

An Organizational Behavior Study of a Software Company

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The actual names of the companies in this paper have been changed to conceal their identities.

Abstract

The purpose of this brief study was to analyze the organizational behavior and structure of a software company, including an analysis of the client services support department. The study revealed that this company has a supportive organizational culture, extends many benefits and awards to its employees, has a strong corporate social responsibility, has a formal value system and code of ethics, and exhibits other strong and positive organizational behavior traits. Even so, there are some organizational changes that could improve the company's environment.

Introduction

Software Company X employs about 700 people. This company is a global organization, with offices and customers all over the world. The company's headquarters is in Georgia, with offices in South Carolina, Pennsylvania, California, England, France, Australia, Japan, India, and the United Arab Emirates.

Software Company X was founded in 1976 with an asset management software application. In 2003, the company bought Software Company Y, a software company with a customer information system. In 2004, Software Company X purchased another software company called Software Company Z, a scheduling software company.

Software Company X's suite of products contains "X Customer Product" to manage customer activities (such as call centers and billing), "X Asset Product" to manage assets (such as inventory), and "X Scheduling Product" to schedule service requests and manage scheduling functions.

Structure

Software Company X uses a formal hierarchy, which is defined by McShane (2005) as giving power to individuals who coordinate work through direct supervision. Each area, such as sales, marketing, documentation and training, and support is managed by a senior level director. Managers who report to the directors assign and coordinate tasks to individual workers. The coordination of work occurs through a chain of command, and each director is responsible for project estimates and time lines. The structure is tall, with several layers of management directing projects.

There is a narrow span of control; there are generally no more than ten employees reporting to one supervisor, and in most areas the span of control is much narrower. Many of the

employees are almost entirely self-directed, though this seems to be supervisor initiated and not product or company initiated. The structure is mostly mechanistic, since there is a narrow span of control and high degrees of formalization and centralization.

According to McShane (2005), centralization is “the degree to which formal decision authority is held by a small group of people, typically those at the top of the organizational hierarchy” (p. 451). At Software Company X, the most important decisions are centralized, and mandates are handed down to employees about project scope and time lines without any input from those employees.

Being a global company, the employees are a diverse group. Even within the U.S. offices, there is a lot of diversity. In the South Carolina office, for example, there is a large population of Indian and Pakistani employees, many gay and lesbian employees (who feel comfortable being open about their sexual orientation), and a large number (approximately 50%) of employees are female. There are a disproportionately low number of females (one) on the executive staff, however.

Departmentalization

Departmentalization specifies how employees and their activities are grouped together. It is important for coordinating activities because it influences organizational behavior in these ways: establishes a chain of command, creates common measures of performance, and encourages coordination through informal communication (McShane, 2005). The departmentalization at Software Company X is divisional, because it has been separated by products and services. The company is in the process of merging three separate products: the asset management application of the parent company, the customer management application, and

the scheduling application. The last two applications were developed by two companies that Software Company X purchased within the last two years.

Software Company X is slowly moving toward a functional structure, in which employees are organized around specific knowledge. They are in the process of implementing standards and a similar graphical user interface (GUI) and platform across all products, and now clients must purchase all three products as a package. Within the next six months, all three products will be fully integrated and share a common set of standards. The company is already starting to shift managers and other resources around to make it more functional in structure. For instance, there will now be a common programming department, a centralized marketing department, one team of technical writer and trainers, and the support team operates from the South Carolina office.

Organizational Culture

Each organization has a unique cultural beliefs and values. According to McShane (2005), organizational culture is “the basic pattern of shared assumptions, values, and beliefs governing the way employees within an organization think about and act on problems and opportunities” (p. 476). Software Company X is in the process of successfully combining three separate corporate cultures into one company.

Software Company X purchased one very small company (Software Company Y), and used the merger strategy of assimilation. The smaller company had a weak culture and was unable to offer the types of benefits that the larger company could offer, and the informal culture of such a small company offered no structural or cultural benefits to a larger, more established organization. The former Software Company Y employees are in the process of assimilating the

programming and development standards of Software Company X, which has been difficult for them—but they also have access to more human and financial resources.

The merger of the two large companies (Software Company X and Software Company Z) was a good example of integration. X's executives facilitated several company wide meetings to discuss and receive feedback about the vision for the new, merged company, from the name of the company and the logo to the values and structure.

Some aspects that many employees feel had a negative impact on them also became part of the combined culture, such as a change in some benefits. Software Company Z provided a liberal policy on sick time and vacation, allowing employees a certain number of weeks of vacation time based on their years of employment. Employees were also allowed up to five sick days a year, and additional sick time under short term disability, if needed. After the merger, the former Software Company Z employees became part of X, and subsequently X's policy of paid time off (PTO) was their new policy. PTO combined sick time and vacation time under one umbrella, so basically the employees had their sick days taken away, and were forced to use their vacation days if they became sick. As a result, many employees come into the office sick. Others now refuse to work any overtime, because they feel that the company does not value their personal time.

Values are long standing beliefs that guide our actions (McShane, 2005). Software Company X has published a set of formal values in the form of a corporate value system. The "value system" originated with Software Company Z and was incorporated by Software Company X during the merger, then updated to reflect the values of each culture. The value system acts as a code of ethics for the company and is a big part of the Software Company X culture. The management throughout the company encourages all employees to follow the value

system in order to provide a comfortable environment for both employees and customers.

Managers start every meeting asking their groups for any value system-related issues, good or bad, that they can talk about as a group and relay to their own management. All employees received a laminated copy of the value system to display in their offices or cubes.

The down side of developing a value system and making it so high profile is that the values often seem espoused instead of enacted, such as when the Sales department uses the value system as a method for impressing potential customers, but then the Sales employees do not follow the value system themselves. When management disregards the value system, the laminated copies of the value system displayed all over the office can make the value system seem hollow and empty.

Ethics are the moral principles that determine whether actions are right or wrong (McShane, 2005). Software Company X has a “Code of Conduct and Ethics” which every employee must read. Employees must then sign a form to indicate that they understand the policy. This code is electronically mailed to all employees and also posted on the company intranet.

Corporate Social Responsibility

Organizations can no longer look solely at the “bottom line” of profit margins and monetary gain if they want to succeed in a world of bright and educated consumers, investors, and employees. A lot of firms are now adopting a “triple bottom line” philosophy, meaning that they care about their economic success, but also about the social and environmental issues in their communities and on a global level. Many organizations understand this moral obligation they share in their own communities and in the global marketplace. This moral obligation is called Corporate Social Responsibility (CSR), and consumers, investors, and employees are

becoming more interested in the CSR values of the organizations in which they are involved (McShane, 2005).

“In Action” is an initiative that fosters community outreach programs and other charitable and volunteer opportunities for the company and its employees. Software Company X matched donations from employees to Americares for the Tsunami victims and to the Red Cross for hurricane Katrina victims. The company also supports employee involvement in collecting food donations for food banks, toys for underprivileged children, toiletries and gifts for veterans, volunteers for Habitat for Humanity, and more. In 2006, Software Company X cancelled the holiday parties for all offices and donated the funds to several charitable organizations to assist employees at our customer locations in Mississippi and Louisiana who were affected by hurricane Katrina. The employees were completely behind this decision, and our customers were very touched by the gesture. This commitment to CSR makes employees proud to be associated with the company.

Artifacts

Artifacts are the observable signs of an organization’s culture (McShane, 2005). Software Company X offices are beautiful physical spaces that provide comfortable areas for employees and impressive structures for visiting clients. The buildings are full of plants and art work. All buildings are patrolled by security guards, visitors must sign in at the front desk, and employees must use a card swipe to enter. In the Atlanta office, each floor has two break rooms with a lot of amenities. People often have informal meetings there and in other places, including outside at picnic tables or in a courtyard. The Facilities Manager, however, patrols the halls in search of violations of a company guideline about employees’ cubes, such as plants or other items not

extending above cube walls. Many employees view this as a limitation on personal expression, but management insists that the office must appear orderly and tidy to visitors.

The dress code is business casual in some offices and extremely casual in other offices. The Columbia office is business casual, since the Columbia office houses the training center and there are often customers in that facility. Other offices have a very casual dress code, allowing employees to wear blue jeans or even jogging suits and tennis shoes each day. The original Software Company Z offices adhered to a business casual dress code, and the original Software Company X offices adhered to a casual dress code. After the merger between the two companies, Software Company X made all offices business casual. Employees in other offices were furious, and felt like a benefit had been taken away from them, so Software Company X eventually changed the policy back to casual for all other offices, and business casual for the Columbia office.

Software Company X provides doughnuts and bagels every Friday morning, which has become a sort of ritual. On those mornings, employees meet in the break room and discuss their projects and get to know each other away from their desks. Food is also brought in at different times. For example, lunch is catered for all employees at the end of company wide meetings at each office. (These meetings are shown on a WebEx to employees at remote sites.) Vegetarian meals are available, which shows a sense of respect toward the diversity of employees.

Another company ritual is birthday celebrations, with special birthday lunches and cakes. Each employee receives a birthday card from the CEO each year. There is a “New Arrivals” Web page on the Software Company X intranet to celebrate the birth of employees’ babies. And every month, a different employee is featured on the intranet as a way to get to know more about employees at all of the company locations.

The company benefits are extremely good, from excellent and affordable medical, dental, and vision care, to tuition reimbursement. The company offers telecommuting and flex time, allowing employees to balance their personal lives with their professional lives. There is also adoption assistance, free legal advice, and a counseling hotline. The intranet lists all sorts of employee information, from healthcare benefits and links to sexual harassment training videos.

Software Company X offers several award programs for employees. One program allows coworkers to nominate their peers for awards. Awards are in the form of cash bonuses, week long vacation packages for employees and significant others, a gift card to the company store to buy paraphernalia, and even extra vacation days. There is a ceremony to give out these awards.

The “Excellence Award” is a special annual award for employees who have achieved outstanding performance. Every year, the executive staff selects a number of employees from each area to participate in a week long seminar at an exotic location along with the executive staff. Selected employees are welcome to invite a significant other or friend, and all expenses are paid for both. There is also a cash bonus for this award.

In early 2005, Software Company X began an initiative to increase employee morale. As part of this program, a motivational coach was hired to work with employees by conducting seminars every few months, and offering online training and tutorials. As part of the coaching, all employees took a DISC profile assessment to understand their communication skills, conflict management techniques, and other personality traits. The DISC profile measures dominance, influence, steadiness, and conscientiousness. Employees, including executives and managers, were asked to share their profiles with direct reports and peers in order to develop a better understanding of each person’s communication and conflict styles.

Leadership

The leadership at the executive level is transformational, and they seem to be creating a strategic vision for the future of the company. They have successfully integrated three separate corporate cultures, and are in the process of creating successful change in an industry that changes drastically in a short amount of time. Their vision includes employee morale programs to increase morale and productivity among employees. They are also implementing a customer loyalty program to ensure that the processes and guidelines are in place to foster customer satisfaction. This includes creating and funding a new department called “Customer Loyalty.”

Formalization

Formalization is the way that organizations standardize behavior through rules and formal training (McShane, 2005). Conflicts can sometimes arise if rules and procedures are not established for a group. Software Company X provides information that describes the company policies and department procedures. Software Company X rules and procedures are posted on the Software Company X intranet. Often, a company wide e-mail notification is sent out to all employees to review a certain policy, then to sign and date a form to indicate that the employee understands the policy.

Software Company X provides ongoing training to all employees. During the annual review process, employees design their individual training plans with input from their managers. Each manager has a certain amount of money in his or her annual budget for each employee for training. In addition to specialized training, each employee participates in ongoing company training, such as diversity and harassment prevention (see Figure 8). There is a Learning site on the Software Company X intranet where employees can sign up for self-paced Web based instruction for topics such as conflict management and advanced Excel techniques. All of this

ensures that standard procedures are being followed across the company, and that employees are trained on the latest industry standards.

Communication Channels

The primary method of communication is face to face, but with virtual teams, this is not always possible. Additional modes of communication at Software Company X are electronic mail (e-mail), voice mail, and instant messenger. Software Company X uses Lotus Notes e-mail and Sametime instant messenger. E-mail is useful for people in other time zones when it may not be possible to talk on the phone or communicate in person. Instant messenger is an excellent way to clarify information or get a specific piece of information from someone very quickly, whether they are far away or in the same building.

Software Company X also provides eDial numbers, so employees can set up their own conference call numbers. Whenever they schedule a meeting, they can include their conferencing information, and participants can dial into their meetings. Software Company X also provides WebEx accounts, so that employees can log into the WebEx site and view the content of another employee's shared computer screen.

Every company meeting and many other meetings are videotaped and placed on the Software Company X intranet so that employees can view them at any time. The CEO holds quarterly company meetings to disseminate company and industry information. The CEO also conducts impromptu, informal meetings when he visits each office. The company sends out a company wide e-mail to alert employees of important company business as it occurs, such as landing a big client or the successful implementation of a new product release.

Every department director and manager communicates a little differently, which can be a problem for some employees who never receive any information or feedback from their direct

management. For example, in the Learning Center, the director is overwhelmingly task-oriented and not at all people-oriented. She scored a “3” out of “100” for the “I” part of the DISC profile, which is the “Influence” part that shows how you deal with people. As a result, there is rarely any feedback or communication in that department to employees. In the Global Services area, communication is essential for client support tasks, and a variety of communication channels are used to make this area successful.

Global Services

Structure and Environment

A large department at Software Company X is Global Services, which provides support for customers who use Software Company X software applications. Unlike some other Software Company X departments, Global Services is extremely successful if measured by employee morale and productivity, employee turnover rates, and customer satisfaction.

The Global Services department is directed by a Vice President, two managers, a team lead, and ten support representatives, so there is a narrow span of control. The support representatives are called Technical Support Engineers (TSEs). The TSEs handle about 300 calls a year.

There are no negative coalitions, because each team member is empowered to make decisions and because the management fosters a high self-esteem. There is a high level of diversity in the group, and each member of the group is respected. There are several rituals and ceremonies that continue to bind the team together. Managers celebrate birthdays and other special occasions, making the team feel like a family. One manager often hosts department parties at her house. This environment promotes a genuine other-concern and fosters the aspiration to achieve a standard of high performance. The members of the group have the same

goals, and they help each other reach them. There is a high level of trust, and the team members must rely on each other to complete their work. Global Services employees understand their roles and the procedures they need to follow, and they often work in self-directed teams to solve customer issues.

There is a high level of formalization in this department, because the department guidelines and procedures are formal and posted on the Software Company X intranet. There is also formal training to ensure that all team members use standardized processes, which makes everyday tasks run smoothly and allows each team member to understand his or her role.

The Global Services management is extremely people-oriented, and has a strong desire to cultivate respect and trust with employees. The feel in the department is collaborative, with the management taking on servant leadership qualities—instead of viewing their leadership as positions of power, they are coaches and facilitators (McShane, 2005). The Global Services management is also task-oriented, making sure that customer calls are completed in a timely manner, goals and projections are met, and employees are supported with the processes and procedures they need to complete their jobs. The Global Services management is supportive, participative, and achievement-oriented.

Communication

Communication is important within the Global Services team because of the intense interdependence on each other to complete their work. The Global Services team meets once a week, formally, so that the managers can communicate company information and can talk about specific client issues. Most of the team, including management, sits together, so they have constant interaction daily. Remote employees are included in meetings by phone and other methods of communication. All remote employees have worked onsite in the Columbia office

with the rest of the team, and some face to face time is extremely important for remote employees (McShane, 2005). In addition to face time, the team also uses Instant Messenger, electronic mail, and voice mail to communicate with each other.

Conflict Management

There is a win-win and problem-solving conflict management style within the department, because Global Services management is aware that conflict is inevitable and work in a support environment can become very stressful. Global Services management provides processes (though often informal) in order to help TSEs perform their jobs. Management and team members communicate frequently and openly and all sit together in a common space. This creates a friendly and supportive environment that is not free from conflict, but one in which conflict does not escalate.

Global Services management understands that conflict is inevitable, but it can be positive if handled correctly. Positive approaches to conflict include finding ways to make conflict constructive, and using conflict to bring issues to the table, to clarify goals, and to clear out resentments (Wilmot & Hocker, 2001).

If there is any conflict between the TSEs, they handle it themselves and it usually does not escalate. Conflicts from other Software Company X groups involve the manager and the other group, so the TSEs are never involved in internal company conflicts. Conflicts that arise with customers are generally the only type of conflict that the TSEs must handle. The managers believe that conflict comes from customers who misunderstand how to use the software. Often it's a training issue or how the system works. According to one of the managers, "something written is expressed differently than something that is said. For instance, they might be unhappy

with a deliverable, but not the TSE.” She always talks directly to the customer to ensure that she understands their complaint.

The managers and team lead help to manage conflict by intervening early in a conflict to keep it from escalating. The managers look for trends in customer issues by monitoring metrics. For instance, if there is a trend of having a lot of calls about the bad debt process, managers can put a process in place to make sure that the customers understand the bad debt procedures.

Processes

Global Services employees, through training and documented processes, know their roles and responsibilities. The Global Services page on the Software Company X intranet contains several formal, documented processes that describe Global Services procedures, and all Global Services employees are aware of these documents and review them on a regular basis. Because of this, conflict is minimized and employees are productive and their morale is high.

The work within the Global Services department is highly task interdependent. The team members must share their knowledge and interact in order to complete their work. Individuals are rewarded for performance, but so is the team. The entire team, ultimately, is responsible for any outstanding customer issues, so the outcome for each employee is partly dependent on the performance of team members. According to McShane (2005), “the higher the level of task interdependence, the greater the need for people to work in teams than alone” (p. 273).

Global Services Conclusion

The Global Services department is productive and positive, due to the open and supportive leaders who provide a clear definition of roles, training, and processes and procedures that allow employees to understand exactly what they need to do to complete their tasks. At the

same time, employees feel valued and are empowered to make daily decisions to complete their tasks.

Recommendations for Software Company X

Software Company X supports its employees with training, a clear definition of company policies and procedures, company wide communication, and generous benefits. Software Company X provides a comfortable physical space for employees, and also allows employees the convenience of working remotely and telecommuting. Software Company X has a narrow span of control and a formal hierarchy.

For a progressive company with many wonderful benefits and the initiative to attract excellent employees, implementing a PTO policy and removing sick time has had a negative affect on many employees and their morale. Revisiting this policy would be a progressive move toward instilling more employee morale.

Each Software Company X office, due to layoffs in the past few years, has empty office space in each city. The implementation of a company sponsored day care would put Software Company X in the company of other progressive, well respected companies such as the SAS Institute in North Carolina. This is a software company that is considered one of the most employee friendly companies in the world, and it offers on-site medical care, day care, unlimited sick days, and more (McShane, 2005).

Not all departments at Software Company X run as smoothly as the Global Services department. In the Learning Center department, which contains the documentation and training employees, the culture is very different depending on the manager. The department is managed, overall, by a director who is task-oriented only. Though the company has an open door policy for all managers, the manager of the Learning Center uses an avoidance strategy for any sort of

conflict. Employees are considered “trouble makers” if they bring issues to the attention of the director. The director has violated company policies by promoting two employees she is friendly with outside of work into management positions within her department without posting the positions so that others could apply. These two managers use a directive style of management, even though they have no knowledge of the tasks that are performed within the department. They never ask for input from the “experts” in the department, consider it a personal attack if employees try to outline why certain decisions will not work, then use post-decisional justification when their decisions ultimately turn out to be bad. They use a command and control style of management. There are also ambiguous rules and procedures, which can cause conflict and confusion. The employees reporting to these two managers are extremely unhappy, their morale is destroyed on a daily basis, and they are all looking for other work.

The third manager in the department is supportive and equally task-oriented and people-oriented. Employees are empowered to make decisions and work in teams when necessary. The manager provides support and direction when needed. The employees who report to her are happy and productive, and work well together as a team. Very little conflict occurs when the lines of communication are open, when processes are in place to prevent conflict from escalating, when there is a genuine-other concern and a positive mood between team members, when there are integrative solutions and common interests, and when the environment is friendly (Wilmot & Hocker, 2001). Only one of three managers within the same department has created this type of open environment, and the other two have created very hostile environments.

There needs to be some continuity between all departments and within all departments regarding hiring practices, training for new managers, and an upward feedback mechanism to gauge employee satisfaction and to pinpoint problem departments within the company.

Decision making is sometimes too centralized. Before signing contracts with customers for customizations to the software, management should get input from the employees who actually perform the work to estimate project time and tasks that can be performed. Too often, the schedules that are handed down through the chain of command are impossible to meet without great sacrifices to employees' personal lives due to extensive overtime, and sometimes the customization that is promised is almost impossible to develop.

Generally though, employee turnover rates at Software Company X are very low and the morale seems to be pretty high. There were several years of decline for the industry and Software Company X had several layoffs, but business has picked up and Software Company X stock is performing well. As the company grows, perhaps it can embrace some additional progressive initiatives to enhance employee satisfaction and productivity even more.

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Appendix A

Global Services Manager Interview

This appendix contains the interview questions and the interview summary for Cynthia Smith, the Global Services manager.

1. Introduce project and discuss confidentiality.
2. What is the structure of the department?
3. There are lots of procedure documents on the Software Company X Web. Are there any other written, formal materials for the support people to follow (handbooks, brochures, newsletters) for the department or for the company?
4. What procedures and software are used for logging customer calls, how are they funneled to reps, and how do reps enter the call into the system?
5. Is there pressure to handle a certain number of calls within a certain amount of time?
6. Are there metrics for each representative (like the total numbers on the metrics forms on Software Company X Web)?
7. How are representatives taught to deal with difficult customers?
8. Are there internal conflicts (within the group or within other groups inside the company)? If so, how are they handled?
9. Are there any mentors in the group, people who have been with the company for awhile who can assist newer employees (formally or informally)?
10. Are Global Services employees happy with the environment?

Appendix B

Global Services Coordinator/Team Lead Interview

This appendix contains interview questions for Tammy Davis, the Global Services team lead/coordinator.

1. How long have you been employed by Software Company X?
2. Explain your job and the chain of command.
3. Do you ever use the documents on the Global Services page of the Software Company X Web?
4. Describe how you assign calls.
5. Is there ever any conflict when you assign customer calls?
6. How do you handle conflicts with customers?
7. Are there internal conflicts (within the group or within other groups inside the company)? If so, how are they handled?
8. Who do you go to if you have an issue with a customer or another employee?
9. What is the general feel of the department?
10. Do you trust your management?
11. Are the procedures in the department formal or informal?
12. What causes you stress on the job?
13. Are there any unresolved conflicts in the group?
14. Are Global Services employees happy with the environment?