

SOCIALIZATION IN FINANCIAL POSITIONS

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SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE DEGREE OF

MASTER OF SCIENCE

at the

MASSACHUSETTS INSTITUTE OF TECHNOLOGY

JUNE 1982

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May 7, 1982

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OF TECHNOLOGY

JUN 7 1982

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Submitted to the
Alfred P. Sloan School of Management
on May 7, 1982 in partial fulfillment of the
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ABSTRACT

Fifteen Sloan School alumni holding positions within the finance area -- banking, auditing, security analysis, non-profit, treasury, controllership, financial analysis, insurance -- were interviewed to determine the socialization processes from which they had learned what was expected of them on the job and what was necessary for success within their occupations and firms. From the interviews, a probable career anchor was inferred for each of the alumni, and the relationship between the anchor and demands of the work environment was analyzed.

Finance proved to be a heterogeneous field. Within the same type of position, socialization processes were quite similar. Outside of financial institutions, interviewees faced the problem of being excluded from centrality in the firm. Most alumni had chosen finance because they had thought that it was an "objective" field; a big step in the socialization process was learning that selling their ideas and themselves was as important as (if not more important than) analytic ability. Within a given milieu, an individual's career anchor strongly influenced his accommodation to his situation. Only two of the fifteen people in the sample appeared to have general management anchors. Although ten of the fifteen have characteristics associated with technical/functional anchors, strong security tendencies are also present.

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I. A. Introduction

The goal of this study is to explore the concepts of occupational socialization and culture within the boundaries of a general area, finance. Finance, in turn, includes several sub-fields: banking, public accounting, insurance, investments, and support services (controllershship, treasury, financial analysis, for example). Although positions defined to be financial have money or the flow of funds at their core, even minimal empirical investigation reveals that the sub-fields, to a much greater extent than the general function, possess identifying cultural characteristics. Both the content of the work and its centrality (or lack thereof) within the organization create a shared experience among members. From an analysis of fifteen individuals' experiences at boundary passages in financial positions, the study traces how each person learned the technical content of his job and, in a much broader and more intangible sense, how he learned what being a lending officer or a securities analyst "really means". Beginning with a literal kind of training in which he becomes familiar with the factual tasks of his job, the individual is socialized by his interactions with others in the workplace; and, if he stays within his role, he internalizes the culture or the mind-set of those who occupy the position.

The present work draws upon research by

Garfinkel (1967), Clausen (1968), Etzioni (1961), Glaser and Strauss (1971), Child (1973), Hall (1976), Brim and Wheeler (1966), Blankenship (1977), Jacobson (Sloan thesis, S.M. 1977), Evans (Sloan Ph.D. dissertation, 1974), and Paap (Sloan Ph.D. dissertation, 1979). The framework for analysis is primarily research conducted by Bailyn (1974), Schein (1962, 1963, 1964, 1965(a), 1965(b), 1968(a), 1968(b), 1970, 1972, 1974, 1975, 1978, 1981(a), 1981(b)), and Van Maanen (1972, 1977, 1978, 1979).

Brim and Wheeler define socialization as

the manner in which an individual learns the behavior appropriate to his position in a group through interaction with others who hold normative beliefs about what his role should be and who reward or punish him for correct or incorrect actions (Brim and Wheeler, 1966, p. 9).

According to Schein,

Occupational socialization probably occurs initially in the home and in school. Subsequently it is more related to the specific career that the individual is pursuing than the general institutional or organizational setting into which he is moving... One might extrapolate to the hypothesis that attitude change over the course of one's working life is tied more to the characteristics of one's occupational role, rather than to general characteristics of the institution or the organization within which one works...

Probably the most accurate model of the socialization process is that the individual selects a broad occupation on the basis of prior attitudes and self-perceived talents and then experiences further changes in attitudes and values according to the specific occupational roles and settings into which he moves (Schein, 1975, p. 25).

Socialization, then, seems to be a constant process that starts at birth. An individual carries each previous

learning stage along with him, and he continues to learn as he begins and continues his career. Once he selects an occupation, he enters both technical and cultural training. In many professional careers, training and socialization precede the job itself: doctors, lawyers, and professional managers, for example, pass through a curriculum intended to prepare them for their jobs. During their schooling, they acquire not only skills but also attitudes that orient them toward their work. While concrete skills can frequently be objectively defined and taught, values and behavior are assimilated for the most part unconsciously and obliquely. Their existence and necessity are rarely directly addressed, but the individual who does not somehow assimilate them has little chance of being accepted into the group. Training is in a sense the starting point of an occupation, whereas socialization is what prepares someone for inclusion as a member of the occupation. Socialization can include embracing certain ethical standards or conducting oneself in a particular manner. It can mean "learning the ropes", understanding how to get ahead, or having a grasp of the politics of an organization. In the broadest sense, it includes familiarity with the unspoken rules of an organization as well as of an occupation. At numerous points, training (defined here as the imparting of skills) and socialization are intermingled; yet, the latter probably never ceases throughout a person's career.

Culture is a more elusive concept than is either

training or socialization, although it overlaps socialization in much the same way that socialization overlaps training: through training one embarks on the road to socialization, and through the process of socialization one becomes part of a culture whether it be organizational, occupational, or (most frequently) both. As Becker and Geer point out,

Any social group, to the extent that it is a distinctive unit, will have to some degree a culture differing from that of other groups, a somewhat different set of common understandings around which action is organized, and these differences will find expression in a language whose nuances are peculiar to that group (Becker and Geer, 1970, p. 34).

Schein describes culture as

the set of basic assumptions which members of a group invent to solve the basic problems of physical survival in the external environment and social survival in the internal environment. Once invented, these basic assumptions serve the function of helping members of the group to avoid or reduce anxiety by reducing uncertainty and cognitive overload. Once invented, those solutions which work are passed on to successive generations as ways for them to avoid anxiety which may have motivated the invention in the first place (Schein, 1981, p. 22).

Unfortunately, culture is difficult to circumscribe because it is so deeply assimilated by those who share it that they are not always conscious of it: they act in common ways, they share assumptions and traditions, but all the threads that compose their culture are so familiar and so habitual that members of the group are unable to step back from themselves and articulate what makes them what they are. While it might appear that an "outsider" to the group would

be capable of observing its practices and codifying them as anthropologists have attempted to analyze cultures, Van Maanen (1979) warns the would-be researcher that layers of reality and fiction are so complex as to baffle the observer. Once scrutinized, people have a way of altering their activities, of hiding important data, and of lying about what matters most to them. Moreover, if the researcher attempts to enter the group as a participant, he must always be mindful of numerous levels of language, of informants who sincerely want to communicate their reality but who are not consciously aware of large blocks of it, etc. Ethnography, or the analytic description of a culture, demands an unusual ability to draw inferences from signs, since it is only by careful deduction from sign systems that an observer can comprehend what it means to be a member of an organization.

I. B. a. Conceptual Scheme: Socialization Tactics

The conceptual scheme which provides the framework for the present study is developed in "Toward a Theory of Organizational Socialization" (Van Maanen and Schein, 1978). The three elements from the scheme that lend themselves to an analysis of occupational socialization are a description of the segments or boundaries which characterize organizations and which, consequently, assign values to occupations or positions within different organizations; a suggested list of "people processing techniques" or socialization tactics; and a discussion of possible responses to socialization.

Schein (1968) conceives of an organization as a three-dimensional space shaped like a cone or cylinder. He views movement within the organization as occurring along three dimensions: vertical movement, which corresponds to an individual's level or rank; radial movement, which characterizes the degree to which a person is on the inside or at the periphery of an organization; and circumferential movement, which refers to shifting among functions. Each type of movement can be associated with boundaries. Hierarchical boundaries separate ranks from each other; inclusionary boundaries separate people who are at a greater or lesser distance from the organization's "inner sanctum" or who are entrusted with fewer or more of the company's secrets or who are perceived by others as having much or

little power; and functional boundaries separate departments such as marketing, finance, production, etc. Boundaries, in turn, can be highly variable with regard to quantity, degree of permeability, and types of filtering processes. In some institutions it is almost impossible to pass from one function to another (in a law firm, bookkeepers rarely become lawyers, for example). Likewise, inclusion is often denied to all but employees in a certain functional area -- lending officers can aspire to centrality within a bank, yet, traditionally, operations employees could not. Hierarchical boundaries filter people in terms of numerous attributes such as their seniority, their attitudes, their competence, etc. Functional boundaries address a particular competence or skill. Inclusion filters are difficult to characterize because they may change as the individual moves farther inward and because, in the final analysis, they may depend on a highly subjective conception of "fit" and shared values or attitudes.

Within this framework, the development of an individual's career is structured as a series of boundary passages. Over his lifetime, a person will have made numerous moves along all three dimensions. Because sub-cultures exist within firms, a problem facing someone "on his way up" is that of balancing different centrality demands; at times, it will be important to be central to a particular group, but further progress may necessitate seeking centrality at a higher level without alienating the

initial group. Moreover, Schein hypothesizes that socialization will occur primarily as one makes his way through hierarchical and inclusionary boundaries, whereas education or training will tend to take place as a recruit is crossing functional boundaries.

Socialization tactics refer to the methods by which an organization structures an individual's passage from one role to another. Tactics can range from the formal training programs that have been created for lending officers or accountants to the "sink or swim" approach employed by some treasurers' or controllers' offices in corporations. Whatever the form, socialization conditions an individual's response to his environment and influences his future behavior in his position. In the Van Maanen/Schein analysis, the structure of the process is the focal point of the analysis. Although possible tactics are undoubtedly countless, six dimensions occur frequently in organizations: (1) collective vs. individual; (2) formal vs. informal; (3) sequential vs. random steps; (4) fixed vs. variable; (5) serial vs. disjunctive; and (6) investiture vs. divestiture.

Collective socialization processes take a group of recruits who are facing the same boundary passage and expose them to the same experiences at the same time. On the other hand, the individual socialization mode isolates new group members from each other and provides them with different experiences. When individuals go through the same

experiences collectively, they tend to form a group consciousness that creates a bond among them. Collegial relationships and the development of collective solutions are encouraged as the group becomes an entity rather than totally independent individuals. The members of the entry-level group change in ways that make them more like each other. People who are socialized individually change, but they obviously do not do so in the same way. If they are socialized through personal attention from a mentor, then they resemble the mentor more than they do each other. Individual socialization may well be associated with learning complex roles, whereas collective socialization is associated with the necessity for a large number of interchangeable people. All loan officers and all auditors, for example, should function similarly on a technical level. At the moment when judgement becomes appropriate, collective socialization may have run its course. Van Maanen and Schein propose that collective socialization is most likely to be associated with functional boundaries whereas individual socialization applies to hierarchical boundaries.

In formal socialization, a newcomer is segregated to a certain extent from experienced employees while he is being trained. In an informal process, however, the recruit learns by being among colleagues -- he receives "on the job" training by doing and observing. Formal socialization characterizes those occupations that demand specified attitude and behavior -- auditing trainees, for example,

must learn how to conduct themselves properly when they are working for a client. Newcomers are carefully scrutinized by experienced people in the firm during their rigorous training period, and their social comportment is carefully observed. Rigorous formal programs frequently serve to screen out those who do not have the requisite level of commitment. If recruits succeed in the formal program, however, they may well learn that they can abandon some of their forcefully acquired behavior once they have passed certain hurdles. In this case, an important element of "learning the ropes" is learning what to discard from the initial program. In more informal settings, the burden is often on the newcomer because he must sometimes cajole busy employees into training him. Moreover, since he is theoretically working rather than "being trained", his mistakes or his learning difficulties can be costly for the firm. Formal training is usually instituted when a recruit needs to build a new knowledge base; it is likely to be associated with a hierarchical or inclusionary passage which entails a different rank or status. What necessitates a formal approach is a boundary passage (whatever its nature) that involves culture shocks for which the individual or group must be prepared. Informal socialization builds new skills or methods upon an existing knowledge base.

Sequential socialization includes a predetermined sequence of separate steps that lead to the final desired work role. It is not unusual that the recruit be led to

believe that success at one stage will make passage through succeeding stages quite easy. In this way, agents attempt to build expectations that encourage a positive, expectant attitude at each stage. Sequential socialization is usually associated with hierarchical boundaries because an assumption is made that an individual cannot pass to a higher level without mastering all the preceding ones. Hence, the "correctness" of authority is signaled to those within the organization, since the path followed by those who ultimately have authority appears to be objective and clear-cut. Random socialization occurs when the stages that lead to the target role are unspecified or when they change frequently.

Fixed socialization refers to a situation in which the timetable for a given passage is clearly specified. The recruit knows exactly how much time will be required for him to pass through a certain stage. In variable socialization, the newcomer has few guidelines on which he can build expectations: he could stay in a given role for a short period, or he could conceivably spend the rest of his career in the same position. In variable socialization situations, a great deal depends on an individual's skill because, while he may be told to expect to spend a minimum length of time on a job, he can observe that, after that period, employees progress at different rates. Moreover, variable socialization gives enormous power to the socialization agent since he is the one who determines when an individual

may advance. Hence, a newcomer's skill may reside as much in his capacity to convince his superiors that he is ready as in his actually making himself ready. Such situations can create frustrations for the employee who cannot infer from signs around him what constitutes progress and what does not, or why some people move more rapidly than others. Even if a group has initially passed through a collective socialization with a clear timetable, entering a variable socialization phase tends to undo the previously created group cohesiveness and to create competitive behavior among group members. Fixed socialization timetables are most likely to be associated with hierarchical passages and least likely to be common in passages that imply a person's complete inclusion into the organization. While a person may in theory move through a hierarchy according to a timetable, the trust and the common set of attitudes necessary for inclusion at the center of the organization are not so mechanistically determined.

Serial socialization is a process whereby experienced members in an organization work closely with newcomers who are being prepared to assume similar roles: the incumbents act essentially as role models for the next "generation". In disjunctive socialization, no role models are provided either because the role itself has not previously existed or because there is no one with whom the newcomer can identify. Serial socialization is usually associated with preparing entering employees for central positions in the

organization, since it is usually found only at those functional or hierarchical boundary passages which are perceived by incumbents to require a continuity of values, skills, and attitudes.

The last strategy pair describes the ways in which an organization can view the identity with which a recruit enters the firm. An investiture process is one which is positive toward the characteristics which the newcomer brings to the position. This tactic strives to take advantage of skills and attitudes which the individual is presumed to have when he is hired. One might argue that, in this mode, screening processes before hiring obviate the need for on-site socialization: the new hire is perceived to be trained or socialized at least to some extent or he would not have gotten the job. The purpose of investiture processes is to make entrance into a position as smooth as possible. On the other hand, divestiture tactics are structured to destroy some of the newcomer's personal characteristics. For example, the recruit may be expected to spend his first period on the job doing low-pay, low-status, boring work. The early years in accounting seem to follow this pattern. Divestiture processes are most likely to occur when an individual first enters an organization and before a major passage at which he must prove himself worthy of inclusion in a group.

I. B. b. Responses to Socialization

Responses to socialization can be characterized as custodianship, content innovation, and role innovation. A custodial stance implies that a newcomer will tend to continue doing his job as others before him have done it. Content innovation can occur, however, when a newcomer is for some reason dissatisfied with or feels uncomfortable with the knowledge base underlying his role. He may then deliberately seek new information with which to make decisions. Moreover, he may go even farther and draw upon resources available to him in a way they have not been used previously. Content innovation is "marked by the development of substantive improvements or changes in the knowledge base of strategic practices of a particular role" (Van Maanen and Schein, 1978, p. 228). If, pushing change one step further, the newcomer seeks to redefine the very mission normally associated with the role, then he is engaged in role innovation since he is attempting to give a new definition to his function.

In the context of socialization tactics, collective socialization most likely produces a custodial orientation among recruits although it may yield some content innovation. Collective tactics can sometimes backfire, however, if they produce revolt against the system. Nonetheless, they tend to perpetuate custodianship because they encourage shared norms and create peer pressure to

conform. Individual socialization can produce the whole gamut of responses depending on what the socialization agent (who wields control and influence over the trainee) is attempting to nurture. Formal tactics usually generate custodial responses because they emphasize the proper ways to accomplish tasks within the organization. Like the collective techniques, they can sometimes be eroded when the recruit passes beyond formal training and starts to perceive what the organization or the profession is "really" like. Informal socialization can produce greater extremes in either the custodial or innovative directions than formal socialization because the newcomer is plunged into the day-to-day reality of the job as he learns what he is supposed to do: he is not sheltered by an intellectual or abstract preparation divorced from the workplace. Sequential socialization normally produces custodial responses because the recruit is forced to conform simply to move from predetermined step to predetermined step. Being composed of such rigidly defined elements or stages, the role does not easily lend itself to innovation. When going through random stages on their path to a goal, however, recruits have the opportunity to synthesize diverse aspects themselves and, hence, to act innovatively when they have acquired all the necessary skills or knowledge. Having acquired the expertise for the target role in a relatively unstructured way, they can themselves structure their definition of the role. Fixed socialization processes have

the potential to produce innovative responses because, with the time-table fixed, the recruit can concentrate on learning in the most productive way or on making the most of his time in rank. However, if he is simply waiting for time to pass, then his behavior will probably be custodial because he lacks the interest to do anything more. Under variable timetables, however, the anxiety of not knowing when passage will come may well force the recruit to act in a way which he perceives as conforming to a supervisor's wishes -- the agent retains power over him. In that a newcomer is being groomed by an experienced employee, serial socialization processes tend to result in custodial behavior. While disjunctive processes can be frustrating to the newcomer, they can also encourage innovative behavior since there is no one to imitate: the entrant in a sense constructs his role as he goes along. Divestiture processes give the organization a great deal of power over the individual because the organization in effect demands that he conform if he is to remain within it. The individual in essence divests himself of any behavior that does not perpetuate the organization's identity. On the other hand, investiture procedures encourage a newcomer to bring his own ideas into a new environment and, hence, to alter the environment as well as to be altered by it.

The combination of tactics most likely to generate a custodial approach includes sequential, variable, serial, and divestiture processes since this cluster (a) requires a

definite sequence of stages; (b) lacks timetables for boundary passage and, hence, encourages conformity to superiors' values; (c) draws upon role models who define what has been correct in the past and what the organization wants to be continued in the future; and (d) alters the individual's professional identity to fit company norms. Content innovation can be encouraged through collective, formal, random, fixed, and disjunctive processes. If recruits can collectively learn that innovation is desirable, if they do not have the anxiety of floating timetables, and if an absence of rigid role models encourages them constantly to employ their ingenuity, then the atmosphere of the organization is one in which growth and striving always to be better are encouraged. Finally, role innovation is most likely to result from a process that is individual, informal, random, disjunctive, and of the investiture variety. Since role innovation is extremely radical in that it entails redefinition of the very core of the role or position, it is highly unusual. It probably requires a professional organization or group whose goal is always to strive beyond its present form and to explore new avenues. Such a group may very well be a spin-off from or a rejection of a previous group; hence, role innovation may not easily take place within established organizations.

I. C. Goals and Methodology

The goal of the study is to explore in what ways socialization can proceed along functional lines and to determine to what extent socialization procedures, responses to socialization, and perceptions of what financial positions entail are similar throughout a fifteen-person sample. In addition, to the limited degree possible, the study is directed toward an understanding of "culture" in the ethnographic sense. Owing to time limitations (which in turn lead to sample limitations), such an effort is at best superficial. Nonetheless, it is hoped that the study can impart a glimpse of what being a lending officer or a securities analyst or a treasurer means to the person holding the job. Finally, although data are scanty in the case of those people who have not worked long, an attempt has been made to indicate a probable career anchor for each subject in the study. The concept of a career anchor and terminology associated with it are described in Appendix III.

Fifteen Sloan alumni were selected from alumni directories on the basis of their job titles. It became clear almost immediately that a natural organizing principle would be the content of the position; hence, people were selected with the purpose of gathering a broad spectrum of positions and organizations. Therefore, one caveat must be that the sample is thin, since no single type of position is

represented by numerous people. Moreover, out of necessity, the entire gamut of financial positions could not be represented.

Alumni were contacted by letters sent to their employment addresses. Although all letters were not identical, a copy of the one that was sent to three-quarters of the alumni is to be found in Appendix I. Twenty letters were initially sent out, each indicating a general time period during which the researcher would telephone in the hope of making an appointment for an in-person interview. Two of the alumni among the original twenty could not be reached because they had changed jobs. Several of the auditors either could not be contacted or could not schedule a meeting because they were away from the office during late January and all of February: this period is their most demanding work time. To the extent possible, other auditors were contacted until two were found who could make time for an interview. Only one person contacted proved not to be in finance and therefore not relevant to the sample. Two people were interviewed by telephone because that was most convenient for them. All other people were interviewed in their offices (or at lunch) for periods ranging from an hour and a half to two and one-half hours. In all cases, people went out of their way to help. Since they all work long hours, their generosity with their time and their help was all the more impressive.

As indicated in the letter sent to each person,

complete confidentiality and anonymity were promised to interviewees. Because socialization data in addition to training data were sought, such an approach seemed to be the only way to encourage frankness.

Interviews were structured around the four points mentioned in the letter (Appendix I). Questions were, insofar as possible, phrased to elicit description rather than analysis, though it was impossible to exclude analysis from the discussion. Because some of the questions were directed at gathering information about socialization factors preceding the current job, interviewees were asked to explain why they had made certain choices. Efforts were made to pose questions in a manner that allowed the interviewee to talk about what was important to him. The phrasing of subsequent questions resulted from information that had been revealed in response to earlier questions. Examples of questions are presented in Appendix II, as is a sample interview outline.

II. Presentation of Individual Cases

Within this section the fifteen alumni cases are presented and analyzed. The cases are grouped according to position content: banking, security analysis, auditing/accounting, non-profit/medical services, insurance, financial analysis, and treasury/controllership. Within the groupings each interviewee's socialization experiences are described individually as are any elements considered unique to the individual. At the end of each cluster of cases a summary underscores similarities and recurrent themes that appear to characterize all those in the field.

Banking

Subject A is an Assistant Vice President in charge of a region in New England. He is in the office by 8:00 a.m. and tries to leave by 6:00 p.m. Approximately half of his time is spent in the bank and half outside. Some forty percent of his time is spent on the telephone. Customers call in about changes in their businesses, new financing, and other services within the bank. A is a central representative for all the bank's services. His work is for the most part of an independent nature rather than of a team nature. He travels a great deal because in-person contact is better for business and his primary task is to establish relationships with clients. Service is emphasized rather than funds because service is the only distinguishing feature a bank offers. In addition to contacts and relationships, business comes through referrals from smaller banks that have reached their lending limits. A is responsible for about twenty client relationships and several small bank referral relationships.

On the surface, lending is done by examining three to five years of audited financial statements; by inquiring how much the prospective client needs, why he wants it, and how he will repay it; and by analyzing certain ratios. However, the analytical work is not really crucial, although it is a starting point. The important thing is the borrower's business plan and what the lending officer feels

about the borrower's character and business acumen. In the final analysis, being good at lending comes down to developing a "feel" about people. Also, on the surface, one might think that lending is an objective, reasonably straightforward job. However, fee services are providing more and more income, while income from lending is growing at a very slow rate. Therefore, the marketing or sales aspect of the job is essential. According to A, a certain level of analytic ability is necessary, but "people skills" are absolutely essential. Much of the analytical work is simply "grunt work". It doesn't require a lot of intelligence or any of the more sophisticated tools taught at Sloan: no NPV, no betas.

A attended a liberal arts college as an undergraduate and felt that the kind of training received there was useful because of what it contributed to thought processes. A went directly from college to Sloan and believes that Sloan contributed both to maturity and to skills. The most important course at Sloan for his work was one in Financial Statement Analysis.

A reports to a group leader who in turn reports to a division head. The group leader and the division head are responsible for A's annual evaluation. When a trainee begins working at the bank, salary reviews are semi-annual until promotion to lending officer. Raises are granted on the basis of goals set jointly by the employee and his immediate superior. At present, A is concentrating more on

self-development goals than on income-oriented goals. The three goals for the coming year are: (1) to improve analytical skills (i.e., when to lend and not to lend -- although A used the term "analytical", the descriptions that followed were abilities like "learning better to size up people" and "developing judgement"); (2) to develop more confidence in dealing with older people and in negotiating deals with them; and (3) to establish a better presence in the territory, to become known as "the" person from his bank.

A questions long-term success in banking for reasons of "fit". If he were to leave, a more "general management" position in finance would be sought. He would look for a smaller business which offered more general responsibility. A would not seek a more analytically oriented job, but, rather, a more general management one.

A believes that skills requisite to success at the bank are: (1) intelligence; (2) interpersonal skills (particularly the ability to make other people feel at ease); and (3) "fit" with the bank (which he considers to be the most important characteristic).

For A, his job is essentially a way to earn a living, neither more nor less. What he enjoys most about the job is working with people both inside and outside the bank. A is particularly interested in "turn-around" situations, where the business improves and develops. He enjoys making a project succeed more than the profit aspect of his job. A

serves frequently as a financial advisor and teacher to his clients, and this aspect appears to be the most pleasant part of his job. One of his most satisfying experiences was a five thousand dollar loan made against his colleagues' advice. A had the chance to help his client succeed and repay the loan. What A likes least is paperwork, filling out reports, etc. He attempts to write as few memos as possible and to do as much as possible orally.

The one career choice which A has had to make has been the choice between geographical and industry specialization. He chose geography (New England) over industry and does not regret the decision. A made his decision because he had worked with six or seven people in the Division before becoming a lending officer and had gotten along well with them.

A's reactions to the training program were mixed. On the positive side, A felt that the program taught trainees exactly what to look for, exactly what elements were important. On the negative side, it was frustrating because a person with a management degree feels that he has a sufficiently strong background without spending so much time in training. At A's bank the training program is not structured to fail people. When people do fail, the bank tries to find them a position outside the credit department. There is competition among younger people to succeed, but A does not see this as being consciously created by management.

Upon leaving Sloan, A (who wanted to remain in the Boston area) seriously considered four positions: his bank, an accounting firm, a job in production management, and another in materials planning. A chose banking because he believed that banking and accounting were the best introduction to business for someone with no experience and that banking involved more creative skills (A is no longer so certain that this is true). A also thought that banking was a good way to enter the business world, to get a broad view of it and to select an appropriate niche. The other positions were rejected because they lacked supervision and direction (A wanted a clear-cut training program) and because they were too narrow: an overview of many industries was preferable.

A felt that the work was very different from what he had expected initially. In the first place, there was much more "grunt work" than anticipated. Secondly, A needed to learn how to build communication with people, how to become sensitive to people, and how to develop a relationship. If A were interviewing a candidate for his position, he would look for evidence of achievement, interpersonal skills, self-confidence, and the ability to convince another person of a point of view. Although he has reservations about banking as a long-term career, A would still choose it for himself and recommend it to someone with little or no business experience.

A seems to be a highly service-oriented person who is

very generous with time. He has a teacher-counselor attitude toward clients that may indicate a service anchor, although there are not enough data available to reach any firm conclusion (since A has not yet changed jobs either within or outside the bank). His initial reasons for selecting banking and his relatively long tenure at the same institution (in spite of some dissatisfaction) could well be signs of a security anchor. A appears very hard-working and at the same time quite modest about achievements. His goal to build self-confidence may reflect the way he entered the business world, i.e., not wanting to try something unstructured where each step in the formal learning process is not explicitly prescribed. The most difficult thing for A to learn was knowledge not explicitly taught, namely, that being able to sell an idea is at least as important as having one in the first place. It is difficult to imagine A as a salesperson per se because his orientation is more in the service direction than in the sales direction. Selling just does not seem to be a natural activity for him, since he appears to be somewhat diffident.

Subject B is a loan officer who reports to a variety of people, both Vice Presidents and First Vice Presidents. She is officially still in the training program, which lasts about two years, and is scheduled to go to another branch of the bank. At that time, she will have a specific supervisor. B receives a written review annually. What appears to be valued about employees at her level is flexibility and the willingness to travel at a moment's notice. B spends most of her time on special projects in preparation for her next job, which is in a specific industry area (as opposed to a geographic area), and which will be B's "permanent" function in the bank. Because of the specific field, B travels between thirty and forty percent of the time. When in the office, B usually works from about 8:00 a.m. to 5:30 p.m.

Training begins with credit analysis: the bank provides trainees with a specific set of things to look for. Judgement comes into play because decisions must be made within the context of an industry or a type of firm. There are no set accept/reject cut-offs. After credit courses, trainees make written financial summaries for supervisors who evaluate them and thereby indicate what is relevant and what is not. The non-analytic part comes in because, in evaluating loans, one must evaluate the management; one must understand its stance and its goals and decide what its value as management is. Research projects are an essential part of formation. Three or four trainees work together

without much formal supervision. After the credit program, training takes place much more informally. B works a lot in a group now and does not make many independent decisions. However, this will change once B enters a formal position after the training program is completed. B believes that the training program is not built to flunk people out -- quite the opposite.

B views the job simply as a job and regrets this because she would prefer to have a commitment to something other than to an economic existence. She feels a lack of intellectual stimulation in the job. B will probably not be in lending in five years. She would probably choose a small regional investment banking firm because fee services are more interesting to her. B definitely prefers the credit side of lending to the marketing side and leans toward analytic activities. She does not want to be a supervisor or a line manager.

Sloan was the most important part of B's education -- she feels that the program gives a very strong background.

Although her work is purportedly objective or analytic, not many decisions are ultimately made on an objective basis. Much is done on "feel" or intuition.

B thinks that it is a good idea to establish oneself as aggressive in the training program; quiet people tend to stand out in a negative way. One learns that the marketing function is essential in loans and that a banker succeeds more because of personality than because of analytic skill.

A person is expected to do well in financial analyses and written presentations. As one progresses, however, oral work becomes more important.

Within the bank, B works with everyone from First Vice Presidents down; in particular, she works with many employees in operations. Outside the bank, B works with the Assistant Treasurer in a large company and with anyone from the Vice President-Finance to the President in a small company.

B now considers herself very mobile geographically, although staying in New England was very important at first. B chose banking because of a lack of full-time experience; banking looked like a good place to start and to get an overview. Originally, B was interested also in the international area, but she became less interested because one cannot always control the country to which one is sent. B definitely did not want to go to New York or Wall Street because of the pretension there. This is the reason for her currently considering a regional investment banking firm.

There were not many M.B.A.'s in B's training program; commercial banking has not traditionally attracted them because of low salaries. At this time, compression is a problem because entry level salaries are rising faster than salaries for employees in rank.

B likes the credit analysis side of her job most. She likes least the operations side, trivia, and having to chase things down. B also dislikes the lack of intellectual

challenge and feels that neither her brain nor her education is being fully utilized. Therefore, B has no commitment to banking as a profession.

B has no desire to make it to the top because of the high personal cost involved. She seems to regret that a young person now has little viable career choice other than business; she perceives herself as an intellectual but sees no place for this trait in the business world. B sometimes toys with the idea of going back to school for a Ph.D. but does not know what could be done after that. B's potential career anchor seems quite definitely to be technical.

Subject C is now the Assistant Controller at a bank. He was a mathematics major as an undergraduate and had wanted originally to be an actuary. Viet Nam wrecked a lot of his plans and, he feels, oriented his life in a completely different direction, since he struggled for a while to stay out of the Army. When he first came to Sloan, C began in Operations Research and then changed to Planning and Control. C has always had a strong systems background from his undergraduate days and believes that this background has been at least as influential in the course of his career as Sloan has been. His first job after Sloan was a marketing job outside the Boston area, and he believes that there is no coherent pattern to the way his career has developed. He left the first job he had because his wife wanted to live in a cold climate, so he started looking for employment in New England. C had no particular predilection for banks. His first job at the bank here (which he entered in 1973) was in a marketing/planning capacity. C moved from job to job within the bank and is now in the planning and control area and is responsible for risk management, asset/liability management, etc. He also does work on margins, spreads, and on analyzing exactly how much profit a loan brings into the bank. C is the person who does pricing calculations to insure that lending officers do not price so low on loans that the bank loses money. One of his major concerns is the bank's return on assets. C supervises three people, but talks about his job primarily in quantitative

terms. He has never had a formal training program with any of his jobs, but has simply picked up what he should learn by observation. C feels that his systems/computer background is the most important base from which he has progressed and that because of his background he could learn everything by osmosis. C never had any finance courses and does not feel that he has needed them. Much of C's analyses involve using canned programs, and his systems background helps him to alter the programs and to make them more applicable to his particular needs. Therefore, C describes his learning experiences as being "by osmosis". Frequently, he took positions that had not existed previously and drew upon his technical training to succeed.

C was frequently offered the opportunity to go the lending route, but he chose not to do so because he thinks that he lacks the personality necessary to make cold calls. C believes that many people leave lending to seek a position in a treasurer's office, for example, because they aren't sales people and, therefore, do not have the right personality to succeed. Moreover, one must have a certain character and demeanor to call on clients. At C's bank lending officers are judged by the amount of funds they actually bring into the bank rather than by how many calls they make: results are what count. In C's position, he feels that he has been rewarded because of his results.

C believes that he is not committed to banks in particular although he now knows a considerable amount about

the industry. His real love is the planning area, and in the next five years he would like to move out of strictly financial planning and get a position in strategic planning; he sees this as a reversion to his marketing beginnings. C is challenged by thinking about different scenarios, about the competition, etc. He would still base his analyses on quantitative data in such a position, but the numbers would be used in a different context.

C seems very interested in and knowledgeable about the issues confronting banks today: the Glass-Steagal Act, the squeeze on margins, etc. He never talked about being a manager or a supervisor, however. C's projected career path includes much wider planning responsibilities rather than broader managerial responsibilities. Therefore, his anchor seems to be technical.

Subject D is presently Senior Vice President and Controller in a bank. He believes that much of the evolution of his career came about by accident. D began study in a Ph.D. program in economics in the 1960s because he did not know precisely what he wanted to do. While he was in the Ph.D. program, D held part-time jobs in a bank. He was drafted during the Viet Nam era and bounced around a lot. When he was graduating from Sloan, one-third of the interviewing companies were in finance and because of his previous part-time experience in banks he ended up in one. D began in financial operations and became an officer shortly after being hired. He has always been in the Finance/Operations area and has never been a lending officer. D is responsible for a data base, with responsibility for both retail and investment data. In his own words, D sees himself as someone who manages people. He supervises six people directly (from the Vice-Presidential level down) and, through them, another one hundred people. D reports directly to the Chief Executive Officer.

To D, training people is the most important part of his job. He is responsible for teaching them to use resources well and to be responsive to the data needs of the entire organization. At the same time, D must make good technical decisions and sees himself as balanced between people skills and technical skills. It is important to him to maintain this balance. To do his job well, D feels that anyone would need analytical and interpersonal skills. He does not think

that being a crisis manager is a necessary characteristic because he believes that if someone is a good manager, then there should not be a situation in which crisis after crisis arises. If this is the case, then D would claim that someone is not doing his job.

D has been with the same institution for ten years. Although he sometimes toys with the idea of leaving, D has not made any concrete moves to leave. If he did leave, he would not necessarily go to another bank. D would definitely stay in MIS. He believes that his job at any financial institution would not be significantly different from what it is now.

D began his job by working on simple technical problems. A person advances by being good at problem solving: if he can solve a simple problem, he is then put to work on a complex one. D feels that people are initially rewarded by how well they can solve complex technical problems. He says that he learned on the job by doing projects for a supervisor. Because of the type of projects he did, D felt that his performance could be rationally evaluated. He feels that his work is recognized in his salary, but that it is not really recognized well enough. The remuneration is "OK", but not "good".

During his stay at the bank, D was an in-house consultant for four or five years. He sees this as a critical stage of his career because he learned how to sell himself and his ideas, and he thinks that this skill is

crucial if one is to advance. D believes that a marketing approach is extremely important and thinks that he was exposed to its importance in a couple of classes at Sloan.

During a "typical" working day, D spends most of his time with the CEO blocking out strategy. The remainder of the time he spends with the six people who report to him, with officers of the bank holding company, and, sometimes, with customers. D does not have a fixed routine or fixed hours for his job.

The most important course content for D at Sloan was in the MIS field. His inclination is toward software rather than hardware. Currently, D has not programmed for some time and feels that he is losing ground in this area.

What D likes best about his job is the freedom to succeed, to get things done: he has a great deal of latitude and good people to work with. D is glad to be on the operations rather than the lending side because he feels that evaluation is more objective. He feels that doing well on the lending side is couched in negatives: not making bad loans, not offending people, "fitting in", etc. D feels that progress in operations is more clearly defined because he does not see much difference between what a lending officer does and what a Vice President does. Promotions depend frequently on having been in rank for a certain length of time rather than on developing the ability to make more complex loans, etc.

D believes that the tradition that someone has to be on

the lending side to "make it" in banking is dying because of the importance of data systems within the profession; banks may survive or fail by what their data capacities are. D sees the next ten years in banking as producing more changes than the previous fifty years. He feels that regulations will crumble, but that they will do so only slowly and with a lot of upheaval.

What D likes least about his job is having to deal with the restrictions of regulatory authorities about how data have to be reported.

D believes that the Viet Nam war changed his life. When he got out of the service and went to Sloan, he knew that he was there to get an education and a job, and he resented the disruptions/protests that occurred among the younger students.

D would not, apparently, be satisfied in an area where "competence" could not be rationally and objectively evaluated. In D's case, the anchor looks clearly technical, but the technical anchor itself may well be generated by both a need for security and a distinct talent for functional management.

Banking Summary

Training and socialization in banking are two different processes. Banks included in this study have formal training programs for lending officers that are divided into three parts, requiring, on the whole, about two years before the entrant passes from trainee to lending officer.

One part, usually the first, includes formal course work and exams in credit analysis. The course content includes accounting and financial statement analysis, with an emphasis on case work highlighting the differences among industries, between public and private firms, and between large and small firms. At this stage the trainee learns exactly which ratios are important in different contexts and has a checklist of items that must be examined.

A second part gives the trainee an introduction to the various aspects of banking because part of the lending officer's job is marketing the various fee services (cash management systems, for example) that are offered by the bank. As each lending officer indicated, selling is an integral part of the job. As profit margins in lending are squeezed, the fee services provide a rapidly growing source of bank income.

A third part (which may directly follow the first) is comprised of projects within various divisions of the bank (these can be organized geographically or by industry). At this point the trainee may have some choice over projects.

Training becomes to a greater extent a one-on-one activity because the trainee writes analyses for a supervisor who then criticizes his report and points out what should have been included or omitted, what is faulty, etc.

The initiation process, therefore, begins by being collective and formal but evolves into something that is more individual and informal. After the credit sequence, training is variable; in fact, in a timing sense, it is variable within limits from the beginning because not everyone is expected to move at the same pace (e.g., M.B.A.'s move more quickly than do B.A.'s). The "normal" period allowed for becoming a lending officer is two years. In general, if a person has not been promoted to officer status after two years, he leaves lending (but he does not necessarily leave the bank). After the lending officer stage, there is no fixed timetable for promotion. An individual could conceivably spend his career at one of the Vice-Presidential levels.

When trainees reach the stage of doing projects, the training process is serial since people who have lending experience serve as role models for the trainees. Finally, although there are elements of both divestiture and investiture in the training process, at the beginning the divestiture characteristics appear to dominate. Much work done during the training program is "grunt work" and is perceived as boring and repetitive. The goal of the training program is implicitly to enforce custodial behavior

in the credit area because the primary consideration is whether or not a loan will be repaid. Moreover, trainees seem to be appreciated not so much for the values and behavior they bring with them as for their potential to be molded correctly into bankers.

It is at the divestiture/investiture juncture that training and socialization in banking merge because, in the case of lending officers, the area of "fit" is one where numerous implicit assumptions are made. Three of the four people interviewed said that one learns that, beyond a certain minimal level of competence, personality, family and conformity to the bank's image are what count. Without these, one will not be promoted beyond a certain level. One person interviewed thought that he would not continue in banking because his family was not one of those that belonged to the correct country clubs. People at lower levels in the bank apparently speak quite often among themselves about this issue; naturally, it is not mentioned by the people at the top as a criterion for success. People who chose the operations side did so knowing that they did not have the family background or personality to succeed on the lending side. One of them believes that the "old boy" network has generated many of the problems that banks face today as they try to compete in a rapidly changing environment. Traditionally, for example, operations employees have been regarded as second-class citizens, and it is only with recognition of the essential nature of data

processing that some attitudes have slowly started to change. The one subject who said that he did not believe that the "old boy" view was entirely correct thought that the issue was a New England cultural problem. According to him, in New England, to succeed as a banker, it is essential to have at least an "Old Yankee" streak even if one is not actually an "Old Yankee". This means that there is a certain unspoken behavior code: a banker has integrity, he does not take advantage of the client relationship, he does not act on "inside information" for personal advantage, etc. One must have a certain manner to call on clients. For example, the interviewee described a young person at the bank who is not from New England, who does not dress conservatively, and who has loud blond hair. People in the bank keep the person away from certain clients and, therefore, the person's future in the bank is limited by behavior and appearance. The key to being a successful banker is being able to maintain and to create client contact. A positive characteristic is to have contacts even before coming to the bank. Nevertheless, the interviewee said that at his bank half of the lending officers were ethnics and women, although he did not indicate how quickly they were being promoted.

Looking at Schein's functional, hierarchical, and inclusional concepts in terms of banking, one would say that banks are fairly clearly divided into functional areas (retail, wholesale, operations, etc.) and that each of

these has a status, with commercial lending being highest in status at many institutions. While banks have a number of titles that suggest a hierarchy, so many people are Vice Presidents of one sort or another that banks appear to have a fairly broad base and a long distance from the edge of the organizational cone to its center: inclusion is attained with the most difficulty and may be impossible for many for reasons of personality and/or social class or origin. Competence appears to be a determining characteristic in the operations area and operations has only very recently made any progress toward inclusion. It seems extremely important that one be able to interact easily with one's clients if one is a lending officer and that one inspire confidence in relationships by being like the client (or by being able to convince the client that one is like him). Therefore, the question of "fit" encompasses one's personality, one's social class, one's regional origins, one's affiliation with urban or rural people, and, in the final analysis, almost all of an individual's personal characteristics which were formed before his entry into the bank. Those who possess suitable characteristics undergo primarily an investiture process and those who do not must divest themselves of at least superficial behavior which marks them as different from the client base.

For the lending officers, socialization tactics are almost identical. Since neither person envisages spending his/her entire career in lending (or in a bank), it appears

that each has learned enough about long-run career and/or personal implications to decide that lending does not conform to goals or expectations. While the reasons for intending to leave are not strictly identical, they do share certain elements. One person specifically mentioned that she disliked the sales aspect of the job, and while the other interviewee did not state this directly, he seemed to be somewhat uncomfortable with selling. In one case, the individual simply preferred a job with more analytic content, whereas, in the other, the interviewee appeared to view himself more as an instructor than as a salesperson. In both instances one might deduce that the career anchor is not in harmony with demands created by the position. In the case of the person who manifests characteristics associated with a service anchor and who also sees himself as being blocked in his career ascension, however, the problem may well be the particular bank in which he finds himself. He could, perhaps, be more satisfied in a smaller, more community-oriented institution (if such organizations can survive in today's hostile environment).

Both interviewees, whose positions are normally defined as not being as central (in the sense of theoretically leading to inclusion) to a bank as lending, appear to be committed to financial institutions. Their commitment seems to result from their technical/functional anchor. The importance of data to financial organizations in general and to banks in particular offers a chance to fulfill functional

needs (for one person, in management; for the other, in planning). While on-the-job socialization tactics were not identical, what stands out as similar is the necessity for each person to draw upon technical training received in school. In contrast to the lending officers, these interviewees found their analytical ability to be the key to their advancement. In their case, socialization appears to have preceded the job, at least to some extent. It implies having learned that some positions do permit a certain level of advancement through technical/functional expertise. On-the-job socialization includes learning exactly what one's horizons are in a bank when one is not in lending. That each of the two interviewees spurned lending in spite of its more central role in the organization underscores the strength of the technical/functional orientation. Each subject places importance on his talents and believes strongly enough in them either to hope that advancement is possible without loan-officer experience or to be satisfied with the contribution that he is making where he is.

The four bankers underscore the meshing of socialization and the career anchor. Three of the four expressed the desire to get ahead and to "do well" in their careers. Having learned what is necessary for success in a bank, each of the three has reacted in a way that is consonant with his anchor. Two of them have consciously chosen to do the best they can in a technical/functional capacity because that is their self-image and the

professional mode in which they are comfortable. The third, not seeing himself as a banker, will probably seek another type of organization in which he has a better chance to succeed on terms that are more compatible with what he is. The fourth, who has no aspirations to "reach the top", will look for a niche where analytical ability is more important than it is in the current position. Hence, all four have had socialization experiences within banks, all four have similar perceptions about career opportunities, centrality, etc., and each person has reacted differently to the environment according to the influence of his anchor.

Security Analysis

Subject E works as a Security Analyst in a financial management firm which is privately held. He originally sought employment in physics (in which he holds an undergraduate and an advanced degree) but entered the job market when there was no demand for physicists. All he managed to find was programming jobs, and he did not want to continue in what he considered low-level employment, so he went to Sloan. He majored in Finance, between his two years in school found a summer job at a research and management company, and discovered that he liked the type of work and the environment. When he began his present job (which he has held since he left Sloan), the firm had no training program: he characterizes the approach as "sink or swim". An entry-level employee comes in, works for a senior-level person and begins performing company and industry analyses for the senior-level person, who evaluates them. It appears that if an analyst can succeed during this early period, then he can probably succeed in the firm.

The business of the firm is to make money in the stock markets, and what counts in the firm is the bottom line. Making money for clients is the most important criterion, and work is judged on how well recommendations pan out. An analyst does not have any opportunity to lose money for the firm, since all final decisions are made by the portfolio managers. What E learned while doing research is that no

single element can tell the whole story if one is attempting to predict stock performance: numbers, conceptions, and types of management are all important. An analyst must be able to track down numerous little pieces of information and synthesize them. E sees two critical parts to his job: (1) an assessment of what he thinks a company is worth, and (2) an understanding of what the market thinks the company is worth. It is very important to gather a consensus view of the company and then to compare it to one's own view. The object is to determine whether an analyst really knows something that the market does not, and if so, whether this information is useful for buying/selling advice.

Within E's company, analysts can study a mix of industries. E follows three and feels that the chance to follow more than one industry or firm is available only in a smaller company like his, whereas Wall Street firms have analysts who are very narrowly focused. The "broad picture" approach is one way that the firm is marketed to potential clients.

Although numbers are very important, they are by no means the only aspect of evaluating the prospects of a firm: knowing a firm's management is as important as understanding its financial statements. Over a period of time on the job, an analyst learns that the income statement is in general the most important statement, but that when the economy is in a bad part of a cycle, the balance sheet becomes more important. It is important to understand that different

data must be evaluated differently at various points in the business cycle. To gather data, E spends a great deal of time reading: annual reports, 10-K's, 10-Q's, brokerage reports, Wall Street reports, the analyses of consultants, etc. As an analyst gains experience, he begins to understand the ways that a firm can use leverage, for example, simply to make returns look better, and how firms can manipulate financial data. Certain "rules of thumb" are known by more experienced analysts and are passed on to young people. Analysts learn which industries have a reputation for manipulating pension funds, etc. The process of learning is accretionary and non-directed. There seems to be no straightforward way of simply transmitting ten years' accumulated knowledge to a new employee: for some reason, whatever experienced analysts know is not written in textbooks or passed along in an analytic form. One explanation for this is that actually visiting management of a firm and discussing the business with them is indispensable. An analyst tries to sit down with managers in the firm who have recently made or are in the process of making decisions about projects to be undertaken. In this way, the analyst gets a "feel" for how intelligent and how shrewd people in the firm are. An analyst can come to a conclusion about this only after talking to numerous people in the same field who make the same kinds of decisions. Talking to someone about how a decision was thought through gives the best indication, according to E, of the quality of

management within companies. Analysts compare managements in similar situations and slowly build a feeling for who is smart and who is not, for who will be able to make a project worth something. Therefore, it is essential to check an individual's evaluation against the informed evaluation of other analysts.

E does not currently use computer facilities very much although he will be able to automate some of what he now does. Some houses have large industry models, but E usually begins with five to ten years of financial statements. One of the more complex parts of his job is interpreting data in the face of major accounting changes during the period of time that he is studying. For example, segment disclosure is now one of the most important sets of data that he studies, but such disclosure did not always exist. An analyst must learn to correct for inflation. The process is like working on a puzzle with endless pieces and attempting to evaluate what is real or valuable and what is not.

E does not feel that the theoretical economics and finance taught at Sloan were particularly helpful because the world does not work as it is presented in school. For example, leverage is not usually viewed as positive by analysts although Finance Theory indicates that there is nothing wrong with it. Moreover, although Sloan teaches that dividend policy does not matter, E feels that observing managers who set dividend policy gives insight into how the firm is run and how management thinks through decisions.

According to E, everything depends on the assumptions management makes and on whether these assumptions prove to be correct. The challenge is to make money under uncertainty and the tools taught in the Finance Theory course do not help with this.

E discovered that the human element in his job is immense. When he left school, E was not prepared to make the evaluation of management. This ability came only slowly. He felt that it was hard to distinguish what was just "talk" from what was sincerity. For example, everyone pays lip service to maximizing profit, but this is not what really makes people work: ego, capriciousness, irrationality all have a part. Sometimes a manager or CEO does a project simply because he wants to, without thinking much about profit.

E feels that his technical background was helpful, but not in a mechanistic sense. Training in a field like physics provides the discipline required for any type of problem-solving. It is essential to have an analytical approach, to ask oneself what the critical variables are, and to order the peripheral variables. Analysts must be able to decipher patterns and determine which data should be considered and which should not. Someone learns to do this only by experience.

E spends about twenty percent of his time traveling. He sees a representative from at least one company a week at his office or over lunch. He also spends a great deal of

time on the telephone speaking to company representatives and estimates that his time is split roughly forty percent on "outside" work and sixty percent on "inside" work. When he visits a firm, E may talk to the investor relations contact, who is attached to the Treasurer's Office and who usually reports to the Vice President for Finance. Alternatively, he frequently talks to people even higher in the company and who are working on projects about which he needs information. When he is in his firm, he works for the most part independently; i.e., he works in his office by himself. He also spends time with other analysts who share ideas and information with each other. A collegial atmosphere among analysts is considered very important and supportive. Keeping fixed working hours for everyone is essential because of the information-sharing aspects of the job. In addition, E works with the portfolio managers within his firm to whom he makes recommendations. Sometimes contacts are quite informal. Other times, the memos E writes and the presentations he makes to the portfolio managers about the companies he is following are formal because different managers have different needs, depending on the types of funds for which they are responsible. Analysts make recommendations, but only portfolio managers make final buy/sell decisions.

Within the firm, the reporting structure is quite informal. If E can be said to report to any single person, it is the Director of Research, who sees analysts only on an

exceptional basis: in the event that a person is not doing enough work or is not doing high-quality work. The Director of Research is responsible for E's annual salary evaluation. At first, an analyst receives semi-annual evaluations and the analyst is told specifically what he is doing right or wrong. Most entering professionals begin in the Research Department. As an individual learns about the economy and about particular industries, he has the potential to become a portfolio manager, a position which entails broader responsibilities in the decision-making field.

Opportunity to become a portfolio manager depends on the age of current management and on how rapid growth is. The normal time from entrant to portfolio manager is about ten years. The general belief at the firm is that experience is essential for someone to be able to perceive relationships among the data and to determine what is essential in driving them. Judgement and experience are valued at the firm. An analyst needs to have experienced a full business cycle: he needs to have seen the psychology as it works in all directions. Some people are not temperamentally suited to being portfolio managers, and there is a place in the firm for senior research staff who can handle administrative tasks. E wants to be a portfolio manager and perceives no clear career path after that.

What E likes best about his job is the opportunities to spend time with senior management. These people are smart and interesting, and an analyst has the chance to see their

thought processes at first hand. They are extremely clever, and a person can learn a great deal from them. What E still likes least about his job is the difficulty of getting his analyses into written form. He thinks that it is easy to tell people about ideas and impressions but that it is very difficult to get coherent, persuasive arguments on paper so that someone else can understand the data and use them. E feels that he has made his greatest improvement in this area, although it is still difficult to explain smoothly precisely why he believes that a certain stock is a good buy.

Subject F works as an equities analyst in an investment management firm whose specialty is fund research. Clients are institutions rather than individuals, and more than three-quarters of the funds' money is invested in equities. The firm manages three classes of funds: public mutual funds, pension funds, and private endowments. The firm is very old and is still a private partnership. What is emphasized is fundamental research: i.e., analysis of industries and companies and monitoring of their management through visits or telephone calls. It is important to establish contacts within firms and to know what is going on at all times. All decisions in the firm come from the research group; the portfolio manager cannot make a decision on his own without support from research.

F has an undergraduate degree in Physics and an advanced degree in Engineering. Because his family is of ordinary means and has no connections, F knew that he had to work in an industry where performance rather than family background is important. F chose his undergraduate school because he felt that he wanted to be exposed to all kinds of knowledge; he wanted to take liberal arts courses as well as scientific/engineering courses. He had had enough experience by the time he applied to Sloan to believe that scientists do not understand economics/business issues and that business people do not understand science/engineering. F wanted to have a grasp of it all, so he went to business school. He had done work part-time all the way through

school and at first believed that he wanted to consult in the energy area. During the summer between the two years at Sloan, he worked at a consulting firm that did a lot of government work and was appalled at the constraints upon him. The firm felt that it had to tell the government what the latter wanted to hear rather than the truth, and F then decided that he wanted private-sector consulting.

During the recruitment procedures for permanent jobs, F interviewed with as many companies as possible. He took the job he now has because (1) he liked the people, (2) he knew that the potential to earn money down the road was substantial, (3) there were no demands on his personal life, (4) he would have a great deal of freedom at work, and (5) his colleagues would be bright. The primary aim in F's company is to make money for clients. Securities analysts advise the portfolio managers on what to buy or sell. F started by following four companies and now follows forty in diverse industries. His job is to make money in the areas he follows.

His first day on the job, F was shown a file of information, his office telephone, and his secretary. He was given a list of companies and told to read up on an industry. On his first call to a company, one experienced person went with him. F did not know what anything meant because, although he had specialized in Finance at Sloan, no one teaches the jargon and the terms used in business. He began working in August and made his first business call on

October 1. He had prepared by reading and by talking to Wall Street analysts. With this small amount of preparation, he talked to the President of a company on his first visit. F talks only to top people: from the Vice-Presidential level up. He sees Chief Financial Officers, Operating Presidents, Chairmen, and investor contacts.

F had to learn everything on his own. He realizes in retrospect that he should have asked people in the firm questions (in fact, they had expected him to do so), but, at the time, he did not know what to do because no one explained anything to him explicitly. The whole entry experience seems to have been a chaos of signs that he did not understand. He was very unhappy at first because he felt himself completely on his own with no support. On his second trip to visit management, he went alone and agonized a lot about how to ask questions, about how to prepare the visit. During the first year or two on the job, he worked all the time because he was overwhelmed by the volumes of information and very afraid of being fired. He started making recommendations to portfolio managers after a couple of months. F makes his presentations before a committee, although procedures can vary from a full blown detailed report for which he is responsible to a quick telephone call. F moves quickly when he believes that he has privileged information. He thinks that becoming close to someone in a company is quite an art and believes that being

able to establish a relationship is crucial. If an analyst is close to someone in a firm, he can get information first and move faster than other people. When he starts with an unknown company, F begins by getting financial parameters: he tracks revenues, earnings, and tax rates by division. He usually reviews about ten years of data. The most important question to him is what drives earnings, and he believes that one should focus on the orientation of the company at hand. It is important for an analyst to size up management and to compare what he would do under the circumstances with what management is actually doing. An entire learning process takes place in trying to interpret what management says. One must ask oneself whether the person talking really means what he says. One must evaluate his judgement, determine whether he is honest, and, most importantly, track what the person says with his record: does he consistently under- or over-estimate earnings, for example. It was difficult for F to adjust to the fact that people lie. It is important to check with creditors, competitors, suppliers, etc. in order to gain perspective. After a time, one can compare managers in different firms in the same industry and decide what is outstanding and what is simply mediocre.

F makes his ultimate decision about a stock by deciding whether he would be comfortable taking money out of his wallet and investing it. With experience, one gains a "feel" for people and what they have done. F never thought

that he would be making decisions by "feel". At first, he put more emphasis on numbers, but now he believes that the "people side" is very important. After looking at all the data and synthesizing all his impressions, he then compares his view with the view of the market and tries to decide whether he really knows something that other people do not know. A person makes money by betting contrarily and one gains a facility at doing this well only through experience.

F never would have believed that experience was so important before he took his job. One must develop a feel for whether a stock is priced too high or too low. F feels that economists and their models really cannot predict anything: one must focus on what each individual company is doing. The process involves piecing everything together and attempting to determine what is essential. F evaluates firms on a kind of batting average basis: he looks at how the stock has sold over the years and how it has compared to the S&P 500 as well as to the industry of which it is a part. He looks at the dynamics of stock price and tries to perceive what the market has recognized about a firm over the years.

One of the most difficult problems for F was learning to talk on a social basis with people whose wealth made them completely different from him. Some analysts claim that one learns more over dinner and two drinks than any other way. An analyst must be able to establish some kind of rapport between himself and the interviewee. F always tries to make

communication a two-way street between himself and management. He tries to be able to suggest ideas to management, to contribute something to the discussion that can be of use to the firm. He believes that to get the most out of a firm, an analyst must do homework, ask the right questions, and take care not to waste people's time by finding out before the conversation starts exactly how much time they have.

F has learned that seasoning is crucial for an analyst. People in the firm do not expect a beginning analyst to contribute. They expect a four or five year development period, although F did not understand this at first and felt that he was failing at his job because he did not know everything immediately. He thought seriously of quitting during the first year because he thought that he was incapable of doing the job. Although he kept getting salary increases, he did not interpret this as a sign that he was doing a good job. When he finally asked whether he was doing well, people were surprised that he did not know. People at F's firm are extremely busy, but they are always willing to help if they are asked. However, they did not explicitly say this.

When F began his job, he needed about six months to complete a company report. Now he can do it in a week to ten days because he can fill in with what he already knows. At first, he had to present his analyses to senior people in the firm in a long and detailed manner and no one acted on

what he said. Over a period of a couple of years, senior people came to know his strengths and weaknesses; now, they demand much less elaborate presentations and act on his recommendations. The atmosphere within the firm is quite entrepreneurial. Although the Head of Research coordinates analysts' work, everyone reports directly to the President. F feels that the firm is like a family and that he is very close to the other analysts as well as to senior people. He believes that there is a lot of synergy and a great deal of information sharing. F now feels that the atmosphere is very supportive. People at the firm are not rated very often. Each person talks to the President once a year and he explains in general terms what is good and what is bad. There is no formal review. F thinks that each person is expected to feel his own way: one is expected to recognize when he is doing badly without being told directly. The firm hires only people who it believes will become partners. Almost no one leaves the firm; hence there is little turnover. It is extremely important to be self-sustaining, however, since information about how one is perceived comes only indirectly, in F's opinion. Moreover, the partners are heterogeneous. Some believe that being smart and hard-working is all that counts; others prefer to hire people with experience. Independence is valued a great deal. An analyst must be independent, conservative, and not easily intimidated.

F sees himself as being committed to the firm forever.

He wants to become a partner and loves his work although he did have a rough early period. What he likes best about the job is that every day is different. There are new challenges all the time. One is judged every day by the market. At first, the uncertainty drove him crazy because he saw himself as always trying to hit a moving target. He was never free from worry about his work. At the present time, the uncertainty and the constant change are what he values most. F also likes the people and their down-to-earth manner. He has always been treated as an equal from the moment he entered the firm. The only things he dislikes are small things: he cannot come at noon because the market opens at 8:00, he cannot have a beard, he must dress conservatively, etc. However, in comparison with other possibilities in the job world, he feels that he has a good life. For F the best of all possible worlds would be independent wealth. He is not at all interested in running a firm on an operating basis, but would like being a director who could receive remuneration for his expertise. He also would be interested in receiving part ownership in a new firm in return for consulting services.

F does not feel that he learned anything practical about Finance at Sloan. What he does in his job is diametrically opposed to much of the theory he learned there. However, he did not agree with a great deal of what was taught even as he was exposed to it.

F is very energetic and knowledgeable. His early

ambitions to "know everything" are clearly reflected in the way he goes about his work. The company analyses that he had done were exhaustively detailed. He begins working on a firm at a macro level and then proceeds by division and product line.

Security Analysis Summary

Both securities analysts come from a similar educational background and faced roughly the same kinds of pressures in beginning their jobs. However, being older and more experienced, E seems not to have been so traumatized by the initial period; he seemed better able to adapt to an unstructured environment and to perceive what one had to do to perform well in it. E does not appear to work with F's frenzy, and he does not seem to spend as many hours working. Nevertheless, since the two are approximately ten years apart in age, many differences can be attributed to the age factor.

While the on-the-job socialization process for these security analysts seems to be of the "sink or swim" variety, much of the selection process seems to be directed toward choosing people who have the character to survive in such an environment. What seemed to be essential for success for the security analysts interviewed was a balance of independence and discipline. Without independence, an analyst would probably not bet in a direction different from the market, and without discipline, he would never be able to carry out the painstaking investigations that culminate in new information.

Within a small partnership investment firm, there are few hierarchical levels: security analysts, portfolio managers, and senior people who bring in business and

coordinate firm strategy but who may also manage portfolios. The key variable here is inclusion which depends on performance, experience, and length of time in the firm. While the selection process confers a certain measure of inclusion from the time an employee enters the firm (through the camaraderie among analysts and direct access to the head of the company), genuine inclusion into the innermost workings results only after a long time with the same firm, proof of the ability to make money, and an investment philosophy that is in line with that of the majority. Some firms value technical analysis, for example, whereas others are directed by fundamental analysis.

Socialization dimensions appear to be identical for the two securities analysts. The process is individual, informal, somewhat random, somewhat variable, serial, and centered around investiture. Because of these tactics, the two securities analysts in the sample straddle the custodianship/content innovation boundary. In certain ways, the newcomer accepts the status quo by undertaking the same kind of analysis that other people in the firm use. Nevertheless, the striving to obtain new information and to make independent judgements that will beat the market results almost by definition in a desire for improvement in the knowledge base. Every security analyst in his own way seeks to outperform every other and to improve existing practices. It is only by being innovative that a person can be a good securities analyst.

An interesting ambiguity surfaced in the analysis of the potential career anchor. On the surface, both analysts might be classified as having a technical inclination since both originally felt most comfortable within a well-defined functional area that, they thought, had a strong quantitative base. Moreover, neither expresses any desire to leave either investments in general or his own firm in particular. In retrospect, however, security plays a large role in both of their choices. One did not have financial ease by birth, and the other had difficulty finding a suitable job because of the job market in his original field of interest. Both were evidently interested in finding a non-precarious existence. Moreover, although the day-to-day nature of the job may be chaotic, the existence of the job itself, as is evidenced by the low turnover within the firms, is secure. Therefore, while a technical expertise lies at the base of both positions, the development of the expertise as well as the results of the expertise lead to a situation which is rather unassailable. Both people intend to remain with the same firm and to seek a position as close to complete inclusion as possible. Neither person has crossed the boundary passage of becoming a portfolio manager (where the risks of the position are greater), but failure to attain this status certainly does not result in expulsion from the firm. Both analysts underscored the collegial atmosphere and the closeness of analysts among themselves, so it seems that existence is well-protected as long as one

continues to perform the job adequately. If one cannot perform (an unlikely event, given the selection process), one leaves quickly. Therefore, after the first year or two, an analyst has a good idea of whether he will succeed in the firm or not. Therefore, while the evidence is not complete, a security anchor is at least as likely as a technical/functional one, and a need for security may well have spurred the development of outstanding technical expertise.

Auditing/Accounting

Subject G is a Senior Accountant (soon to be promoted to Manager) at a "big eight" accounting firm. G had an undergraduate major in mathematics, less out of devotion to mathematics than out of the necessity to have a concentration. After graduation from college, G received a Master's degree in Library Science and, in a part-time job held while working on the degree, set up a library for a corporation in the area. After that, G became a jack-of-all-trades in the marketing department of the firm because of an ability to relate well to computer personnel and to deal with information systems. When G came to Sloan, she had no idea of what she wanted to do, but thought that it was important to have an M.B.A. background to do well. Public accounting was a field that she had never considered. At the beginning of her second year at Sloan, she had chosen a concentration in Accounting and Control and felt that a controller/planner position would be attractive. However, for family reasons, G was restricted to the Boston area and such a job did not seem to be available. During the spring of the second year, G took off time from school and went traveling in order to sort out career plans. Upon return, she asked advice from faculty at Sloan and, by chance, interviewed at public accounting firms in the area. Because G had done some marketing and production in her previous job, she knew that she wanted to do something else in the

future.

G described the training program in public accounting as very structured. During the first couple of months on the job, a trainee learns statistical techniques which are associated with testing for materiality. Revenue and expense items, for example, are examined statistically to determine whether variance is material. When G first entered the firm, Partners determined what "material amounts" were defined to be. Now there are written guidelines. Very strict lists of what has to be tested are set up for audits: the audit book describes in detail what issues are to be addressed and how they are to be addressed. By following the precise statistical guidelines established for balance sheet and income statement accounts for public and private companies, an auditor determines what degree and what type of testing must be undertaken. Within G's firm "feel" or intuition is not considered a good way to examine financial statements. Rather, the statistical, objective perspective is most important. Moreover, auditing is almost by definition a technical field because so many regulations and guidelines of numerous agencies apply to it. Both external agencies such as the SEC and each accounting firm have requirements which everyone must meet.

Progression in auditing is also very structured although the time between promotions depends both on education and on the ability to perform tasks well. Entry-level auditors (staff auditors) are part of an audit

team that covers a case. The first year of accounting is so simple that, according to G, a high school student could do it because it requires no judgement; rather, a beginner deals with only the most objective and easily verifiable aspects of the financial statements. Staff auditors simply provide data. If a person is reliable as a data-collector, he is assigned more complex accounts (such as inventory in a manufacturing firm) which require judgement in that management's choice of presentation is subject to evaluation. Along the way a staff auditor learns that the type of company dictates to a large extent what the crucial accounts are and what must be examined carefully. A consulting firm is completely different from a manufacturing firm in terms of its books as well as in terms of its business. After assuming responsibility for more complex accounts, a person may then be assigned supervisory responsibility for an entire audit (Senior Accountant or In-Charge Accountant). G is currently at this level and is therefore responsible for supervising the people who gather data. Following this (Manager level), an employee has the responsibility of reviewing the work of an entire audit after it is completed and, therefore, works on several cases at once. The highest level is that of the Partner, who has final responsibility for ascertaining and certifying the correctness of the audit.

As a general outline, G presented the following accretion of responsibility:

First level (one year):

Revenues and expenses

Cash analysis

Property (possibly capitalized property)

Second level (normally two years):

Accounts receivable

Inventory

Certain liability accounts

Income taxes

Third level (indeterminate time):

Senior Accountant (In-Charge Accountant)

Full responsibility for a single case

at a time

(by this time employee should have

experience with a broad range of

firms and data)

Presently, G is out of the office on audits ninety to ninety-five percent of the time. Managers and Partners are in the office more frequently. G feels her case to be unusual because most of her clients are within commuting distance, but this is unusual since most people in the office travel a great deal more than G. This sort of privilege is something which G has arranged individually.

During the short periods of time spent in the office, G reviews work that has been done, recruits new employees, and puts details in order. Before going on a case, G spends time planning about what areas may be problematic.

While at a firm, G talks to numerous levels of people depending on the complexity of the issue involved: Vice President-Finance, Controller, Bookkeepers, etc. The V.P.-Finance is usually brought in only for major transactions.

Within the firm, G works with people at all levels but estimates that she spends more time with Partners than most people at her level both because of education and because of age (G is older than the average auditor in the firm). These factors have allowed G to move up more quickly than most. There are not many M.B.A.'s in public accounting because of the salaries, and the M.B.A. degree does clear the mobility path somewhat. G feels that a degree from a good business school has been instrumental in her rapid promotions. In addition, entry level work is very boring and people with only a bachelor's degree are willing to be more patient than M.B.A.'s with routine work and low pay. Moreover, hours are long despite the low pay. The least an auditor can expect to work is 9:00 to 5:00 if he works through lunch. During February, for example, when firms are trying to get the year's figures in order, work is almost continuous. Whatever one's qualifications, one has to start by doing auditing. G feels herself to be different from

most accountants because many people who enter the field when they are young have a camaraderie about the whole initiation experience. They view it as a shared experience that is important to them and they tend to keep in touch with each other when they change jobs or leave the firm. G is completely detached from this experience and does not feel strong ties to the profession or to most colleagues.

Because of the nature of the work, an auditor does not report to one person all the time. Rather, he is evaluated by the In-Charge Accountant on each audit and therefore receives frequent evaluation. An annual review is conducted for each person by a Manager or a Partner; each employee is assigned to a sort of advisor. At the beginning of each year the employee discusses where he wants to go during the year, what he hopes to accomplish, how he intends to improve his work.

To succeed at G's level, one must be able to distribute work among staff, motivate assistants, and get along with clients. If one can do it, bringing in new work is seen as a plus, although time is limited and this is not really expected. G cannot hire or fire assistants: only a Partner can make a final decision, and the firm fires very few people. G has had to learn "persuasion" to coax Partners into firing staff people working under her who do not do well.

Within the firm, G perceives that a great deal of emphasis is put on "time in place". Promotions seem to

follow automatically if enough time has passed. Early promotions depend on technical competence, getting along with clients and the ability to organize work. Making a good impression in the beginning is very important.

While at the firm, G has worked in the tax department, has worked on publications, has written a computer forecasting model, and has worked on other projects. The projects have been the most interesting part of the job, and G is not particularly enthusiastic about auditing. G seems to be quite ambivalent about her job. On the one hand, it is neither difficult nor challenging. There are days in which G's intelligence might as well not exist. G feels she has almost nothing in common with other accountants who are not very interesting or interested in things. On the other hand, G has had rapid promotion and feels that she will be made a Partner in the firm. At the Partner level, G expects financial security and more control over her life. The custom is that either a Manager becomes a Partner or he has to leave the firm. The up-or-out transition point occurs at about twelve years after entering the firm, and G is aiming for Partnership after eight years with the firm. After one becomes a Partner, advancement depends on geographic mobility because the career path could entail either traveling around in charge of offices or stopping at the direction of a single firm.

If G left, she would either do some other sort of work in finance, or, preferably, teach accounting. However, G

feels that she is substantially in control of her life now, and she continues to push in that direction. She feels that she has definitely received greater privileges than other employees in the firm.

One area of judgement which G pointed out as becoming particularly important to understand as someone progresses in an accounting firm is the relationship between the firm and the client. The client is the party who pays for the audit. Nevertheless, the audit is theoretically done for the benefit of the public and of shareholders. Given the complex relationships here, one must learn to be astute at drawing lines of loyalty and obligation. The situation can become very complex for both legal and personal reasons. Moreover, as an auditor or an accountant, an employee is frequently offered positions with the firm being audited, and this can create ethical complications. Part of the ethics at G's firm is that an employee does not accept an offer from a company that the employee has audited.

G's relationship with her job is in large part governed by inertia, and there seem to be contradictory threads within what G says she wants and why she holds the job she has. On the one hand, G is dissatisfied with the amount of time demanded by the job, since 9:00 to 5:00 (working through lunch) is the shortest day possible. In discussing the career decision, G said, for example, that she had decided not to pursue consulting because of the demands made upon one's life and, therefore, it seems that being able to

devote a significant amount of energy to private life is important. When G talks about wanting to become a Partner in the firm, the desire does not seem to be related to ambition, but, rather, to a sort of position that will not make too many demands, that will be financially secure, and that will conform at least to some extent to G's idea of her professional self. It is as if G chose accounting (although having a certain disdain for it) over other careers that would perhaps be more rewarding and prestigious because accounting had potential for a certain type of lifestyle after an initially difficult period leading to Partnership. G mentioned that people working in industry who had a similar background were now earning significantly more than she. Moreover, G seems to have gotten little satisfaction from her job except in the course of doing certain projects. In the tension between (1) staying with a situation that is known and that will soon lead to almost certain security and (2) striking out for a higher salary and for a greater chance to be creative, G appears to be leaning toward the former because that choice is the simplest one as well as the one that in the long run permits most attention to personal life. G seems to be very adept at getting what she wants and at controlling situations to her own advantage. Therefore, it seems that if G wanted a more interesting work life, she would be capable of getting it. G did say, however, that her job had been more interesting when it had consisted of projects and that she was quite weary of

auditing (having done it continuously for a year). Therefore, the level of discontent may appear to be higher than it is. Nonetheless, G's anchor has strong indications of being a security anchor.

In G's case, training was of a technical nature, i.e., it consisted of learning when and how to apply various statistical tests to financial statement accounts so as to make an objective judgement about when to render a qualified or unqualified opinion. Firms tend not to take clients for whom an unqualified opinion appears likely because the legal risk to the firm is high. Socialization, on the other hand, seemed to have begun long before Sloan and this particular job, since the orientation with which G approaches the position seems to transcend the particular job: i.e., G seems to structure career choices around the kind of personal life that is desired and, then, to "learn the ropes" so as to maximize ultimate personal freedom within her job. The goal for G is not so much how to succeed in her job as it is how to use objective success in her job to gain freedom from the job itself. G has evidently learned that bright, self-assured, technically competent people with M.B.A.'s from good schools are on a special track within their firms and that they can command unusual treatment. G draws upon many personal characteristics -- maturity, poise, experience -- to distinguish herself from "average" people and, hence, to gain more control over her own life.

Subject H is finishing her second year at a "big eight" accounting firm. Training is very rigorous because of the technical demands of the profession. H received one week of local training and then was sent to a national school run by the firm for all entering people. The program at the national level includes seven hours per day of classwork and homework. During one's career, courses are always made available: seminars are held on special auditing/accounting problems associated with real estate, banking, and insurance, for example. H sees training and learning as being essentially a technical matter. Auditing and accounting are regulated or influenced by numerous agencies and guidelines: the SEC, IRS, FASB, etc. Therefore, H defines growing competence in the profession as meaning a finer and finer grasp of details and technicalities. Entering employees work with accounts that do not demand judgement and then assume greater responsibility for evaluating management's judgement: inventory and accounts receivable (reserve for bad debts), for example.

Performance evaluation is almost constant at entering levels of the firm because a report is required for any work done that takes more than thirty-five hours. Since the trainee participates in numerous audits, he receives evaluation from many different people.

Within H's firm, entry-level positions are divided into three staff levels; employees at these ranks are responsible simply for data collection and field work.

"Seniors" are also responsible for field work, but they begin to have some supervisory duties. "Supervisors" spend more time in the office. At the next level are Managers, and at the highest level of the firm are Partners (who come from the audit side of the business) and Principals (who are on the consulting side). The Partner is the person responsible for final approval of an audit.

H's firm recruits half B.A. and half M.B.A. employees. A person with an M.B.A. moves faster through the ranks. Employees receive an evaluation every six months for possible promotion. The system is strictly "up or out", and the turnover is very high. People leave because they don't like the hours or the pressure. The hours are extremely long and burn-out is common. At the lower levels, a person is evaluated on how well (technically) he does the job, on how motivated he is, and on how good a team player he is.

H sees herself as working for the shareholders of a firm and for the public: her ultimate responsibility is to them, and she sees her duty as requiring a fair presentation. She sees herself as working for the Board of Directors and feels no proclivity to "protect the firm" because it is paying the bill.

H enjoys the work because of the authority it gives her to procure information. She enjoys observing how different firms react to changes in the economy and seems to have a great deal of curiosity about the numerous financial facts

that characterize each firm. All the pieces are like parts of a puzzle that are a challenge to assemble.

The higher a person advances in the firm, the more important selling becomes in the sense of bringing in new clients. The firm pays a certain percent of the auditing fee for a new client to the person who attracts the client to the firm. H appears to be much more interested in the technical aspects of the job and in mastering the regulations that guide the job. H feels that mastering the rules is challenging because they are very complex. She likes having access to the reference material in the firm's library. H was noncommittal when asked about her attitude toward the potential selling aspects of the job as she progressed through the ranks. She believes that a person can rise because of outstanding technical competence. Nevertheless, the accounting field is getting much more cutthroat because firms are fighting to steal each other's clients. Such practices used to be considered unethical because continuing client relationships were at the heart of the profession.

The level of person to whom an employee has access in an audited firm depends on the employee's level within the accounting firm. H feels that her particular firm has been very good to her in allowing her to restrict travel -- she has not had to spend much time away from home although many people within the firm are expected to do this.

One of the non-technical socialization aspects of the

job of which H feels a trainee should become aware is the importance of budgeting. Each audit is costed by a standard hour estimate at a certain hourly rate. This estimate determines the budget for the job. It is important to come in under the estimated amount because that makes more money for the firm. No matter how technically competent an auditor may be, he will not get a good evaluation if he does not learn how to come in under budget.

H majored in Finance at Sloan. However, choices were limited because H had to remain within a certain geographic area for personal reasons. She was very lazy about interviewing for jobs and talked only to firms that interviewed on-campus at Sloan. She chose auditing because she thought that her experiences would be more diverse than in commercial lending, for example.

H tends to work from about 8:00 a.m. to 10:30 p.m. She takes work home in the evening and works also during the weekend. Before taking the job, she did not expect the long hours but has nevertheless found the work enjoyable.

In the context of a very short career, the anchor seems to be technical/functional.

Auditing/Accounting Summary

Even more than the lending function in commercial banking, accounting firms (at least the "big eight" accounting firms) have a rigorous entry-level training program. Since several people from the total sample for this study began their careers as accountants and then selected another path, data and perceptions relating to what accounting is like were plentiful. Some people view the profession simply as a way to start out on a good financial career path. People who enter accounting with an undergraduate degree often plan on getting a few years' experience and then enrolling in an M.B.A. program which will give them access to controller and treasury functions. Nevertheless, for many, the initial training experience remains a collective experience where contacts and friends are made and where work habits are formed.

Because of the detailed, technical nature of the work and because accounting standards and guidelines are fairly standard nationwide, both the content and the process of training programs seem to be shared throughout different accounting firms. The first part of the entry-level training is deliberately collective and consists of all-day, classroom activities. In addition, because these school experiences take place not within the offices of an individual branch of the firm, but rather under the auspices of a kind of national or regional training center, trainees

from different offices throughout the country pass through a common program that ensures a nationwide continuity and gives geographically dispersed people a feeling of belonging to the same firm. Moreover, monitoring of behavior extends from the daytime classroom experiences to "social demeanor" because trainees at the national centers are expected to have dinner together in the presence of supervisors and in some cases to spend the evening together. Rowdiness and excessive laughter at dinner, for example, are reprimanded by the supervisors who are present, and trainees are admonished to act like professionals at all times. The apparent purpose of this social monitoring is to ensure that when auditors are away from the office on visits to a company, they will represent the accounting firm well. When an auditor is on a case, his professional persona cannot stop when he leaves the client's office; he is frequently in residence for long periods at a time and therefore must learn to control behavior even when he is not at the office. His not being at home necessitates frequent dining out and he must therefore extend "professional behavior" into evening hours. Therefore, in addition to extremely strict, detailed, and rigorous classwork, trainee auditors undergo behavior training.

Because of the very technical nature of the work and because of the regulatory nature of the environment, trainees are expected to assimilate a great deal of factual detail, and much of the first year's work is structured to

impart only technical expertise rather than judgement or decision-making skills. The extremely dry nature of the work is what discourages many B.A. or B.S. trainees from making accounting a profession. At the same time, it drives out those people who are technically incompetent. One interviewee's opinion was that the process drove out both the very bad people and the very good people, leaving people who were for the most part mediocre. All three of the people who had entered accounting upon receipt of their bachelor's degree and later left to enter Sloan expressed amazement that someone with an M.B.A. would select accounting as a profession.

Socialization/training tactics are clear-cut. Training is collective to ensure both nationwide continuity within the profession and a common core of technical and "social" knowledge. The collective nature of the entry-level training is so uniform and makes such an impression that people who went through the program immediately following undergraduate education appear to feel a community with and to share the same experiences with others whom they later meet but who did not experience the program with them. M.B.A.'s seem to be much more resistant to the "community spirit" and claim to have resisted the non-technical formative aspects of their entry-level training.

In addition to being collective, training is formal during the first few years on the job (the exact length of time depends on academic degree at entry and on individual

ability to learn) in that staff auditors have certain very specific tasks assigned to them. Training becomes less formal as one moves up the ranks and it is an individual's perceived supervisory capacities rather than deliberate preparation through an additional stage of training that allow him to advance to the rank of supervisory accountant on an audit. The assiduous training results from the great risk to the firm insofar as legal consequences are concerned: the firm's final qualified or unqualified opinion is a serious matter which must be based on impeccably documented data collection. Moreover, training is sequential throughout its technical aspects. Trainees begin by examining simple accounts and progress only gradually to those that involve an evaluation of management's judgement. While no career path can be completely fixed in time, stages of progression are rather clearly set forth in accounting; people drop out of the profession as they do not keep up with the B.A. or M.B.A. suggested timetable. In most firms, the "up or out" Partner transition is specified so that frequently an individual cannot stay on if he does not make Partner. Unlike a commercial bank where someone can remain as an Assistant Vice President or a Vice President until he retires, an accounting firm tends to impose time limits.

Socialization within accounting firms is serial in that, from the beginning, experienced members of the firm act as role models for the inexperienced ones. Entry-level

people learn technical skills and social behavior from others in the firm. A staff auditor learns to be a supervisory-level accountant by reporting to one and observing his behavior, and the process continues by accretion to the top. Finally, socialization is very clearly of the divestiture type. Entry-level employees, especially those who enter with only a bachelor's degree, spend long periods of time doing low-pay, low-status, low-interest work which drives many of them from accounting. The long hours and collective training experience tend to isolate recruits from their previous life and to drive them closer to their colleagues. Rather than being valued, personal characteristics brought from the outside of the organization are frequently extirpated. Many times, firms urge staff trainees to spend Saturdays in the office and discourage (if not outright prohibit) them from taking on independent business.

In light of these socialization techniques, it is not surprising that people who stay in accounting adopt a custodial response. Content innovation is discouraged both by budgetary constraints and by the necessity to walk a very narrow line between the client's interest and the public's interest. At the Partner level, at least, it appears that care is taken to protect the firm from lawsuits, to maintain longstanding client relationships, to bring in new business, and to insure the firm's reputation. With such goals in mind, it seems unlikely that much time is devoted to blazing

frontiers in audit techniques. Instead, the FASB and accounting professors may well be the ones responsible for content innovation within the profession.

Although there are several functions (auditing, tax, consulting) within accounting firms, movement among them is not unheard of. In that the hierarchy contains five or more levels, accounting firms are not as flat as consulting firms. Success at climbing the hierarchical ladder appears to represent movement toward inclusion. At the lower levels of the hierarchy, turnover is extremely high, with many people leaving during the first two or three years. Opinions of interviewees vary regarding how automatic Partnership is after an individual has reached the level of Supervisor or Manager. Except for those employed in the consulting function, becoming a C.P.A. is required for advancement. Inclusion and Partnership seem to require great conformity to the values and the accepted behavior of the organization. Although neither of the accountants (considered here as accountants) in the sample seemed to resemble an "archetypal accountant" (as portrayed by those who have left the profession as well as by one of those remaining within the profession and aspiring to Partnership), all but one of the interviewees pointed out the pressures toward conformity in behavior and in attitudes.

If each person in the sample who began his career in accounting is included, the dominant career anchor for the

group is overwhelmingly technical. Nonetheless, G's security anchor hints at a phenomenon that resembles the security/technical intermingling to be found among security analysts. Frequently, people with only a B.A. enter accounting not only because they do not know a great deal about business and see auditing as a good way to learn, but also because they perceive auditing experience as a fairly certain route to a good career in finance. Several interviewees alluded to the C.P.A. certificate as a sound way to begin a good financial career. At the same time all people in the sample were also attracted by the quantitative aspects of the position and by being able to work with numbers. Therefore, the most general anchor characterization for the group is technical/functional since so many people leave accounting for other quantitative/financial positions.

Non-Profit/Medical Services

Subject I is currently responsible for the data-processing aspects of hospital client reimbursements. I was originally interested in health care in the non-profit sector because she had always had a service orientation. She went to Sloan with the intention of entering the benefits side of hospital administration. Because she had majored in psychology as an undergraduate, I had considered undertaking graduate work in counseling, but had finally decided that the business side of a health service organization rather than the therapy area would be more satisfying. I worked on several health-related projects at Sloan in the hope of entering this field and became quite familiar with how hospitals are run and how they are organized. Nonetheless, having spent some time on a job search, I came to the conclusion that, for someone without at least some clinical background, hospital administration was not a promising field. Therefore, I took a job within a state agency that administered rate setting for hospitals. I's concentration at Sloan had been Planning and Control, and she had had previous experience with information systems both as an undergraduate and in jobs following undergraduate schooling. I was interested in both the cost control and data base areas, and therefore was extremely well qualified to do the kind of analysis required by the state agency, although she did have to learn more about government

accounting. In addition, the projects and the research that she had done at Sloan gave her an edge in understanding what went on within the hospital itself. After a few years with the state agency, she decided that she would like to be closer to the health services themselves and began work in the benefits department of a health maintenance organization. However, I did not really fit in with the organization and did not like the work there, so she left for a job in the hospital benefits remuneration division of an insurance company. In this job (which she currently holds) I is responsible not only for implementing computer systems that are relevant to client reimbursement, but, in addition, she has managed to rise above a strictly technical level and to become a line supervisor for five people. I reports to the Assistant Manager of the benefits division. Above the Assistant Manager are a Manager and two levels of Vice Presidents in addition to the executive level of the firm.

I sees herself as committed to health care and to general management. If possible, she would like to rise in line management and to have ultimate decision-making authority over everything within the firm relating to health care. I in no way sees herself as a technical person either in the accounting field or in the data processing field. She sees herself, rather, as using these tools in order to be a more effective manager. Moreover, I does not see technical skill as what is ultimately rewarded within the

health care field. She believes that interpersonal skills and political skills are what lead to success. I feels that someone who is content to crunch numbers without caring about what the numbers mean or understanding the processes that generate them cannot rise in the health care profession.

I has never had a formal training program on any job. In her first job, she applied what she knew from projects she did at Sloan, and in the present one she draws upon her information systems background. She believes that to understand health care well, a person must have experience within a health care organization, within a regulatory agency, and on the insurance side. People tend to spend time in different organizations and on different sides of the picture throughout their careers, and it is useful to have argued the point of view of each side. After someone has been in a geographical area for some time and has passed through several functions, he tends to have accumulated contacts and knowledge which reinforce each other.

I believes that learning the political ropes within a particular firm is much more difficult and important than having expertise or technical skills. Because the crux of the profession lies in negotiation and management skills, it is essential to learn how to establish relationships among people. It is particularly important to keep in touch with as many people as possible because decisions are frequently made before the group concerned sits down at the table to

meet about an issue. A large portion of the art of being a manager is the ability to nurture relationships and contacts. The worst thing that a person can do is to work in isolation so that he does not understand how a group feels about an issue. Moreover, someone must be very sensitive to the parts of the organization that are not inclined to change and work around them. It is up to the individual who is trying to make his way to the inner circle to make established members of the firm feel comfortable with him. For example, even now, many older male managers have not worked with women who are not secretaries, and they feel uncomfortable having a professional woman around. Therefore, it is the woman's responsibility to make them feel at ease. In some cases, it is necessary to dispel the aura of technical superiority that accompanies a degree from Sloan. I seem to believe that relationships have to be worked out on a one-by-one basis and that an ability to understand what influences individuals throughout the firm is essential. A new person entering the firm must be a good team player who supports a group decision even if he does not agree with it. In a work situation, I think that at all times it is important to preserve face for colleagues, even when they are wrong, because a failure to do so destroys relationships. Finally, I believe that it is important to learn how to let superiors see that an individual's attempts are useful to the firm and that these strengths further the goals sought by the organization and

by superiors.

I enjoys the managerial/supervisory aspects of her job most. What she dislikes is the frustration that goes with the nature of the business and the lack of a clear-cut career path within her particular firm. She is now trying to evaluate what is the best step to take next in order to advance toward more general management. I has learned how to be successful at being included in a broader range of activities and now seeks to gain experience in contract negotiation. She believes it important to determine from which functional areas top-level management in the firm have been chosen and to gain experience in those functions if possible.

In theory, I's firm has regular office hours. However, anyone who wants to get ahead will never work merely an eight-hour day. Some days, I gets to work by 7:30 a.m. She often takes work home and works on weekends.

Subject J currently holds a position in the ambulatory care section of a division of a non-profit teaching and research hospital. Her duties include both a line and a staff function. She supervises five people (who also have their own staffs) within ambulatory care and at the same time assists an Associate Director of the entire division in financial matters. She has three peers within the division who hold similar line/staff positions, but none of them has the sort of financial responsibilities that J has.

Because her primary financial responsibility is to direct the division's budget, J has a liaison, recommendation-making position between the data-collection employees in the hospital and top management. A fiscal services group has C.P.A.'s who do the record keeping and bookkeeping and who keep up with changes in regulations so as to maximize the hospital's use of funds. They try to get the best financial deal for the hospital. They also have some responsibility for relations with the rate-setting commission. While J is not part of the fiscal services group and while no one in the group reports to her, J works extensively with them and draws on their data base -- they are a resource in her budget work. Her budgetary responsibilities include planning, adding, deleting, and monitoring expenses; problem intervention and troubleshooting; and budget control. She serves as an advisor in the division for each of the employees who has budgetary responsibility, and she is ultimately responsible

for coordinating the division's budget submission. Since the hospital has a matrix organization, final decisions are made by a committee. J does all the preparatory work that will allow her boss to submit the budget to this committee. The budget areas for which J is responsible are cost centers by diagnosis (type of illness), professional funds (research), department budgets (teaching), and resident/fellow funds. Each type of budget area has different conventions which must be learned. The financial staff aspect of the job has occupied two-thirds of her time to date.

When J took her job, which was her first job following graduation from Sloan, she merely carried out projects that her boss wanted done, and the tasks were very specific -- variance analysis, for example. There was no training program, and since the job was new, J perceived her first period on the job as a trial-and-error, sink-or-swim experience. She had to learn how to go around the organization and ask people for help. For example, an employee who had worked there for some time taught her the reporting conventions. J spent considerable time calling people around the hospital and gathering information about what she did not understand. Because there are different rules for different budgets, she had to learn by accretion and to assimilate data piece by piece. In decisions that involve only capital expenditure, for example, cut-off guidelines have been established for the hospital as a

whole.

Before coming to Sloan, J had held various jobs in social and community service agencies, in health centers, and in public health. Her motivation has always been in the health area rather than in finance. She feels that it is essential to understand the culture and the politics of hospitals and does not believe that someone coming straight from industry could do the job well. None of the decisions she makes are strictly financial decisions. For example, when someone decides whether to admit a very sick child who would create a lot of expense, the real decision revolves not only around the expense, but also around what it does to the hospital's reputation to refuse such a patient. Therefore, J learned what to do in this job by having had experience in other jobs, since decision-making involves numerous ramifications beyond a financial analysis. A person in her position has to understand regulations and political issues and has to be able to assess the risks on all sides of a decision.

The wage system at the hospital is a grade system with steps and ranges. J receives a written review once a year from her boss. She would know whether there was a problem because her boss is a good people manager. She does not feel surprised when she receives her formal review. Thus, although formal training has never been part of the job, performance evaluation provides a clear indication of how well she carries out what is expected of her.

J chose this particular job because of its line promise, and she is disappointed that the position has remained so staff-oriented. Upon accepting the job, she wrote a letter to the effect that she did not consider budgeting in itself a challenge. However, her boss is very interested in the financial part, and it is difficult to extract different kinds of responsibilities from him. What she wants to do in the long run is to gain experience in a broad range of areas and become the principal administrator in a smaller, less complex hospital than the one in which she presently works. J loves the subject matter of her work; she thinks the problems are challenging. She is strongly committed to hospital administration. Moreover, in her present job, she feels that she is working with a good team of people who share common goals.

Although "official" working hours are from 8:30 a.m. to 5:00 p.m., J has a great deal of flexibility in arranging her hours because what is important is getting the work out. She is usually in the office early one morning each week, works until 10:00 p.m. one evening, and leaves early one afternoon.

Because of the reputation that her group has acquired within the hospital, J gets numerous special projects that do not really belong in ambulatory services. If she were hiring someone for her job, she would look for someone who could handle a variety of tasks at once and who was not flustered by constant interruption. She would also look for

skill at oral and written presentation since persuasive powers are key for success in the job. J believes that work standards in general at the hospital are very high. Two people in her area have been fired for poor performance since she arrived. She enjoys the pace of the position, but always feels that she is balancing demands and that she is never exactly where she should be with the workload. Most of the pressures on J result from her having to choose constantly among very close priorities.

J believes that she has more job satisfaction than most people leaving Sloan because she had had a great deal of previous experience and knew exactly where she was going. She had already made crucial decisions about what she liked and what she wanted to do. In addition, she is pleased that her performance is rewarded more on quality considerations than on money or profit since the hospital has no money goals other than to manage its resources well and not to go into the red. She thinks that being devoted to the work is a central element of her job satisfaction.

Non-Profit/Medical Services Summary

Both subjects involved in health care had been socialized to a large extent before they entered Sloan. Both knew that they were service oriented and that commitment to a profession or to certain values rather than a desire simply to earn a great deal of money motivated them. It is clear in both cases that the finance/planning and control tasks associated with their jobs are a functional entry point through which they hope to attain much more general responsibility. Most of socialization in such a profession appears to be included in the formation of a value system which itself leads the individual to seek a job in the health field. It was the particular set of values that led to choice of positions rather than the position that originated the values.

Each subject said that success in the position would be impossible without an understanding of culture and politics. The essential nature of such an intuitive grasp relegates any kind of technical skill to a secondary status. It is unclear whether a person seeking to succeed in a health organization has to have more than passably adequate technical skills since they at best provide a first job in the organization. Even if one thought that they were necessary, neither subject believes that they are sufficient.

Socialization/training tactics result from the demands

of the profession. Socialization processes in the two cases studied were completely individual with no semblance of training program. Moreover, they are informal since the recruit immediately interacts with other members of the organization. In fact, it is by gathering scattered information from others within the organization that the newcomer learns his job. Socialization is random because the target role itself is not always defined once and for all. It is very difficult to program an individual's understanding of a political environment; yet he cannot competently perform his job without such an awareness, which is transmitted indirectly rather than directly. Insofar as timing is concerned, socialization is variable since an individual may stay in a particular position throughout his career without having a timetable for advancement. Promotions depend to a large extent on turnover at higher levels, and much of this turnover is quite hard to predict. Moreover, a person may never acquire the set of personal characteristics that mark him as "headed for the top". To a large extent, socialization is serial in that a recruit works for someone who can well be his mentor and who acts as a role model. The perceptive person at a low level in the organization can observe career paths and mobility around him. He can learn to imitate what type of behavior or what particular set of skills has a probability of leading to success. Finally, the socialization procedure resembles investiture more than it does divestiture since it appears

that recruits have been "divested" of undesirable characteristics before they are selected for the job. It is unlikely that a person who was completely profit-oriented would be either drawn to or hired for a health services administration position. At the same time, however, the organization does not seem to go out of its way to make recruits feel welcome or to assure them that they are valuable to the organization. Perhaps because health-oriented positions are frequently in the non-profit sector, no lavish services are provided for entry-level employees.

In a strict sense, the anchor of both subjects appears to be a service anchor since probably neither person would enter a business firm simply to become a general manager. Nonetheless, within their chosen field, both people are committed to being general managers and to managing diverse functional areas and many employees. Each would no doubt be unhappy with a future in which general management possibilities were blocked and would change organizations to find greater access to high-level responsibility. Therefore, it seems only equitable to say that a management orientation exists in balance with the service orientation.

Insurance

Subject K is an Investment Manager in a regional branch of a nationwide insurance firm. He majored in economics as an undergraduate simply because things worked out that way. He did not want to go to business school immediately after he received his bachelor's degree because he did not know anything about business. Therefore, he thought through what he could do with an economics major and was interested by the idea of investments. From this, he was led to insurance companies, and he wrote to every firm in Hartford because he knew that this was the center of the industry. Although the companies hire primarily M.B.A.'s, K got a job analyzing private placements because an older man in the firm had only a B.A. and was tired of all the "smart, young people who thought they knew everything". In addition, he cost less than an M.B.A. and was very eager to learn.

K learned a great deal on this first job, which he held for three years. The people in the firm were glad to have a young trainee although they did not have a formal training program. K took accounting and finance courses at night. On the job, he did all the tasks people needed done. K started at the very beginning. For example, his boss would give him one hundred annual reports and ask him to compute credit ratios and post them; he had been told exactly how to compute the ratios. In each new task, his colleagues would tell him precisely what to do and he would do it. K

learned to read the Wall Street Journal. He continued the posting/computation activities for six months and took a securities course by mail.

After the first six months, K got the chance to meet investment bankers and analyze deals. He worked on projects that involved credit and analysis. Because he worked on a lot of bad investments, he learned just about everything that could go wrong. At the end of two years, he was as good at analyzing deals as anyone in the department. Moreover, having seen people make so many mistakes in investments, K thought that he could do better. He knew that he did not want to be doing the same thing twenty years down the road, so he decided to go to business school.

During his first job, K developed ways of analyzing companies. At that time, he was interested in debt deals. The primary decision for someone on his side was whether he wanted to put money into the company; therefore, he did a credit-type analysis on each firm. He would examine five years' financial statements and follow where cash comes from and where it is going -- in his opinion, cash is much more important than working capital. K thinks that it is crucial to determine whether a company is borrowing to cover working capital needs because it is growing (and needs the money to finance growth) or because it is in trouble. He used to make careful charts of cash changes and ratios over time for a company. At that time, his analysis was always strictly quantitative and based on financial statement data rather

than on evaluation of management capability. In this job, he never had the authority to make a final investment decision; rather, he made recommendations to a portfolio manager. K always focused on the rate he could get for the debt, and he enjoyed analyzing how to get the best rate for a certain level of credit risk.

When he first entered Sloan, K thought that he would specialize in Operations Research but discovered that he did not like the courses. He enjoyed Finance, knew that Sloan was best at this, and wanted to specialize in its most outstanding field. He also did extensive work in accounting and in management control. At the time, he made out career plans and decided that in the long run he wanted a Vice President-Finance position and that he should prepare himself for this role. Controller, Treasury, and Data Processing functions report to this Vice President, and K decided that since he still lacked accounting and data processing skills, he should use his first job to acquire such skills. Accordingly, he looked for an Assistant Controller's position since he viewed this as the really practical side of finance, but he received no response because such positions valued C.P.A.'s rather than M.B.A.'s. Therefore, to further his learning experience, he decided to take a job on the consulting side of an accounting firm upon graduation from Sloan. To do this, he took a large pay differential from what he could have received in another job, but he was willing to start out more slowly and to

learn on the way. At that time, K thought that he would stay with the firm for four years, get his C.P.A. license and continue on his path. In two months, however, he realized that he could not stand the atmosphere and the life. He had no opportunity to use his M.B.A. skills or his finance skills and would not be able to do so for at least three years. The company wanted a staff person who was willing to do projects and to work his way up through a highly structured program. K stayed in the job for only eight months, of which four were training.

Up until this point, K had always made very detailed lists of his strengths and weaknesses and of qualifications necessary for positions. Also, he had made intricate five-year plans of where he wanted to be and how he intended to get there. After the experience in the accounting firm, K decided to change his tactics and to ask himself what he really liked. He attempted to shift his career analysis to a more subjective level. He knew that he badly wanted to utilize his M.B.A. skills which he defined as (1) the ability to relate to all aspects of a business (production, accounting, finance, and personnel) and to have depth in one of them; (2) the ability to communicate well in writing and orally; and (3) the ability to work extremely hard. K started thinking about insurance companies and knew that he wanted to be in a place that had a lot of money and which would take the lead role in deals. He came to realize that throughout one's career, one uses different skills at

different times, and that it is impossible to use everything at once. One of his questions in seeking his next job was whether he would have the chance to move from department to department. Moreover, he wanted a firm in which the investment side drove the business rather than the sales side. K took his present job because the firm has large amounts of money, because the job pays very well, because he has the opportunity to use many of his skills, and because he can move from department to department and develop a career within the company -- K is not a person who likes to change firms; rather, he prefers to grow within the same firm.

Presently, K's primary job is to find companies in which to invest long-term, fixed-rate money; he analyzes these companies for their credit risk. When he thinks about doing a deal, he does not orient himself toward making money for a client. Instead, he sees that he has a pool of money, and his aim is to make the largest possible return on it. K is paid to make money. He has to sell the company on borrowing from his firm, and he sees himself as being in competition with some of the larger banks. He is responsible for a geographic region. He finds potential investments by word of mouth; part of his job is to keep in touch with regional bankers, investment bankers, accountants, lawyers, etc. For example, he uses his regional bank contacts to see when legal lending limits are becoming a constraint.

K sees the fixed-rate business as becoming much more bank-like. His job now is essentially a sales/communication job. It is important to be good at negotiating terms and price with the client company for ten to fifteen years of debt. The job is complex because K has to analyze the company as a credit risk and sell his firm's money at the same time since there is a great deal of competition in the market. Analyzing the company as a credit risk requires making contact with customers of the firm under investigation, for example. K is responsible for determining what the firm is like from all angles and for evaluating its management. K prefers the analytic part of the assessment: break-even analysis, variance analysis, elasticity of demand, etc. He sees cost accounting as being extremely important.

At this point, K thinks that insurance companies are in trouble because they have traditionally been involved in fixed-rate deals, and they have been lending at rates that are too low; they were giving money away because they thought that interest rates were going to fall. Now insurance companies have to learn to be successful in a non fixed-rate environment.

K sees the most important part of his job as having to convince people of his ideas. He has to convince the client to borrow money, and he has to convince his boss that he has found a good investment. K views himself as being very deal-oriented, as someone who likes to bring in money. He

thinks that the most difficult part of the job is selling. Unfortunately, as competition gets tighter and insurance companies have to become more like banks, employees will have to do more direct calling and selling. K does not think that anyone really likes selling because the person on the other side is always the one with the power to refuse the sale. He now believes that knowing how to communicate an idea is more important than the research behind the presentation.

K spends forty percent of his time talking to management of companies in which he might invest (he therefore travels a great deal), forty percent writing reports for his boss and other supervisors, and twenty percent doing research. He is a generalist who covers the whole spectrum of activities. In the office, he has only two secretaries and no assistants.

All authority to make decisions resides in the head office, so K focuses a lot of effort either in writing or orally on convincing people at headquarters. He is rewarded for making money for the firm. If K were interviewing someone for his job, he would look for a person who can relate well with people and who likes dealing with them, someone who has verbal skills and who can write well and quickly, someone who likes deals and analysis. He would wonder why someone with a background in Organizational Behavior would want the job because skill at one-on-one negotiation rather than at personnel motivation is crucial.

The one thing that K dislikes about his job is that he does not have the time to stay at the leading edge of Finance. He is always traveling, monitoring deals, checking to see whether loans are booked correctly, etc. He does not have the chance to use any of his sophisticated skills; he utilizes NPV, but not much beyond that. In general, his greatest complaint is that he is not using everything that he paid to learn at Sloan. At the present time, he is most interested in improving his marketing skills because they are essential to success on the job.

K's career goal is to transfer to company headquarters because all the authority is there and because the really big deals are made there. K wants to do bigger deals rather than more complex deals -- he tends to believe that a person who brings in bigger deals should be paid more money. One other thing that he likes about working at headquarters is that he would be able to concentrate on one side of deals there rather than having to do all stages. He would choose the quantitative/analytical side. K thinks that he would have more job satisfaction and more money.

K is analytical in everything he does. He automatically breaks issues and problems into their components and analyzes these components. While he may not make such intricate career plans now or have the same goals that he did in the beginning, he is nonetheless a highly directed and organized person. He appears to view issues in literal, material, cause-and-effect terms: for example, he

wants to use all his M.B.A. skills because he paid a lot of money to acquire them. He values big deals (in terms of the money involved) more highly than complex or creative deals. For these reasons, K seems more comfortable in situations where denotation rather than connotation is important.

Within K's first insurance job, training tactics were individually oriented. The first six months were fairly formal, but after that instruction was informal. Likewise, training was initially sequential, but later it became random, as certain technical skills were acquired. Progress within firms is variable in a temporal sense, since there is no clear-cut timetable for promotion or for an up-or-out decision. For the most part, socialization is serial because a recruit tends to work for someone whose function he may eventually assume. There are role models from whom one learns throughout the firm. Finally, the investiture mode seems to dominate, as there is little or no attempt to strip away personal characteristics of an individual.

Within the firms for which K has worked, investment personnel are rewarded for making money for the firm. While K has become aware in his present position of the importance of selling and of verbal communication, these are the aspects of making money that he likes least and which he seems to want to avoid. He knows intellectually that convincing other people of his ideas is crucial, but he will never enjoy this part of the job. In his very thorough way, he will refine his marketing skills, but they are not an

area toward which he naturally inclines. K is probably a first-rate credit analyst, however, and his proclivities in this direction point to a technical anchor.

K's career path is one long socialization process in which he at least intellectually moved from seeing his work totally in objective, analytical terms, to perceiving that other dimensions are probably more important. When he decided to enter the accounting firm, for example, he did so upon his conception of what skills accountants have and of how these skills would lead him where he wanted to go. He never placed the objective job description into the context of what the job would really be like. While K is still very literal-minded, he is acutely aware that such an approach does not have the capacity to provide all answers.

Financial Analysis

Subject L works as a financial analyst in an engineering firm. She concentrated in Finance and Planning Control at Sloan, and was determined to take the rigorous, two-semester Theory of Finance course (15.415) rather than the survey course (15.412) because she wanted to take what MIT was famous for; she did not want to take the "watered down" version.

When she began her present job upon graduation from Sloan, L had no formal training. She jumped in and began work on projects. She came in when her predecessor had completed a financial planning model for the firm. She took over what was left of the project, and in this way she got an overview of the firm: the model was comprehensive, and she had to gather information from employees in the firm about how it had been conceived and about what its function was. L feels that in her job it is not necessary to have a thorough understanding of the technical content of the firm's business. She feels that the planning and control mechanisms and the financial systems are all that she must understand.

L reports to the Controller of the firm along with three other people. Cost accounting is the underpinning of her job, although some finance tools (NPV, cash flow, etc.) are also necessary. Because the firm is involved in government contracts, it was important for her to learn

government accounting on the job. L's responsibility is to examine a potential financial decision and to bring its effects into present-value terms. She looks at problems that involve issues of when and how frequently necessary payments should be made, for example, with the intention of determining which approach minimizes costs for the firm. In addition, she works on problems involving leasing, tax consequences, and long-run effects of employee compensation plans. Moreover, she has frequently worked on fairly long projects. In one instance, L worked full-time for several months at putting the department budget together. Budgeting and forecasting are an integral part of her work. She uses the financial planning model to run estimates of cash flows resulting from different scenarios. L is very interested in decision support systems and sometimes does her own programming. She makes use of numerous canned financial programs. Her job is to make recommendations to the Controller rather than to make decisions.

L has almost no contact with people outside the firm. Inside the firm, she works with the Controller and the Treasurer; at the present time, these two functions are in flux and tasks shift from day to day. In addition, L seeks information from numerous people within her department and consults with division managers as well as with sub-controllers. Although she is in constant contact with the Controller, L works more by herself than she would like. She would prefer more team coordination in an ideal world.

L is not responsible for long written reports or long presentations. Frequently, a computer print-out with a note attached will be sufficient for the Controller to make a decision.

L is reviewed annually by her supervisor and receives an evaluation in writing, as is required by the company. Each employee is told what his raise is as well as the reasons for the raise. Salaries are governed by a grade structure in which there are ranges and steps. L's remuneration cannot vary outside prescribed structures. If a person reaches the top of a range without being promoted, his salary is frozen until the entire range moves or until he is promoted.

L sees no clear-cut career path for a person like herself within the firm. There is high turnover within her area because employees do not see a future to the job. L thinks that she might be able to move into a division business manager role. As long as she stays within this particular firm, she intends to stay in the finance area. L knows that she does not want to work either with financial statements or in cash management. If she changed jobs, she would perhaps like a small business where she could use more common sense.

L was a teacher before coming to Sloan. She felt blocked in her teaching job, but she does not feel blocked now because people are always leaving and she feels that she has an opportunity to move within the firm if she wants.

She also feels that she could find another job, and she did not feel assured of this when she was a teacher: she felt that she had no mobility at all. People did not leave their jobs because there were no others. L also feels that she has more control over her own destiny. She feels that people can prove that they are good by their skills in the kind of job she has now. When she was a teacher, L felt as if a large part of succeeding depended on "getting people to go to bat" for her. She seems to believe that evaluation of her and chances for raises, etc. are more objective than they were when she taught. What she misses about her teaching environment, however, is a feeling of control over other people: she could require work of students and she had authority over the teachers who reported to her. In her present job, L has no supervisory authority, and therefore she feels dependent upon cajoling or manipulation to get the information or help that she needs.

L thinks that the people who get ahead in finance are intelligent and grasp things quickly. They are good at detail and at getting things correct. Their most outstanding attribute is an ability to foresee the consequences of a decision on each part of the system. Analytic skills are important, as is the ability to get along with people and to work well under pressure. It is essential to do things impeccably and fast -- tasks must be finished on time. Good people can look at financial data and perceive immediately what is missing or hidden.

L did not seem directed to a career goal. Although her present position does not appear to be perfectly satisfying, it does seem to be sufficient for the moment. L may want supervisory responsibility in order to make work easier, but she does not have a "general management" orientation. Although it is impossible to be certain, L's anchor appears at this time to be security.

Although L did not allude directly to how her function was perceived within the organization, it appears that anyone in her area would be excluded from inclusion in the firm since technical expertise is what drives the company: the financial/accounting activities appear to have only a support role lacking integrality with the firm's mission. The lack of career path and the high turnover indicate that financial analysts soon reach a dead end.

The people-processing tactics utilized at L's firm underscore financial employees' lack of centrality. They lead either to custodial behavior or to an individual's leaving the company. Processes are individual and informal; the recruit enters the firm without any orientation to it and is expected to sink or swim. Learning takes place for the most part by the newcomer's own initiative: he is expected to ask other people for information and to track down what he needs. Since the target role for a financial analyst is not well defined, socialization is random. Just as the definition of the Treasurer's and the Controller's responsibilities is in flux, so are the duties assigned to

staff people working within these areas. Staff are hired, it seems, to carry out whatever projects may come along, and the projects' content does not have to be similar. In addition, because financial staff positions do not clearly "lead somewhere", the career timetable within the firm (if it can even be said to exist) is highly variable. No one can expect to be promoted at a certain time or to take well-defined steps on a career ladder. Since positions are so fluidly defined, socialization is disjunctive: newcomers can hardly follow in the footsteps of experienced employees because high turnover does not leave a large pool of such employees and because the environment does not create role models within the financial area.

Because employees in L's area seem to be peripheral to the organization, neither divestiture nor investiture techniques appear to be relevant. The company seems to expect high turnover and has not instituted practices that would make the firm more attractive to recruits. Hence, socialization takes place by a new employee's becoming aware of his lack of importance to the company. It is by neglecting the new hire that the firm "educates" him.

Treasury/Controllershship

Subject M is the Assistant Treasurer in a middle market company. She currently works in a staff capacity and reports directly to the Vice President-Finance, as do the Treasurer and the Controller. M does not supervise anyone. Most of her work is of the project variety. She estimates that she spends half her time on analytical work for her boss and half her time on special projects. Although she is involved in many of the firm's financing decisions, M has lately spent most of her time on acquisition analysis. She utilizes much of the NPV and capital budgeting tools that she learned at Sloan, but the company also uses internal hurdle rates and IRR.

M obtained her present job after graduating from Sloan because she had audited the firm when she was an accountant and because she did her thesis on its planning and control systems. She knew both the financial practices and the politics of the firm somewhat before she started the job. M's first assignment was to coordinate an equity issue as her boss was leaving for vacation, and all her assignments have been of the sink-or-swim variety. Although she believes that her boss gave her no formal training because he felt that she could handle the assignments, M was very unhappy during her first year because she had no idea of what was expected from her or whether she was doing the right thing. M feels ambivalent about the way she learned

the ropes at the firm. On the one hand, she got to do projects that would have been denied her in a more structured environment. On the other hand, she often felt that she was floundering. M believes that while her boss does not go out of his way to make himself available, he will certainly answer questions when she has them. The firm is quite small in its number of employees, and therefore a lot is done informally. M was not notified that she had been promoted, for example, until some time after the fact. There is no formal salary review; however, employees receive raises and bonuses once a year.

Within the firm, M works primarily with the Vice President-Finance, the Controller, and the Treasurer. Outside the firm, she works with investment bankers at the associate level and with commercial bankers (Vice President/Assistant Vice President level) because she usually negotiates the firm's line of credit. M is much more interested in the Treasurer's side than the Controller's side.

M says that she is the kind of person who likes to try things on her own to see whether she can make them work. Her boss does give her a great deal of flexibility and a chance to work on a broad range of projects. M thinks that she has learned a lot from him because he is good at thinking on his feet and because he is a good negotiator. He also has what she calls "good business sense", and she has grown by observing him making decisions.

What M seems to like least about her job is its political aspects. It is apparently crucial to learn how to maneuver through administrative red tape. It is essential to know how to make suggestions and to present ideas. When a person enters a firm, he must learn as quickly as possible how to get work through channels, whom he must contact to get things done, which ideas should be put in writing and which should be presented orally, etc. At this point in her career, M does not work primarily for money. She certainly wants to make as much as her peers, and she seeks bonuses, but she feels that what matters a great deal to her now is recognition and appreciation. After a certain salary level, these two factors mean more than the amount of the pay check.

M worked as an accountant after completing her undergraduate training. At first, she was totally immersed in debits and credits and in whether a client's control systems properly accounted for everything. In her opinion, everything in public accounting is highly structured. When a trainee begins the job, he receives an audit book that tells him exactly what to do and what to look for. M left public accounting because of its narrowness. What she learned at Sloan was how to interpret numbers and how to make judgements about them rather than simply how to keep track of them. She began to notice, for example, whether a firm was turning over its receivables fast enough, whether it was using its payables as short-term debt, etc. As a

public accountant, M was concerned about whether clients were recording data in the right form rather than about how good their business judgement was.

At the present time, M is not certain where her present position will lead her in the firm. She is very eager to make it up the career ladder and is seeking now to gain supervisory responsibility because that is the mark of the manager. She definitely would not be content to stay in a staff position forever. If she left the firm, M would seek a Treasury position that had line potential. She does feel that she still has room to grow in her present firm and that she has a lot left to learn. She works long hours both because she wants to excel and because her boss generates a great deal of work. M is in the office by 8:00 a.m., and, many days, does not leave before 8:00 p.m.

One of the most important things that M believes she has learned is the value of experience. She now believes that it is essential to work for someone smart and to learn from that person. She feels that she did not have enough respect for experience when she was younger. She views experience as crucial for developing judgement.

M seems to have had a difficult initial period at her firm, apparently as much a consequence of the company as of her position. The formal or technical training that she received was somewhat complete before she took the job: she had learned about planning and control systems from her accounting background, about finance theory at Sloan, and

about the firm's structure from her thesis work. Once she was on the job, training was completely individual and informal. Because M is in a staff position with no clear-cut path to a line function, her socialization has been random in that she has worked on numerous projects that do not form a coherent learning sequence. Moreover, given the undefined nature of the career path, M has undergone variable socialization. There is no definite, predictable sequence in time that indicates how her career should develop. She could conceivably stay in her present role for years if she were willing to do so. Although M has a role model in both the Treasurer and the Vice President-Finance, it is difficult to assert that she is being deliberately groomed for either position, though she might be eligible for the Treasurer's job if it became available. One of the problems seems to have been that she began as Assistant to the Vice President and that circumstances have not permitted her to make the transition to line authority easily. At one point, she said, she tried to take on a supervisory role, but the experiment failed for political reasons. Therefore, her career path seems to depend to a large extent on what kind of personnel changes take place within the firm.

The greatest challenge to M has been to learn how to get along in what appears to be a highly unstructured environment. Most of her "learning" has revolved around learning to read signs and to make decisions about how to present herself. The environment appears to have been a

kind of political maze. Nonetheless, M seems to be a very shrewd person who knew that she had to be able to dominate a political scene. She had to learn who the players were, where their loyalties lay, how they related to each other, etc. At the same time, a large part of her technical education was also gleaned by inference. She seems to have been unhappy during her initial period on the job, because of uncertainty both about how the firm functioned and about what opportunities she would have in the firm. One of the most difficult problems appears to be the effort to move from a staff to a line position (and, hence, to centrality) without any guidelines as to how that can be done. All in all, the job seems to have created a great deal of anxiety.

Although M has not made a sufficient number of career choices to reveal a career anchor, at this time the technical orientation seems predominant.

Subject N is currently the Treasurer of a consulting firm that specializes in project financing. Although his title is "Treasurer", N's duties are those normally associated with a Controllership. Because of the project financings which it arranges, the firm is structured like a holding company of projects.

N worked as an engineer after completing his undergraduate training. After graduating from Sloan, he took some time off and traveled because he wanted to think about the kind of job he was seeking. Since he came from an engineering background, it was not easy to get completely out of engineering, and he wanted to make sure that he found the kind of job he wanted. N had specialized in Finance at Sloan and wanted a job in the finance/planning and control area that would give him an opportunity for line management and for growth.

When he entered the firm, N worked on projects for one of the four partners. The partner worked very closely with him and explained the overall goal and objective structure of the firm. N therefore learned how the company had begun and how it did its financings. He feels that this early period when he worked with a partner was an extremely valuable experience. M.B.A.'s who entered the firm after him have lacked this close relationship with a partner because the firm grew very rapidly (though even now it remains a small firm). N believes that newer employees have had difficulties in adjusting to the company because they

did not have anyone to provide them with a context.

Because the firm is small, personnel arrangements are very flexible. At this time, N sees himself as a jack-of-all-trades in the finance area because he reports to all of the partners. He is a middle layer between the partners and the administrative side of the firm. N now supervises the accounting staff, the clerical staff, and the office and business managers. He manages all the budgets and formulates policies for the firm. N has to be able to understand the intricacies of each deal in order to keep the books properly. In this sense, he sees himself as very much a detail person. Because the nature and composition of the deals are constantly changing, the entire planning and control structure is somewhat unstable. Hence, N's function changes as the projects change. He has also set up personnel review criteria for clerical accounting and administrative employees who report directly to him. N views his current role as essentially budgetary and supervisory.

N learned a lot about the day-to-day workings of the firm from the administrative employees who had worked in the firm longer than he. He sees his function as giving some order to the chaos that is a result of the complex financings in which the firm is engaged. N strives to lend some systematization to financial activities while imposing as few constraints as possible.

Since he has been in the firm, N's role has evolved

from being project-oriented to being administrator/controller-oriented. At first he did more outside work, such as interviewing potential project participants. N does not feel that he has either the personality or the desire to drum up business or to do the sales aspects of projects. However, he is interested in the financings themselves and hopes to become more involved in the structuring aspect of projects. He enjoys the financial mechanics of arranging deals.

When he entered the firm, N started at a low salary because he had no experience in project financing. Because the company is small, he saw risks for both the partners and himself. After six months he received a compensatory raise and another one after a second six-month period. N is now on an annual review schedule. The partners together determine his salary in an informal way. He got a lot of very specific feedback in the beginning from the partner to whom he reported, and although no one is required to give him feedback now, he believes that he would be told if he did something wrong. In N's opinion, new M.B.A.'s coming into the firm are frustrated because they do not have the kind of close evaluation that he received.

N likes the flexibility of the job very much and feels that he has room to grow. Because of the firm's character, there is no set path for advancement. An individual has to establish his own direction. At the same time, he finds that the job can be frustrating and pressure-filled because

of its lack of structure. Numerous problems and crises arise from the nature of the deals that are brought in. Moreover, N feels that his salary could well be risky, owing to the risky nature of the business. At the present time, all the stock is held by the partners, and N does not believe that he will ever be made a partner because he does not have the personality to go out and create business. There has been talk lately of a profit-sharing plan for employees, however, and he hopes that the plan is implemented. N is committed to his job for the time being, but if he left, he would try to work for the Treasurer or the Vice President-Finance of a small firm in either the service or manufacturing sector.

N feels that a thorough knowledge of accounting is essential in his job. Since he negotiates a lot of the debt and the insurance premiums necessary for the firm's projects, he thinks that skill in one-on-one negotiation is crucial. Moreover, because he works with all sorts of people, it is also important to be able to get along with everyone. Ease at communicating both orally and in writing is invaluable. N has found that his ability to write contracts has served him well. Finally, someone in his job must know how to take a problem apart and analyze each of the pieces.

During his employment at his present firm, N has encountered individual and informal socialization tactics. He was brought into the company alone (rather than in a

group) and learned through completing directed projects on the job. Because of the nature of the business, his socialization has been random in that his role has changed definition. It appears that when N first entered the firm, he could have gone the consulting route had he felt suited for this role. However, believing that he did not have the inclination to bring in business, he moved toward the administrative side of the company. Consequently, his socialization has been variable in a temporal sense both because of the ever-changing nature of the firm and because he himself changed direction. Although his initial socialization was probably serial (in that he worked with a partner who would have been a mentor/role model had N chosen a different path), it later became more disjunctive as he made his own place for which there were no role models. The socialization at all points seems to have been of the investiture sort, since N was always made to feel part of the firm and since his identity was respected and allowed to seek its own niche. It appears that the atmosphere in the firm has encouraged both content and role innovation in that N has had leeway to structure his activities according to the firm's individual needs rather than according to some rigid definition of what a Controller or a Treasurer is.

In the light of N's past and projected career choices, his anchor seems to be technical.

Subject O is the Controller in a consulting firm. She is a line manager who supervises eight people responsible for the different elements of the planning and control systems -- tax audits, billings, benefit plans, accounts receivable, accounts payable, etc. She reports to the Vice President-Finance/Treasury, who in turn reports to the CEO. O also is responsible for written review of each staff member who reports to her. She has the authority to hire and to fire. The salary decisions that she makes are submitted to the Vice President for approval. A great deal of her time is spent on presentations to her boss or to the CEO. While the presentations can be formal or informal, she views convincing the CEO of her arguments as the most important aspect of her job.

O worked as an accountant following completion of her undergraduate training. She wanted to be the Controller in a professional firm and knew about her present firm because she had previously audited it. Although working for professionals had been her first choice, she found that the problem in a position like hers is that no one places value on what she does. All significant promotions and higher-level management opportunities are available only to people on the consulting side. Therefore, one of the things that she dislikes about the job is the lack of appreciation. If everything goes smoothly, no one notices; if events go badly, then everyone is upset. O and her staff worked through Christmas eve to have bonuses ready by Christmas,

for example, but no one expressed appreciation. Although she receives a review and has the chance for a bonus every six months, as do the consultants, her base salary is much lower. The consultants bring in money, and she does not. Hence, a sort of class system develops.

The other drawbacks to the job are the lack of chance to do analytical work and the current structure of command. When O entered the firm, the job had been vacant for about eight months, and the department was in chaos that has to some extent continued. O had to fire two people, and problems are not yet resolved. She dislikes having to get involved with her staff's personal problems, but this has also been necessary. In many ways, O lacks real authority in her position. The MIS person in the firm does not report to her although she uses ninety percent of the computer facilities. Instead, he reports to her boss, and she always has to communicate with him through her boss because he refuses to do what she needs. Although her boss has a finance title, he is someone who did not succeed on the consulting side but whom the firm wanted to retain. Hence, he has few line supervisory skills and has not resolved many of the structural reporting problems like the MIS situation. What O likes best about the job is the training aspect; she enjoys bringing people along and watching them improve.

Immediately upon graduation from Sloan, O worked as Assistant Treasurer in a small investment firm. She tried to become a securities analyst within that firm; management

liked her where she was and did not help her make the move, although she participated in extra seminars, etc. At that time, when she was trying to decide what to do, a friend gave her a call about the job in the consulting firm and she took the job. O thought she would have an opportunity to learn a great deal, but after she arrived she realized that she did not really have the experience to take care of all the problems. In a way, she is in a situation which is analogous to her lot at the investment firm. She has little or no mobility within the firm -- it is unlikely that she could become a consultant, for example. O may gain broader responsibility within the position, but she feels that she cannot change the title or the status of the job.

O believes that going to Sloan did not make a difference in her career -- she does not see an M.B.A. as necessary for a Controller. O is not really sure why she returned to school although she had always thought that she would go back, and she wanted to leave auditing. She does not see that what she learned at Sloan is useful in her present job, although she is glad that she has it to draw upon. O understood the difference between Treasury and Controller functions before taking the job, but she took the job anyway. She is committed to the firm for the medium term; in the long run, however, she would probably like to be the Treasurer of a small firm.

O left auditing because the life was too demanding -- the hours were very long, and the traveling occupied all her

time. Moreover, she did not like the feeling that "no one is happy when the auditors come"; she wanted a more pleasant environment.

O feels that her present job has given her the chance for line supervision, and she wanted this kind of experience. In some ways she feels uncomfortable, however, because many of the people whom she supervises are older than she, and she does not feel that she is good at handling the situation.

O's experience at the firm seems to have been a trial by fire. It seems that the company -- because it did not give importance to the Controller's function (as is evidenced by the job's remaining empty for so long) -- hired a person who did not have the experience to reconstruct an office from the bottom up, which seems to be what was required. Because the position demanded someone with experience, no training was provided, and since the Vice President's function was filled by someone completely unfamiliar with the area, O received no guidance at all. In addition, she had to deal with numerous political problems at the same time: the lack of importance attributed to the position by management, the "class divisions" within the firm, the disarray and lack of discipline among the planning and control staff, and the inexperience of the Vice-President. Rather than being linked to some kind of training, socialization both in this job and in the previous one relates to learning about

limitations to mobility and inclusion within different sorts of firms.

O has made several job changes during her career, each of which indicates a technical/functional anchor. Moreover, she said that if she left her current position, she would look for a treasurer's post. One additional indication of her anchor is a statement she made to the effect that she had always felt it necessary to be able to prove her competence through the sorts of passages and certifications demanded by public accounting. Although she believes that her degree from Sloan did her no good in a career sense, the diploma nevertheless seems to have represented the kind of certification of skills that she believed she needed.

Financial Analyst/Treasury/Controllershship Summary

Subjects who work as financial analysts or in the Treasurer's or Controller's area of a non-financial organization share a characteristic other than function. Each one works in a relatively small firm where either finance itself or the individual's particular position is excluded from centrality. Two subjects work in professional firms where only consultants can gain inclusion; one works in a firm where technical people are dominant; and the fourth is in a staff position that has no clear-cut line potential. In each of the four cases, socialization involves comprehending that the function or the position in which one is working is defined as unimportant (or at least as non-central) by the organization. Then the individual must decide whether he is content to remain at the periphery or whether he will take steps to move closer to the center. Unless he decides to change function or company, working his way inward appears to be a matter of political skill. In the project finance consulting firm, for example, there may be enough flexibility within the system for the individual to create a role that is satisfying to him. Subject M appears to have some probability of creating a line position for herself, although much depends on forces beyond her control. In some cases, however, as in the other consulting firm or in the engineering firm, movement is probably impossible. Therefore the choice is among changing function

altogether, finding a firm in which finance is more central, or resigning oneself to a static situation.

Being employed within a small firm has distinct advantages and disadvantages, and it is probable that socialization in these four cases results as much from the firm's size as from any other factor. On the one hand, there appears to be space for role innovation and for self-definition. On the other hand, a single function frequently dominates the firm to the detriment of others. Moreover, because of the fluidity in structure, what has been gained by an individual one day is not eternally his: he may have to be constantly on guard lest some other "role innovator" replace him as a central figure.

III. Summary Table

<u>Subject Code</u>	<u>Occupation</u>	<u>Time at Present Firm</u>	<u>Career Anchor</u>	<u>Socialization Tactics</u>
A	Banking: Lending	4.5 yrs	Service or Security	Mixed Mixed Mixed Variable Serial Mixed
B	Banking: Lending	1.5 yrs	Technical	Mixed Mixed Mixed Variable Serial Mixed
C	Banking: Assistant Controller	8.5 yrs	Technical	Individual Informal Random Variable Disjunctive -----
D	Banking: V.P. and Controller	10.5 years	Technical	Individual Informal Random Variable Disjunctive -----
E	Security Analyst	5.5 yrs	Technical	Individual Informal Random Variable Serial Investiture
F	Security Analyst	3.5 yrs	Technical	Individual Informal Random Variable Serial Investiture

G	Accountant	3.5 yrs	Security	Collective Formal Sequential Mixed Serial Divestiture
H	Accountant	1.5 yrs	Technical	Collective Formal Sequential Mixed Serial Divestiture
I	Benefits Analyst: Health Insurance	2 yrs	General Management	Individual Informal Random Variable Serial Investiture
J	Financial Assistant: Hospital	2.5 yrs	General Management	Individual Informal Random Variable Serial Investiture
K	Investment Analyst: Insurance Firm	3 yrs	Technical	Individual Informal Random Variable Serial Investiture
L	Financial Analyst	1.5 yrs	Security	Individual Informal Random Variable Disjunctive -----
M	Assistant Treasurer	1.5 yrs	Technical	Individual Informal Random Variable Disjunctive -----

N	Treasurer	3 yrs	Technical	Individual Informal Random Variable Mixed Investiture
O	Controller	2 yrs	Technical	Individual Informal Random Variable Disjunctive -----

IV. Conclusions

A. Socialization and Centrality

While socialization techniques and responses vary widely across the finance function, they do tend to resemble each other within positions of similar content. Deliberate socialization on the part of the firm seems to depend on the potential centrality of an incumbent within the position. Lending officers and auditors, for example, have traditionally been on the "right" path to success within their respective institutions. Hence, the firm invests in training resources for them regardless of their previous training; although an M.B.A. may shorten his training time, he cannot circumvent the program altogether. On the other hand, recruits in operations or in systems within banks are frequently considered of peripheral status insofar as centrality is concerned. While data processing considerations are perhaps eroding old ideas, the traditional wisdom is that only people who have done lending can "make it to the top" in a bank. Therefore, socialization for such employees is less directed and more dependent upon the perceptiveness of the recruit. In fact, one indication of the importance associated with a position is the formal trappings that accompany entry into it.

Within the finance area, one of the most important learning experiences has to do with learning about which positions have inclusion potential within various

organizations. Although the importance of lending and auditing is almost universal, some investment firms place less importance on their research staff than do others. While both securities analysts in the sample said that the only path to becoming a portfolio manager and, hence, to wielding power within their firms is via research, they indicated that such a situation is not universal. Some insurance companies are oriented around their investment employees whereas others are sales-driven. The most difficult journey toward inclusion is in those firms where the product itself is neither money nor financial services. One of the subjects in the treasury function said that finding a firm where finance is central is essential if a person hopes to advance. Professional firms and technically-oriented businesses seem to be organizations in which finance is known to be peripheral. Several of the interviewees reported that they had been surprised to learn that many manufacturing and consumer-oriented companies are marketing-driven. Hence, a significant stage in the socialization of people entering finance is their becoming aware of the issue of centrality.

B. The Importance of Selling

The feature of working in finance that almost none of the subjects had anticipated before taking their jobs is the importance of the "people side". Although all fifteen subjects indicated that a facility at getting along with all

kinds of people as well as the ability to understand and evaluate others are the most important characteristics for success in the job, only two of them had foreseen that this would be the case. Thirteen of the fifteen had believed that analytical ability would be the key to doing well, and they found reality a shock. Seven of them commented that they had had no idea how irrational people would be or how maneuvering would be required to reach a desired goal. Ten of the fifteen said that no one could do their jobs without a strong sales capacity -- "you have to know how to sell your ideas to other people"; "convincing people of an idea is as important as or more important than having the idea". All fifteen believed that learning to sell oneself to superiors is crucial. As one of them commented, "You have to learn that just about everything you do involves selling." Several of the interviewees were apparently still not comfortable with having to spend so much time concentrating on "human" factors.

C. Reflections on Sloan

Three of the subjects felt that Sloan had given them a good general preparation for their jobs. No one felt that he was utilizing all the finance tools that he had been taught. Five people believed that finance as it was taught at Sloan was irrelevant to the real world. Ten people wished that they had had exposure to more "practical" finance; by this they meant financial statement analysis

and casework that brought out the limitations of theory. Ten of the interviewees indicated that their greatest lack of preparation in the finance area had been in accounting. Two of them had had to take extra courses in accounting or were planning to do so. While everyone respected the intellectual content of the finance courses at Sloan, eight people wished that they had had exposure to a more mundane education.

The biggest socialization "shock" between school and work came in the selling area. Only one person felt that Sloan had done anything to prepare him for the importance of oral and written presentations. Three of them recounted what they called humiliating incidents in which their lack of experience at oral presentation was made publicly evident. Seven people explained that they had genuinely believed that quantitative ability was paramount. Three people said that after their work experience, they had serious disagreements with several of the finance theories that they had been taught (efficient markets emerged as the greatest offender). Thirteen said that the school should have made a greater effort to prepare them for the importance of communication.

D. Socialization Preceding Sloan

Of the fifteen subjects, ten have characteristics which indicate a technical/functional anchor. Two interviewees had undergraduate majors in business or accounting, one in

psychology, two in economics, one in political science, one in art history, one in languages, one in mathematics, and five in science or engineering. Therefore, it is perhaps not surprising that so many people complained of a lack of preparation in verbal or "sales" skills. It seems that many of the interviewees were more comfortable with numbers than with people before coming to Sloan and that they may have selected the school because it had a quantitative reputation. Only the experience of having to deal with human capriciousness on the job forced them to be aware of the types of skills that they had never had to acquire previously.

E. Motivation for Selecting Finance

Many different reasons were expressed for the choice of finance over some other function. For the two subjects with non-profit experience, finance was simply a first step toward much more general managerial responsibility. Neither of these two interviewees felt a commitment to finance, and, in fact, both were facing the issue of how to get out of the budget/cost analysis box and to gain more people-oriented tasks. Of the fifteen, these two were the only ones who had strong general management tendencies (although, as was pointed out earlier, these tendencies were rooted in a service base). Young people with no full-time experience chose banking not because they intended to remain bankers, but because they thought that lending offered a good

springboard from which to make a more informed career decision later. Two of the strongest reasons that emerged, although they were not always stated directly, were an ease with quantitative matters and a belief that life would be more clear-cut and objective in a position that involved numbers than in some other type of work. Numerous people said that they had always felt comfortable with numbers or that they had always known that they would work with numbers. Even though MIS positions did not frequently offer a clear path to centrality within the organization, subjects with a strong systems background were attracted to financial institutions because management and processing of quantitative data formed such a large part of the firm's activities.

Only two people among the fifteen mentioned that making a lot of money was important to them; neither of these two, however, spoke of finance per se as leading to great wealth. Rather, people seemed to believe that financial positions provided fairly certain income; several subjects mentioned that they had thought that someone with a finance background could always get a job. Present in almost everyone's mind appears to be a desire for security, for a kind of professional definition upon which one may always depend for a salary. Instead of believing that they can always sell themselves or sell a product, a majority of the subjects apparently felt more at ease with being able to point to a tangible skill that had at least some independence from

subjective judgements. One subject said that he liked being able to prove his point with something concrete like numbers rather than having to depend on hand-waving. Before they became aware that so much of any job depends on selling, eleven subjects apparently thought that financial undertakings offered a protection from the vagaries of human behavior.

F. Socialization and Career Anchors

The relationship between socialization and career anchors that appeared within the group of alumni employed in banks appears to be valid for the sample as a whole. Socialization is a learning process whereby the employee comes to understand the dimensions of his workplace, the possibilities that are open to him within his organization and his profession, and the steps that he will have to take to achieve what he wants. The socialization process ultimately leads him to decide whether he is indeed suited for the work in which he finds himself, what the price of "success" is, and whether he wants to pay it. The career anchor meshes with socialization in that it in large part determines the response to what the trainee has learned about his environment. Growing out of formative experiences that precede the job, the anchor influences the individual's coming to terms with what is around him: it generates a content within the employment structure, and, in Schein's terminology, pulls the employee back to his core identity.

G. Socialization Tactics

Socialization tactics emanate from many sources: the character of the firm, the nature of the occupation, and the role of the position within the firm. It is doubtful that socialization processes are ever completely conscious on the part of the organization in which they appear. A simple listing of clusters of techniques cannot predict their outcome completely, since the context must always be taken into account: collective processes prepare a recruit for centrality in accounting, but individually-oriented tactics are necessary in security analysis because of the qualities valued in the profession and because of the demands placed on its members. The same cluster can have different implications for behavior in different environments (especially as the career anchor varies). In many instances the outcome of socialization depends almost entirely on the individual and on chance. For example, in firms in which a position is a priori defined as lacking centrality, disjunctive processes can result in almost total exclusion for some recruits, whereas others are clever enough to transform the lack of a role model into a creative path to power.

One very clear conclusion that can be drawn from analyzing socialization processes is that content innovation is the most "radical" stance encouraged in the profit sector, at least in the finance area. The emphasis is on

making money rather than on reflecting about how to stretch the boundaries of definitions or how to break free of definitions entirely. In the present sample, only the health care administrators addressed issues that implied role innovation, and none of these issues was strictly financial. Instead, they bordered on truly humanitarian or societal problems. As a group, incumbents employed in profit-making organizations concentrated on working within categories (or on escaping their present categories for different ones) rather than on seeking innovation within the role itself.

Appendix I - Sample Letter

Dear _____,

I am currently enrolled in the Master's Program at the Sloan School. I am presently beginning research for my thesis, which is an analysis of how people become attracted to finance as a profession and of how they learn to make decisions within the context of their firm. Since M.I.T.'s alumni records indicate that you are working in the finance area, I am writing to you because I would appreciate being able to meet with you for a little while in order to gather data for my research.

The specific areas about which information will be helpful are (1) the path (both education and previous jobs) that led you to your present position, (2) the tools -- whether formal or informal -- which helped you learn how to do your job, (3) the kinds of responsibilities included in your current work, and (4) a projection of where you see yourself going from here. Our conversation would, of course, be completely confidential; moreover, neither you nor your company will be identified by name in the body of the thesis.

I will telephone you during the week of _____ to see whether you have the time during which we can meet at your convenience.

Appendix II - Information Elicited

Title/description of present job

Typical day

Whom seen

Whom spoken to

Schedule

Typical activities

Division of time between activities

within the office and outside the
office

Working demands

Hours per week; weekend, evening
demands, etc.

Degree of surveillance by others

Degree of independence, accountability,
authority

Relationships

Peers within the organization

Which contacts are most important in the
context of the job: people in the
office, clients, etc.

Dominant sort of activities: team,
individual, one-on-one,
negotiation, telephone

Relationship with supervisor

To whom does the interviewee
 report and to whom does that
 person report?

Interviewee's place on the
 "organizational chart"

Performance review

When carried out, how
 frequently, by whom, in
 what manner

Stated vs. real criteria for
 promotion

Who succeeds at the firm and
 who does not

What kinds of people are fired
 and why

Internal mobility/growth

Is there a typical career path?

Is there an "up or out" syndrome?

Where do people tend to go if they
 leave the profession; where
 would the interviewee go if
 he left?

Is there an accepted way to get
 ahead?

Describe someone in the field who
 is very good at his work

Characteristics/skills essential to

the job

What characteristics would
interviewee look for if he
were seeking someone to
replace himself?

What qualities beyond technical
skills are essential?

Attitude toward the job

Which activities are most/least
satisfying?

How important are pay, benefits,
relationships with colleagues,
free time, etc.?

Next (projected) stage in career

Training

Undergraduate plus graduate other
than Sloan

Sloan

What was most/least valuable
from business education?

Training program (if any)

Description of first six months,
year, etc., of the program

If there is formal training,
what does it emphasize?

Stated goals of program

How is work role made clear?

Is reality of job different
from preparation of program?

Attitudes, values inculcated
by the program

How does training program merge
with the work to be assumed
after the program?

Present relationship with people
who were in the training group

Description of initial period on the job
if there is no formal training
program

With whom did interviewee
work; from whom did he
learn; availability of
colleagues for questions

How long a period was required
before interviewee felt
that he understood
what was expected
of him?

Miscellaneous

If this is interviewee's first job after
Sloan, what job would he have taken
if he had not chosen this one?

Difference between expectations
about job and reality of job
Career history if this is not
first full-time job
How did interviewee choose finance?

Appendix III

Schein (1978, 1981) defines a career anchor as that set of self-perceptions which pertains to a person's motives, needs, talents, skills, and personal values and which the person would not relinquish when forced to make an ultimate choice among all his ideas about himself. It is the core of his professional self-concept which keeps pulling him back to the activities with which he is most comfortable and which he enjoys most. The concept of a career anchor refers to an individual's self-image rather than to what he is doing at a given moment in time.

In his latest (1981) writing on the subject, Schein identified six dominant themes around which self-concepts tend to cluster:

(1) Security, stability, organizational identity.

Within this orientation, career decisions are guided by a need for security and stability. The need for stability may be oriented around geography or around an organization. In the first case, people make choices so as to stay in one location with which they are familiar; in the second, they give control of their lives to a particular organization (the Army or Exxon, for example).

(2) Autonomy and independence.

People who fall into this category have a dominant need

to feel that they alone master what they are doing. Although they frequently choose professions where activity is largely controlled by the individual (consulting or medicine, for example), they can also find a place within firms where individually-paced activity or a high degree of managerial autonomy is possible.

(3) Creativity and entrepreneurship.

Entrepreneurs have a need to establish their identity through building an empire which bears their imprint. The core of the anchor is a relentless desire to create something of one's own and to be recognized for it. While it may appear that the entrepreneur is indeed seeking autonomy, he is actually subordinating autonomy to the enterprise: it, rather than he, is important.

(4) Technical/functional competence.

Technical/functional individuals have a strong predilection for a particular work content. They are at ease in a specific area where they have competence and skill. In this sense, they are specialists or craftspeople who strive to hone their specific abilities to a finer and finer degree. While they can be good managers, they are comfortable being functional rather than general managers since they most value in-depth expertise in a field. They are less comfortable with the political or intuitive arena of the general manager because of its lack of clear

definition.

(5) Managerial competence.

People with a managerial self-concept strive for a rank that requires synthesis and integration rather than function specialization. Three sorts of expertise are necessary. First, general management requires analytical competence or the ability to define, analyze, and solve problems under conditions of uncertainty. Second, one must have the ability to interact with, control, and coordinate people at all levels of an organization in order to achieve firm-wide goals. The general manager must have the ability to mold the various parts of an organization into a coherent whole. He has to know how to delegate responsibility and to draw upon the expertise of individuals or groups throughout the firm for data relevant to global decision-making. Third, general managers must possess an emotional make-up that permits them to draw satisfaction from a high-pressure atmosphere instead of being enervated by it, to assume great responsibility without being overwhelmed by it, and to make difficult decisions while absorbing the strain or inner conflict created by the decisions.

(6) Service.

Some people choose an occupation because they are dedicated to a cause or to a certain set of values. What directs their career decisions is a desire to

continue in a milieu where certain values are present -- i.e., the values embodied in a position rather than the content or the security associated with it determine its worth.

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