

# Analysis Organizational Socialization Impacts on Employee Performance and Productivity at a South African Financial Company

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**Abstract**—this present paper is about organizational culture, and an analysis of this culture at a particular financial company. Any organization has its set of behaviors and norms that characterize it as the company it is. Its culture is what really identifies the category that each and every company fall into. A particular aspect of the culture has to do with the way employees at this company see this culture as it has an impact on them. Socialization is seen as the process by which a new employee adjusts to the culture within the organization. This research revolves around the issue of how employees at Sanlam perceive the type of culture that the company has, and then how they, in return, react to it.

**Keywords**— Norms, Organizational culture, Socialization.

## I. INTRODUCTION

EVERY organization has its own ways of doing things. It can include the way its employees should be dressing like, the way they should behave, the rules and norms they must follow. Simply put its organizational culture. The culture of every organization is a factor that affects the way its employees behave once they entered the organization. The process of entering an organization is seen as a complex element, as it might be a crucial integration factor to the employee, as well as the organization itself. This is the reason why socialization is the central topic of this research.

The company that has been chosen for the researcher to conduct her research is known particularly in South Africa. It is a leading financial services group, originally established as a life insurance company in 1918. The study led the researcher to take more interest into the culture of the organization, but not as a whole, as a particular branch has been chosen to conduct an investigation. Looking into its culture, more information has been given as to how different values, behaviors, norms, or traditions are forming up the company. Of course it was also important to see where the employees fit into this culture.

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## II. JUSTIFICATION OF THE STUDY

Arriving into a new organization, a newcomer usually has expectations about the new environment they will be part of. Of course, this can be caused by the way the company marketed its image and publicized the way they conduct their activities. Once they get into this new environment, they need to go through this whole process of getting integrated.

Socialization is a process through which new employees, also called newcomers, enter a new environment and try to learn about every piece of the culture that makes the company.

Culture means the set of values, norms, historical facts, customs, and ways of behaving that are part of an organization.

As a precious asset to an organization, people are the principal starting point of every activity to get the whole group going as a whole. Socialization then, is seen as an element to analyze, because it is important to see what newcomers actually go through and how they perceive things, and then, how they are in return, set up to behave.

The company chosen can be used as a target to look into a culture that truly put their clientele first. These clients are faced with important financial decisions every day. This company is supposed to ensure that those decisions are the right ones. This company basically deals with people's most important parts of their lives, so it would naturally be expected of them to act in a people-oriented way. Socialization is an interesting factor to look at more in depth there, because it would help to see how integrate a culture will influence the degree to which employees are keen on helping people accomplish their financial goals, correctly.

## III. PROBLEM STATEMENT

Associated to the process of entering an organization, an important issue rises. Indeed, based on a certain number of characteristics such as previous environment, or even just personality, individuals may have different perceptions about the way they are welcomed and integrated into the company. Those factors might lead to the socialization process not being as smooth as expected.

At the same time, socialization might be an issue to deal with from the company and management's perspective,

considering how important they think this process is to contribute to the smooth running of the company. The next step is then, to analyze the outcomes of this process.

An important outcome is that employees have been resigning from the organization in a period of less than two years. This has led the researcher to look into the culture more deeply to find out about the possible cause for such behavior.

Form this issue, the following questions are asked:

**-Can the newcomers adjust to the organization's culture?**

**-What is the impact that the organizational culture at Sanlam has on its employees once they enter the company?**

#### IV. LITERATURE REVIEW

At an organizational level, an organizational culture can be defined as "the shared values, principles, traditions, and ways of doing things that influence the way its members act" [1].

Organizational culture is the collective behavior of humans who are part of an organization and the meanings that the people attach to their actions. Culture includes the organization values, visions, norms, working language, systems, symbols, beliefs and habits [2]. It is also the pattern of such collective behaviors and assumptions that are taught to new organizational members as a way of perceiving, and even thinking and feeling [3].

Exploring the organization culture may be a step in finding out about the possible causes of the issue at hand. It may get us to discover about the certain behavior from employees that may cause them to leave the company intentionally. At the same time, it is highly useful to possibly see how the company uses its culture to promote not only a certain well-being for its employees, but also success.

Peters and Waterman (1982) [4] suggest a psychological theory of the link between organizational culture and business performance. Culture can be looked upon as a reward of work; we sacrifice much to the organization and culture is a form of return on effort.

This theory that links culture to organizational performance is revealed to be important in this research. It shows us a true impact of the organizational culture on employees, and how they react to it in return. This is where the issue at hand comes up, namely the employees resigning from Sanlam. Culture is a big and very crucial part of any company, because it embodies the way its members are, or should be. For a new employee that still have to adjust to the new norms and habits within the company, this is not an easy task. Of course, there is some change involved. To embody the culture, one has to adjust to those changes.

Organizational socialization is the process, by which a newcomer acquires the attitudes, behaviors, knowledge and skills he or she needs to participate as an organization member [5].

Organizational socialization is concerned with the learning content and process by which an individual adjust to a particular role in the organization. Definitions of organizational socialization have moved from a simple and general description of "learning the ropes" to a more specific and detailed definition of "process by which the individual learns to appreciate the values, abilities, expected behaviors, and social knowledge essential for assuming any role and for participating as an organizational member". Thus it is often seen as the primary way by which people identify to new jobs and organizational roles. [6]

No empirical study to our knowledge has examined socialization effectiveness. Theoretical papers have associated effective socialization with the achievement of individual and organizational outcomes (Schein, 1978) [7], but their relationship has not been investigated empirically. Although more recent studies are beginning to focus on socialization content (Morrison, 1993, 1995; Ostroff and Kozlowski, 1992, 1993; Chao et al., 1994) [8], only Chao et al. (1994) have specifically developed some measures for the construct. Socialization tactics (Jones, 1986) [9] have not been studied in relation to socialization content and socialization effectiveness. In general, empirical research in organizational socialization is sparse and fragmented (Bauer and Green, 1994) [10].

Donald Brown, author of the book titled "An experiential approach to Organizational Development"[11], also developed theory about organizational socialization. It has been said that the process of entering into a company and blending into its culture takes four steps. Here they are:

- **Expectations of new employees:**

Entry into a new situation often results in some degree of anxiety or stress. The less an individual relates the new situation to the previous ones, the greater the feelings of anxiety and discomfort. The more the individual will meet expectations, the less the feelings of discomfort and anxiety.

- **Encountering the organization's culture:**

The culture provides a way for members to meet and get along. Three important aspects of socialization when joining an organization are:

- deciding who is a member and who is not
- developing an informal understanding of the organizational norms
- separating friends from enemies

While new employees are experiencing a new situation, the organization may be attempting to influence them. If new members come to an organization expecting to find a certain set of norms, they are looking for their expectations to be affirmed. If their expectations reflect the norms of the organization, the integration process for both the new members and the organization is relatively painless.

- **Adjusting to the culture and norms:**

New members often find that the norms are unclear, confusing, or restrictive. As a result, they may react in different ways when entering an organization.

At one extreme, a new member may choose to conform to all the norms of the organization, resulting of uniformity of behavior, and complete acceptance of the organization's values. This conformity may result in stagnation, a lack of responsiveness, and a loss of creativeness.

At the other extreme, a new member may choose to rebel, to reject the value, and to leave the organization altogether.

A less obvious alternative is for new members to accept the primary and more important norms and to question the peripheral norms around them. It is called creative individualism. This is the ideal behavior for a perfectly healthy organization.

- **Receiving feedback:**

Only the more healthy organizations allow their members to challenge their norms. The aim of organizational development is to develop an organizational climate that is appropriate to the organization's mission and members. In a sense, organizational development involves changing the culture so that more effective means of interacting, relating and problem solving will result.

There are different types of culture existing within an organization. No matter what the culture is, the following characteristics include:

- Separate more important from less important goals
- Develop ways to measure his or her accomplishments
- Create explanations for why goals may not always be met.

Another theory of socialization talk more about factors that could influence the process of socialization and the outcomes linked to that process. [12].

## V. METHODOLOGY

In approach to this study, we explore methods for gathering data and analyzing it in order to find ways to lead this study to a conclusive and satisfying end. To gather necessary data, a certain number of techniques and methods have been used in the process. The methods that were used were mainly, face to face interviews; also, questionnaires have been distributed to target employees facing the issue talked about in the study.

- **Face-to-face interviews**

In qualitative research studies, interviews are quite often open-ended, perhaps addressing one or a few central issues but otherwise going in different directions for different participants. In survey research, however, interviews are fairly structured. In a structured interview, the researcher asks a standard set of questions and nothing more. In a semi-structured interview, the researcher may follow the standard questions with one or more individually tailored questions to get clarification or probe a person's reasoning.

Face-face interviews have the distinct advantage of enabling the researcher to establish rapport with potential participants and therefore gain their cooperation. Thus, such interviews yield the highest response rate - the percentage of people agreeing to participate - in survey research. However, the time and expense involved may be prohibitive if the needed interviewees reside in a variety of states, provinces and countries.

Telephone interviews are less time-consuming and less expensive (they involve only the cost of long distance calls) and the researcher has ready access to virtually everyone on the planet that has got a telephone. Although the response rate is not as high as for a face-to face interviews (many people are apt to be busy, annoyed at being bothered, or otherwise not interested in participating), it is considerably higher than for a mailed questionnaire. The researcher cannot establish the same kind of rapport that is possible in a face-to-face interview. And the sample will be biased to the extent that people without telephones are part of the population about whom the researcher wants to draw inferences.

Personal interviews whether they are face-to-face or over the phone, allow the researcher to clarify ambiguous answers and, when appropriate, seek follow-up information. Because such interviews take time, however, they may not be practical when large sample sizes are important. [13]

In the case Sanlam, more information had to be gathered about the way things are done within the company. The researcher had the opportunity to approach a good number of those employees that were targeted for this study (employees that have chosen to quit the company).

Thanks to a good willing employee from this company, meetings have been arranged in remote places to conduct face-to-face interviews. Those interviews, with permission from the employees, were recorded. They did not take a great deal of time, not to inconvenience the respondents, but the questions that were asked were concise and simple enough for the respondent to fully understand what was expected of them.

Questions that were asked were mostly about the opinions and expectations that the employees had from the culture at Sanlam and how they really adjusted to the rules and norms that make the culture there.

Questions were also asked about their views on management and the way they thought higher layers in the company were handling the way things are done in the company.

A big limitation that the researcher faced is that, employees were a little scared of answering a few questions, because they did not want to suffer bad consequences from giving some information, should this study be seen by people from the company. Therefore, they also chose to remain anonymous.

- **Questionnaires**

Pen-and-pencil questionnaires can be sent to large numbers of people, including those who live thousands miles away. Thus, they may save the traveller travel expenses, and postage is typically cheaper than a lengthy long distance telephone

call. The social scientist that collects data with a questionnaire and the physicist who determines the presence of radioactivity with a Geiger counter are at just about the same degree of remoteness from their respective sources of data: neither sees the source from which the data originates. From the perspective of survey participants, this distance becomes an additional advantage: participants can respond to questions with assurance that their responses will be anonymous; thus, they may be more truthful than they would be in a personal interview, especially when addressing sensitive or controversial issues.

Yet questionnaires have their drawbacks as well. Typically, the majority of people that receive questionnaires do not return them - in other words, there might be a low return rate - and people who return them are not necessarily representative of the originally selected sample. Even when people are willing participants in a questionnaire study, their responses will reflect their reading and writing skills and, perhaps their misinterpretation of one or more questions. [13]

Coming back into the context of this study, the researcher has helped herself with questionnaire to interrogate various employees that she could not personally meet for face-to-face interviews. Questions that have been put on the questionnaires are similar to the ones that have been asked for the interviews. Questionnaires have been sent out to ten employees via e-mail. They contain a total of 15 questions, going from less to more pertinent.

There were of course limitations related to the use of questionnaires during this study. Indeed, the expected number of responses after sending out the questionnaires turned out not to be the actual number of responses that got back to the researcher. Out of the ten questionnaires that were sent out, only four came back answered.

However all the questions were answered with a high level of honesty and no employee seemed to be intimidated by the questions that were asked.

## VI. CASE STUDY, DATA COLLECTION AND DESIGN

The company at hand is a leading financial services group, originally established as a life insurance company in 1918. They demutualized and listed on the JSE Limited and Namibian Stock Exchange in 1998.

This company is a pioneer in transformation and the "Ubuntu-Botho" transaction in 2004 reinforced its position as a leading financial services group, underpinned by quality BEE leadership and a comprehensive strategy to ensure meaningful and broad-based participation across South Africa.

This organization provides financial solutions to individual and institutional clients. These solutions include individual, group and short-term insurance, personal financial services such as estate planning, trusts, home and personal loans, savings and linked products, investment, asset management, property asset management, stockbroking, risk management and capital market activities.

This company provides these solutions to various segments of the markets where it operates, and offers the solutions from a number of mutually dependent business entities in our Group.

From a life insurance company with our establishment in 1918, we have, in short, grown into a diversified one-stop financial services group, offering our clients a journey for life for their financial needs.

Its mission and values encapsulate everything we stand for, both as a business and as a caring corporate citizen. Their vision - to be the leader in client-centric wealth creation and protection - includes creating, protecting and growing wealth for our clients. Their values: we lead with courage, serve with pride, care because we respect others and act with integrity and accountability. [14]

The present research is about how employees are going through a certain kind of culture in order to become part of it. So, as it was mentioned above, employees have been the central point of focus because they have been interrogated about what was going on there.

An important point that has been raised from the case study above is that they experienced a transformation during 2004, which was characterized by Black Economic Empowerment. This company has made tremendous efforts to be a pioneer in the area of diversification, considering the fact that back when the company started, black people did not have any access to the services offered by the company. From this information, one can easily see that there are differences between the culture at Sanlam then, and now.

Therefore the focus is now on how the culture has turned out to be today. The fact that the company has been "transformed" is really being emphasized here. Therefore, the characteristics of the culture at Sanlam may, or may not be affected in a way of another, by this transformation.

Because of the said transformation and the implementation of Black Economic Empowerment (BEE), the organization is making efforts to work with, and employ, black people. The company is not considered anymore a "white" company, with all of its activities destined to make only white people have access to their services.

The employees that have been interrogated obviously got to learn more about the company where they worked. It was from their cooperation that more data about Sanlam has been gathered.

As the researcher was interrogating the people that have been chosen, a continuous pattern formed: complaints kept rising about how confusing their views of the culture at the company turned out to be, after they entered the company with a preconceived idea of how things were going to be.

When entering the company, all those employees have been acquainted with the rules norms and traditions within the company. They familiarized with them;

However an important factor seemed to make things go awfully wrong in the process of those employees adjusting to the culture, because the result ended up to be a resignation from all those employees.

A very important factor that has been gathered is that most of those employees who resigned were young black people. This correspond perfectly to the youngest generation known in the workplace, the Millennials (1981-2000), which is a generation characterized by technology, more active lifestyles, change and flexibility related to their working environment. They prone innovation, mentoring and guidance from the managers and fellow employees, etc. However, they did not get an opportunity to be at their best, because of this company and its culture that was going against what they valued.

## VII. RESULTS AND DISCUSSIONS

As a result to the lengthy research that has been made, a good number of findings have been concluded on. Those findings are the key to knowing exactly what factors caused the employees to leave the company. This way, the current issue may be solved, mainly by making possible recommendations to the managers in the company, because every single important issue is run by them, and they have the ultimate say in this kind of decisions.

Here is the situation: as it has been said in the course of this study, an important factor for newcomers to be an inherent part of any organization is that they have to go through the long and complex process of getting to know the culture that is making the company. The issue here is the event of so many people leaving this company in so little time. The answers to the questions that have been asked are summarized below.

### • Results of the investigation

Out of this investigation, the factors behind the issue at hand have been discovered. Out of the ten employees that have been interrogated, it was thanks to six people that those results were successfully found.

Employees coming into this organization were obviously expecting the best, because of the promises that were made to them before being part of Sanlam. Of course, expectations and apprehensions are part individuals when they enter the company. The environment in which they ended up to be not what they expected it to be.

The culture at the company has been described to be a not so welcoming environment. When entering the company. They had to “learn the ropes” under supervisors that did not seem to be so enthusiastic about how teaching them how things were usually done (how to interact with clients, etc.).

From what has been said by some of the employees, they were expected to come into the company, to one particular function in the company. Those roles turned out to be what the newcomers have been expecting prior to entering the company. Different roles are clearly stated and described to individuals wanting to enter the company. Problem is a new and really different situation that is presented to them, and this, once that contracts to be in the company had been signed. Employees then started being aware of certain points in their contracts that have been omitted while they were acquainted to the company. Employees claimed that that misleading

behavior from the company made the not accept the culture and what it what about.

Moreover, employees have been very explicit about how the policies and norms had to be followed, and how the way management. They all told the researcher about the story of that company being a “Boer” company back when it was founded. Things are well supposed to be different today, now that the company wants to have access to even previously disadvantaged groups, but providing services to them, but also provide equity in the workplace, meaning that all employees should be treated equally, regardless of the race, religion, social background, etc. The second problem that rises here is that, according to what the employees that have been interrogated, this transformation operated by Sanlam was supposed to create a different culture that would different than the one that used to exist way back. It does not seem to be the case. There is an apparent conflict between what has been established in the past and what exists now. The “new culture” that is supposed to exist at the company is still quite overshadowed by the formal culture and this situation is causing an enormous conflict concerning the way things should be done.

There is this transformation that aimed at give some access to previously disadvantaged groups on one side, and this “old school” culture with rules opposing the ones that exist today on the other side.

### • Discussion and recommendations

From the above mentioned results, it is clear to the researcher that all those employees who chose to simply withdraw from the company did so for the same reasons. Socialization is really about them entering the organization, and sees the outcomes of what the company has promised to deliver them once they became part of the company. Therefore, they came with a certain number of expectations, and waited for those expectations to be exceeded.

Majority of those employees were young black individuals. The transformation, or transition that has been occurring at Sanlam should have been of benefit to them, unfortunately, it was not the case. Sanlam is a very old company; therefore, it seems that it is still rooted in its former values and principles.

Management should seriously be called out to analyze the situation from an angle that is different from theirs. Measures should be taken for the directors to make the socialization process a perfect factor of integration in their company. Employees should really feel welcome and they should feel like their input counts in bringing home the profits. The company should be truthful to its employees and not reduce them into thinking they will be appealed to do a certain job and they end up doing another.

At the same time, a serious analysis should be done concerning the transition that has been talked about so much. Sanlam should really be open to new ideas, and completely change the way it approaches its employees, and the market, to avoid future confusion between what is, and what used to be.

## VIII. CONCLUSION

To conclude this research, the researcher got to understand more the concept of organizational cultures, the process of adjusting to them and the feedback that comes out of it.

It has been understood that it is all about a perfect match between an individual and the new environment in which they will be about to work. Any mismatch will not be beneficial, either for one of the parties. On one hand, newcomers come into the targeted organization, with the characteristics that defines them. They are very anxious, because of the fear for the unknown. Therefore they approach it in with various tactics. On the other hand, the targeted organization must have its own ways of correctly welcoming the newcomers and taking them through the process of being part of the company. the next step is for the employees to adjust to the culture, and see their degree of acceptance of the culture and what it contains. The result of this process will then, affect the way an employee behaves and performs in the organization. Whether the employee behaves will determine the culture in the organization.

The culture at the studied company revealed a culture that has not really been well defined. It is clear that employees there could not identify to the culture and therefore become a part of it. This problem should seriously be attended by management and they should realize how much they should consider socialization an important factor of integration.

Suggestions have been made to the management about the various ways to go, but the major limitation in this study is the rigidity of the structure and therefore the difficulty of accepting suggestions from an "outsider". The researcher sincerely hopes that the issues that have been noted for this study can be considered a wakeup call for management in the company.

## IX. ACKNOWLEDGMENTS

It is important to highlight that this study would not have been possible without the help of a good number of people. The first person I want to thank is a good friend, who was a worker in the company I investigated. Mister Moarabi Rakhudu, financial adviser in the studied company, helped me gather more information about the company, and it was thanks to him that I was able to communicate with other employees within the company. Thank you so much, Max. Of course, I also want to thank the other people who worked in the company; without their cooperation, none of this would have been possible.

Then, I surely want to thank mister Agwa, my supervisor, for giving me advice about how to go on about this project. Thank you, sir.

I cannot finish this section without thanking God, for giving me the motivation I got through this scholar year, to complete this project. Thank You Lord.

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