

*Some companies succeed and grow in the midst of industry turmoil.
Is culture the element that explains this phenomenon?*

Crafting an Organizational Culture: Herb's Hand at Southwest Airlines

JAMES CAMPBELL QUICK

How can we begin to define the contribution that culture makes to an organization's economic success? In "The Confucius Connection: From Cultural Roots to Economic Growth" (*Organizational Dynamics*, Winter 1988), Geert Hofstede and Michael Bond argue that the recent surge in several East Asian economies may be rooted in the cultural tenets of Kong Fu Ze (named Confucius by Jesuit missionaries). Differences in national cultures, they suggest, offer important clues to understanding policy conflicts and other aspects of organizational life.

Hofstede and Bond may well be correct that some portion of economic success is rooted in cultural values and beliefs. It seems tenuous, however, to suggest that culture is the only (or even prime) explanatory variable. The organizational scientist sees a range of possible variables, each with a varying degree of influence on a firm's vitality. Within this perspective, it is sounder to argue that culture

is the connective tissue knitting together an organization's people so that they can succeed in the face of environmental challenges and opportunities.

In this regard, the \$50 billion plus U.S. airline industry provides a prime area for study of the interplay between a company's culture and its environment. Success in this industry depends on major external factors, such as the price of jet fuel and the national economy (which influences passenger travel decisions), as well as internal factors, such as routing system designs (e.g., "hub-and-spoke"), computerization, and personnel competence.

Moreover, fare wars and intense competition, bordering on a free-for-all, have followed in the wake of the 1978 Airline Deregulation Act, which restricted federal regulation to such areas as safety and antitrust laws. Since that time, survival has been a prime concern. Nineteen ninety-one alone saw the downfall of three carriers. Proud, old

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airlines such as Eastern and Pan Am fell from the sky, skidding through bankruptcy into liquidation. (The Eastern demise was particularly bitter and contentious. According to some reports, the breakup was a contributing factor in at least 50 suicides.) TWA also sought protection from creditors in early 1992. Other carriers, such as Braniff, Continental, and America West, limped across the runways, fighting for survival. Only a few airlines, such as American and Delta, appeared to grow stronger through the fray. Southwest Airlines has carved for itself a vital niche, maintaining an enviable record of profitability and service quality. In fact, the past three years have been for Southwest a period of continual national recognition. The deregulation era may not have been easy on the airline industry as a whole, but Southwest in particular not only endured, but managed admirably.

Southwest has managed so well for many reasons, among them a special cultural philosophy. What, exactly, are the cultural distinctions that allowed this carrier to knit its people together in the face of extreme challenges industry-wide? A close look at the people who have shaped the airline industry provides a first step toward answering this question.

COMPANY FOUNDERS: CONTRASTING PERSONALITIES, CONTRASTING CULTURES

In his book *Organizational Culture and Leadership*, Edgar Schein defines an organization's culture as the mechanism by which an organization and its members learn to both manage external challenges and achieve internal integration. In "The Role of the Founder in Creating Organizational Culture" (*Organizational Dynamics*, Summer 1983), Schein analyzes the role of the founder in creating culture. Founders are key figures both in the formation of the culture and in its integration throughout the organization over time. Organizational cultures do not spring full-blown and mature onto the corporate landscape. Rather, they begin as new, young

cultures manifesting the vision and imagination of the organizations' founders. Over time, cultural values and beliefs become embedded in the formal and informal fabric of the organization.

The extent of success that individual airline industry leaders have had in carrying out cultural agendas can be compared and contrasted. Robert Crandall of American Airlines, Frank Lorenzo from Texas Air, and Southwest Airlines' Herb Kelleher are among the prominent industry figureheads of the past decade. Lorenzo has subsequently bowed out of the industry, one of a number of casualties of industry-wide warfare. While apparently successful in the financial markets as he built Texas Air Corporation, Lorenzo could not forge the internal coalitions necessary to make a real success. In particular, he had bitter, strained relations with a number of internal constituencies, including a large number of Eastern Airlines' dislocated workers. They loved their work and their airline, but hated Lorenzo. The animosity characterizing many of Lorenzo's relations stands in sharp contrast to the rapport Crandall and Kelleher have with their internal constituencies. Crandall appears to have highly functional, if sometimes conflicted, union relationships, and Kelleher enjoys excellent relations with his company's unions.

While Crandall and Kelleher have both been successful during deregulation, their styles differ as markedly as the cultures of their airlines. A fierce visionary with competitive anger, Crandall hammered out for himself a position of leadership among the major carriers. Temperamental, obsessive about details, and super-aggressive, Crandall has nonetheless managed to meld functional relationships with his many internal stake-holders. While these relationships, as with the pilots in late 1991, may at times be testy and stormy, Crandall directs most of his aggression toward corporate achievement, not toward damaging key internal relationships. His approach has result-

ed in the development of a highly professional airline with a consistently respectable profit record. While Crandall's vision and financial acumen have been instrumental to American's success, it is important to remember that he has had a big SABRE¹ to rattle at his competition. Kelleher, on the other hand, has not needed a sabre.

As a founder of Southwest Airlines, Herb Kelleher has been pivotal in crafting one of the most distinctive organizational cultures in America today. For decades the names of IBM, Johnson & Johnson, and the United States Marines have elicited diverse yet distinct images. Each of these organizations has a well-defined culture founded on a set of core values and basic assumptions. This is also true for Southwest Airlines—at its core are the three values of humor, altruism, and "luv"—and, for Southwest Airlines, this has been true from day one.

IN THE BEGINNING

While Southwest Airlines celebrated 20 years of in-flight service during 1991, the company, founded several years earlier, will mark the 25th anniversary of its incorporation during 1992. Southwest Airlines' growth and development during the past quarter of a century neatly breaks down into four distinct periods (see Exhibit 1). The Period of Lift-Off was a time of hard-fought legal battles; the Proud Texan Period saw the establishment of a city-service network within Southwest's home state of Texas; the Period of Interstate Expansion opened service to fourteen other states; and the National Achievement Period has been a time of distinguished recognition and success.

The Legal War

During the first three years of its history, no Southwest planes were flown. Battles were fought not in the skies, but within the legal

¹ SABRE stands for Semi-Automated Business Research Environment and is American Airlines' advanced reservations system for airline travel.

EXHIBIT 1
DEVELOPMENTAL PERIODS IN THE HISTORY OF SOUTHWEST AIRLINES

1967-1971: THE PERIOD OF LIFT-OFF

- Air Southwest Company incorporated (1967)
- Texas Aeronautics Commission certifies Air Southwest (1968)
- Braniff, Trans Texas, and Continental fight Southwest (1968-1969)
- Texas Supreme Court and United States Supreme Court support Southwest (1970)

1971-1978: THE PROUD TEXAN PERIOD

- Inaugural service between Dallas, Houston, and San Antonio (1971)
- Service opened to:
 - Rio Grande Valley (1975)
 - Corpus Christi, Lubbock, Midland/Odessa, El Paso (1977)
 - Amarillo (1978)
 - Beaumont/Port Arthur/Orange (1978)

1978-1986: THE PERIOD OF INTERSTATE EXPANSION

- Interstate service opened to:
 - New Orleans, Louisiana (1979)
 - Oklahoma City and Tulsa, Oklahoma; Albuquerque, New Mexico (1980)
 - Kansas City, Kansas/Missouri; Las Vegas, Nevada; Phoenix, Arizona; San Diego, California (1982)
 - St. Louis, Missouri; Chicago, Illinois (1985)
 - Nashville, Tennessee (1986)

1987-1992: THE NATIONAL ACHIEVEMENT PERIOD

- Interstate service opened to Birmingham, Alabama (1987)
- Winner of the first Triple Crown Award (1988)
- Winner of the second Triple Crown Award (1989)
- Winner of third and fourth Triple Crown Awards (1990)
- Only airline with an operating profit (1990 & 1991)
- Honored with *Air Transport World's* Airline of the Year Award (1991)
- Ranked #1 in customer satisfaction among all major U.S. airlines (1991)
- Winner of fifth Triple Crown Award (1991)
- Winner of sixth Triple Crown Award (1992)
- Winner of seventh Triple Crown Award (1992)

system, and as Air Southwest fought to get itself off the ground, rival airlines battled to keep it on the tarmac.

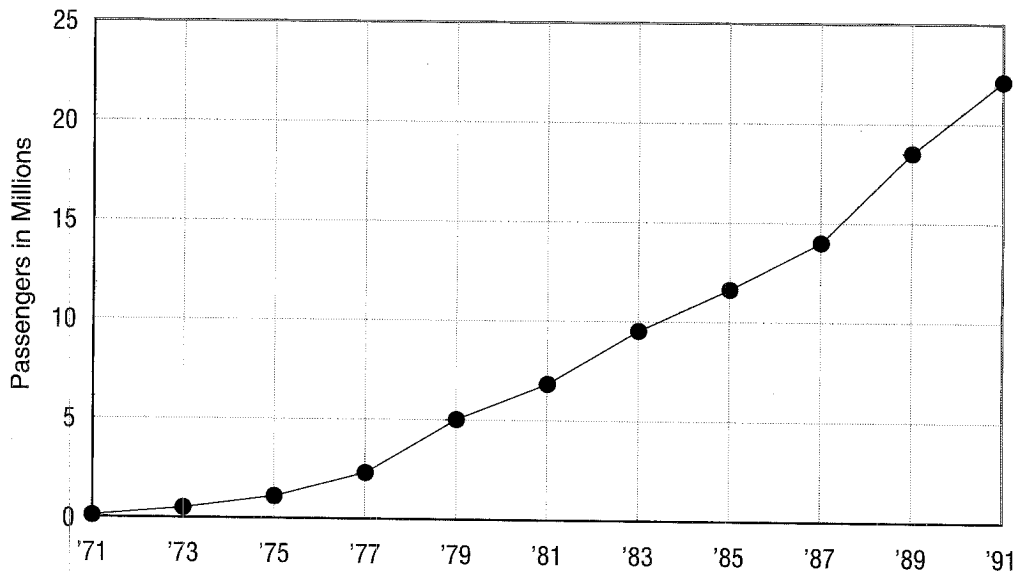
The fact that Kelleher was a New York University law school graduate was undoubtedly an advantage for Southwest during this period. With the support of the Texas Supreme Court, and ultimately of the United States Supreme Court, Air Southwest was able to begin 1971 with full authority and certification to fly. The U.S. Fifth Circuit Court of

Appeals and the United States Supreme Court would hear additional cases targeting Southwest during the 1970s, but the key legal issues were resolved by mid-1971. At last, the legal war was won.

Choosing the Next Battlefield

While it was clear that Southwest was in a legal war with some rivals in the airline industry, it would not be accurate to say that the com-

EXHIBIT 2
GROWTH IN PASSENGERS SERVED PER YEAR



pany engaged in an air war with its competitors during the next two periods of its growth and development. Southwest strategically targeted ground transportation, not other airlines, as its key competition. In fact, Kelleher has enjoyed healthy and strong (even jocular) relationships with other leading airline executives. His antics and humor are legendary. For example, while presenting his friend Bob Crandall of American Airlines with the 1990 Distinguished Business Leadership Award from the College of Business Administration at the University of Texas at Arlington, Herb infused the evening with humor:

Bob, it is a real pleasure to be here tonight to present you with this award. True, it would be an even more delightful evening if you were presenting me with this award. But... I can forgive the dean his error in judgment.

With the stage set, then Secretary of Transportation Samuel Skinner joined in with a joke about having just left President Bush at the White House that afternoon. When the President asked where he was

headed, Skinner said he was going to Texas to honor the airline industry's most distinguished executive.

Bush's response: "Oh, say 'hi' to Herb."

Although Kelleher may be an executive more likely to crack a joke and Crandall an executive more likely to crack a whip, based on their respective companies' high levels of performance, both executives are equally demanding. American Airlines and Southwest Airlines are testaments to that fact. (And, subsequently Herb Kelleher did receive the 1992 Distinguished Business Leadership Award.)

Successful Achievement

While this kind of humor and joking characterizes Herb Kelleher and his interactions with other people, he does not treat the performance of Southwest Airlines as a joke. By combining an innovative niche strategy with solid work performance and a unique organizational culture, the company has achieved an enviable record over its quarter-century of existence. Exhibit 2 traces Southwest's service growth, beginning with service to just over

EXHIBIT 3

1991 PRODUCTIVITY PER EMPLOYEE: BIG BANG FOR THE BUCK AT SOUTHWEST AIRLINES

	SOUTHWEST	U.S. INDUSTRY
Net profits (loss)/employee	\$2,753	(\$3,505)
Operating profits (loss)/employee	\$6,436	(\$3,230)
Passengers per employee	2,318	848
Employees per aircraft	79	131
Available seat miles/employee	1,891,082	1,339,995
Revenue passenger miles/employee	1,155,265	839,252

Based on 1991 data from the American Transport Association

100,000 passengers during 1971 and achieving a 1991 milestone of service to more than 22 million travelers.

This achievement is even more remarkable given the context of Southwest's national recognition and achievements, as shown in Exhibit 1. For example, in March 1988, Southwest Airlines became the first and only airline to win the coveted Triple Crown—Best On-time Record, Best Baggage Handling, and Fewest Customer Complaints in a single month—based on U.S. Department of Transportation data. In September 1989 and February 1990, Southwest had repeat winning performances. In March 1990, Southwest achieved a quadruple Triple. In December 1991, March 1992, and May 1992, Southwest had a fifth, sixth, and seventh repeat performance—still the only airline to earn even one Triple! Far from being one of Kelleher's jokes, that is solid work performance.

Southwest Airlines has grown to a business with a billion dollars in revenues annually and a fleet exceeding 100 aircraft. It is the seventh largest airline in the country in terms of passengers boarded, and arguably the most profitable airline over the past twenty years. The airline gets a big bang for the buck in terms of its employee productivity, again arguably better than the industry average, as shown in Exhibit 3.

While still recognized as the State Bird of Texas, as well as flying "Shamu One" and "Lone Star One," Southwest Airlines now serves thirty-four cities in fifteen states. And,

even though it is a unionized airline, Southwest enjoys the lowest turnover rate and the best labor relations in the industry.

Herb's public image may be that of a prankster full of jests and humor, but he is also an astute executive. A review of his correspondence to employees reveals a serious-minded businessman who can be honest and forthright about the financial and humanitarian aspects of the company without being harsh or negative. This tough-talking, reality-based honesty may appear a paradox in juxtaposition with his public image, but only at first glance.

CULTURE AND COPING

In talking about managing the stresses and demands of the workplace, we all too often "blame the victim" when difficulties arise. Debra Nelson and Charlotte Sutton illustrate how CEOs can use a variety of ceremonies, stories, rituals, and symbols to build a healthy corporate culture, one that doesn't "blame the victim." The organization's culture can be the vehicle through which individuals are able to better manage or overcome the challenges of the work environment and the industry in which they operate.

Culture begins with the values and beliefs that people hold. When tested, these values prove to form a system of basic (albeit pre-conscious) assumptions. According to Edgar Schein, an organization uses these assump-

tions to cope with its problems of external adaptation and integration. As noted earlier, Schein views founders and leaders as critical in shaping an organizational culture. In talking about Southwest from its founding through the first few years, Kelleher says:

We were always very colorful and somewhat promotive of a sense of humor. We have always had that approach, in an informal way.

As founder and leader, Herb Kelleher was and is instrumental in shaping the culture of Southwest Airlines. Herb's own antics are what Schein would label the "artifacts" or "creations" that spring from a leader's values, beliefs, and assumptions about people and about work. When Rhode Island native Crandall asked Herb what he was going to do with all the whale droppings from Southwest's freshly painted "Shamu One," Herb responded, "I am going to turn it into chocolate mousse and feed it to Yankees from Rhode Island." Kelleher followed up the next day with a tub of chocolate mousse delivered to Crandall's office with a king-sized Shamu spoon.

There appear to be three pillars of belief at Southwest Airlines which are reinforced, promoted, and elaborated on by Kelleher through his words and deeds:

VALUE 1: Work should be fun. . . it can be play. . . enjoy it.

VALUE 2: Work is important . . . don't spoil it with seriousness.

VALUE 3: People are important . . . each one makes a difference.

The first two values might be subsumed under the notion of humor and the third value captured in the notion of altruism.

Humor

Humor should not be confused with simple laughter and joking. Jack Duncan and Phil Feisal show how humor, giving rise to joking in the workplace, leads to a cohesion and bonding among workers. They are also sensitive to the down side of humor, which may lead to bad feelings if an individual is made

the butt of the humor. Specifically, joking may become offensive or destructive when used in a manner at odds with the organization's culture. Hence, humor is most appropriately defined as the frank expression of ideas and feelings without individual discomfort and without unpleasant effects on others. This characterizes humor at Southwest Airlines. In discussing the role of humor in the workplace, Kelleher says:

I crystallized the importance of a sense of humor in a more formal way in 1978 when I became chairman. I charged our personnel department, as it was then called (now called the people department), with the responsibility of hiring people with a sense of humor. We look for it in the interactions people have with each other during group interviews.

For Kelleher, humor never excludes people, nor does it create joy at the expense of others. Using a sense of humor as one of the hiring criteria at Southwest Airlines is at the core of the organization's culture. Kelleher looks for people with a certain attitude (an approach to life, a way of living, or a set of values) that is not narrow, rigid, tightly defined, or restrictive. As Kelleher puts it, "Tolerance for human beings, their peculiarities or eccentricities, and their differences is very important."

This does not mean that Kelleher has no limits in his toleration of others. He will not hesitate to fire someone who does not treat his fellow Southwesterners as they should be treated. You might say he is intolerant of intolerance. But he is always on the lookout for good people:

We can train people to do things where skills are concerned. But there is one capability we do not have and that is to change a person's attitude. So, we prefer an unskilled person with a good attitude rather than a highly skilled person with a bad attitude. We take people who come out of highly structured, hierarchical, dictatorial corporate environments if they have the attitude potential. They may have just

molded their mannerisms to conform to that rigid environment. When we have them here for a while, they learn they can relax. . . and let their real selves come out.

For Duncan and Feisal, it is wrong to think of humor and work as mutually exclusive activities. Too frequently, Americans create a false dichotomy which says, in effect, "If it's fun, then it can't be work. Or, if it's not fun, then it must be work." The American tax courts may be ahead of many of us in ruling 70 years ago that a man's profession and his pleasure may be one and the same:

[A] business will not be turned into a HOBBY merely because the owner finds it pleasurable; suffering has never been made a prerequisite to deductibility. "Success in business is largely obtained by pleasurable interest therein."

—*Wilson v. Eisner*,
282 F. 38 (2d Cir. 1922)

It is not uncommon for outrageous humor to be vented within the Southwest working environment. After finishing the new corporate headquarters building at Love Field in Dallas, all of the staff except the dispatchers moved into the new facility. The dispatchers' mock outrage began an uproarious little war:

Employees petitioned not to have the dispatchers come over at all for the open house at the new headquarters. The dispatchers arrived and set up their own valet parking. . . just valet parking for dispatchers. They had gotten flags and screened off part of the parking lot. Everyone in the headquarters building then got together and decorated their offices like a funeral parlor. We got old flowers with wilted heads. The dispatchers then sent a letter outlining their "bitter" resolve to carry on the struggle forever.

These sorts of shenanigans are a regular element of Southwest's corporate culture. Employees place them in perspective, realizing that the antics are the lubricant that greases the engine of the business. A second

pillar of the Southwest culture is caring for and giving to other people, expressed in the tens of millions of passengers served each year. A number of other expressions of caring are embodied in Southwest's third corporate value—altruism.

Altruism

The importance of people—caring for them and cherishing them—is a corporate value that begins at the top and trickles downward. If altruism is the vicarious yet constructive and instinctively gratifying service to others, then Kelleher is very clearly altruistic:

We are interested in people who externalize, who focus on other people, who are really motivated to help other people. We are not interested in navel gazers, regardless of how lint-free their navels are.

At Southwest Airlines, altruism begins at home in caring for one another in the "family." Consider, for example, employees' responses to an event that occurred in the mid-1980s when the two-year-old son of a Midland, Texas agent was dying of leukemia:

About 3,000 people went out and sent cards to him on their own when they heard the story. That was at a time when we only had about 5,000 people. So, about 60 percent of all our people at Southwest Airlines bought this little boy cards. That's impressive.

Another way Southwest Airlines people care for each other is through a relatively new catastrophe fund, initiated and worked on over the past couple of years by people at Southwest:

The people contribute on a regular basis just to help others who run into some catastrophe in their lives that all of the sick leave, medical benefits, and other systems we may have cannot circumvent or supervene. That our employees would be sufficiently motivated by humanitarianism, given all the

government and company help available these days, is impressive to me.

This informally initiated effort reflects the concern, caring, and warmth people have for each other in the company. And it's not just talk—they are willing to back it up with their money and resources. They give for the collective well-being of each and all.

The people at Southwest Airlines have at other times created new ways to show appreciation for each other. For example, the provisioning department is responsible for providing the drinks, peanuts, and other provisions for each flight. As such, their direct customers are the flight attendants on each aircraft:

The provisioning people select . . . a flight attendant who is named the customer of the month. This is done by the board of directors of the provisioning department. They really set up a company within a company. I am invited to their board meetings and I go, as does Colleen Barrett, our vice president of administration.

This is not to say that the Southwest culture is somehow ingrown. The people at Southwest Airlines not only care for their own, they also care for others in need. The most concrete illustration of their charitable spirit is the extent of personal and corporate giving to the Ronald McDonald Houses within the Southwest city network. Southwest Airlines chose the Ronald McDonald Houses as their primary corporate charity, and in the late 1980s, the McDonald's Corporation recognized Southwest as one of the five companies that had done the most for its program. But Southwest employees gave more than their money:

The public relations executive for McDonald's said a somewhat astonishing thing to me at the time the awards were presented. He said Southwest Airlines was very special because they gave not only their money but their time. That was something to say in front of these other four companies who had been financially generous.

About 25 percent of Southwest's people volunteer some of their time and talent cooking, playing, or in other ways helping in the Ronald McDonald Houses. That is a significant gift of caring and giving in the service of others. And, as a result, the holiday message on the television read:

From the house that love built and
the airline that luv built, have a Merry
Christmas.

CHALLENGE AND TRANSFORMATIONAL LEADERSHIP

Every organization encounters economic, industrial, or corporate challenges at various times in its life history. And it is during these periods that a company's cultural values contribute to an enabling mechanism for venting constructive and positive responses. In *The Heart and Spirit of Transformational Leadership*, Kevin Freiberg argues that Herb Kelleher is a transformational leader in addition to being the entrepreneurial founder of Southwest Airlines. He suggests that Kelleher is able to facilitate the transformation of challenging events so as to create positive outcomes. Thus, work is transformed into play; challenge leads to achievement; environmental threats become opportunities; and individual strengths are transformed into collective power. By instilling his leadership into the culture of Southwest, Kelleher enables many Southwesterners to engage in a similar form of transformational coping.

This was recently illustrated in the case of Operations Desert Shield and Desert Storm. Between August and November of 1990, jet fuel prices doubled, posing a real challenge to all in the industry. About a quarter of the employees at Southwest banded together to create a "Fuel from the Heart Program" in which they donated a specified number of gallons of fuel from each of their paychecks, with the price of jet fuel pegged at \$1.10 per gallon. This was then set up as a payroll deduction and continued through the Persian Gulf War—about six months. The program was in-

strumental in allowing employees to feel a part of the solution to a pressing problem.

Thus, cultural values become the platform for specific and concrete actions designed to meet difficulty and challenge. We cannot think of organizational culture as a substitute for responsible, problem-solving behavior on the part of leadership. Culture becomes the vehicle through which problems and challenges become addressed, defined, reframed, and ultimately solved. When cultural values do not work in this fashion, they must be modified or jettisoned. The culture is not the end or goal but rather the means. It may be the focus of attention, but as in the case of the magician, something quite substantive and important may not be meeting the eye.

In *The Hardy Executive*, Salvadore Maddi and Suzanne Kobasa describe transformational coping as the active transformation of an event into something less subjectively stressful in one or more of three ways:

- Viewing the event with a broader life perspective.
- Altering the course and outcome of the event through action.
- Achieving greater understanding of the event's process.

The cultural values at Southwest aid people in transformational coping, which turns or alters the person's experience of the event. For the airline industry as well as for many other sectors of the economy, the 1990s are competitive and challenging times. During such times, hardiness and transformational coping help people maintain health and well-being.

Johnson & Johnson Health Management provides a parallel example of transformational coping. Although J&J operates in a very different industry, it also faced challenging times and its own unique culture served the organization well in trying times. For example, crisis hit in the early 1980s when the McNeil TYLENOL acetaminophen products were sabotaged. The cultural values delineated in the J&J credo helped shape the corporate response to the challenge. Johnson & Johnson concluded in their 1986

Centennial report: "We believe the consistency of our overall performance as a corporation is due to our unique form of decentralized management, our adherence to the ethical principles embodied in our credo, and our emphasis on managing the business for the long term."

After 100 years of success, it is not surprising that Johnson & Johnson has formalized their cultural values in their credo. After 25 years of success, Herb Kelleher is helping Southwest Airlines along the same path of formalizing and embedding cultural values to serve the company well over the long term.

CONCLUSION

Two key points to remember with regard to organizational culture are: (1) what you see is not always what you get, and (2) that is not necessarily bad. The underlying values and elements of an organizational culture are rarely immediately apparent. They are usually buried beneath a wide range of social behaviors and artifacts. For example, attention-grabbing antics may mask a deep-seated seriousness about the success of the business. Or, the persona of a tough-talking executive may mask a fundamental respect and appreciation for people. Therefore, it is virtually impossible to accept some aspects of the organization at face value. However, that does not mean that the cultural elements below the social surface are necessarily unsavory or unacceptable.

The airline industry in the United States has been highly competitive, challenging, and stressful since the 1978 deregulation. It is an unusual industry, given its capital intensive nature and service orientation toward the public. It would be difficult to argue that a particular organizational culture would ensure financial success in the current industrial context. There are too many other strategic and corporate considerations, such as jet fuel prices and computerized reservation systems, which impact the bottom line. However, it is not unreasonable to view corporate culture as

the connecting tissue which weaves an organization together and facilitates its fit within its environment.

Herb Kelleher has done a remarkable job of crafting a unique culture at Southwest Airlines through a combination of humor, altruism, concern for other people, and good, old-fashioned straight talk. The underdog quality of the Southwest Airlines culture, combined with its innovative niche strategy, are the key factors which enabled Southwest to achieve the degree of national recognition it has during the fourth era of its twenty-five-year history. They are also key factors in the financial success the company has enjoyed during the industry's economic diffi-

culties. Southwest's success has industry giant Bob Crandall of American Airlines talking to his employees during 1992 about learning from and modeling elements of the Southwest strategy.

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SELECTED BIBLIOGRAPHY

In "The Confucius Connection: From Cultural Roots to Economic Growth" (*Organizational Dynamics*, Winter 1988), Geert Hofstede and Michael Bond build the case for the importance of Confucian cultural values in the remarkable economic growth of Singapore, Taiwan, South Korea, Hong Kong, and Japan for the period from 1965 through 1985. The authors use annualized growth rate in GNP per capita as their key economic indicator. Their argument is one of the few in the literature that attempts to trace a direct connection between culture and economic success.

In "The Role of the Founder in Creating Organizational Culture" (*Organizational Dynamics*, Summer 1983), Edgar Schein examines the ways in which founders embed cultural values into the organizations they create. He also differentiates founder/owners from professional man-

agers. His book *Organizational Culture and Leadership* (Jossey-Bass, 1986) uses three case examples to illustrate the role of the founder in shaping the culture of an organization. In "Elements of the Cultural Network: The Communicators of Corporate Values" (*Leadership and Organization Development*, 1990), Charlotte Sutton and Debra Nelson examine the communication medium through which CEOs transmit cultural values. For those interested in more quantitative approaches to examining organizational culture, Denise M. Rousseau has written an excellent chapter entitled "The Quantitative Assessment of Culture" for Benjamin Schneider's *Frontiers in Industrial and Organizational Psychology*, Vol. 3 (Jossey-Bass, in press). However, one must be mindful of the inevitably soft nature of this construct we call "organizational culture."

Southwest Airlines has a complete *Culture*

Package available which includes: (1) "Spirit" material on Kelleher and Southwest's personality and leadership style; (2) the "People Mission"; (3) LUV Lines and UPDATE (internal newsletters); and (4) the Southwest Shuffle video; among other items. "Herb and His Airline," a nineteen-minute video produced for "60 Minutes," is available from both CBS and Southwest.

For a careful examination of Kelleher's leadership style at Southwest Airlines, see Kevin L. Freiberg's doctoral dissertation at the University of San Diego, *The Heart and Spirit of Transformational Leadership: A Qualitative Case Study of Herb Kelleher's Passion for Southwest Airline*. It is an informative, intensive study based on phenomenological and ethnographic research procedures. Freiberg's theoretical framework is that of James MacGregor Burns, who distinguishes transformational from transactional leaders in his original book *Leadership* (Harper & Row, 1978). Abraham Zaleznik's "Managers and Leaders: Are

They Different?" (*Harvard Business Review*, May-June 1977) makes a similar distinction between the basic personalities of managers and leaders in terms of their orientations to goals, their work, their relationships with others, and the relationships with themselves.

Jack Duncan, Larry Smeltzer, and Terry Leap's "Humor and Work: Applications of Joking Behavior to Management" (*Journal of Management*, June 1990) reviews the accepted theories of humor, with implications for management. It also summarizes the research on humor in management and the behavioral sciences and examines the legal aspects of specific applications of humor at work as it relates to employee relations. Duncan's article "No Laughing Matter: Patterns of Humor in the Workplace" (*Organizational Dynamics*, Spring 1989) focuses more specifically on how joking behavior affects employee relationships and performance, with guidance for management.