), p. 231-246.

Selmer, J., & de Leon, C. 1993. Organizational Acculturation in Foreign Subsidiaries. *The International Executive*, vol. 35(4), p. 321-338.

## **BIOGRAPHY**

Rachel Edgington is currently Director, Market Research and Analysis for the Graduate Management Admission Council®. She is primarily responsible for developing strategy for the development, analysis, and dissemination of the Council's survey research and GMAT® data analysis. She also manages the Management Education Research Institute, which is devoted to increasing and promoting research on graduate management education issues. Prior to joining the Council in 1999, she worked with the U.S. Department of Education, managing the assessment survey program for public schools under desegregation court orders. She received her MA in International and Intercultural Communications from the University of Denver and her MS in Survey Methodology/Social Statistics, a joint program offered by University of Maryland and University of Michigan.

Grady Bruce is former professor and chair of marketing, The University of Texas at Austin and professor emeritus, California State University, Fullerton. His publications have focused on consumer behavior, marketing research, and graduate management education. He has served on the editorial review boards of *Journal of Marketing*, *Journal of Marketing Research*, *Journal of Business Research*; and as associate editor, *Journal of the Academy of Marketing Science*. The *International Journal of Management and Marketing Research* recently appointed him to the editorial advisory board.