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Normative Control in Practice

The Case of

Johnson & Johnson

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Abstract

Title	Normative Control in Practice – The Case of Johnson & Johnson
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Authors	Camilla Freiholtz, Annie Hägglund and Karin Trogstam
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Purpose	The purpose of this thesis is to exemplify how a Credo (i.e. code of conduct) is used in order to exercise normative control. This will be done through the development of a theoretical model describing how normative control is practiced in reality.
Methodology	We have performed a qualitative study of the normative control at Johnson & Johnson. This was done by semi-structured interviews with the CEO, HR Manager and employees at the Swedish subsidiary. Based on theories of previous researchers we have constructed a model suggesting how normative control works in practice, and furthermore used the empirical material to illustrate this.
Theoretical perspectives	Based on theories of normative control and organizational culture we have developed a model. The model is primarily based on the research of Welch et al, which we have further developed and fused with the research of several other authors within the field of normative control.
Empirical foundation	The empirical foundation of this thesis is based on interviews and observations we have made at Johnson & Johnson. We have complemented this information with material that we have received from Johnson & Johnson and their company website.
Conclusions	The study demonstrates a model with suggestions regarding what to consider when practicing normative control.



Preface

Initially we would like to thank our case company Johnson & Johnson for their open and pleasant reception, and helpful guiding. A special thanks to Lars Johansson and Fredrik Lundin, CEO and HR Manger at Johnson & Johnson Nordic, for sharing their thoughts about their Credo and leadership in general. Additionally we would like to thank our remaining interviewees at Johnson & Johnson for taking the time for our interviews.

Last but not least, we would like to extend our gratitude to our supervisor at Lund University, Robert Wenglén, PhD, Associate Professor, for assistance and valuable input.

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Definitions

Throughout this thesis we will use ‘organizational member’ and ‘employee’ as synonyms. We will also equate ‘organization’, ‘company’ and ‘employer’.

Affective commitment The type of commitment within the employees that they *want* to stay at the organization and are willing to perform their best for the welfare of their company. Normative control enhances this type of commitment. (Welch et al. 2006).

Code of Conduct A formal document stating organizational values and the general way in which the organization should function, and should give organizational members guidelines as how to act in situations where there are no formally defined rules. (Merchant et al. 2007).

Corporate Culture See Organizational Culture

Corporate identification Organizational members will sustain a corporate culture to a larger extent if they identify with the overall organizational identity. This identity refers to central characteristics which are lasting and distinctive for the organization. We suggest that this identification is created through the promotion of corporate culture such as management enacting as role models. (Merchant et al. 2007).

Credo Johnson & Johnson’s statement of believes and values that should guide all decision-making within the organization. It is also a statement of the commitment and responsibility that the organization has towards their surroundings. (J&J, Our Credo Values). A Credo is a form of Code of Conduct

Credo Challenges Sessions that are held frequently within J&J where employees discuss the Credo values and how well it is used in different departments and aspects. Here results of the Credo Surveys are also discussed. (J&J, HR Manager).



Credo Surveys	An extensive, anonymous survey for all employees about how well the values of the Credo are considered to be followed. (J&J, HR Manager).
Internalization	In order for corporate values and norms to function as control mechanisms, organizational members need to accept them at a deeper level with real engagement and emotional attachment that can be achieved through a long-term process. (Welch et al. 2006).
J&J	Short for Johnson & Johnson
Normative control	“The attempt to elicit and direct the required efforts of members by controlling the underlying experiences, thoughts, and feelings that guide their actions.” (Kunda 1992, p.11)
Norms	Contextually determined guidelines for how to act, based upon the values of the culture. (Alvesson 1995)
Organizational culture	Basic assumptions invented and developed by a specific group to assist as guidelines (Schein 1985) Sometimes also referred to as Corporate Culture.
Psychological ownership	The organizational members’ feeling of ownership over the organization and/or its’ values and norms (Welch et al. 2006).
Socialization	A process where new employees are shaped into the existing culture by the engagement of other organizational members. The aim of socialization is for the new member to fully embrace the corporate culture and see the goals, values and norms as their own (Ouchi 1980), i.e. internalization.
Values	What an culture sees as ‘good’ and what ‘should be’ (Alvesson 1995)



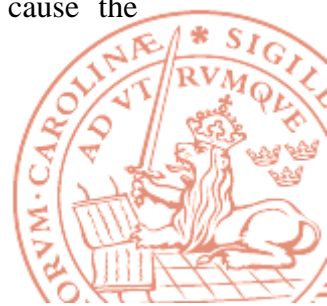
1. Introduction

This chapter aims to introduce the reader to the concept of normative control, and previous research within the subject. Furthermore we elucidate the research questions and the purpose of our study. Moreover we introduce our case company, Johnson & Johnson, and their Credo, which is the core of our study. Finally we would like to give the reader an overview of the disposition of the thesis to simplify the reading.

1.1 Background

Knowledge-intensive firms are an ambiguous category of organizations representing companies “that offer to the market the use of fairly sophisticated knowledge or knowledge-based products” (Alvesson 2004 p.17). In order for these companies to function, a more decentralized and flat organizational structure is needed in order for knowledge-intensive employees to flourish. These organizations tend to have a more flexible and ad hoc structure than traditional companies, using a more bureaucratic form of control. The employees in such companies are often more skilled in their area of expertise than their executives, which is a reason of why a more informal structure with less formal rules are needed. (Alvesson 2004). This has led to a situation where management needs to find other forms of control than the traditional, where employees are either controlled by bureaucratic rules (behavior control) or by for example a budget (output control) (Kärreman et al. 2007). As the number of knowledge-intensive firms increases (Alvesson, 2004) the interest of how to control these kinds of companies also grows.

In the sense of control, Alvesson (2004) discusses whether the significance of a conventional management model decreases in knowledge-intensive firms. He further states that the role of a clear strategy in management terms often is limited in these companies. Greenwood et al (1990) agree, and continue by suggesting that implementation of a decision depends on general acceptance among the employees rather than on corporate manipulation, which means that the management will face a complicated situation if they try to control the employees more directly. Decisions within such organizations are therefore often influenced by individuals and not just dictated by managers. Alvesson (2004) even states that decisions taken by one individual can influence the entire company. These decisions can therefore cause the



organization both great benefits as well as damage. This raises the question of how these individuals are managed without monitoring.

This interest of a more informal way of controlling the organization has led to different suggestions of how this can be done. Normative control is a concept which many researchers relate to this kind of control, and there are consequently endless definitions of this concept. Kunda (1992 p.11) defines normative control as *“the attempt to elicit and direct the required efforts of members by controlling the underlying experiences, thoughts, and feelings that guide their actions.”* Furthermore, if normative control is successful, Kunda (1992 p.11) means that employees will act in line with the company’s interest without being physically coerced but rather because *“they are driven by internal commitment, strong identification with company goals, and intrinsic satisfaction from work”*. This is what we in this thesis will refer to as normative control.

Organizational culture is frequently suggested to be the key element of normative control. Furthermore, a strong organizational culture is hard to duplicate and can therefore lead to a competitive advantage. (Alvesson 2007). The organizations’ strive for an outstanding and unique strategy may have led to an increased interest for normative control. One example of how to promote corporate culture is through a Code of Conduct. This is a formal document stating organizational values and the general way in which the organization should function, and should give organizational members guidelines as how to act in situations where there are no formally defined rules. (Merchant et al 2007). However, one potential problem is the fact that the meaning of the statements specified in the Code of Conduct may be limited and solely represent a couple of fancy words (Alvesson, 2007).

1.2 Research Gap

There is quite a lot of research done within the subject of normative control. Ouchi, Alvesson, Greenwood, Kunda and Etzioni are all authors who have contributed to the process of developing the concept. However, we have had difficulties finding studies describing how normative control is practiced in reality; perhaps as it is quite an intangible concept. Consequently, there tends to be a gap in previous research that could more concretely illustrate how normative control works in an organization. This has for us led to a growing interest and curiosity to further investigate the area of how normative control is exercised in practice, and what is behind these “fancy” words stated in several Codes of Conducts.



Therefore, it would be interesting to study an organization that tends to use normative control, and concretize how normative control is used in practice. This led our minds to Johnson & Johnson, which is well known for their strong corporate culture and values, which are grounded in their so-called Credo. Our interest in Johnson & Johnson is based on an interesting case that involved the organization in the 1980's. Johnson & Johnson, which is partially a leading pharmaceutical company, were subject to a severe case of tampered pills that caused several deaths in the United States. This case, which could also have been the death of the brand of pills that had been poisoned with cyanide, was handled in such a way by the organization that the brand soon came out stronger than ever. The company became well-known for using their Credo in all decision-making throughout this process.

1.3 Research questions

The discussion above has led us to the following research question:

How can normative control be practiced with the use of a Credo (i.e. a Code of Conduct)?

1.4 Statement of purpose

The purpose of this thesis is to exemplify how a Credo (i.e. code of conduct) is used in order to exercise normative control. This will be done through the development of a theoretical model describing how normative control is practiced in reality.

1.5 Johnson & Johnson

Johnson & Johnson, which will now be referred to as J&J, is an American based company within the healthcare industry. They are a leading manufacturer of medical devices, pharmaceuticals and consumer healthcare products. Since the founding in 1886 the organization has branched out to operate over 250 companies with business units on a global basis. (J&J Our History). In Sweden the organization is present through Johnson & Johnson AB, with its head office in Rotebro, North of Stockholm where we have interviewed the CEO, the Manager of Human Resources, as well as a number of employees, primarily at the Customer Service Department.



1.5.1 The Credo

In 1943, just before J&J became a publicly traded company, chairman and member of the company's founding family, Robert Wood Johnson Jr. formulated the so-called Credo. Credo, the Latin word for "I believe", has since then been a statement of beliefs and values that should guide all decision-making within the organization. Chairman William Weldon states: *"I know Johnson & Johnson employees everywhere around the world are making decisions using the same tool I do, and that's our Credo"* (J&J, Credo video).

It is also a statement of the commitment and responsibility that the organization has towards their surroundings (J&J, Our Credo Values). Primarily, their responsibilities towards all users of their products are mentioned. Secondly their responsibility towards the employees is stated. Thirdly mentioned is their responsibility and commitments towards the communities they are active within, and finally towards their stockholders (See figure 1). At the time when the Credo was constituted this order of prioritizing their responsibilities was seen as somewhat shocking. By placing responsibility towards stockholders as the last mentioned, this caused Johnson to be excluded from the American Chamber of Commerce (www.jjnordic.com). The J&J Corporate Credo can be compared to what many other organizations today call a mission statement, visions, values or philosophies to mention a few. However, not to be forgotten is that when the J&J Credo was founded it was revolutionary and long before the term Corporate Social Responsibility had been coined (J&J, Our Credo Values). The Credo is at times slightly adjusted to fit today's day and time, but this is a very careful process performed by chairmen at the head office in New Jersey.

What differs the J&J Credo from other organizations with similar statements is according to the Nordic CEO that it has existed for such a long time that it has become deeply rooted and therefore permeates the entire organization and all decision making. He believes that on a regular day the Credo is simply about being a good co-worker, for example greeting each other in the hallways, and treating people with respect. In more difficult situations the Credo is more an inner moral compass and what he repeatedly refers to as using "common sense". He believes that the only way of really showing that the Credo is real is by acting accordingly and without exceptions.



Figure 1: Our Credo (J&J Pahlmpet)

Our Credo (since 1943)

**We believe our first responsibility is to the doctors, nurses
and patients, to mothers and fathers and all others**

who use our products and services.

In meeting their needs everything we do must be of high quality.

We must constantly strive to reduce our costs in order to maintain reasonable prices.

Customers' orders must be serviced promptly and accurately.

Our suppliers and distributors must have an opportunity to make a fair profit.

**We are responsible to our employees,
the men and women who work with us throughout the world.**

Everyone must be considered as an individual.

We must respect their dignity and recognize their merit.

They must have a sense of security in their jobs.

Compensation must be fair and adequate, and working conditions clean, orderly and safe.

We must be mindful of ways to help our employees fulfill their family responsibilities.

Employees must feel free to make suggestions and complaints.

There must be equal opportunity for employment, development and advancement for those qualified.

We must provide competent management, and their actions must be just and ethical.

**We are responsible to the communities
in which we live and work and to the world community as well.**

We must be good citizens – support good works and charities and bear our fair share of taxes.

We must encourage civic improvements and better health and education.

We must maintain in good order the property we are privileged to use, protecting the environment and
natural resources.

Our final responsibility is to our stockholders.

Business must make a sound profit.

We must experiment with new ideas.

Research must be carried on, innovative programs developed and mistakes paid for.

New equipment must be purchased, new facilities provided and new products launched.

Reserves must be created to provide for adverse times.

When we operate according to these principles, the stockholders should realize a fair return.



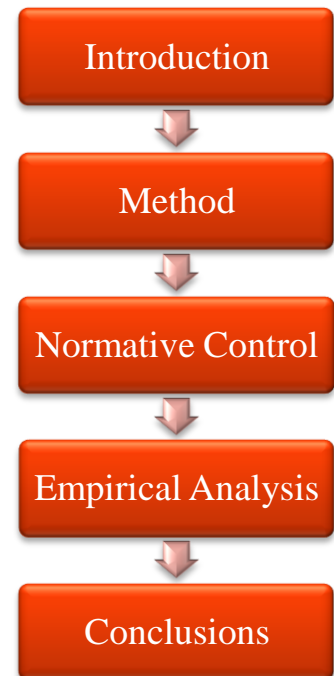
1.6 Disposition

After this introductory chapter, a chapter of the method we have used in order to write our thesis will follow. This includes a presentation of our theoretical framework as well as how the interviews were carried out. A motivation of different choices we have had to make is also presented.

Next is a theoretical chapter, where we give a deeper explanation of the concept of normative control and organizational culture. In this chapter we also introduce and further discuss the model suggesting how normative control can be practiced. We would suggest this chapter to be the key to understand the following parts of this thesis which is why we recommend the reader to pay close attention to the theoretical chapter.

In the chapter of empirical analysis we have presented the empirical material as well as our analysis of it. The structure will follow our model presented in the theoretical chapter. Accordingly, this chapter aims to present how normative control is exercised in our case company. This chapter also includes a discussion regarding our model.

Finally we summarize the conclusions we have come to through our study. We also present our suggestions of further studies that could be made within the subject.

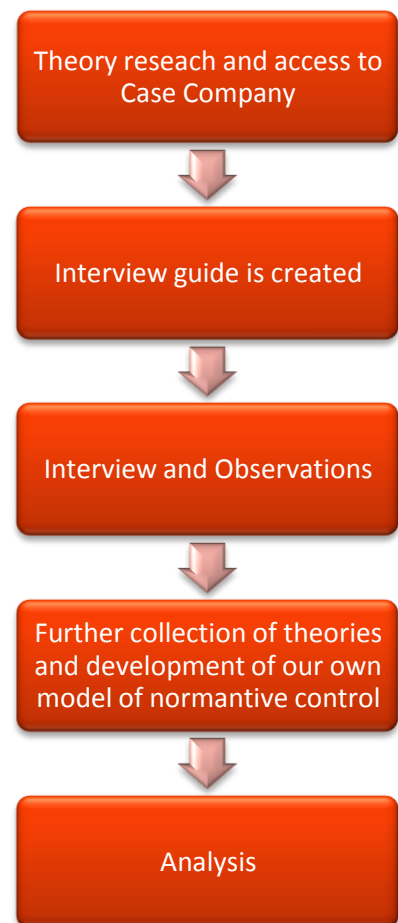


2. Method

In this chapter we will present and motivate our choices throughout the writing process. As a starting point, we will present the process of our thesis writing in order for the reader to get a quick overview. The process is further presented in each paragraph. Secondly we will present our theoretical framework followed by how the interviews were carried out. Furthermore we will present the process of the analysis. Finally we present an evaluation of our study.

2.1 Process

After the decision of further investigating the concept of normative control we began searching for a relevant case company. At the same time, we read articles and books in order to update our knowledge within the area. This was also a way for us to prepare for our interviews, helping us to ask relevant questions. After this, an interview guide was created based on the literature and the purpose of our thesis. As we could not find any theoretical model that served the purpose of our study we developed our own model of how culture should be maintained and managed. After performing and transcribing the interviews, we continued to collect theories related to our topic. In this sense, our approach in this thesis seems to be related to what Alvesson et al. (2000) label an abductive approach. An alternative would be to collect all theories in advance, in order to test the validity of the theories (Bryman & Bell, 2003). This would have given us the opportunity of gathering information before creating the questionnaires, however the limitation would be that we wouldn't be able to collect more theories specifically related to our thesis. The opposite would be that theory is generated after the empirical material is collected (Bryman & Bell, 2003). As we needed to update our knowledge in advance, we did not consider this method to be relevant for our study.



2.2 Information Collection

In this section we will begin by presenting our theoretical framework and also the process that led us to a new model of how normative control can be maintained and managed. Furthermore, the gathering of the empirical material that was used to illustrate the ideas of the model is presented. Finally we motivate our choice of case company as well as the process of the interviews and observations.

2.2.1 Theoretical Framework

In order to get a broad picture of the concept of normative control we used Lund University's search engine for academic articles and books. As our aim was to be able to compare different views upon the concept of normative control we read a great number of articles in order to map theories related to the topic. We also included theories of culture and identity to gain understanding and get an overall picture of the topic.

Originally, our purpose was to illustrate how J&J's Credo is used in order to exercise normative control with the assistance of an existing theoretical model. As we didn't find any existing theoretical model that fulfilled our purpose we developed our own model based on a model by Welch et al (2006). Consequently, to develop a new model that illustrates how normative control is exercised in practice was added to our purpose. The purpose was finally formulated as the following: to develop a model that could in combination with empirical material from J&J illustrate how normative control is exercised in practice.

However, Welch et al (2006) do not discuss their model in depth and do not explain the different parts, nor their relation and effect upon each other to any greater extent. We have therefore used the model as a basis for our theoretical framework, and by incorporating other authors' research upon normative control into the model we have developed the model by defining the different steps more clearly.

In our model of how to perform normative control we propose that Welch et al.'s (2006) four perspectives upon how to maintain a culture are closely linked to the same authors' four suggestions of how to manage through organizational culture. Welch et al (2006) present short explanations of the four perspectives of the first step (how to maintain a strong corporate culture) and this discussion is presented in chapter 3. However, the four perspectives of the second step of our model (how to manage through corporate culture) is not further discussed by Welch et al (2006). However, these concepts are well-established terms and we have therefore further explained the second step by using other common explanations of the



concept. All of the parts are interdependent, which will be further explained in chapter 3, and it is thus the model as a whole that represents how to practice normative control. The concept of the model is further explained in chapter 3, and in the Empirical Analysis we will then show how the model is linked to the actual practice of normative control at J&J.

An alternative approach would be to include how to develop a strong corporate culture in a company. However, this step hasn't been included in our study. This is mainly due to the fact that J&J's corporate culture developed decades ago and the process is therefore not possible to study in detail. Another reason of not including this in our model is that the study would become too broad.

2.2.2 The Case Company

To serve the purpose of this thesis, we searched for a company known for exercising normative control. Johnson & Johnson is an organization well known for their strong normative control, culture and the use of their so-called Credo, which became specifically evident when dealing with a case of pharmaceutical tampering, as explained in our introduction chapter. Exceptional norms and values, as stated in their Credo, helped the company make decisions that made them stronger than ever on the market, and has ever since been an exceptional example of crisis handling. For these reasons, our belief was that Johnson & Johnson could assist us in the process to serve the purpose of this thesis. The company was also willing to give us the information we needed and were highly open and collaborative.

An alternative case company could have been IKEA. This is also a company known for their strong corporate culture. IKEA was also brought up during our interviews with J&J as a company with strong culture and norms like their own. However, our interpretation is that many Swedish students before us have shown interest in IKEA's organizational culture, which made the choice of Johnson & Johnson feel much more unexplored and interesting.

2.3.2 Interviews

Our aim with the interviews was to investigate the role of the Credo in the daily life at J&J and how the employees interpret leadership within the organization. We wanted to understand how deep the Credo is grounded in top management's- and employees' minds. In order to fulfill this purpose we used a qualitative approach with semi-structured questions. Alvesson and Sköldbberg (2000) suggest a qualitative approach can be seen as interpretations of open and ambiguous empirical material. They mean this method to be based on the perspective of the researched object instead of the researcher's own ideas. This is in line with our aim to be



able to make interpretations of the answers of the interviewees. If we instead had used a quantitative approach, this would for example have given us the opportunity to investigate to what extent the employees were aware of the Credo. However, this wouldn't have given us the depth we aimed for. As the concept of normative control is ambiguous, we believe a qualitative approach is needed in order to give the study more meaning and depth.

We used semi-structured interviews in order to receive relatively open answers, and to allow the interviewees to talk about the topic rather freely. We used this type of method and not unstructured questions because we knew roughly the area we wanted to investigate. Using unstructured questions could have caused investigating an area that is too broad, and lose our focus on normative control. This could also have become a problem due to our limited time-frame, which enforces our motivation of using semi-structured questions. Another motivation of using semi-structured questions and an interview guide, which is often used in this approach (Bryman & Bell, 2005), is that it gave us a structure that was necessary as our interviews were booked on a tight schedule. Directly following our interviews with top management were the interviews with employees. Therefore it was required that we had acquired the information we needed in the first interviews in order to ask employees follow-up questions that were built upon the answers from management.

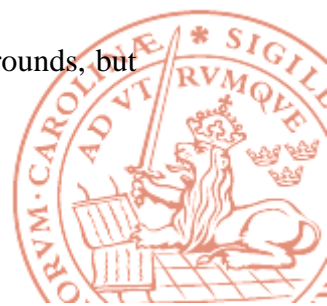
2.3.2.1 Presentation of the interviewees

In order to investigate how normative control is exercised in J&J we have interviewed the Swedish CEO and HR Manager, as well as a number of employees at lower hierarchical levels. In order to give the reader a greater understanding we will below give a further introduction to who they are. As all of our interviews took place in Sweden, the language spoken during interviews was naturally Swedish, which has led to that we have translated all the quotes that will follow in the empirical analysis as accurately as possible.

The CEO has been at his current position for four years. He joined J&J directly after his university studies; J&J is therefore the only employer he has had in his professional career. The total amount of years he has spent at J&J is eighteen.

The HR Manager started at J&J when he was in his thirties, and therefore has experience of working for other employers than J&J. He has been employed at J&J for five years; all within the same position.

Our interviewees from lower hierarchical levels all, naturally, had different backgrounds, but



common for them all was the fact that they have been employed by J&J for what can be considered a long period of time. The range of years at J&J was between thirteen and thirty years, and during this time they have all circulated within different departments of the company. Today they are at different hierarchical levels and thus in sum we believe that they will provide us with a general knowledge about the organizational culture at J&J.

2.3.2.1 The process of the interviews

To begin with we got access to interview the CEO and Human Resource Manager at J&J. Our primary aim with these interviews was to get their view of leadership and culture within the organization. Before the day of our interviews we had e-mail contact with both the CEO and HR manager in order to give them some background of our interest. They were consequently aware of our plan to explore how leadership was exercised in the company as well as our special interest in how their Credo is used in practice. This was done due to two reasons. Firstly, we needed to give them some information of our interests in order to get them to accept our study and their participation. Secondly, due to their, and our, limited time frame we wanted them to be prepared in order to not waste any time.

The employees on the other hand, were not prepared for the interviews in advance, nor aware of our interest in the Credo. After interviewing the HR Manager and CEO, we got access to employees working at the Customer Service Department, as well as a few other positions. The interviews were individual and lasted around twenty minutes, depending on the answers.

2.3.2.2 The Interviews

Our first meeting was as mentioned with the CEO of J&J. Besides giving us verbal information, he provided us with written information such as brochures and booklets about the company and their Credo. As this material is provided by J&J themselves we have remained extra critical when using these sources as they tend to be subjective. The fact that the material is subjective has been taken into consideration in our analysis. The original plan was to first meet with the CEO separately and after that another separate interview with the HR Manager. The advantage of this structure would be to get their individual view of the topic independent of each other. However, after some consideration we decided to meet the CEO individually for half an hour and then continue to interview the CEO along with the HR Manager in a group interview. After this we spent about another thirty minutes with the HR Manager, interviewing him separately. The intent of the group interview was mainly to let the interviewees discuss the topic freely amongst each other. This helped us get more information, as it was a bit more relaxed form of interviewing. Furthermore it gave us the



chance to observe their interaction and relation. During this part of the interview we took a less active role, observing and asking questions when needed. This part of the interview was therefore more similar to a conversation than an interview. The strategy turned out to work well. Consequently, we would suggest that this method gave us the best of both worlds. However, we are aware of the fact that this “conversation” gave the interviewees the chance to bring up things that put forth J&J in a more positive manner, which we have considered in our analysis. Furthermore, the fact that these interviewees are a part of top-management in such a big company may have affected our questions to be less forward due to a great deal of respect from our side. However, as the atmosphere was very friendly and relaxed we do not believe it affected our study significantly.

When interviewing the employees we wanted to explore if they would mention the Credo when we asked about norms and leadership, and therefore didn’t mention the Credo in the initial questions. The reason of doing so was to investigate how deep the Credo was rooted in the employees’ minds. These questions were important as the answers assisted us in the process of answering for example how internalized (the concept is further explained in chapter 3) the Credo is. After asking about how the employees interpreted their working situation, how leadership was carried out, and what the company represents to them; we started to ask more specific questions about the Credo, for example if they thought top-management and themselves followed the Credo in all situations. This gave us the opportunity to first investigate if the employees talked about the Credo unbesought and after this ask more specific questions related to the Credo. In order to receive more valid answers we informed employees before the interviews that their answers would remain anonymous.

As mentioned previously, we used an interview guide throughout the interviews. The guide is attached as an appendix in order for the reader to follow the questions asked. However, as mentioned before, we used the questionnaires as guidelines and the questions were therefore not asked in the exact order as presented in the questionnaire. Some of the questions we planned to ask were answered before we even asked about it. In this sense we followed most of what Bryman and Bell (2005) label semi-structured interviews.

Before the interviews, we nominated one of us to be head interviewer. The remaining two took notes but also asked attendant questions when needed. To ensure that we didn’t miss anything important and to be able to listen to the interviews afterwards, we recorded them



after getting permission from the interviewees. We also transcribed the interviews so that we could analyze them more in detail, which is also recommended by Bryman and Bell (2005).

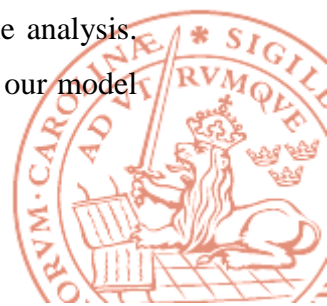
2.3.3 Observations

Our study is mainly based on interviews and the observations are meant to work as a possible compliment. Therefore we will not try to categorize the type of observations done. Our intentions were to observe different symbols during our visit at J&J such as dress code, interaction, buildings and open-plans. The observations took place during the interviews, in the reception, and when we walked around in the building. Therefore, our observations are supposed to work as a tool to read between the lines or as a possible compliment to the interviews, and may assist us in the process of either confirming or declining things said during the interviews.

2.4 Analysis

Our first intention was to present the empirical material in a separate chapter and after that present our analysis in the following chapter. However, after some consideration we decided to name the chapter Empirical Analysis and combine the two. The main reason of doing so was to avoid too much repetition and make the thesis more fluent. The scenario of firstly presenting our findings in one chapter and then analyze them in the following chapter would end up in a situation where the reader either would have to constantly return to the chapter of empirical material to understand the analysis, alternatively us repeating all the empirical material in the analysis. However, this approach may be criticized, as a reader may want to read an objective empirical material before reading the analysis. However, our point of view is that the empirical material will never be completely objective either way, as the questions are selected and asked by us. We have also selected, with our research question in mind, which parts of the empirical material we are presenting. This means that the empirical material can never be completely objective and we have therefore decided to mix empirical material and analysis in chapter 4.

Our model of normative control has worked as a framework for our analysis. The model consists of four different boxes. One box includes one of Welch et al's (2006) suggestions as to what is important when maintaining a corporate culture, and a related suggestion of how to manage through corporate culture. How these are related will be further discussed in chapter 3. As they are related, they are discussed and analyzed in the same section in the analysis. Consequently, we have put different parts of our empirical material in sections of our model



where they belong, and compared theories and empirical material. By doing so, we illustrate how the theories are related to our case company. An interesting part of the empirical material that didn't belong in the model is also discussed in the analysis.

2.5 Evaluation

According to Bryman and Bell (2005) and Svenning (2003) it seems to be complicated, if not impossible, for the researcher to not affect the interviewee in some way, which as a consequence affects the answers and thereby the analysis. Factors such as if the interviewee feels threatened, insecure or confident will influence the answers. This is probably not possible to exclude and we are aware of the fact that the answers are affected by our presence.

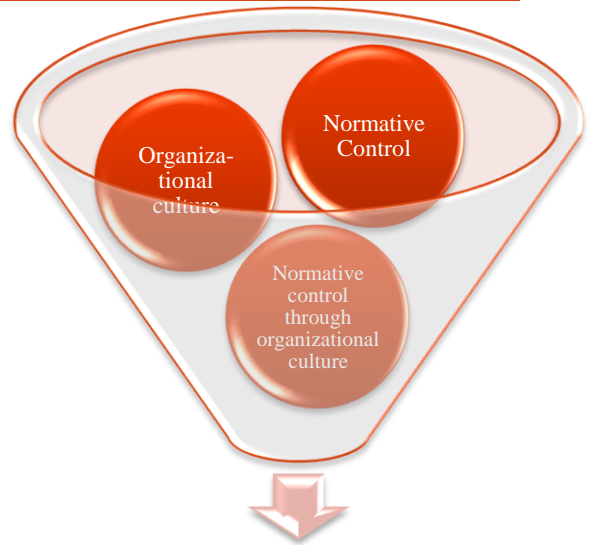
Alvesson and Svenningsson (2008) emphasize the difficulty of studying culture during a short period of time. The authors do not specify what they mean in detail but as our visit at J&J lasted during a short period we have to consider this as a limitation of our study. If we would have done this research for a longer period of time we would have the opportunity of more interviews and more observations, and that may have given us a deeper analysis of the organizational culture and the normative control.

We are aware of the fact that investigating more than one company would have given us the opportunity of comparing different examples of normative control and that might have provided us with interesting findings. This would also give us the chance to more in depth investigate whether the model is valid or not, and also if any improvement are necessary. However, as we have settled for one case company we have illustrated the model with the assistance of our case company instead of testing the validity of model which would have been possible if studying more companies. Another reason of using only one case company is, due to the limited time frame, to be able to do an in-depth study. The risk of using more than one company could have resulted in us receiving too vague empirical material, which was not a chance we were willing to take.



3. Normative Control

In this chapter, we will present the theories that later on will be discussed in relation to normative control at J&J. We will start this chapter by presenting normative control and how this applies to culture, a concept that we then will discuss further. Lastly we will present our model of how these two concepts correlate and how one can practice normative control through the management of corporate culture.



Theoretical Framework

3.1 Normative Control

3.1.1 Introduction to normative control

There are many different definitions of what we in this thesis will refer to as normative control. Some examples are cultural control (Merchant et al. 2007), clan control and socio-ideological control (Alvesson et al. 2004). As the concept is ambiguous it is difficult to find a distinct definition, and it may be difficult to know what is included or excluded from it. In order for the reader to understand our perception of the concept, this thesis is based on the definition of normative control as *“the attempt to elicit and direct the required efforts of members by controlling the underlying experiences, thoughts, and feelings that guide their actions.”*(Kunda 1992, p.11)

Normative control is, as is indicated by the name, based upon shared norms and values guiding the actions of organizational members. (Welch et al. 2006). Values are what the culture sees as ‘good’, whereas norms are the unwritten rules of behavior and attitude. That is, norms are contextually determined guidelines for how to act and they are based upon the values of the culture. There is however no distinct line between the two concepts. (Alvesson 1995). The concept of values will be further discussed in paragraph 3.2.3.2.



Collective norms and values will determine the ethical guidelines within the organization (Martin et al. 2009) and thus control the thoughts and feelings that guide the organizational members' actions (Grugulis et al. 2000). The focus upon common values and norms within a group is central in order for members of the organization to interpret their social reality in a similar way. This common understanding of reality will in turn prevent disagreements and confusion within the organization (Alvesson 2007), and combined with shared values and norms this will also produce goal alignment (Welch et al. 2006). It is therefore important to maintain the values and norms of the organization and to continuously work to implement them in the organizational members' minds (Alvesson, 2007).

One advantage with this type of control is the difficulties for competitors to imitate it (Alvesson 2004). This is due to the fact that normative control is very complex (Alvesson 2004) and the changing of norms and values is a very time demanding process (Schein 1985); there are even discussions regarding whether or not this is even possible (Welch et al. 2006). Alvesson (2004) claims that normative control may work in situations where other types fail. He also states that normative control aims at more than just controlling, it also gains commitment from employees. The enhancement of employee commitment due to normative control is further supported by the research of Welch et al. (2006). However, this type of control is complicated to create and requires a stable and homogenous workforce (Alvesson, 2004).

Normative control is a fairly discrete management control system, i.e. the people whose actions are being controlled might not reflect upon it. This might be due to the fact that normative control is more about self- and mutual- monitoring than direct managerial supervision. Therefore, normative control has a positive effect upon company ethics and has advantages over its substitutes. The system is effective in most settings as it is about self governing, it have less harmful side effects, and it is not as time and capital demanding as other controlling systems. (Merchant et al. 2007).

3. 1.2 Normative control and organizational culture

As stated above, we believe that cultural control and normative control are different labels of basically the same kind of organizational control. Alvesson (2007) states that shared values and meanings are associated with organizational culture, and Kärreman et al. (2007) claim these to be the very devices used within normative control. Kärreman et al. (2007) continue by stating that normative control is about influencing peoples' values and their understanding



of reality, which can be easily related to culture.¹ This indicates that organizational culture is a vital part of normative control. In fact, Alvesson (2007) states that organizational culture is the key element of normative control. Regarding our definition of normative control, we see that it is about trying to control underlying experiences, thoughts and feelings of organizational members (Kunda 1992), and this can easily be linked to culture as this is something that will determine the way its' members interpret their reality (Alvesson 2007). Through controlling culture, management will thus control how organizational members experience and feel regarding their reality. We have therefore decided to focus our theoretical framework upon culture and how this can be managed through the use of normative control.

3. 2 Organizational Culture

3. 2. 1 Introduction to organizational culture

Culture is a concept with endless meanings and definitions and can thus be seen as very ambiguous (Hatch, 1997). There are however some similarities within the definitions. Schein (1985) for example, suggests that organizational culture is about basic assumptions invented and developed by a specific group to assist as guidelines, while Pettigrew (1979) defines organizational culture as collectively established meanings for a specific group at a specific time. These meanings help individuals in the group to make sense of their own reality. The definition that we have chosen to use in this thesis is however the one proposed by Schein.

As previously mentioned, culture is a central part of normative control. Comparing Kunda's (1992) definition of normative control (controlling underlying experiences, thoughts, and feelings that guide members' actions) and Schein's definition of culture (basic assumptions acting as guidelines for members), we see why this is the case. When practicing normative control it is thus important for the manager to control culture through affecting the basic assumptions of the organizational members. A further explanation to the different parts of culture will follow in chapter 3.2.3.

3.2.2 Controlling Culture

Among organizational researchers, there is an ongoing debate whether or not it is possible to control culture. Hatch (1997) suggests the discussion to be about whether employees' interpretations are possible to control. It is rather obvious that it is possible for top

¹ See definition of organizational culture in chapter 3.2. 1

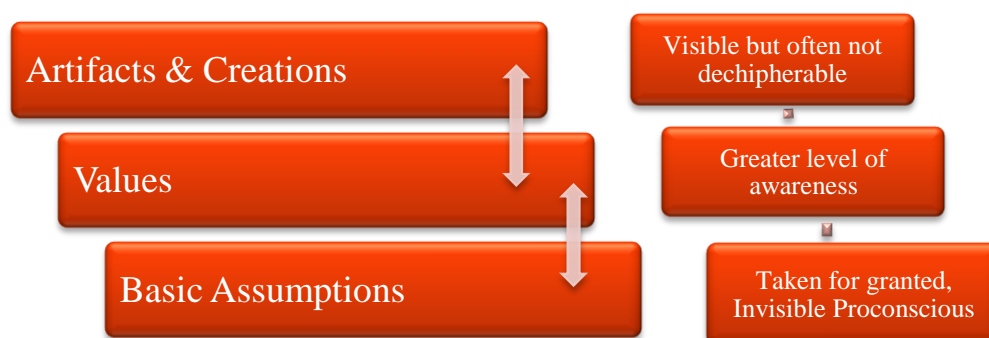


management to control different artifacts² within the organization, but the question is whether the employees' interpretations are in line with top management's intentions. Researchers who believe that culture can be controlled claim that values and norms are controllable. In that sense, it should be possible to control culture, and through that a desirable behavior. Researchers claiming the opposite means that values and norms are too deep-rooted in the employees minds and are therefore not possible to control. Some researchers claim that only top management can influence the organizational culture, while others believe all employees influence it in a subconscious, unintended way. (Hatch, 1997).

3. 2. 3 Schein's model of culture

In his well-known model Schein (1985) claims there to be three levels of culture in an organization. The first and most visible one is artifacts and creations. The second and the third level are more intangible and hard to observe, and consist of values and basic assumptions. The core of an organizational culture thus consists of subconscious basic assumptions that are shared within the organization. The different levels are codependent of each other and they all influence each other. Basic assumptions affect values and norms that influence the acts and choices made by employees, which in turn produces artifacts. When studying figure 2, this is indicated by the arrows pointing upwards. As the chain of actions can be reversed, i.e. artifacts influencing values that in turn alter basic assumptions, the arrows in the figure also point downwards. However, it is important to keep in mind that these influences are very time demanding and that the levels become more difficult to change the deeper into the culture you go (i.e. basic assumptions are more difficult to change than artifacts). (Schein 1985).

Figure 2: Schein's model (adapted from Schein 1985 p. 14)



² For further explanation of the term artifacts, see 3.2.3.1



3. 2.3. 1 Artifacts and Creations

The first and most visible level of culture represents artifacts and creations. (Schein 1985) Within it, Hatch (1997) presents three different levels of artifacts and creations. The first one is physical manifestations³ and includes objects such as design, buildings, logotypes, dress code and other material items. The second level of artifacts is behavioral manifestations⁴ and consists of ceremonies, rituals, traditions, rewards and punishments. The last of the three levels is labeled verbal manifestations⁵ and is about stories, myths, metaphors and jargon.

Alvesson (2007) presents a similar classification when explaining how culture is expressed. Just like Hatch, he suggests three groups but instead labels them material, language and action. Material mainly expresses values existing in physical elements such buildings and products, and can thus be connected to what Hatch calls physical manifestations. Alvesson (2007) proposes language to be about words used in the organization and how they are interpreted. What is talked about as positive in one organization may be negative in another. Other important words used in the organization can be slogans and different stories. What Alvesson names language therefore seems to be related to what Hatch refers to as verbal manifestations. Alvesson's third and last group is action. According to him, this is closely related to the previous group language, as actions usually contain the use of language. One example where this correlation is evident is when executives meet (i.e. action) to discuss employees and how they should be managed (i.e. language). (Alvesson 2007). This last group, action, has some connections to Hatch's group of behavioral manifestations, but they don't seem to be equal. This is due to the fact that Hatch does not relate behavioral manifestation to the use of language in the same way that Alvesson does.

Artifacts and creations are often rather simple for an outsider to observe, but are somewhat complicated to ask about since the people within the culture are not always aware of them. However, even if artifacts are easy to observe, the observer has to remember that artifacts are like the tip of the iceberg, they will only provide a hint of the deeper and invisible basic assumptions (Schein, 1985). Alvesson (2007) presents a similar view when emphasizing that it is not the manifestation of culture through his three groups that are important but instead it is how organizational members interpret them.

³ Our translation of 'Fysiska manifestationer'

⁴ Our translation of 'Beteendemässiga manifestationer'

⁵ Our translation of 'Verbala manifestationer'



3. 2.3.2 Values

Level two of Schein's model concerns values and includes social principles and goals within an organization. It is also within this level of organizational culture that norms are present. These values represent what is important for an organization, for example freedom, loyalty or money. (Schein 1985). Alvesson (1995) adds to this by stating that values are what is 'good' and what 'should be', and that they provide guidelines as how to act. If the values are based upon shared basic assumptions within the culture, they can be of great assistance in bringing a group together (Schein 1985).

Values are more visible than basic assumptions, but according to Schein (1985) they are still not anything that organizational members actively reflect upon. Alvesson (1995) on the contrary states that values can be present at different levels of an individual's consciousness and that a culture thereby can contain values that members actively reflect upon as well as values that are at a more unconscious level.

As stated previously, values can affect artifacts as well as basic assumptions. However, it is important to remember that not all values transform into assumptions. A basic criterion for this transformation is that the values are stable and continue to be of importance over time since changing basic assumptions is very time-demanding. Due to the fact that the different levels of the organizational culture changes at different times, i.e. artifacts faster than assumptions, the different levels are not always aligned and representing exactly the same things. As such, it is not enough for researchers to study values in order to fully understand an organizational culture but he or she must try to understand the basic assumptions. (Schein 1985).

3. 2. 3. 3 Basic Assumptions

The third and final level represents basic assumptions within the organization and it is the most deeply rooted level of the culture. These assumptions are extremely embedded and taken for granted, which means that the organizational members are mainly not even aware of them. (Schein, 1985). Alvesson (1995) labels these assumptions as values that are internalized and taken for granted, and states that individuals will not even regard them as values. In fact, the intangibility of the assumptions leads to organizational members thinking of them as the truth. (Hatch 1997) Therefore, the basic assumptions permeates everything happening in the organization. In that way they explain what the core of the culture really is. However, in order



to be able to investigate basic assumptions the researcher should start with studying artifacts and creations as the assumptions are difficult to attain. (Schein, 1985).

As mentioned before, persistent values can over time transform into basic assumptions. Consequently, there can be several different basic assumptions in the organization at the same time but they can only entail small variations. This is because any assumption differing from the basic assumption of the group will be interpreted as strange and will therefore be very difficult for the culture to accept. (Schein, 1985).

3.3 Normative control through the use of culture

3.3.1 How to manage through corporate culture

3.3.1.1 Previous research

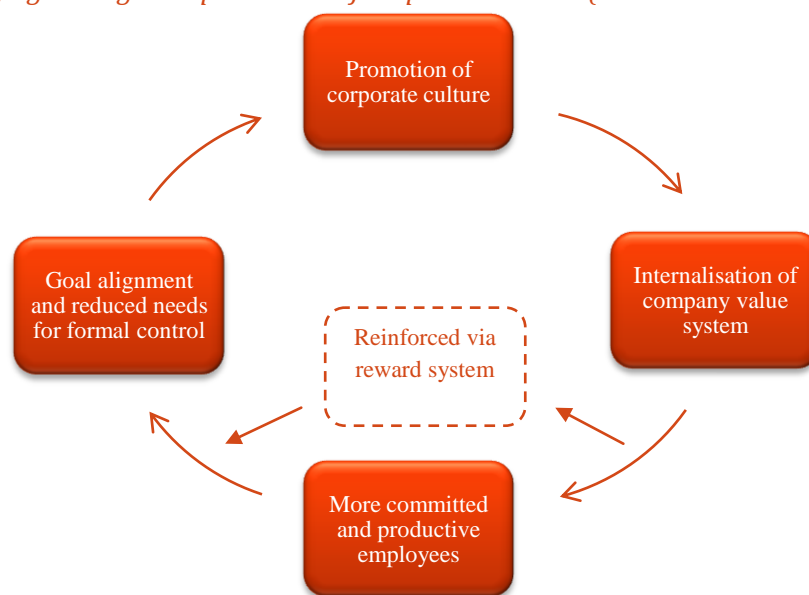
As earlier stated, corporate culture is a vital part of normative control. Thus, in order for management to perform normative control it is central to manage the corporate culture. As culture is defined as collectively established meanings (Pettigrew 1979), the management of culture is consequently the management of these meanings. However, as Welch et al. (2006) state, the management of corporate culture is not an uncomplicated exercise. Within normative control, employees' actions are guided by the collectively established meanings that constitute the corporate culture, and in order for this control to work those meanings need to be aligned and consistent over time. Thus, one prerequisite for managing culture, and thereby also normative control, is the maintenance of an appropriate corporate culture. In line with this Welch et al. (2006) present four perspectives upon the requirements of the maintenance of corporate culture. These perspectives are what the authors distinguish to be the general viewpoints and they are as follows: 'Internalization of corporate values', 'Organizational commitment', 'Psychological ownership', and 'Corporate identification'. In short, internalization refers to employees incorporating company values and goals as their own (see 3.3.1.1), organizational commitment to employees committing to the organization (see 3.3.1.2), psychological ownership to employees feeling that they 'own' and can affect their work (see 3.3.1.3), and corporate identification to employees identifying with the overall identity of the organization (see 3.3.1.4). The authors further state that there is a strong interdependence between the different perspectives and that it is basically impossible to use only one, even though they are presented as detached viewpoints.



When there is an established culture that is maintained over time, management can use the culture as a management tool, i.e. managing through corporate culture. Welch et al. (2006) present four aspects that, according to the authors, are the most promoted ways of doing this (figure 3). These are: 'Promotion of corporate culture', 'Internalization of company value system', 'More committed and productive employees', 'Goal alignment and reduced need for formal control'. However, as the article in which these aspects are presented in is not aimed at studying how normative control or the management of culture is practiced, the authors do not go into any depth when discussing the aspects of managing culture. Therefore, we have used Welch et al.'s (2006) model as a foundation for developing a model of how management through culture, and thereby also normative control, can be carried out.

In conclusion, Welch et al. (2006) present eight features of practicing normative control, where four are perspectives upon how to maintain a corporate culture, and four are aspects of what to consider when managing corporate culture.

Figure 3: Managing through the promotion of corporate culture (Welch et al. 2006 p. 17)



3.3. 1.2 Development of a new model (figure 4)

As stated above, a prerequisite for managing through culture is that the organizational culture is stable over time, and we have therefore used Welch et al.'s (2006) perspectives upon maintaining culture as a starting point. The four perspectives are all interrelated and a manager trying to implement normative control through using one perspective will therefore automatically use the others as well. It thus follows that our model includes all four perspectives as important considerations to managing through corporate culture. Step one of



the model is thereby: ‘Internalization of corporate values’, ‘Organizational commitment’, ‘Psychological ownership’, and ‘Corporate identification’.

The model so far presents how a corporate culture is maintained, and consequently the next step regards how to manage through the maintained culture. When studying Welch et al.’s (2006) aspects upon how to manage through culture, we found clear links between these aspects and the proposed perspectives on how to maintain a culture. The model (figure 4) is illustrating how to practically execute normative control and managing through culture, and as a maintained culture is a prerequisite for this, each step of how to manage culture is linked to a way in which the culture is maintained.⁶ Thereby, maintaining culture and managing through culture are interrelated. Activities proposed for maintaining culture will correlate with ways in which to manage culture, and the model will therefore consist of two steps. Step one (i.e. perspectives upon how to maintain a culture) indicates what is important when maintaining a culture, and the second step (i.e. aspects of how to manage through culture) indicates what method of managing culture each perspective proposes.

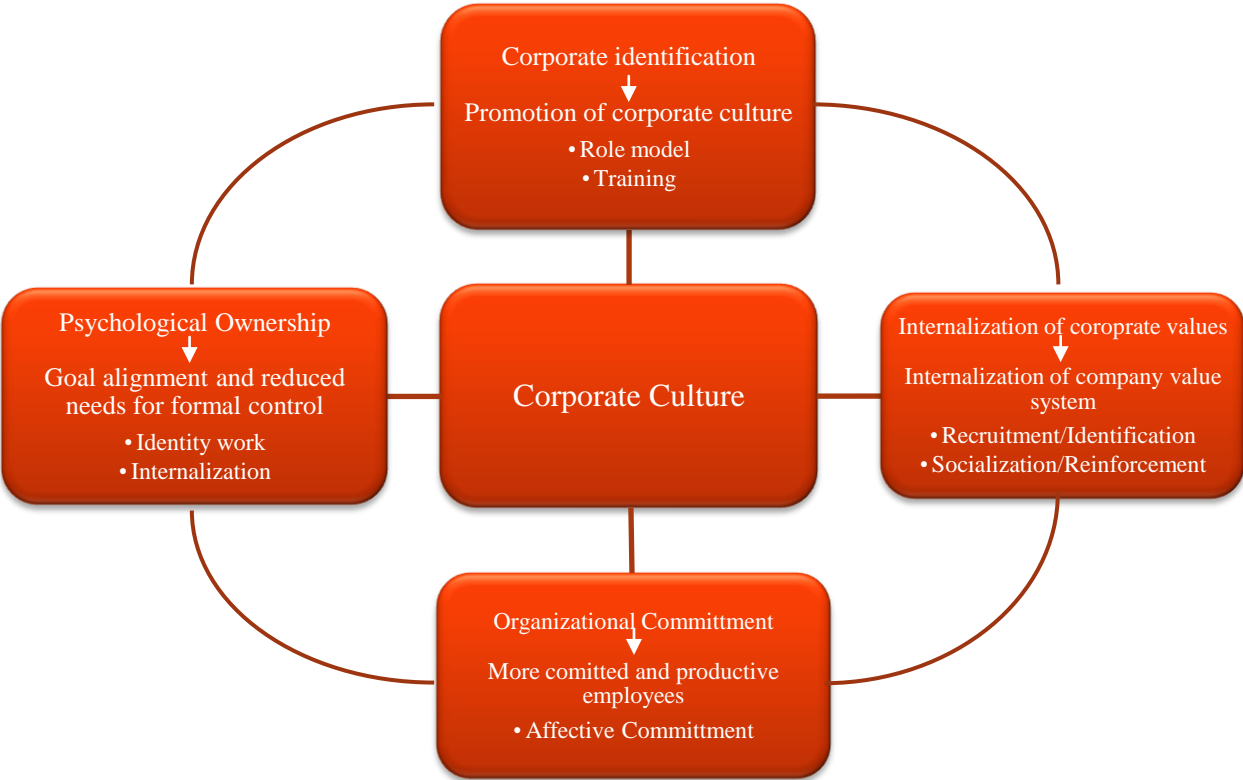
Step two of the model, i.e. how to manage through corporate culture, is built upon Welch et al.’s (2006) model of how to manage through the promotion of corporate culture (figure 3). All parts of the original model (figure 3) are included in our new model (figure 4), apart from ‘reinforced via reward system’; this exclusion is due to the fact that reward systems are a structural type of control and our model strictly regards normative control. Welch et al. (2006) present the ways in which to manage through corporate culture in a circular manner where one step influences the next. However, the authors give no explanations how this relation is evident or managed, nor are there any explanations of what the different steps entail. As Welch et al. (2006) state that the different parts are those which are most commonly proposed as ways of managing culture, we have chosen to incorporate the research of other authors in order to explain the different steps. Each step is accordingly divided into one or two concretizations of practical methods proposed by authors upon the subject. Welch et al.’s (2006) theories are thereby supplemented by the work of several other authors. When studying the articles by these authors and studying their conclusions regarding the different parts of Welch et al.’s (2006) model, there were no clear indications of the parts being correlated in the way presented by Welch et al. (2006). Instead the relations were

⁶ The way in which each part of the model is individually composed will be discussed in chapter 3.3.2.



demonstrating connections that tie each step to all the others. Therefore, the connections in our model are all interrelated and influence each other.

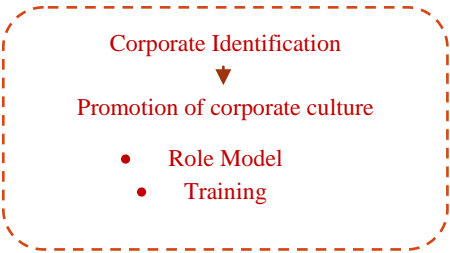
Figure 4: Normative control through the management of corporate culture



3.3.2 Theoretical Framework

3.3.2.1 Corporate Identification

We will begin by presenting how a strong corporate culture is maintained through ‘Corporate Identification’. This perspective highlights the importance of organizational members’ ability to identify with the overall organizational identity in order to maintain a strong corporate culture. The organizational identity is what the organizational members perceive to be central characteristics that are lasting and distinctive for the organization. In other words, the organizational identity is the employees’ perception of their employer. In order for there to be ‘Corporate identification’, the organizational members must identify with what they perceive to be the characteristics of the organization, i.e. the organizational identity. Hence, there is a difference between Corporate identification (i.e. the perspective upon how to



maintain culture), organizational identity (i.e. the employees' perception of their employer) and identification (i.e. the employees' identification with the company).

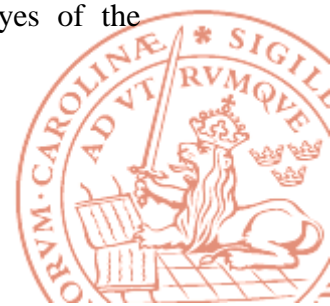
The way the employees perceive the organizational identity will be considerably affected by the discourse used by management (Welch et al. 2006). Discourse is in fact central to normative control in general (Alvesson 2004). Therefore, when practicing normative control, and especially when promoting the organizational identity to employees, management must be considerate of their use of discourse.

3.3.2.1.1 Promotion of corporate culture

As stated above, one essential part of normative control and corporate identification among employees, is the active engagement of top management. There are many authors and researchers who have emphasized the importance of this and as an example, Alvesson (2004) and Merchant et al. (2007) propose management promotion of the culture by enacting as role models and by setting good examples. Child (2005) suggests that organizational leaders should arrange what he calls 'awareness training' of the culture through education and different social events where the culture is promoted. When promoting the culture, the applied discourse is important to keep in mind as managers and leaders need to set good examples through actions as well as discourse. (Alvesson 2007).

Merchant et al. (2007) propose a more concrete way of promoting culture by stating that one of the most effective ways of doing this is through the use of Codes of Conduct. These are formal documents stating organizational values and the general way in which the organization should function, and should give organizational members guidelines as how to act even in situations where there are no formally defined rules. (Merchant et al. 2007) When keeping Schein's model of culture in mind, the Code of Conduct can be compared to an artifact stating the corporate values.

One negative aspect with Codes of Conduct is the fact that they run the risk of not being taken seriously, and are in many cases viewed by organizational members as something intended for the company's public relations rather than something that affects the way they conduct their everyday work. (Merchant et al. 2007) In line with what is stated above, one central aspect to prevent this from happening is again through the engagement of top-management. Merchant et al. (2007) declare that management needs to set a clear example and establish formal training or continuous dialogue to keep the Code of Conduct vital in the eyes of the



organization. Hence, there are clear links between the different authors' view upon how to promote the appropriate corporate culture.

When promoting corporate culture and thus supporting corporate identification it is important to keep the difference between the beliefs of top management and the view of organizational members at large in mind. While top management have visions of how things ought to be, the understandings of organizational members usually represent how things really are. (Welch et al. 2006).

3.3.2.2 Internalization of corporate values

The next box includes internalization of corporate values and value system. In order for corporate values and norms to function as control mechanisms, organizational members need to accept them at a deeper level with real



engagement and emotional attachment (Welch et al. 2006). This deeper commitment to corporate values and norms is commonly referred to as internalization. When internalization is successful, the goals and values of individuals within the organization will be aligned with those of the organization at large, and this will lead to self- and mutual monitoring (Welch et al. 2006) which in fact is the goal with normative control (Merchant et al. 2007). Before this is applied to individual organizational members, Welch et al. (2006) propose that the managers within the organization should be socialized⁷ into this internalization. Through this, their behavior will be affected towards self managing goal fulfillment. This is in line with what Merchant et al. (2007) states about managers needing to set a clear example and act in line with values and norms in order for the normative control to be fully implemented. Alvesson (2004) agrees by stating that it is important for leaders to set a good example when practicing cultural control.

3.3.2.2.1 Internalization of corporate value system

Studying the box above, there are two proposed methods in which to develop internalization. These are identification/recruitment and socialization/reinforcement. The first of these methods is what Hetcher (2008) labels identification, which is basically the same as what Ouchi (1980) labels recruitment. It is here important to notice that identification in this context is not the same as 'Corporate identification' as discussed in paragraph 3.3.2.1.

⁷ For a definition of 'socialization', see 3.3.1.2.1 Internalization of corporate values



Identification regarding internalization occurs when organizational members identify with the overall goals of the organization (Grugulis et al. 2000) and its' values and norms (Alvesson et al. 2002) when entering the organization, and thus reducing or even eliminating the need for socialization⁸ (Hetcher 2008). Recruitment is similarly a method where new employees already identify with the goals, norms and values of the organization. Recruiting is thereby stated to be when organizations actively recruit new members that already share the existing culture. (Ouchi 1980)

The second method, as proposed by the model, in which to create internalization regards socialization/reinforcement. When successful, internalization will lead to self- as well as mutual- monitoring. This monitoring is dependent upon the employees' willingness to act in line with the shared values and norms of the organization, and the process of achieving this is what Ouchi (1980) labels socialization and Hetcher (2008) labels reinforcement.

Socialization refers to when new employees are shaped into the existing culture by the engagement of other organizational members (Ouchi 1980), and reinforcement is the process in which authorities, such as peer pressure, stimulate accurate behavior and sanction deviations from it (Hetcher 2008). The concepts are consequently very alike and both demand the engagement of organizational members. This is in line with what Kirkhaug (2009) states about normative control being a collective management tool and what Welch et al. (2006) state about internalization (i.e. the aim of socialization/reinforcement) being a substitute for direct managerial supervision.

When linking internalization to Schein's model of culture, it can be seen as the process of affecting the basic assumptions of the organizational members. Thus, it is a time consuming process that needs continuous attention. Management needs the aspired norms to firstly affect artifacts and creation. These artifacts will in turn need to influence the values within the culture, and lastly the norms will be internalized within the basic assumptions. (Schein 1985).

Although there seems to be an agreement from different authors regarding how internalization of the corporate value system should be created, there are difficulties with the process. Internalization and normative control is a management of individuals' selves rather than their work (Grugulis et al. 2000), and it is sometimes questioned to what extent this is possible (Alvesson et al. 2002). Grugulis et al. (2000) discuss another problem that they believe to be

⁸ The definition of this will follow in the next paragraph



neglected; the fact that employees are individuals with their own will and mindset and that management may not be able to ‘pour emotions into them’ as easily as often is indicated. The internalization of corporate values may thus be a more complicated procedure than one might think.

3.3.2.3 Organizational Commitment

Alvesson (2004) proposes that one of the major advantages with normative control is that it gains commitment from employees. Commitment is thus a key factor in normative control (Kirkhaug 2009). The commitment that Welch et al. (2006) label ‘organizational

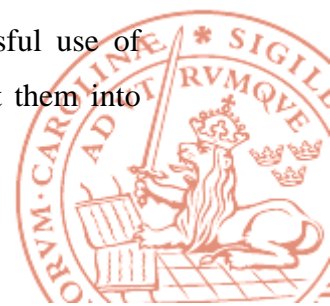


commitment’ refers to the organizational members’ commitment to the organization, its norms and values. There are three main categories that employee commitment can be divided into; affective-, continuance- and normative commitment. Affective commitment refers to employees who stay in an organization because they want to, continuance commitment to employees staying because they need to, and normative commitment to employees staying because they believe they ought to. (Welch et al. 2006). Normative commitment is thus not related to normative control but a term for when organizational members feel inclined to stay at the organization because they believe that their leaving would be frowned upon. Instead, as normative control enhances the commitment of employees it is more linked to affective commitment where the employees *want* to stay at the organization. Not surprisingly, affective commitment is what is preferred as it will generate broad job role perception and engagement in organizational citizenship. (Welch et al. 2006).

3.3.2.3.1 More committed and productive employees

As stated above, affective commitment is preferred when performing normative control. This is supported by Kirkhaug (2009) who states that the key to develop committed employees that are valuable to the organization in the long term is through maintaining an affective organizational commitment among the organizational members. It is through affective commitment that employees are willing to give something of themselves in order to contribute to the organization’s welfare. Kirkhaug (2009) further states that affective commitment will be a facilitator regarding the merger of individual employees’ interests and the overall goals of the organization.

The way in which to create these committed employees is through the successful use of values. Values will affect employees’ aspirations and identities and thus convert them into



morally engaged supporters of the organization. (Kirkhaug 2009). The author also suggests that employees that are affectively committed to the organization and who thereby also are emotionally attached to it will be on the same 'wavelength' as the organization and its management. This means that employees interpret messages and other communication from top management in the way that is intended. (Kirkhaug 2009). This can be linked to the fact that culture will make its members interpret their social reality in a similar way (Alvesson 2007). Therefore, the discussion in this thesis regarding corporate culture and the way in which this affects employees is most likely linked to affective commitment.

Organizational members that are affectively committed will perceive the organizational values as better indicators than rules as to what is important; this is due to their emotional dedication. These shared values and the strong commitment will also lessen the division between the organization and its members, e.g. the employees at J&J does not refer to themselves as 'employed by J&J' but as 'Johnsonites'. Thereby, the attractiveness of membership within the organization will increase. However, as these relations are dependent upon emotional factors, it is important for the organization to nurture these bonds by not outsourcing and/or using temporary employees. Organizational members' awareness of the organizational values will be enhanced by strong group coherence. (Kirkhaug 2009).

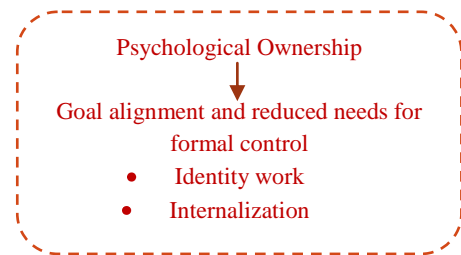
As stated above, the creation of committed and effective employees is dependent upon the successful use of values. In line with this, Barley et al. (1998) stated that managers who focus upon norms and values within the organization will discover powerful tools to enhance organizational effectiveness. A focus upon shared values and norms, which Welch et al. (2006) states to be the core of an organizational culture, will thus create a more effective organization. Early writers upon the subject proposed this enhanced effectiveness to be due to the fact that corporate culture, consistent of values and norms, enhances social integration. This will in turn increase performance and productivity (Barley et al. 1998). In more recent days, Kirkhaug (2009) discusses the relationship between organizational culture and effectiveness and concludes the same relation as the previous researchers. He states that the social relationships within the organization will be enhanced through the promotion and maintenance of a strong corporate culture and continues by proposing that that the exchange of information will be facilitated by good social relationships between parties. A strong corporate culture will therefore facilitate the transfer of information, knowledge and so forth. It will also enhance coordination within the organization (Sørensen 2002 in Welch et al. 2006). Successful management of culture will thus lead to a more effective transfer of



information and more effective employees (Kirkhaug 2009). In short, culture will improve communication within the organization and thereby facilitate effectiveness.

3.3.2.4 Psychological Ownership

What Welch et al. (2006) labels as psychological ownership is the organizational members' feelings of ownership over the organization and/or its values and norms. It suggests that organizational members will feel more tied to the organization the more they personally



invest or commit to it. Thus, an example of how psychological ownership can be stimulated is through a decentralized organization where organizational members have the power to influence their daily work. In other words, the feeling of control will enhance psychological ownership. The authors do not explicitly state what the psychological ownership will regard, but as examples they mention that employees can feel psychological ownership over the organizational value system and what the company represents. However, it is clear that psychological ownership will make the individual more emotionally attached to the organization and thereby enhance employee commitment. Therefore it is a way of creating affective commitment. (Welch et al. 2006).

Although Welch et al. (2006) propose that decentralization can be seen as essential to normative control through the psychological ownership it creates, there is a problem with this. Alvesson (2007) states that the communication of values often requires personal contact between management and the organizational members. Accordingly, a strictly decentralized organization with few managers might have difficulties transferring the values proposed in normative control.

3.3.2.4.1 Goal alignment and reduced needs for formal control

Control is as stated central to psychological ownership. If organizational members feel in control of their work they will perceive it as a part of themselves. (Welch et al. 2006). Due to this, the creation of psychological ownership will affect how the employees view themselves and thereby it will be a question of managing individuals' identities. Organizational members who identify with the organization will rationalize their decision making in line with the interest of the organization at large. (Alvesson et al. 2002). Psychological ownership that is created through the alignment of individual- and corporate identities will therefore make employees act in the interest of the organization without the need for formal control. It is



therefore a management tool that can be more effective than those relying upon external stimuli such as monetary rewards. (Alvesson et al. 2002).

The way in which to shape the identities of organizational members is proposed to be through induction, training and promotion (Alvesson et al. 2002). These can rather easily be linked to 'Promotion of Corporate Culture' (3.3.1.1.1) where training and promotion are vital parts. When the identities of organizational members are aligned to the organizational identity proposed by management, Alvesson et al. (2002) label this as corporate identity and refer to it as the perceived core of organizational characteristics. Hence, there is a clear link to 'Corporate Identification' (3.3.1.1). This is one example of how the different parts of our model (figure 4) continuously interact with each other. Another example is the importance of managerial discourse which was highlighted in the same paragraph. This is important in psychological ownership as has strong impact upon the perceived organizational identity (Welch et al. 2006). Consequently, the discourses used during the induction, training and promotion of corporate identity will therefore guide the identities of employees. Hence, in order for corporate identification, and thus psychological ownership to function, management needs to adapt their discourse to the proposed organizational identity.

Goal alignment is stated to be important in order for normative control to be successful. In their study from 2002, Welch et al. claim that organizational goals and the individual goals of organizational members are aligned by a successful internalization of corporate values. Hence, the process of internalization, as discussed in paragraph 3.3.2.2, is a way in which employees will identify with organizational goals, and thus feel psychological ownership towards them. This is yet another link between the different parts of our model (figure 4). In short, successful management of culture that involves internalization amongst organizational members will provide committed employees who will strive towards achieving organizational goals.



4. Empirical Analysis

In this chapter we will illustrate how normative control at J&J is exercised. This will be done with the assistance of our model presented in the previous chapter. The chapter will start with a short presentation of J&J. Subsequent to this we will present the empirical material in relation to our model, one aspect at the time. Finally, a discussion regarding the model as a whole will be presented.

Johnson & Johnson

Two brothers founded Johnson & Johnson in 1886 in New Jersey, USA. Initially the business started with the innovation of sterile sutures, dressings and bandages for hospitals, with the ambition to make health care better and safer. (J&J pamphlet). Pharmaceuticals and other medical products were later added, making them more consumer product oriented. Since then, J&J has become a leading player in the healthcare industry, being the parent company of more than 250 subsidiary companies operating on a global basis. Today the organization is manufacturer of three main business segments: medical devices and diagnostics, pharmaceuticals and consumer health care. (J&J, Our History). Within the consumer health segment as well as the medical devices and diagnostics, the J&J corporate group is the world leader. Within pharmaceuticals they are the world's seventh largest company. (J&J, Our Company).



Figure 4: Normative control through the management of corporate culture



4.1 Corporate identification and the promotion of corporate culture

The first aspect of our model, ‘Normative Control through the Management of Culture’, proposes that employees should identify with what they perceive to be the overall organizational identity. This organizational identity is consistent of what the organizational members perceive to be the central, distinctive, and lasting characteristics of the organization. In the case of J&J, this is the Credo. We draw this conclusion as organizational members at all levels in different ways talk about Credo-values when describing J&J. Our model proposes that the way in which to ensure that organizational members will identify with the organizational identity, (i.e. corporate identification) is the promotion of corporate culture through training sessions and the use of role models.

4.1.1 Identification

According to William Weldon, chairman of J&J, the four aspects of the company Credo are “moral impairments that define who we are as a company” (J&J, Credo video). It is thus the organizational members’ understandings of the Credo that will be the foundation of the corporate identity. As previously mentioned, organizational members should identify with this in order for normative control to function well. During our time at J&J, we found an



interesting aspect of how this identification is supported throughout the organization. The Swedish HR Manager stresses that there is no ‘right way’ of perceiving the Credo, and that it should be interpreted in the way the individual wants. This statement is confirmed by the CEO, who continuously follows his statements of interpretations of the Credo with: ‘according to me’ or ‘according to him/her’. He is thereby supporting that there is no right interpretation, but that each individual is allowed to interpret the Credo in the way that suits best according to him or her. The individual organizational members are consequently free to interpret the Credo in a way that suits them and we therefore believe that it is easier for employees to identify with the Credo and accordingly create Corporate Identification to J&J.

The freedom regarding the interpretation of the Credo makes us question what implications this might have upon normative control and what the reasons for this freedom there may be. Is J&J’s management letting go of some of their normative control as they don’t specifically define what norms should be applied? Are they doing the exact opposite, knowing that ‘free interpretation’ facilitates corporate identification? Are they confident that the employees will interpret the Credo in the way management likes, and do they thus believe that the Credo can only be interpreted in one way? We do not have the empirical material to draw any conclusions regarding this, but as proposed by Kirkhaug (2009); a strong corporate culture, such as the one at J&J, makes its members interpret things in similar ways. Thereby, it is not illogical that the organizational members of J&J are free to interpret the Credo as they like, since their interpretations most likely are aligned. In conclusion, this freedom will stimulate corporate identification without risking employee interpretation of the Credo to be very deviant from management’s interpretation.

4.1.2 Training

Corporate identification is supposedly created by the use of role models and different types of training where the culture and values are emphasized. Merchant et al. (2007) also propose the use of Codes of Conduct in order to promote corporate culture. The authors define a Code of Conduct as a formal document that states the organizational values, and that it should function as a guideline for organizational members how to act, even in situations where there are no formally stated rules. Comparing this definition to the Credo, we see that it is in fact a formal document stating the values of J&J. Furthermore, the CEO labels the Credo as a framework for decision making and we thereby see that the Credo indeed is what Merchant et al. (2007) labels a Code of Conduct. Therefore the Credo is central to the promotion of corporate culture within J&J.



It is stated that a Code of Conduct needs to be continuously kept ‘alive’ through ongoing discussions and training sessions (Merchant et al. 2007). An employee at J&J stated the following: *“They talk about the Credo regularly. Yes, very regularly, in different contexts.”* However, this has not always been the case. In the Credo-video handed to us by management, the former chairman of J&J, Jim Burke, stated that there was little commitment to the Credo when he first became chairman in 1976. During his time at J&J before being appointed chairman, Burke had the impression that the employees’ overall view was that the Credo was more of a commercial tool than something that should influence their daily work. (J&J, Credo Video). Merchant et al. (2007) states this low commitment to be the biggest problem with Codes of Conduct, and the authors propose engagement of top-management and formal training to be the solution. In fact, to resolve this situation of low commitment to the Credo, Burke implemented the first “Credo Challenge” within J&J. This was an event where top management of J&J gathered to critically discuss the Credo and its implications for their work. Ralph Larsen, another former chairman of J&J who also was present at this first Credo Challenge, mentions the event and says: *“[...] a forum where people could talk about it (the Credo) and that was hugely successful; a very important step in the life of the company. Certainly I learned from that and how valuable that was, and so we always created a mechanism for talking about the Credo.”* (Credo Video) The Credo Challenge was thus perceived to be greatly successful and was consequently implemented throughout the organization, at all levels. (Credo Video). During our interview with the CEO he, of his own initiative, mentions the Credo Challenges and describes them as: *“you gather in smaller or larger groups and just discuss ‘what do we mean’, ‘what does it entail’, ‘how does it function’.”* Other organizational members that we interview also mention the Credo Challenges, and it is thus evident that they are a reoccurring part of the normative control at J&J.

4.1.3 Role Models

The most emphasized aspect of creating corporate identification through the promotion of corporate culture is the engagement of top management and their function as role models. This function is actually something that top management as well as other organizational members continuously mention during our interviews. The CEO says that: *“You act according to what your role model does.”* and continue with *“You can say things a million times but it is only when you show it 3-4 times, that’s when you show that it’s real.”* The HR Manager



supports this statement by stating *“it is through action when you are put under pressure that you can prove what it (the Credo) actually means.”*

Being a role model is thus something that is strongly proposed by the top management in Sweden, and it is also discussed in the Credo-video featuring top management of J&J globally. However, when discussing an episode of layoffs that took place a few years back, an interviewee of a lower hierarchical level mentions that when she had at the time argued that the Credo was not applied in this case, a middle manager had answered *“Well, this is a very special situation and you have to understand that one can’t always follow the Credo.”* The employee herself questioned this statement and said that it was especially important that the Credo is applied in difficult situations. In this situation, it looks like the middle manager had not fully realized the importance of him acting as a role model. We believe that one possible explanation is that the middle manager was rather new at his job whereas the interviewee had been at J&J for 25 years. Therefore, she might have internalized the Credo values to a greater extent than the middle manager.

In order to get an understanding of how employees believe the corporate culture and values to be promoted, we asked organizational members if they felt encouraged to act in line with the Credo. The answers were consistently yes, and when asked to explain the way in which this encouragement was carried out, the interviewees’ answers regarded Credo Challenges, Credo-evaluations, and encouragement by the leaders and managers of J&J. Our view is therefore that the employees’ views upon the promotion of corporate culture is in line with the management’s view.

4.2 Internalization of corporate values and the internalization of company value system

As proposed in chapter 3.3.1.2, the objective of internalization is that organizational members perceive the company values and goals as their own. It is a process where employees fully embrace the corporate values through socialization/reinforcement and/or recruitment/identification. In our interviews with the top management as well as other organizational members at J&J we found several indications of internalization actually being achieved and will be presented below.



4.2. 1 Recruitment/identification

Ralph Larsen, a former chairman of J&J, states that *“We seem to be able to attract people that are interested in working in a field that improves the quality of life for people.”* (Credo Video). This is supported by the HR Manager who says *“I believe we attract people who want something more. It is very rare that people who work at J&J transfer to Bofors⁹, Swedish Match¹⁰ or something. People tend to transfer to similar companies because they want to work for a company that delivers a greater value.”* The management at J&J thus gives a rather confident impression of identification/recruitment being central to the internalization of corporate values. During our interviews we acquired several quotes from the employees supporting this. As an answer to the question of what J&J stands for according to her, one of the employees stated that: *“When I started to work here it felt good to come to a company that deals with healthcare materials. Even if I wouldn’t want to be a nurse or anything like that it feels like I’m working in a company that helps people. [...] It feels good to know that our products actually affect patients and other people. Perhaps a relative of mine. They feel better, get a more qualitative life. Definitely.”*

The HR Manager states that he has the Credo in mind at the early stage of recruitment. When hiring new associates he reflects upon whether the individual seems to fit into the strong corporate culture, which involves understanding and believing in the Credo values. This is in line with the words of the official company webpage: *“Our people strive to make a difference. We believe the shared values embodied in Our Credo help us attract and keep the most talented, values-driven people in the world”* (J&J, our management approach). The HR Manager says that he tries to understand the ‘inner compass’ of possible new recruits, he says that one can understand the Credo values on a purely intellectual level but that people need to understand them ‘in their guts’. Due to this we believe that he is actively searching for new employees that already have internalized the corporate values.

4.2. 2 Reinforcement/Socialization

Even though we could find indications regarding that J&J recruits new employees who already identify with the J&J culture, there were several indications of reinforcement and socialization also being actively applied. The CEO says that: *“it is important to try and transfer it (the Credo) to everyone who comes into J&J. That this is what it’s all about [...].”* This indicates that he is aware of the fact that reinforcement/socialization is an important

⁹ Bofors is a Swedish industrial company that manufactures war supplies

¹⁰ Swedish Match is a Swedish company selling tobacco products



aspect of normative control. Once a new employee is hired at J&J this individual goes through a collective introduction program where the CEO and the HR Manager presents their view and understanding of the Credo. The introduction program is then partially adapted to the specific service of the employee, but is also an introduction to the Credo and values of J&J. New staff is also assigned a mentor who can provide guidance and support, and help the new individual understand and adapt to the corporate culture. (CEO & HR Manager). This training session, which is also important for Promotion of corporate culture, and the mentoring can be seen as ways in which the new employee begins the process of socialization. Through these sessions, the organizational member is influenced by authorities as well as organizational members at the same hierarchical level as themselves, thereby experiencing socialization/reinforcement. Other than this, there were no quotes that directly emphasized reinforcement/socialization at J&J. This could be due to the fact that this form of control is collectively practiced and might therefore not be something that organizational members are highly aware of. However, we did find other aspects that can indicate that it is practiced. A metaphor that was continuously used by chairmen, top management, and other organizational members, was J&J as a ‘family’ where the Credo is implemented just like the ‘upbringing’ of a child. We therefore see that there are implicit understandings regarding how to act within the organization and that all organizational members participate in the socialization of new employees, just like in a family.

Another aspect that we found interesting regarding the internalization of the Credo values was that none of the individuals interviewed started working at J&J due to the Credo. As an example, when asked about whether the Credo had influenced his choice of employer, the CEO answers *”I wish I could say that, but there was a recession in 92 (i.e. the year he applied to J&J)...”* and laughs. Therefore, it seems like the employees, including top management, have been socialized into the J&J culture and through this have internalized the Credo and its values.

4.2.3 Indications of internalization at J&J

4.2.3.1 Values at J&J

We asked our interviewees if they had ever felt that the Credo had deviated from their own values in any situation, and they all gave a distinct no as an answer. In fact, a continuously reoccurring statement was that the Credo is simply ‘common sense’, ‘logical thinking’ and that it is something that all people can, and should, understand. Our interpretation of this is that the organizational members of J&J have no problem understanding or identifying with



the values presented in the Credo and that they therefore willingly act in line with it, i.e. the corporate values and norms. This interpretation is supported by the CEO's statement that *"...it (the Credo) is so sanctioned, deeply-rooted and accepted in all lines. [...] It is fundamentally accepted [...] and now, it is perhaps the most valuable asset we have"*. The CEO thus believes the Credo is internalized within the organization and he realizes that this is something very valuable to the organization.

Organizational members at J&J believe the Credo to go well in line with their own values. However, it is important to stay critical and remember that the Credo-values, according to us, are difficult to disagree with. Therefore, the acceptance of Credo-values at J&J might not be out of the ordinary. Some of the employees at J&J on the other hand claim that the Credo sometimes makes their work more difficult. This was a common thought of employees at all levels; from chairmen in the Credo-video to the Swedish CEO and employees at lower hierarchical levels. They all agree that the Credo prevents them from taking shortcuts to deliver desired results. The CEO gives an example of when a shortcut could be tempting and says that *"you're the CEO of a Nordic Company and you're trying to finish the annual account, and you know that you could take shortcuts and that it would be the easiest way. Perhaps you can pre-invoice or go around the problem in some way."* However, in the words of a J&J employee: *"it has never been a possibility to think or act in deviation from the Credo"*.

4.2.3.2 Ambiguous indications

While the Credo is continuously described as common sense and organizational members as a result easily understand the culture, the HR Managers as well as the CEO claim that the J&J culture is difficult to get into and takes time to fully become a part of. This is rather contradictory, but we believe that it indicates awareness among the Swedish top management of the fact that internalization of corporate values is a time consuming process. This awareness may also be the reason for why the CEO refers to something that he believes to be 'common sense' as their most valuable asset. He further states that this 'common sense'/'valuable asset', i.e. the Credo, differs from similar documents of J&J's competitors as the Credo is fundamentally accepted throughout the organization, whereas this is not the case within other organizations. As internalized corporate values are a prerequisite for normative control (Welch et al. 2006), J&J have an advantage since this type of control will demand less capital as well as less time than others (Merchant et al. 2007). Being such a time consuming process, especially in large, multinational organizations such as J&J, their internalized



corporate values, and thus ability for normative control, will be an advantage that competitors will have difficulties duplicating.

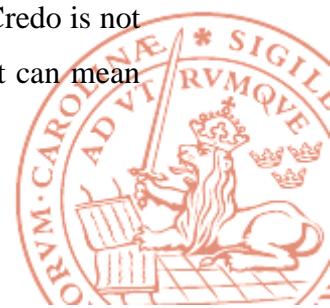
Another ambiguous indication that we found is related to some minor signs of employees at lower levels perceiving the Credo to be of greater importance to managers within the organization, rather than to themselves. One interviewee clearly said that she thought the Credo could be of greater assistance to managers. In line with this, another interviewee stated that the reason why she had not been in any situation where the Credo deviated from what she wanted to do in a situation could be because she does not have any staff responsibility. Yet another quote from the employees that could indicate problems with the internalization of the Credo is that some bits are referred to as just ‘fancy words’. This is an interesting contrast to our positive indications of internalization, which are presented below, and it suggests that this is an aspect of normative control at J&J that can be further investigated.

4.2.3.3 Positive indications

All of our interviewees have had a long employment within the organization and would therefore have internalized the Credo to a larger extent than someone newly recruited. One of our interviewees even said *“I’ve been here for such a long time, so I know what we’re striving towards”*; this indicates that she believes that the values of the organization become clearer to her over time. The current chairman of J&J, William Weldon, also takes the time-aspect into regard when he states that *“It (the Credo) can’t help but have a profound impact on you as a person over time.”* Through this statement, he also suggests that the Credo will change the J&J employees, supposedly through aligning them with the stated values.

During our interviews we carefully studied at what point the interviewees would first mention the Credo or its values without knowing the purpose of our interviews. What we found interesting was that all of them mentioned the Credo or its values before they knew that the Credo was in fact what we were interested in. 50% of our interviewees mentioned the Credo values in answers to other questions and 50% of them mentioned the Credo by name. We believe this to be a good indication of the Credo being internalized by the employees, at least the ones we interviewed.

One thing that struck us was the fact that all of our interviewees had problems identifying a clear situation where the impact of the Credo was evident, and this even though they all said that the Credo in fact effects their daily decisions. Either this can indicate that the Credo is not as implemented as they would like to give the impression of, or on the contrary it can mean



that it actually is. Due to the previous discussions, we believe the latter, and the explanation behind this is to be linked to Schein's model and specifically to basic assumptions. Schein (1985) claims that basic assumptions are taken for granted and that it is therefore difficult for members of the culture to see them as anything but the truth. If the values stated in the Credo are fully internalized by the organizational members and have developed into basic assumptions, it will be very difficult for them to say how the Credo has any impact as they would have trouble seeing their reality differently. They would not know any other way to act. However, it is difficult for us to know whether this is the actual situation at J&J as those conclusions would demand more research during a longer period of time.

4.3 Organizational commitment and more committed and productive employees

As mentioned in the theoretical chapter of this thesis, one of the prime advantages of normative control is proposed to be a stronger commitment of the employees (Alvesson 2004). When using the word commitment, we use it in terms of what Welch et al. (2006) refer to as the most preferable, which is affective commitment, i.e. staying at the organization because they want to. In order for this to be achieved, the theory proposes shared values, more productive employees, and a focus upon the bond between the organization and its' members to be important.

4.3.1. The role of shared values

One interviewee is asked whether the Credo is present in the entire organization, and spontaneously answers with a parallel to that many people stay within the organization for a long time. She states: *"It means something that so many people have stayed here for such a long time. It is not just about being convenient, there is something more to it and the Credo is the backbone, it is a great part of it"*. This indicates that the Credo, i.e. the foundation of their normative control, is a source of commitment as it makes people want to stay within the organization for a long time; not just out of convenience but because they enjoy their workplace. Another interviewee shares the view that many employees tend to stay within the company for a long time because of a special spirit that permeates J&J, she remarks *"It is a fun company, it makes you happy to be here, otherwise I wouldn't have stayed here for*

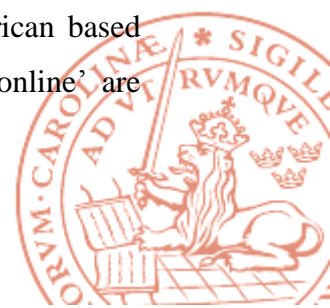


twenty-five years. I have worked at other companies before, but there is an apparent different spirit here (...) I am happy every time I come to work". This was an answer given when asked what the organization represents to her. The fact that she puts focus on a special "spirit" this indicates that it is something shared with co-workers, not just her own perception, and the Credo may well be a part of this as a co-worker suggests.

Another employee confirms her affective commitment when mentioning that she was a few years back offered similar work at another large organization, she states: *"Before when I worked at the IT department I was contacted by IBM who wanted to recruit me as a computer operator, but I am very happy here"*. This could also mean that she has other types of commitment to J&J (e.g. normative, see 3.3.1.3), but as she claims it is because she is happy this implies an affective commitment. This can be linked to the statement of the Swedish CEO that is mentioned in our discussion of internalization, that it is rare that people transfer from J&J to other companies that do not create the same type of value. In fact, this same employee mentions in a different context that she is very happy to work for an organization that can help improve the quality of people's lives, or even save lives. Perhaps this is a common value in the organization, as they are operative within the healthcare industry. Possibly the individuals that are attracted to the organization generally already have a greater sense of values and the desire to help people as they enter the organization, and therefore are more receptive to the highly ethical values of the Credo.

4.3.2 More productive employees

Kirkhaug (2009) as mentioned argues that personnel that are affectively committed will perceive the organizational values of what is important easier than for example rules and restrictions. Chairman Ralph Larsen claims, *"They (the employees of J&J) are interested in doing a good job, they don't need to be pushed or shoved, they're self-motivated"*. (Credo Video) Confirming this statement would need a greater study, however, this opinion tends to be shared by the heads of the Swedish office. Kirkhaug (2009) continues that the values will affect the employees to become morally engaged supporters of the organization with aligned goals and aspirations, as well as increase employee efforts, in order to contribute to the company's welfare. This is consistent with what the HR Manager claims to be a distinguishing feature of the J&J culture, which are hard-working individuals. He believes that individuals with strong work ethics and that enjoy hard work are attracted to the organization. He believes this is partially due to the fact that they are an American based organization, where he believes expectations of hard work and always being 'online' are



higher. This is in line with J&J Nordic homepage, which states: “Our culture is characterized by high expectations, ambitious goals and great freedom with responsibility” (J&J Nordic, work for us). The HR-manager means that this could perhaps be a negative side of their culture and values- that people may work too hard. Important to mention in relation to this is however that the absence due to illness is less than 2%, which is very low; a number he believes would be higher if people were working too hard and getting worn-out.

4.3.3 Nurturing of the bond between the organization and the employee

It is not to be forgotten that the bond and commitment that is created between the organization and employees through shared values needs to be nurtured. Avoiding temporary employees and outsourcing does this, as these activities can decrease the group coherence that in turn is a key source of grasping shared values. (Kirkhaug 2009). In our interview with the CEO and HR manager we are informed that the Swedish subsidiary is at the moment changing to a new time reporting system. As we discuss the reactions of employees of this new system, the HR manager gives his view of the change *“I don’t believe that it is the time reporting system that is the big change, the big change is that we are ending relations with an external supplier and moving everything in-house; and that’s a positive change I think. It is really positive!”* The HR manager in other words believes that it is positive to reduce outsourcing and adds that the reason for his opinion is that they keep their competences in-house and increases communication. This is in line with the theories of Kirkhaug (2009) and as already mentioned, a greater communication and sense of “we” increases the chances of shared values being spread. Pursuant to the Swedish CEO, J&J has the principle of recruiting all managers in-house. This is seen as important from two aspects, primarily that the individual is already incorporated with the culture, secondly that it sends an encouraging message to employees that want to climb the corporate ladder. According to the study “Keys to healthy organizations” done by Karolinska Institutet¹¹, this is a parameter of having employees are happy and satisfied at their workplace. The CEO has himself worked at J&J for eighteen years ever since he graduated from university, and has been the CEO for four of these. He continues by stating that he believes that this in-house recruiting contributes to long careers within the company and therefore a deeper understanding and rooting of the Credo.

¹¹ Karolinska Institutet is one of Europe’s largest medical universities, and Sweden’s largest center for medical education and research (www.ki.se).



4.3.4 More committed employees

From the interviews we have done we see a pattern of engaged employees that stay within the organization for many years. In fact, all of the employees interviewed by us interpret J&J as a good, or even great employer. However, important to mention again is that all the employees we have interviewed have themselves been at the organization for a long time, which obviously may connote some subjectivity as they are most likely happy at their workplace. Nonetheless, they have been at the organization for a long time and should have a fair view of the general pattern of staff turnover.

Due to previously stated reasons, we have no doubt that J&J has many committed employees. The reasons for this commitment can be several. As mentioned, we have reason to believe that one of the major reasons is the shared values of the Credo. The fact that the organization follows their commitment towards their employees, as stated in the Credo, is most likely a factor of employee happiness. An example of how J&J takes care of their employees is by supplying free healthcare and medication (HR-manager). An interviewee describes J&J as an employer as *“It is a great organization to work for. It is very stable and good; there is a sense of security here. There is, and then we have our Credo that we should follow.”* The fact that she mentions the Credo in this context, draws our minds to that she is indicating that the sense of security originates from the Credo as she at this point has no idea that it is the Credo we are interested in studying. It is also interesting that she specifically calls it “our” Credo. This is something that the former VP General Counsel Roger Fine enforces in an internal video about the Credo: *“‘Our’ is everywhere. It’s not ‘The’ Credo, it’s ‘Our’ Credo, it’s not ‘the’ management philosophy, it’s ‘our’ management philosophy. He (General Robert Wood Johnson Jr.) took this business very personally. You can hear the word ‘we’ in all this, but what he was asking all of us was to join him in being part of the ‘we’. Making it ‘our’ Credo and ‘our’ management philosophy and ‘our’ name.”* (Credo Video)

This feeling of “we” and “our” is continuously enforced in our minds, as the metaphor of a family is something that repeatedly comes up during our interviews, both on a top-management-, management- and employee level. When talking about how employees should be treated at J&J former chairman Richard Sellars states *“Make them feel a part of this family and of this enterprise”* (Credo video). The CEO as well as an employee, symbolizes the Credo itself as the way parents try to make their children make the right choices without having to tell them exactly what to do. This metaphor, of relating the organization and Credo to family relations will be further addressed in our discussion.



4.4 Psychological Ownership and Goal alignment and reduced needs for formal control

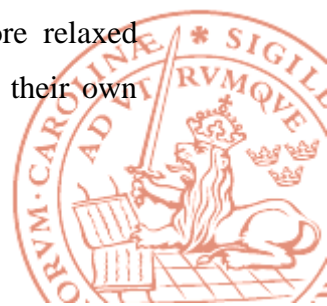
As stated in chapter 3, Welch et al. (2006) suggest psychological ownership to be the organizational members' feelings of ownership over the organization and/or its' values and norms. According to this, in order for normative control to work employees need to be able to affect their own situation, and this is proposed to be achieved by decentralization, goal alignment and a reduced need for formal control.

4.4. 1 Employees ability to affect

The ability to influence and be a part of the company is promoted at J&J as the former VP General Counsel Roger Fine says *“(Every employee should) act like the owner, improve this business like their own. And if everybody does that, then you’ve got a whole organization of entrepreneurs and you’re invincible as a business.”* (Credo Video) One visible example of when employees are able to make an influence at J&J is when the company every second year gathers all J&J associates, including consultants, and encourage them to participate in an anonymous “Credo Survey”. This is a detailed survey with over a hundred questions, where members answer how well the company lives up to the Credo in all of the four different aspects of customers, employees, community and shareholders. These results are then compiled and evaluated in “Credo challenge sessions”.

Ever since 1976, employees have regularly been gathered in groups for the Credo Challenges. The participants discuss the Credo and the result from the Credo Survey; why some areas receive higher grades than others, and how weaker areas can be improved. Based on the results from the surveys and discussion sessions, an action plan is created by management from the findings in order to improve in weak areas. This is both to help the organization improve the weaker areas, but also a chance for employees to discuss what the Credo means to them personally and receive a deeper understanding through others' thoughts and ideas. Employees are in other words both able to get their voice heard anonymously as well as in a discussion and at the same time discuss the Credo and its' meaning. This should result in a feeling of psychological ownership, as the employees thereby are able to influence the implementation of the Credo and accordingly also their own situation.

The group discussions are held within the different departments, which means that the employees are gathered with people well-known to them, which creates a more relaxed atmosphere. Another advantage is that they can discuss the Credo in relation to their own

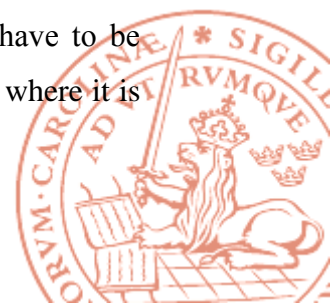


department, which means that only questions relevant to them are brought up. Even though these are clear advantages, an idea would be to mix the groups. If people from different departments, and especially people from different hierarchical levels, would discuss in groups they would probably get another result. For example the CEO could be placed in a group with employees from the grass-root level. In this case, some of the employees may feel a stronger feeling of importance and ability to influence, and therefore psychological ownership, by being able to make their voices heard by top-management or co-workers from a higher hierarchical level. Through mixing different departments in these sessions could also be a way to influence each other and get inspiration and new ideas of how the Credo is used by others. This can also contribute to a more decentralized organization, which is one of four core values of J&J, which will be further discussed in the next chapter.

4.4.2 Decentralization

On the J&J homepage it is stated *“Our culture is high expectation, high set goals and freedom under responsibility”*. This can be linked to our model and psychological ownership, as it indicates that the organization is decentralized. In a highly centralized organization the employees are controlled by rules and they can’t influence their own work situation to any greater extent. As a decentralized organization is the opposite, this means that the individuals are able to affect the organization and their situation. In that sense, decentralization is connected to psychological ownership.

One of the four cornerstones of J&J’s operating model is decentralization (J&J, Annual report 2009), which is also brought up by the CEO. Accordingly, several former and current executives talk about decentralization as important in the organization. For example Ralph Larsen, a former chairman of J&J says: *“We try to encourage them with [...] an environment that allows them to bring out their talents and contribute without having a bump put on them by an overbearing boss.”* (Credo Video) Another example is when Russel Deyo, VP General Counsel at J&J quotes General Robert Wood Johnson Jr., the founder of the Credo, when talking about his leadership: *“[...]and I know that they will have a sense of ownership because I’m not going to micro-manage them from the center. I believe in decentralization and I will trust them to do so because we share these values.”* (Credo Video) In our interview with the CEO he also discusses decentralization and says: *“With an elaborate set of values and principles people don’t need any instructions”*, and means that this is the case at J&J. He also relates this to the metaphor of a family where rules and regulations don’t have to be formulated or exist as printed instructions, instead there is an environment of trust where it is



understood what is expected.

Managements' view is, as stated above, that J&J is decentralized. However, in the interviews with the organizational members at lower hierarchical levels, we have difficulties finding answers that can indicate decentralization as central to the organization. One employee says: *"An executive should be able to give clear directions"* which indicates that this cornerstone of the Credo is not truly internalized, as her statement rather refers to a centralized organization. However, this is just the opinion of one individual and can therefore not represent any general opinions. Furthermore, The HR Manager enlightens that there are more executives in J&J than in most companies, which we question whether it is in line with the statements regarding J&J as a decentralized organization. Thus, there is no consistency regarding the decentralization of J&J, but one should also remember that these answers were given regarding leadership in general and that we did not ask any direct questions regarding centralization or decentralization. It is therefore difficult to say whether the organization is decentralized or not. We can however state that decentralization is not the first association that our interviewees makes when thinking about leadership at J&J.

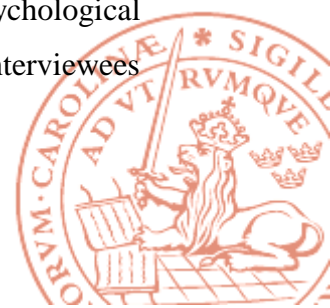
4.4.3 Goal alignment

4.4.3.1 The role of leadership

The opinions regarding leadership at the J&J Swedish office are generally positive. When discussing leadership, 50 % of the interviewees clearly state that they are entirely positive of how this is carried out in the organization. The other 50% tend to have mixed feelings but are generally pleased. When asked what they believe to be good leadership one of those who are entirely positive answers: *"It's when the leader sets a goal where we aim. In that way we all strive for the same goal"*. This opinion of what a good leader is in line with our model, which includes goal alignment.

4.4.3.2 The role of identity

Alvesson et al (2002) mean that goal alignment requires the employees to identify with the organization. Whether the individuals identify themselves with the organization is rather intangible and difficult for us to judge, however we have identified signs that indicate that this may be the case. As previously mentioned, all the parts of our model are interrelated and identification with the organization is no exception. This has already been discussed in the section of Corporate Identification, but is also relevant to mention as a part of psychological ownership. One indication of organizational identification could be that all our interviewees



believe the Credo is present in their daily work, and that the Credo is also referred to as common sense. In that sense, the values of the Credo may be related to what Schein labels 'basic assumptions', and are in that case deeply rooted in the employees' minds.

4.4.3.3 Goal alignment at J&J

Something that highlights goal alignment in J&J is the fact that all of the employees mention the importance of good products, and how good they feel that they influence the lives of the end-customer. The Credo as mentioned begins by stating J&J's responsibility to the patients, and all the employees interviewed highlight this as important in their daily work. One of our interviewees says that she feels that her daily work highly influences the patient and continues by saying "*I think most people within the company feel that way*". If this is true, which we believe to be highly possible as all of our interviewees bring it up several times even if we don't ask directly about it, the company strives for a common goal. As mentioned, the patient is a recurring topic and when the interviewees are asked about what J&J stands for, one of them says "*High quality products that make life easier for humans*", while two of the them answer "*good products*". Good products and the possibility of helping people seem to be a common goal for the organization in general.

4.4.4 Reduced need for formal control

All of the employees mean that the Credo is present in their daily work even if one says it can be used even more. When asked to give examples, one of them says: "*It (the Credo) sets some limitations to my work, but in a positive way*". By this she means that sometimes things could be solved in an easier manner but would not be entirely Credo pursuant. In this way the Credo can complicate some situations, but as she states it is also positive. It is positive in the manner that things are done in the most ethical, "right" way. The same person means that the Credo is important for top-management when making decisions. This is confirmed by the CEO talking about the Credo as a framework but also as a "*decision-making model*". Using the Credo as a tool in a decision-making processes is probably an approach to rationalize decisions and make them in line with the organizational goals, which is desirable according to Alvesson et al (2002).

4.4.5 Other aspect of psychological ownership at J&J

Our studies show that employees at J&J have a very open relation towards their executives (for further discussion, see 4.6.3). With that in mind, and also the aspects presented above, we believe that the employees at J&J feel psychological ownership and that it is one reason of the company's success. However, we also believe that this psychological ownership makes



employees used to being able to affect their situation and that this can create strong reactions to situations where this might not be the case. One example of this is discussed below.

A few years ago, around 20 co-workers at J&J were laid off due to financial issues. When asked about this period, 75 % of the employees thought the information about the layoffs was scarce and confusing. One employee says: *“We came back (from vacation) and realized that we were about to be reorganized and we didn’t know anything”*. Another person says: *“It (the layoffs) was pretty hard on us because we knew for a relatively long period that something was going on but we had no idea what it was”*. This situation seemed to confuse the employees and perhaps fueled a situation of them feeling a lack of power. They felt that top-management kept information from them and that they had no chance of influencing the situation.

During this period of layoffs, the employees didn’t feel they had a chance to affect the situation, which they are not used to, and they didn’t get any clear information of what was going on. In that sense, J&J didn’t act in line with what Welch et al. (2006) refer to as psychological ownership, during this period. However, as all of the employees present J&J as a good or even great employer, we see that this situation didn’t ruin the employees’ trust for the organization even if they were disappointed when it occurred. Either way, important to mention is also the managers’ point of view of the situation. The CEO points out that the decision to lay off staff was dragged out over a long period of time as they tried to come up with other solutions that would not require layoffs. He states: *“I believe that in many organizations it would be unacceptable to drag out the decision for such a long time (...) our Credo gives us the opportunity in important questions, decisions should never be rushed, they should be carefully considered and mature with time”*. Management in other words sees this long period of consideration as positive, while employees stated their concern with the situation that management had known about the layoffs for a long time without informing them. It is for this reason very difficult for us to judge whether their actions are always Credo-pursuant.

4.5 Discussion

When starting out with this thesis and developing our model, we naturally had different questions that we wanted to find answers to in the empirical analysis. The one thing they have



in common is that they all try to answer whether or not this thesis in fact does what it set out to do. Do we present a model that shows how to practically manage through normative control and does our empirical material illustrate the application of the model at J&J?

4.5.1 Does the empirical material confirm that one can combine the two aspects presented by Welch et al. (2006) into one model?

During our empirical studies as well as during the process of empirically illustrating our model, we had difficulties separating the different perspectives upon what aspects are important when managing through culture from the actual way in which they proposed this to be carried out. We therefore believe that not only were the theories alike and rather easily combined in theory, but they are even more interrelated in reality at J&J. We will hereafter present how our empirical material illustrates that the different segments within the parts of our model are aligned in a correct way.

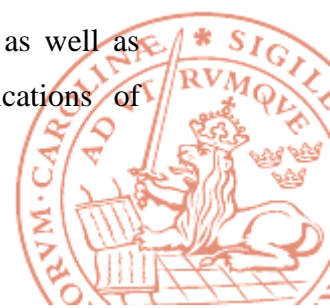
4.5.1.1 Corporate identification and the promotion of corporate culture

Our model proposes that Corporate Identification is created through the promotion of corporate culture at J&J, and as seen earlier in this empirical analysis we have found empirical material that illustrates both of these aspects. In fact we saw that the Credo Challenges are empirical manifestations that can be linked to them both. These challenges are managerially promoted events where organizational members can see their managers as role models while they are actively encouraged to discuss the Credo values and its implications. Through these discussions employees can create an organizational identity that is aligned with their own individual identities. We therefore suggest that the empirical material regarding Credo Challenges illustrates the correlation between Corporate Identification and the promotion of corporate culture. In short, management at J&J tries to create corporate identification through Credo Challenges, i.e. events where the organizational culture is actively promoted.

4.5.1.2 Internalization of corporate values and the internalization of company value system

Already in the theoretical chapter, there was strong resemblance between the part of the model that proposed that internalization of corporate values was important and that this was created through internalization by either recruitment/identification or socialization/reinforcement. This was in fact the part of the model that we found mostly integrated.

In the empirical material, we found suggestions as to recruitment/identification as well as socialization/reinforcement being applied at J&J. We also found clear indications of



management being aware of the importance of internalization of corporate values. In fact, the HR Manager stated that it was important for organizational members to ‘in their gut’ understand the Credo values, which we believe to be an expression of his beliefs that internalization is important. The fact that he mentioned this deep understanding of company values when talking about recruiting new personnel also indicates clear links to recruitment/identification. The HR Manager also states that new recruits are assigned a mentor whose function is to help them understand and incorporate the corporate culture. We believe this to be one of the apparent indications towards socialization/reinforcement at J&J. In conclusion, when management at J&J speaks about internalization as important, this illustrates the first segment of the second part of the model. This first segment is linked to the next through management giving indications of recruitment/identification as well as socialization/reinforcement as means to achieve internalization.

4.5.1.3 Organizational commitment and more committed and effective employees

In the theoretical chapter, it was presented that affective commitment is a vital part of normative control. Also presented were aspects which are important for management to consider whilst promoting this commitment. The theoretical link between Organizational Commitment, foremost Affective Commitment, and the way in which this is achieved was stated to be through the effective use of values. When studying commitment at J&J, we found that there is strong commitment among many of the organizational members. In fact one interviewee even said *“It means something that so many people have stayed here for such a long time. It is not just about being convenient, there is something more to it and the Credo is the backbone, it is a great part of it”*. This is a quote that clearly exemplifies how the Credo and the shared values it represents, creates Affective Commitment at J&J. We found our interviewees talking about how the Credo values enforce commitment to J&J in most of our interviews and also in the Credo Video. Hence, organizational members at J&J, from the chairmen at the very top to employees at customer service in Sweden, all perceive the Credo and its values to be of importance for the strong commitment that J&J employees feel towards the company. That our empirical material clearly illustrates how more committed and effective employees through Affective Commitment will create Organizational Commitment is thus evident.



4.5.1.4 Psychological ownership and Goal alignment and reduced needs for formal control

The part of the model regarding psychological ownership through goal alignment and reduced needs for formal control was the one in which we had the most difficulties finding empirical material to illustrate the alignment of the two segments as proposed by the model.

When applying the model to the empirical material from J&J we found that lessened need for formal control is an effect from goal alignment, as the organizational members then by their own will act in line with the organizational goals. We give the example of customer focus as an indicator of goal alignment. The interviewees stated that they continuously think about how their actions influence the customers, i.e. the first consideration of the Credo, and consequently management at J&J will not have a need to formally control that employees act in line with the Credo. Perhaps should lessened need for formal control not be stated as a means to achieving psychological ownership, but merely as a benefit when practicing normative control. This is also in line with Merchant et al.'s (2007) statement that successful normative control will lead to self- and mutual monitoring.

Regarding how goal alignment will lead to psychological ownership, this is in fact connected to the previously discussed lessened need for formal control. As stated, goal alignment leads to management not having to control employees as much, and we therefore believe that it is a prerequisite for a decentralized organization. This is in line with the discussion in our empirical analysis, where we refer to a quote from Russel Deyo, VP General Counsel at J&J, quoting General Robert Wood Johnson Jr, the founder of the Credo.: “[...] *I believe in decentralization and I will trust them to do so because we share these values.*” (Credo Video). The quote, along with other similar quotes, indicates that management at J&J is of the belief that decentralization is possible due to a common set of values which will align goals and actions in the best interest of the organization. Hence, the link between goal alignment and a decentralized organization is evident at J&J. This type of organizational structure is, according to Welch et al. (2006), in turn the way in which to create psychological ownership. Russel Deyo further quotes General Robert Wood Johnson Jr when talking about his leadership “[...] *and I know that they will have a sense of ownership because I'm not going to micro-manage them from the center.*” (Credo Video) Therefore, through theory connected to our empirical material, we believe that the case of J&J clearly illustrates that goal alignment will in fact lead to psychological ownership, even though the links might not be evident at first sight.



In the theoretical chapter 3.3.1.4.1, we presented management of employee identities to be a vital part of psychological ownership, and central to the discussion was that employee identification with the organizational goals would create psychological ownership. The actual way in which this identification is proposed to be created was in theory closely linked to corporate identification as well as internalization.¹² As discussed earlier in this chapter, Credo Surveys and Credo Challenges at J&J are illustrating ways in which both of these are created. Through the Credo challenges, management proposes the Credo in order to stimulate employee identification to the organization and its goals, whereas the Credo Challenges are aimed at fueling the internalization of corporate values and goals. Thus, our empirical material in combination with our model exemplifies how management aims at aligning the identities of organizational members through Credo Surveys and Credo Challenges, and thereby creating psychological ownership. However, due to our limited time at J&J we could not draw any conclusions regarding the impact of these attempts upon psychological ownership at the company. The empirical analysis does nevertheless indicate that our model rightly incorporates identity into psychological ownership.

The connections we have made within the different aspects of the model seem to be illustrated through our empirical material. Thereby, we find that the model in fact is applicable at J&J. However, it is important to remember that this is merely one illustration of how the model works and there needs to be further research done before one can clearly say that it is valid.

4.5.2 Do the different aspects of the model correlate and are they interdependent?

Throughout this empirical analysis we have presented our model and how our empirical material from J&J can be applied to it in order to illustrate how normative control is practiced. As the reader might have noticed, there are similarities between the different parts and they all affect each other. The interdependence of the different parts of the model can be exemplified in the following scheme; in order to create corporate identification through the promotion of corporate culture, management must align the identity of the organizational members to the overall identity of the organization as a whole. In order to adjust the identity of employees, the management must deeply affect them and create an internalization of the corporate values, i.e. the very core of the corporate identity. The alignment of identities will also create goal alignment and affectively committed employees. Affectively committed employees who identify and strive towards the organizational goals will also identify with the corporation. It

¹² The links between different aspects of the model will be further discussed in the next chapter 4.6.2.



is not just through these connections that the different parts of the model are interconnected but they all affect each other simultaneously. There are no distinct lines between the different aspects, and management who wishes to apply the model must therefore tend to all four.

Throughout the empirical analysis, there are strong indications towards the interdependence of the different aspects of our model. This correlation is included in our model but as the indications are continuously appearing this leads us to question the outline of the model, are the parts interrelated even more than the model indicates? It might be interesting to study the model more in depth during a longer period of time and focus upon the correlation between the different parts to find the answer to that question. At the same time, as we have seen that the empirical material supports the different parts, they are all important and therefore it might be good to emphasize each part separately. We therefore see that the model is greatly interdependent and that all the aspects will affect each other.

4.5.3 The impact of openness

When comparing our model with the empirical material that we gathered at J&J, we found many similarities that illustrated the theory. However, there was one aspect of the empirics that did not fit directly into the model but that was very prominent and this was openness. Besides all of our interviewees mentioning it, and this without influence from us of each other, we found several other indications of it.

When studying our model (figure 4), there is no direct connection to openness. However, when studying the impact of openness at J&J, we found that it did have a positive impact upon most of the aspects within our model. Therefore, we will now present the way in which openness was evident at J&J and after this present how openness facilitates the implementation of our model.

4.5.3.1 Openness at J&J

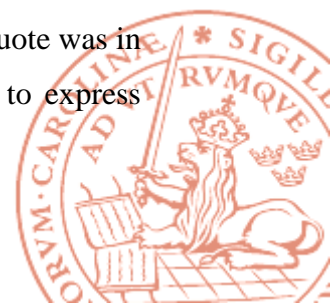
During our time at J&J we studied the employees and the way they interacted with each other. Starting with the way they dressed, it varied amongst different associates. The most formal were dressed in suits, but they could just as well have been visitors or external consultants as they were actually more formally dressed than the CEO as well as the HR Manager, who both wore a shirt and dress- pants. Most of the people we saw, including all the people we interviewed, wore dress- shirts and dress- pants, or dress-shirts with nice jeans. They were all thus properly dressed with nice clothes and jewelry but not in a very formal manner.



The informal dress code matched an open, informal attitude amongst the co-workers. The people we passed in the hallways all greeted each other and seemed to know each other. They also called each other either by first names or by nickname. However, it is important to remember the overall cultural context in which this was happening, i.e. Sweden. In Sweden it is not common to call others by their surnames, not even superiors, and this can also be the reason for why the employees at J&J greeted each other by first names. Everybody we spoke to were helpful and friendly towards us, making us feel welcome while they seemingly gladly answered our questions as we walked though the building. The layout of the J&J office was open plan desks and glass walls separating those with offices. The individual offices were personally decorated with photographs, plants, acknowledgements and colorful door signs that looked to be created by children. All office doors were open.

The openness amongst employees was confirmed in several ways during our interviews. Out of the employees asked to participate in an interview with us, all agreed. Each and every one of our interviewees offered us coffee or mineral water, and asked questions about the study we are doing. The HR Manager, when leaving us to do the rest of our interviews, stated that he has no need to monitor us and said *'Go around, ask who you like about what you like'*. During all of our interviews, we are allowed to record everything they say, and we get the feeling that they all tries to be as elaborate as possible when answering our questions. We do realize that the fact that the people we met at J&J knew that we were writing a thesis upon J&J could have had an impact upon the way in which they treated us. This would most likely have led to organizational members treating us well in order for us to like the company and write a positive thesis about them.

Regarding what was actually said regarding openness during our interviews, all interviewees mentioned it and proposed it to be an important aspect of the J&J culture. When we asked organizational members about how they perceived leadership at J&J to be performed, some of them had problems finding an answer and we believe that this can be due to the decentralization that J&J promotes. The interviewees who did find an answer to the question all mentioned openness as a part of leadership. One interviewee said that leadership at J&J was good, and her definition of what that entailed included: *"Clear, just and upright communication. Open communication."* Another employee regarding J&J leadership said that *"...mainly, it is a very open communication. One can say what one thinks and feels without being afraid of being judged or punished. Open, an open environment."* This last quote was in fact almost duplicated during another interview where the feeling of being able to express



oneself once again was mentioned. Due to this, and due to the fact that we did not find any indications of the opposite, we state that employees at J&J experience openness to be a central, and highly appreciated, part of leadership within the organization.

During our interviews with the CEO and HR Manager, there were also several times when openness was discussed. The CEO was especially persistent by several times emphasizing that he believes openness to be one of the most important aspects of leadership. He says that he personally tries to show his openness and encourage openness from employees by showing that he appreciates good- and bad news, questions and complaints. In order to show this, the CEO states that he listens, and does not punish those who come with bad news, and that he tries to take action when possible.

As we have discussed earlier in this thesis, a common metaphor used in J&J is the company as a family. What we find especially interesting is that what the CEO says to be the main characteristics of this metaphorical family; openness and norms. By him saying this, and the fact that these two values have been continuously present throughout our interviews and observations, we see that they are in fact the core values within the company culture.

4.5.3.2 The effect of openness

Comparing the open atmosphere at J&J with our model of how to practice normative control, we see clear links as how this can facilitate the different methods proposed by the model.

The first aspect of the model proposes role modeling to be an important part of promoting corporate culture. Role modeling is when management sets clear examples as how to act in an appropriate manner. An open environment where employees feel free to talk to the CEO and discuss problematic issues will continuously provide management with opportunities to, by action, show what values, decisions and behavior that is preferred. Thereby, openness will facilitate the first aspect of our model.

Internalization, the second aspect of our model, is created through employees perceiving the organizational goals and values as their own. One way in which this can be created is through socialization/reinforcement, where organizational members socialize new employees into internalization. Openness can here create natural forums for this socialization to take place through open conversations between organizational members. If the tradition is to greet each other and get to know one another on first name, or even nick-name, basis, there will be a culture facilitating internalization.



The third aspect of our model regards employee commitment to the organization. Affective commitment is created through the successful use of values, making the employees wanting to stay at the organization. It is evident that most of employees at J&J feel affectively committed to the organization and in our empirical material there were statements relating this to the 'special spirit' that permeates the company. Regarding that all of our interviewees emphasize openness at J&J and speak positively about it, we proclaim that this is a part of the 'spirit' making employees committed to J&J.

The fourth aspect of the model, psychological ownership proposes that employees who feel in control will develop psychological ownership and goal alignment and thereby reduce the need for formal control. An open atmosphere will let employees speak their minds and address the management with their opinions. Through this, the decision-making of management can be influenced by the organizational members who accordingly will feel a greater deal of control, thus facilitating psychological ownership.

There are naturally other ways in which an open environment can stimulate normative control and help implement the methods suggested in our model. The proposed aspects above are just a sample in order to indicate that openness has a significant role in the implementation of our model, at least at J&J.



5. Conclusions

In this final chapter, we will present the conclusions that we have drawn from our research. This chapter will regard how our thesis has contributed through presenting a more practical view upon the concept of normative control. We will present our conclusions and illustrate them with empirical material from our analysis. Finally we will give our suggestions to further research within the subject.

The purpose of this thesis was to develop a model that could in combination with empirical material from a case company illustrate how normative control is exercised in practice. In order to fulfill this purpose we have used Welch et al.'s- (2006), but also other researchers', findings of normative control in order to develop a model that illustrates how normative control is exercised in practice. Many researchers before us have studied and discussed the topic of normative control. However, we have had difficulties finding theories describing how normative control is practiced in reality. Therefore, we have presented a model of how normative control is exercised and combined with the normative control performed at J&J in order to illustrate this. Consequently, one part of our contribution in this thesis is that we have concretized the ambiguous concept of normative control through presenting practical methods through which normative control can be practiced.

Apart from concretizing the concept of normative control, our model is as stated a development and fusion of Welch's models regarding the common views upon how to manage corporate culture. Through this fusion we have presented a way in which two central parts of normative control, i.e. the maintenance of the appropriate culture and the way in which to control through this, can affect each other and create clear methods as how to practice normative control.

Throughout our empirical analysis we discovered several indications of how normative control is practiced at J&J and found that this clearly illustrated the methods proposed in our model. Accordingly, we will here present the contribution of this thesis by highlighting the concrete methods that our model suggests and that is illustrated through the normative control practiced at J&J. In short, our thesis proposes that organizations that practice normative control through the use of culture should have formal training, use role models, actively recruit new employees who identify with corporate values, reinforce the values and socialize

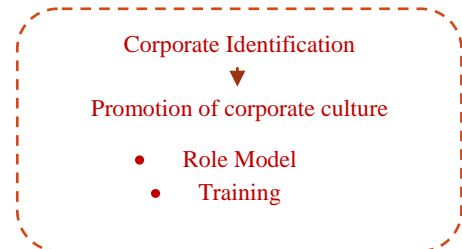


new members into the culture, have a decentralized structure and an open culture allowing affective commitment. The reasons for this proposal will follow below.

5. 1 Practical methods within normative control

5. 1. 1 Corporate identification and the promotion of corporate culture

In the part of the model called ‘Corporate identification’ and ‘The promotion of corporate culture’, (i.e. chapter 4.1) we have illustrated that there are ways to foster the individual identities of organizational members to fuse with the overall corporate identity, in order to create



Corporate identification. Drawing upon our empirical material, our conclusion is that J&J use their Credo as a foundation for their efforts of aligning the employees’ identities with the organizational identity. In the case of J&J, the corporate identity (i.e. central characteristics which are lasting and distinctive for the organization) is the Credo. However, it is important to notice that the Credo itself does not directly lead to corporate identification. It is the interpretation and the subsequent identification of organizational members that matters. Therefore, we suggest the Credo to be a highly important part of Corporate identification and the Promotion of corporate culture, as long as there are supporting activities facilitating employee identification. Consequently, the Credo will function as the centre of activities promoting the corporate culture and accordingly the identification with the organization at large. As proposed in the model, these activities are formal training and the use of role models. Empirical statements clearly indicate that both of these activities are present at J&J and seen as crucial. Hence, ‘Corporate identification’ can be developed through the use of formal training and role modeling that promotes the organizational culture and facilitates employee identification to the Credo.

Empirical material that clearly illustrates how the promotion of corporate culture can facilitate Corporate identification is when former chairman of J&J, Jim Burke, talks about Credo Challenges. He states that there was little commitment to the Credo at the beginning of his tenure and that employees did not feel attached to the Credo. In order to solve this, Burke implemented the Credo Challenges where employees acquire Credo-training, and these sessions are as mentioned still taking place frequently. Credo Challenges are now seen as an important part of internalization and understanding of the Credo, both by management at J&J and organizational members at lower hierarchical levels. Accordingly, the commitment and



identification to the Credo was improved when implementing these training sessions. This illustrates the importance and the effect of promoting corporate culture through training when practicing normative control.

5. 1.2 Internalization of corporate values and the internalization of company value system

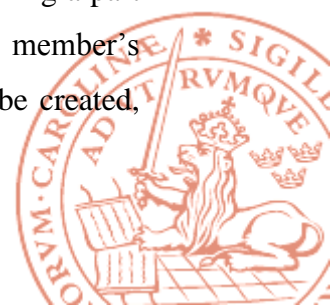
The second aspect of our model that has been presented is the ‘Internalization of corporate values’ and the ‘Internalization of company value system’, i.e. that organizational members should perceive the organizational values as their own. Fully internalized



values will lead to self- and mutual monitoring within the organization, i.e. normative control. Consequently, it is not enough for an organization to present company values in their Code of Conduct or correspondent document, but the members of the organization must accept the value statements as their own.

By analyzing how organizational members at J&J perceive and understand the Credo, we conclude that the general agreement is that the values are equated with common sense and logical thinking. This, in combination with other aspects discussed in chapter 4, indicates that the Credo values are fully internalized by organizational members at J&J. The model proposes two ways in which internalization can be achieved and we have found signs of both of them being implemented at J&J. The first method is identification/recruitment and suggests that an organization should hire new employees that already identify with the corporate values. At J&J management continuously mention that their company attracts individuals who ‘want something more’, and the employees confirmed by stating that they felt good becoming a part of a company that improves the quality of life of its customers (which are the primary consideration of the Credo). Naturally, the fact that J&J is a pharmaceutical company will enhance the consideration for the customer but we nevertheless state that the identification/recruitment proposed by the model is illustrated in the practice of normative control at J&J.

The second method of creating internalization of corporate values is socialization/reinforcement. This refers to the internalization of corporate values that is developed as the individual is incorporating the organizational culture while becoming a part of it. In other words, it is internalization that develops during an organizational member’s employment at the organization. Regarding how socialization/reinforcement can be created,



we however had difficulties finding empirical material to clearly illustrate this. As mentioned, J&J uses an open culture¹³ where the Credo, its' interpretations and implications, are continuously discussed. As socialization is about organizational members influencing each other, we believe openness to be a stimulating factor. Management at J&J state that it takes time to become a member of the company culture and remark that role modeling is necessary to really show that the Credo-values are 'real'. It is thus through the engagement of organizational members that they believe new members can be incorporated into the culture, and we perceive this to be an illustration of socialization at J&J. In conclusion, empirical material from J&J shows that an open culture that allows the use of role models can stimulate socialization.

5. 1.3 Organizational commitment and more committed and productive employees

The way in which to create organizational commitment and more productive employees is proposed to be through developing affective commitment amongst the organizational members. When this is realized, the staff will truly care about the well-being of the organization, and therefore be ready to dedicate a lot of time and effort into their work. The employees are tentatively more effective if there is a strong corporate culture since this, amongst other things, will facilitate the transfer of information both horizontally and vertically within the organizational hierarchy.



As proposed in the model, the bond between the organization and its' members needs to be nurtured in order for organizational commitment to be lasting. Ways to nurture organizational commitment is, according to our model, by avoiding temporary employees and outsourcing and having the policy of in-house recruitment. This is supported by management at J&J as well as by external studies, e.g. Keys to Healthy Organizations¹⁴. In-house recruiting can be positive both in the sense of encouragement for employees wanting to advance in hierarchy, and a way of keeping individuals who have already internalized the Credo within the organization. For the same reason as the latter, our model states it to be beneficial to avoid temporary employees and outsourcing. One suggested method to create a sense of 'we' and

¹³ For further discussion, see 4.5.3

¹⁴ The study made by Karolinska Institutet, see 4.3.3



organizational commitment, is consequently in-house recruitment and avoidance of outsourcing.

When studying commitment at J&J we found that employees in fact wanted to stay at the company and that they enjoyed their work. Thereby, we conclude that the organization in fact has succeeded in establishing affective commitment. The reason for this type of commitment is suggested by the model to be the successful use of values. In fact, quotes from employees at J&J state that they relate their urge to stay within the organization to the common values and friendly spirit that permeates the organization. Thus, in order to create affective commitment, management must actively work with the organizational values. During the process of writing this thesis, there were difficulties finding theoretical or empirical material that suggests how to successfully work with values. However, as the question of our thesis is how normative control can be practiced through the use of a Credo, which is in fact a value-statement, the way in which to successfully work with values might very well be the implementation of our model.

5. 1.4 Psychological Ownership and Goal alignment and reduced needs for formal control

The fourth aspect of our model, ‘Psychological ownership’ and ‘Goal alignment and the reduced of formal control’ presents the idea that employees should have a sense of ownership over the organization and/or its’ values and norms. This is suggested to be created



through employees feeling that they are in control. At J&J, there are reoccurring events (i.e. Credo Challenges and Credo Surveys) where organizational members are allowed to freely discuss their perception of how well the Credo is implemented and what it means to them in practice. The results from these discussions will then function as decision basis for management when designing improvements and action plans. Through an open environment, organizational members are free to speak their minds and feel that their opinions are taken seriously. In that way, J&J employees will feel that they can control the implementation of the Credo to some extent, and thereby develop psychological ownership towards it. Through psychological ownership towards the Credo, the organizational members at J&J will align themselves with the values stated in the Credo, as they will perceive the values to be a part of their individual identities. Employees fully incorporating the values of the organization will



ensure that they act in line with the interest of the organization and thereby greatly reduce the need for formal control.

Furthermore our model suggests that a decentralized organizational structure will enable the sense of psychological ownership amongst organizational members. This is due to the fact that in a decentralized organization the individuals have more freedom to act, and therefore a greater chance to influence their work situation. As presented in our empirical material, decentralization is stated to be one of the four core characteristics of J&J, even though the employees did not discuss it much. We anyhow conclude that decentralization and, as stated above, an open atmosphere will be ways in which to create psychological ownership.

As suggested in the theoretical chapter, the way to practically develop psychological ownership is highly connected to other aspects of our model, foremost corporate identification and internalization. Thus, our conclusions regarding how to create psychological ownership, goal alignment and more effective employees is also highly related to the methods proposed in paragraph 5.1.1 and 5.1.2.

5.2 Suggestions to further research

In our theoretical chapter, the discourse used by management was proposed as central to performing normative control. However, this has not been discussed to any greater extent in the empirical analysis above. The reason that we have not discussed it further is due to limitations of our empirical material. We did not feel that we had the possibility to study managerial discourse directed towards employees enough to draw any conclusions or find enough material to clearly illustrate this. In order for those conclusions to be made we felt that more observations would be needed. Since this is a limitation to our study, we propose further research to be done upon the role of management discourse in normative control.

As presented above, we have found that the normative control at J&J illustrates how our model can be applied to reality. It would therefore be interesting to see if empirical material from other organizations practicing normative control can illustrate the application of our model. This would generate more validity to the model and as we are interested in seeing how applicable it is, we strongly recommend more research regarding it. Is the model contextually bound or can it be applied to organizations where e.g. the shareholders are the first priority?



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Company material from J&J

Credo Video; This is a video that was handled to us by the CEO of J&J and features all former chairmen as well as the present chairman sharing their view upon the J&J Credo.

Johnson & Johnson Annual Report, year 2009

Johnson & Johnson Pamphlet; This is an information pamphlet from J&J regarding the company at large

Other external studies

Thornblad, Helene (2009) *Nycklar till friska företag: Inspirerande exempel och resultat från forskningsprojektet Hälsa och Framtid*, Uppsala, Prevent, First edition, ISBN: 978-91-7365-073-1



7. Appendix: Interview questions

These were the questions that we used during our interviews. However, as we had a relaxed atmosphere in the interviews and let the interviewees talk about what they wanted at times, these questions were more of guidelines. Regarding the questions for CEO and HR Manager, these were only introductory as most of our time with them was spent in the form of a conversation.

To employees

Introductory questions

1. Age:
2. Sex:
3. Position:
4. Years at J&J:

Interview questions

1. Why did you apply at J&J?
2. How would you describe J&J as an employer?
3. How is leadership practiced at J&J?
4. What does J&J stand for according to you?
5. How does your daily actions affect the (end-)customers of J&J?
6. Are you encouraged to act according to the Credo?
7. How?
8. Have you ever been in a situation where your own values were deviant from the Credo-values?



To CEO and HR Manager

Introductory questions

1. Years at J&J:
2. Years as CEO for J&J:
3. Why did he choose to work at J&J:

Interview questions

1. How do you think that leadership should be practiced at J&J?
2. Can you describe your leadership style?
3. How are employees encouraged to act in line with the Credo?
4. How are managers at J&J educated regarding the Credo?
5. How are managers at J&J educated regarding leadership and how they should implement the Credo among employees?
6. What does the Credo mean to you in practice? For the employees?
7. Have you ever been in a situation where your own values have deviated from the Credo-values.

