

Chapter Two: International and Organizational Culture

Chapter Synopsis

Chapter 2 begins with a definition of Organizational Culture and then describes how it affects individuals, groups, and organizational processes, how organizational cultures come into being, and how culture can be influenced. The chapter explores Hofstede's work on the value dimensions of a society, defined in terms of *power distance*, *uncertainty avoidance*, *individualism*, and *masculinity*. It continues by defining socialization and how the socialization process influences individuals in organizations as they go through three stages: *anticipatory socialization*, *accommodation*, and *role management*.

The authors characterize effective socialization, explain how mentors can bolster it, and discuss the challenges of socialization.

Learning Objectives

After completing this chapter, students should be able to:

1. Give examples of how culture and values influence workplace behavior
2. Describe the key components and levels of organizational culture
3. Explain the various methods that managers use to influence culture change
4. Identify ways in which socialization sustains organizational culture
5. Compare the characteristics of effective socialization

Key Terms

national culture—The sum total of the beliefs, rituals, rules, customs, artifacts, and institutions that characterize the population of the nation.

values—The guidelines and beliefs that a person uses when confronted with a situation in which a choice must be made.

supportive organizational climate—The amount of perceived support employees receive from their co-workers, supervisor, and other departments that helps them successfully perform their job duties.

socialization processes—The activities by which an individual comes to appreciate the values, abilities, expected behaviors, and social knowledge essential for assuming an organizational role and for participating as an organization member.

person-organization fit—The extent to which a person's values and personality are perceived to fit the culture of the organization.

Lecture Outline

The Chapter outline is organized to correspond with the PowerPoint slides.
The chapter title slide may be used as a background to introduce the class.
<p>Learning objectives</p> <p>Review the chapter learning objectives. These will be reviewed on the last slide of the pack.</p>
<p>Introduction 1 of 2</p> <p>National culture is learned, it is shared, and it defines the boundaries of different groups and various aspects of national culture (e.g., aesthetics, religion, attitudes, legal factors, language, and education) that are interrelated.</p> <p>Thus, a national culture is the sum total of the beliefs, rituals, rules, customs, artifacts, and institutions that characterize the population of the nation.</p>
<p>Introduction 2 of 2</p> <p>In order to succeed in an increasingly global economy, effective managers need to understand that national and organizational cultures have a pronounced effect on behavior within organizations.</p>
<p>Culture and Societal Values</p> <p>In addition to national culture, the culture within an organization also exerts influence over employee behavior. When a person moves from one firm to another or even from one department to another in the same company, he or she senses and experiences differences between the environments. Attempting to adjust to these different environments involves learning new values, processing information in new ways, and working within an established set of norms, customs, and rituals. The adaptation to new environments is becoming a common occurrence and is likely to remain so well into the 21st century. Although adaptation is difficult, it can be better understood by learning about organizational culture.</p>
<p>Hofstede's Cultural Dimensions</p> <p>One useful framework for understanding the importance of values in organizational behavior is provided by Hofstede. The result of his research on 116,000 people in 50 countries has been a four-value dimension framework. From this initial research, Hofstede identified four value dimensions by which cultures can differ: (1) power distance, (2) uncertainty avoidance, (3) individualism, and (4) masculinity. A fifth dimension, long-term orientation, was added as a result of subsequent research.</p>
<p>Cultural Dimensions</p> <p>A society's values have an impact on organizational values because of the interactive nature of work, leisure, family, and community. American culture has historically given work a central place in the constellation of values. Work remains a source of self-respect and material reward in the United States. Work also serves as a place to achieve personal growth and fulfillment. As the demographics and makeup of the workforce become more culturally diverse, it will become extremely important for managers to learn about the value system and orientations of the changing workforce.</p>

Cultural Differences

The results of Hofstede's research are shown in what he calls maps of the world. The maps reveal at a glance the similarities and differences in work values across nations. Exhibit 2.1 presents a sample of Hofstede's research findings. The five cultural value dimensions are interdependent and complex. Consequently, the effects of values on workplace productivity, attitudes, and effectiveness are difficult to determine. Managers must be cautious about grossly overgeneralizing. For example, not all Americans value individualism, masculinity, a low power distance, and moderate uncertainty avoidance.

Organizational Culture Defined

Despite being an important concept, organizational culture as a perspective to understand the behavior of individuals and groups within organizations has its limitations. First, it is not the only way to view organizations. We have already discussed the systems view without even mentioning culture. Second, like so many concepts, organizational culture is not defined the same way by any two popular theorists or researchers.

Schein's Definition of Culture

Organizational culture is what the employees perceive and how this perception creates a pattern of beliefs, values, and expectations Edgar Schein defined organization culture as: A pattern of basic assumptions—invented, discovered, or developed by a given group as it learns to cope with the problems of external adaptation and internal integration—that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems.

Organizational Culture and Its Effects

Despite being an important concept, organizational culture as a perspective to understand the behavior of individuals and groups within organizations has its limitations. First, it is not the only way to view organizations. We have already discussed the systems view without even mentioning culture. Second, like so many concepts, organizational culture is not defined the same way by any two popular theorists or researchers. Some of the definitions of culture are as follows:

- Symbols, language, ideologies, rituals, and myths.
- Organizational scripts derived from the personal scripts of the organization's founder(s) or dominant leader(s).
- Is a product; is historical; is based upon symbols, and is an abstraction from behavior and the products of behavior.

Exhibit 2.2 Three levels of Organizational Culture

Organizational culture is what the employees perceive and how this perception creates a pattern of beliefs, values, and expectations. Edgar Schein defined organization culture as: A pattern of basic assumptions—invented, discovered, or developed by a given group as it learns to cope with the problems of external adaptation and internal integration—that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems. The Schein definition points out that culture involves assumptions, adaptations, perceptions, and learning. At layer two are values or the things that are important to people. Values are conscious, affective desires or wants. In layer three are the basic assumptions people make

that guide their behavior. Included in this layer are assumptions that tell individuals how to perceive, think about, and feel about work, performance goals, human relationships, and the performance of colleagues. Exhibit 2.3 presents the Schein three-layer model of organizational culture.
<p>Organizational Culture and Its effects</p> <p>Since organizational culture involves shared expectations, values, and attitudes, it exerts influence on individuals, groups, and organizational processes. For example, members are influenced to be good citizens and to go along. Thus, if quality customer service is important in the culture, then individuals are expected to adopt this behavior, and if adhering to a specific set of procedures in dealing with customers is the norm, then this type of behavior would be expected, recognized, and rewarded. Researchers who have studied the impact of culture on employees indicate that it provides and encourages a form of stability. Organizational identity provided by an organization's culture instills a feeling of stability.</p>
<p>Creating organizational Culture (1 of 2)</p> <p>Many leaders and founders of organizations believe they can create specific types of organizational cultures, including those focusing on customer service, ethical, and diversity cultures.</p>
<p>Creating Organizational Culture (2 of 2)</p> <p>Culture has been defined in numerous ways including customer service, ethical and diversity.</p> <p>Benefits of a positive culture are numerous including increased teamwork, information sharing, and morale.</p> <p>The text provides examples of these types of culture.</p>
<p>Influencing Culture change</p> <p>Managers who are interested in producing cultural changes face a daunting challenge. However, courageous managers can and do intervene and alter their organization's culture.</p>
<p>Exhibit 2.3 Zappos' Ten Core Values</p> <p>Zappos is a continuing example in the text.</p> <p>Tony Hsieh, CEO of Zappos (owned by Amazon), has created a positive, fun, and high performance culture at the online retailer. Hsieh creates and maintains a positive culture by hiring only those individuals who fit well with Zappos' unique culture and by training all new hires in a similar manner. As Exhibit 2-5 illustrates, Zappos' culture is built on the following ten core values.</p>
<p>Exhibit 2.4 A Mode of the Process of Organizational Socialization</p> <p>A considerable body of knowledge suggests that one of the most effective ways of changing people's beliefs and values is to first change their behavior (intervention 1). However, behavior change does not necessarily produce culture change unless supported by <i>justification</i>. Managers must get employees to see the inherent worth in behaving in a new way, that is, justify the new behavior (intervention 2).</p>

<p>Typically, managers use communications (intervention 3) to motivate and justify the new behaviors. Cultural communications can include announcements, memos, rituals, stories, dress, and various other forms of communications.</p> <p>Another set of interventions includes the socialization of new members (intervention 4) and the removal of existing members who deviate from the culture (intervention 5). Each of these interventions must be done after performing careful diagnoses.</p>
<p>Sustaining the Culture</p> <p>Socialization is the process by which organizations bring new employees into their culture. There is a transmittal of values, assumptions, and attitudes from the older to the new employees.</p>
<p>Exhibit 2.4 A model of the Process of Organizational Socialization.</p> <p>Employees are more likely to adjust to the new job and be accepted socially if they take a proactive approach to learning about how things work, who makes the decisions, what the organization values, and so on. Also, new employees benefit from a well-organized company-sponsored socialization program. There are several ways in which organizations can structure the socialization.</p>
<p>Socialization: The Process Model</p> <p>Two ways of analyzing how socialization works in organizations are the process and career stage models. The process model of organizational socialization presented.</p> <p>A new employee, through a combination of seeking information and experiencing socialization tactics from the organization, can adjust to his or her role and gain social acceptance. Once adjustment and acceptance are achieved, the new employee may experience a variety of positive outcomes such as better job performance and perceived fit with the organization, high commitment, and job satisfaction, and lower intentions to leave the organization. Employees are more likely to adjust to the new job and be accepted socially if they take a proactive approach to learning about how things work, who makes the decisions, what the organization values, and so on. Also, new employees benefit from a well-organized company-sponsored socialization program.</p>
<p>Career Stage Model of Socialization</p> <p>There are several ways in which organizations can structure the socialization process for new employees, including exposing them to a common set of experiences (e.g., luncheons, orientations, speakers, facility tours, etc.); establishing a fixed sequence of steps or timetable before the employee can begin the new job; and, assigning an experienced employee to serve as a role model or mentor for the newcomer.</p>
<p>Exhibit 2.5 A Checklist of Effective Socialization Practices.</p> <p>Organizational socialization processes vary in form and content from organization to organization. Even within the same organization, various individuals experience different socialization processes.</p>
<p>Mentoring</p> <p>In work organizations, a mentor can provide coaching, friendship, sponsorship, and role</p>

<p>modeling to a younger, less-experienced protégé. In working with younger or new employees, a mentor can satisfy his or her need to have an influence on another employee's career. Some organizations use mentoring as a means of developing leaders.</p>
<p>Mentoring Function Although mentoring functions can be important in socializing a person, it is not clear that a single individual must play all of these roles. New employees can obtain valuable career and psychosocial influences from a variety of individuals—managers, peers, trainers, and personal friends.</p>
<p>Exhibit 2.6 Phases of the Mentoring Relationship Most mentor–mentee relationships develop over time. There appear to be several distinct phases of mentor–mentee relationships. A four-phase model proposed by Kram. The reasons that cause movement in the relationship are described as turning points. Initiation, cultivation, separation, and redefinition cover general time periods of six months to more than five years.</p>
<p>Ways to Be a Great Mentor Mentoring is a set of skills for a special relationship, sometimes more honest and more intense than a marriage.</p>
<p>Spirituality and Culture Over the past decade, theory and research in organizational behavior and ethics have begun to pay more attention to workplace spirituality. Although spirituality has been described as “soft” or “nonstrategic” by many academics, there is growing interest among many researchers and practitioners to explain, study, and analyze the role of spirituality in organizations. There is a long tradition in the United States of keeping religion and government separate. From this traditional separation, it is a logical step to keeping religion and nongovernment organizations separate too. Although workplace spirituality is certainly not a religion, many observers use the terms synonymously and loosely.</p>
<p>The Person and Spirituality Research has found that: Employees who are more spiritually involved achieve better results.</p> <ul style="list-style-type: none"> • There was near-unanimous agreement about the meaning of <i>spirituality</i>: “the desire to find ultimate meaning and purpose in one’s life and to live an integrated life.” • Few respondents feel they can act on their spirituality in the workplace. • Employees do not want to fragment their lives. They want to be acknowledged as whole persons in the workplace. • People differentiate strongly between religion and spirituality. •
<p>Spirituality and Work Dimensions Research Spirituality is believed to have a number of benefits.</p>
<p>In Review, Did We... Review progress against objectives.</p>

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Summary of Key Points

- *Organizational culture* is a pattern of assumptions and values that are invented, discovered, or developed to cope with organizational life. *Socialization* is the process by which organizations bring new employees into the culture.
- Simply declaring that “this will be the culture” is not realistic. Culture evolves over time. Organizational cultures can be influenced by powerful individuals such as Ray Kroc at McDonald’s, Walt Disney, or John Nordstrom. Typically, an organizational culture evolves and becomes real when people interact and work together to create one.
- Organizations can achieve effectiveness only when employees share values. The values of an increasingly diverse workforce are shaped long before a person enters an organization. Thus, it is important to recruit, select, and retain employees whose values best fit those of the firm.
- Spirituality in the workplace is beginning to be empirically studied and discussed. By *spirituality* most practitioners and researchers mean that employees have a personal concept or inner life that can be strengthened and nourished at work. Currently, most studies of spirituality use surveys and research designs that are being improved, but much work needs to be done in this area.

Review and Discussion Questions

1. Organizational culture is a difficult concept to grasp. How would you describe the culture of an office or a manufacturing plant?

Ans: Asking employees about their culture will probably reveal only a partial glimpse, because many feelings and perceptions most pertinent to culture may be subconscious. What is called for in both the manufacturing setting and the office setting is keen observation and active listening. The aim of both would be to reveal cultural details that are organized into three groups: Layer I—artifacts and creations, which are visible but difficult to interpret, such as annual reports, newsletters, office furnishing, etc. Layer II—values or the things about which people care most. Layer III—basic assumptions that guide people's behavior in the organization.

2. A growing number of Americans work for foreign-owned firms in the United States. Do you think these American employees are being influenced by the approach to management and the culture of the country that owns the firm? Explain.

Ans: The world is becoming increasingly globalized through markets, the Internet, media, travel, and a host of other medium. Although not be one village, it is closer together than in the last century. We all know more about each other than we used to. So, employees in this country who work for a foreign firm will have many reactions. Given our immigrant and first-generation families, they may be very comfortable if they end up in a firm that is owned by a company that is from their origins. For example, if you have come from Mexico and the firm is based in the U.S. but is owned by Mexican nationals, you would probably feel more comfortable than a New Englander who had never heard Spanish. We are such a diverse nation that the influence and comfort with management would very much depend on the person and the company’s management. For example, Swedish firms have great benefits and a history of participatory management that might be very welcome to employees accustomed to the traditional top-down, somewhat autocratic, American approach.

3. Identify the three socialization stages. Which of these stages is most important for developing high-performing employees? Explain.

Ans: The three stages of socialization are (a) anticipatory socialization; (b) accommodation; and (c) role management. Some students will suggest that anticipatory socialization is the most important stage for developing high-performing employees since it represents the worker's first view of the organization and it sets the stage for all subsequent phases. Successful socialization in all three stages, however, is probably necessary to create and maintain highly functioning employees.

4. Do you believe diversity plays a significant role in an organization's culture? Why or why not?

Ans: While answers will vary, students should acknowledge that diversity will impact the homogeneity of culture and should be anticipated to impact culture. This impact should be seen as positive as it may lead to greater inclusion and problem solving. .

5. How can a leader or founder help create a strong culture in an organization? Can a leader eliminate culture? Explain.

Ans: Student answers will vary. Sample answer: A leader or founder can help create a strong culture through their words and actions. In other words, by the stories they tell, the behavior they reward, the people they hire, and the way they treat people in the organization. A good example is Herb Kelleher, former founder and now ex-CEO of Southwest Airlines, who was famous for pitching in to help employees as he traveled around doing business. Can a leader eliminate culture? No. Organizational culture is what the employees *perceive* and the pattern of beliefs, values, and expectations that this perception creates.

6. Hofstede's research indicates that national cultures exist. Do you believe that in a heterogeneous nation, such as the United States, a national culture that is shared by society does exist?

Ans: Student answers will vary, as this question asks only what they "believe." Sample answer: According to the text, most nations contain a dominant culture and multiple sub-cultures. As people immigrate to a new society, organizational position, or country, they must learn new values, process information in different ways, and learn to live and work within the dominant culture's established norms, customs, and rituals. This is a process that takes time. So in the beginning, the individual's current culture would be dominant. Over time however, they would adapt to the prevailing culture. Therefore, I believe that a national (dominant) culture does exist in the United States.

7. To what degree do you believe that workplace spirituality can enhance employee performance?

Ans: Although spirituality is deeply personal and varies from employee to employee, managers should know that employees who are more spiritually involved typically achieve better results. It is believed that spirituality can improve performance as it encourages trust, work/life balance, empathy

and compassion about others, the valuing of human assets, the full development and self-actualization of people, and ethical behavior.

8. Point out three assumptions about the culture of the last (or current) firm by which you were employed.

Ans: Student answers will vary, but should touch on the aspects of individualism/collectivism, power distance, uncertainty avoidance, and masculinity/femininity.

9. What can a leader do to promote cultural change that helps improve the overall effectiveness of an organization?

Ans: Researchers have thus far been unable to show that a specific culture contributes to positive effectiveness. One study, however, did show that having company policies and behaviors that differed from the company's written and promoted "guiding principles" created problems; in particular, decreased morale, increased turnover, and poorer financial performance. Therefore, it seems that management's best bet for improving overall effectiveness would be to "practice what they preach."

10. As millions of baby boomers retire, to what extent will mentoring programs become more popular in organizations?

Ans: The retirement of the baby boomers will create opportunities for newer workers to move into their positions place these new workers in need of mentoring. Formal mentoring programs may also become more important as the baby boomers, who had been mentoring, will cease to do so after their retirement.

EXERCISE 2.1: Assessing and Considering Organizational Culture

Purpose

To sensitize students to the complex nature of culture in general, and of organizational culture in particular. The exercise gives them an opportunity to play anthropologist, while at the same time, examining an organization with which they are familiar using a technique that will be new and different for some students.

The Exercise in Class

The instructor can expect some students to be much quicker at getting into this exercise than other students. The temptation for students will be to move quickly through list of manifestations of culture rather quickly-with frequent laughter, no doubt. They will struggle harder with applying the manifestations of culture to Harley-Davidson, Merck, Nike, et al, because as outsiders in these organizations they will not be privy to some of the more subtle manifestations like folktales and language. In reviewing the work of the groups, give students time to talk about the examples of cultural manifestations they developed. Early in the course, this gives them an opportunity for success in a group activity and in giving feedback to the instructor and class. Positive and energetic execution of this "rite," of debriefing student groups can set the stage for enthusiastic discussions in the future.

EXERCISE 2.1: *Determining Your Diversity Quotient (DQ)*

The Diversity Questionnaire can be used by the instructor as a discussion starter in class. The more true responses that students mark on their questionnaires, the more adaptable and open to diversity those students will tend to be. For example, a student with five or more responses is more likely to find value in cross-cultural and diverse experiences (e.g., trying ethnic foods, going to a party with people of different races, etc.).

For those students with less than five true responses, it is possible that these students haven't had much exposure to diverse individuals and groups and/or are resistant to interacting with people who are different from themselves. If that's the case, then students may find that they could become better (future) managers from spending time with and learning more about fellow students (and co-workers) who may be different from them in terms of origin, race, gender, etc.

Case 2.1 – Organizational Culture Can Help Reduce Burnout in Hospitals

This case introduces the stress associated with organizational life in hospitals and three organizations that have deployed successful socialization processes to introduce new and support current employees.

1. Assume you are in charge of socializing the newly hired nurses at a local hospital. What steps would you take to ensure that they understand the hospital's organizational culture? How would you help them understand how to manage stress on a daily basis so as to prevent burnout later in their careers? Explain.

While student answers will vary, they may present the intervention points discussed in the chapter. They may also refer directly to Exhibit 2.4, A Model of the Process of Organizational Socialization, and Exhibit 2.5, A Checklist of Effective Socialization Practices, expanding on the points in the graphics.

2. Hospital environments are more stressful in nature than the work environments found in many other organizations. What are some of the unique challenges that hospitals face when attempting to create a supportive organizational culture that helps employees reduce and manage their stress levels?

Students may key on the life and death nature of the setting, how some people regardless of effort will not be saved and the long hours associated with hospital work. Students may also point out that shift work may induce stress, and that shift work may produce feelings of isolation (for off-shift workers) and make socialization challenging.

3. Think about your university or an organization for which you have worked. Using the intervention points in Exhibit 2.6, provide examples of how the university or organization attempted to create a

certain type of organizational culture. Was it successful (or unsuccessful) in creating the desired culture? Explain.

Students may reflect upon the instructor as an example of effective hiring and socialization and continue to use the instructor as exhibiting the behavior appropriate for the culture. Students may also observe postings, building / room layout etc. as communicators of culture.

Lecture Ideas

1. To enhance student understanding of the concept of socialization, ask them to describe the process by which they were socialized into a new institution (e.g. college/university; living group; sports team, etc.). Encourage students to describe in detail the three socialization stages (anticipatory socialization, accommodation, and role management), how the socialization process was managed, their reactions to each stage, and the level of congruence and realism they experienced. How was the process they described similar or dissimilar to what one would experience entering a new job?
2. To emphasize the links between much of the substantive material presented, remind students about Maslow's hierarchy of needs, in particular, those related to belongingness, esteem, and self-actualization. Then invite students to speculate on how motivation and culture are linked. For example, should one expect someone from Japan or China to experience self-actualization through the same kinds of experiences as an American? Why or why not? How do religion, economics, and societal values affect individuals' motivation? How do individual motivations affect organizational culture? You might want to point out that Maslow's Hierarchy was a product of a middle-class American scholar and based on American values in terms of how the hierarchy is ordered. As research has noted, Maslow's terms, such as *achievement*, do not translate into other languages. Also, for a Japanese person, security is on top. Depending on the nation and its culture, one rank orders the hierarchy quite differently, if at all.
3. Review a basic Marketing text, or better yet, a text designed for International Marketing, to get ideas on how culture affects specific management decisions, e.g., how to market a product. Most marketing texts have illustrations of embarrassing failures when corporations failed to recognize the cultural preferences of their intended markets. But also seek examples of how management made the "right" choices. Did management in these cases learn from past mistakes? Did they hire cultural specialists or nationals to help them through the process? What did management learn from the mistakes of the past that can be used to do better in the future?
4. Poll the class in terms of 1) how many people have traveled, and to where and 2) how many foreign students, immigrants, or naturalized citizens are in the class and university. Have a class discussion about cultures and compare and contrast American culture to the experiences your students have. You might have them interview 10-15 people on campus who come from different nations and have them rank order the Hierarchy and then report back to class their results. Compare all the class results.

5. Have students describe American culture from the West to the South, from the North to the Midwest, and from the Southwest to the Northwest and the East Coast. See what differences there are and how they might impact management in organizations.

Project Ideas and Suggested Class Speakers

1. Invite a student who has recently returned from a study abroad experience to visit the class and talk about what he/she learned through the experience. Try to focus on the cultural differences and similarities that became obvious to the student. Ask how well prepared that student had been for living in a foreign environment, and what he or she would do differently next time.
2. Perhaps a foreign student in the class would be willing to tell the class about his or her home country and answer questions about culture from the class at large.
3. Invite the director of human resources from a local company to lecture on their recruitment and socialization process. How many of the socialization stages can the students identify? After the speaker has left, encourage the students to critically analyze the company's approach to identify its strengths and weaknesses. Pose the following question: What, if anything, would you change about the process? Encourage the students to thoroughly explain their answers.
4. Assign students to groups and give each group the same set of topics (listed below). Then, ask each group to choose a different organization, which will be the subject of their research. Students should interview three or four people from the organization, preferably from different areas or levels, asking them to describe how they think their organization as a whole views these factors: *time, personal relationships, the nature of work, the nature of the workplace, creativity, authority, decision-making, and rewards*. Students should prepare a brief presentation for the class explaining what they learned, accounting for any differences in views that might have been expressed by the subjects in their interviews. This the exercise should help students experience the richness and variety of culture in different work environments.

Term Paper Topics

1. An Anthropological Look at (selected organization): A Profile of Organizational Culture
2. Heroes, Myths, and Tradition: A Look at the Organizational Culture of (your university) or organization you work for or have worked for
3. How to Choose a Mentor
4. How to be an Effective Mentoree
5. The Ten Best Companies to Work For: What Makes Them So Good?
6. Planning a Career in International Business: How to Set the Stage for Success
7. Diversity: A Rich Resource for Any Organization, but Why?
8. Equal Employment and Affirmative Action: Legal Developments and Trends
9. Socialization Stages and Their Impact on Productivity