Decoding the Contradictory Culture of Silicon Valley

By Jeanne G. Harris and Iris Junglas
Research report
June 2013
It's a geographical area of just a few hundred square miles, but Silicon Valley boasts achievements that are outsize. For example, it contains the highest concentration of high-tech workers, the most high-tech manufacturing activity and the largest number of millionaires and billionaires on a per-capita basis of any major metropolitan area in the United States. Indeed, Silicon Valley is home to a veritable “who’s who” of high-tech luminaries, including Apple, Cisco Systems, eBay, Google, Hewlett-Packard Co., Intuit, LinkedIn, Oracle, Sun Microsystems and Yahoo.

But all this raises a crucial question: What makes Silicon Valley such an exceptional hothouse for innovative new businesses?
One key to the region’s success is the close ties among outstanding educational institutions, research organizations and businesses. But it’s not just the physical proximity of a world-class university that has made Silicon Valley what it is. For example, Stanford University has long espoused a meritocratic culture, a strong entrepreneurial spirit, active engagement with local companies and industry, and an affinity for technological innovation—all of which has led to tremendous startup activity. A recent study found that the alumni and faculty of Stanford University alone have created nearly 40,000 companies and 5.4 million jobs since the 1930s, which collectively generate annual revenues of $2.7 trillion. If all that business activity were amassed into an independent nation, that country would rank as the world’s tenth-largest economy.1

The region’s highly educated, diverse workforce has also played a major role. In Silicon Valley and the adjacent Bay Area, 45 percent of the general population has at least an undergraduate university degree (compared to 28 percent for the United States as a whole). Nearly 20 percent hold a graduate or professional degree. More than 60 percent of the college graduates working in science and engineering fields in Silicon Valley were born outside of the United States.2 That diversity has led to an influx of novel ideas and fertile cross-pollination, all leading to higher innovation.

But looking beyond those talented, diverse individuals, what role does the area’s overall workplace culture play? What are the different components of that culture? What fosters those different cultural characteristics?

A culture of contradictions

To answer such questions, we conducted extensive interviews with dozens of academics, economists, executive recruiters, HR executives, entrepreneurs, venture capitalists, CIOs, and high-tech executives and professionals in Silicon Valley. We also conducted a focus group with Silicon Valley entrepreneurs to try to identify the most important factors behind the region’s success.

In the course of these conversations, we began to hone in on the crucial role of the Valley’s culture—which has stimulated entrepreneurial minds and companies in a host of ways that have led to unique, innovative businesses. “Silicon Valley is like Tasmania or Madagascar. It’s developed different life forms than anywhere else,” notes Steven John, strategic chief information officer of Workday.

To develop a view informed by data, we also probed Silicon Valley’s cultural characteristics in a survey of more than 600 full-time IT professionals. Roughly half were based in Silicon Valley; the other half were scattered throughout the United States. The two populations were similar with respect to breakdowns in age group, sex, industry, size of company and job roles, which included corporate IT, product or program managers and data scientists. But the results of the survey showed significant differences between the two groups in the way they approached their work.

Those differences were especially pronounced for IT professionals younger than 40. Although our survey focused on just a subset of those who work in Silicon Valley, our follow-up interviews with entrepreneurs, venture capitalists, high-tech executives and others confirmed that they represent the larger culture.

We discovered that the culture in Silicon Valley consists of five seemingly contradictory characteristics. (See “Five apparent contradictions.”) It’s the complex mix of those characteristics that has enabled the region to flourish—and that has made Silicon Valley so difficult to replicate.

In the sections that follow, we take a closer look at each of the five contradictions.

“Silicon Valley is like Tasmania or Madagascar. It’s developed different life forms than anywhere else,” notes Steven John, strategic chief information officer of Workday.
### Five apparent contradictions

The workplace culture of Silicon Valley consists of five seemingly contradictory characteristics that have helped the region produce life-changing innovations and many of the world’s most successful companies.

<table>
<thead>
<tr>
<th>Contradiction</th>
<th>Description</th>
<th>Resulting benefits</th>
<th>Supporting mechanisms</th>
</tr>
</thead>
</table>
| **Laid back—yet driven for speed** | Congenial and laid-back, people will nevertheless work intensely for long hours for their companies. | • High productivity  
• Relentless innovation | • Company policies that favor taking a “done is better than perfect” attitude, taking risks and “breaking” things and then quickly “pivoting” to fix those things to move on |
| **Committed—yet independent** | People are deeply committed to their work and their colleagues. Yet they are essentially “free agents” with no strong allegiance to one company. | • A mobile workforce that fosters a greater exchange of ideas and information across company borders | • California laws that make it difficult to enforce non-compete clauses in employment contracts  
• Strong venture capital community  
• Virtually no unemployment for IT skills. |
| **Competitive—yet cooperative** | Companies and individuals can be ruthless competitors. But they also cooperate regularly toward larger goals. | • Information sharing across organizational borders, leading to greater cross-fertilization and innovation | • Employee stock options  
• Open-source projects  
• Personal professional networks |
| **Pragmatic—yet optimistic** | People realize that failures are inevitable. But they are also optimistic that any problem can eventually be solved. | • Prudent risk-taking  
• Higher resilience  
• Greater experimentation that leads to more innovation  
• More ‘shots on goal’ leads to increased chances of success | • Strong venture capital community  
• Company policies that don’t punish reasonable mistakes  
• Fluid employment market |
| **Extrinsically motivated—yet intrinsically fulfilled** | People are motivated by money. However, their fulfillment comes from being recognized for their creativity and innovation. | • Best talent attracted to difficult problems because of the inherent challenge | • Stock options  
• Company awards  
• Work that is challenging, worthwhile and interesting |
Laid back—yet driven for speed

One thing that a visitor to Silicon Valley notices is how polite people are, especially on the roads. Drivers won’t cut someone off who’s trying to merge into traffic; instead, they’ll wave that vehicle in. And the whole culture can seem stereotypically laid-back Californian, from the casual attire to the coffee-shop hangouts.

Yet that laid-back attitude is just part of the story. Inside the office, workers are highly driven and routinely push themselves outside their comfort zones to take on increasing responsibilities, regardless of their age or experience. They are willing to work extremely long hours at a frenetic pace, always rushing to complete projects with aggressive deadlines. Their product development cycles typically span just weeks, not months. They are like ducks that appear to be gliding serenely on the water and yet are paddling furiously beneath the surface.

Companies in Silicon Valley have cultures that tend to emphasize getting things done quickly (however imperfectly) versus agonizing over every flaw or kink. A sign painted on a wall at Facebook summarizes that attitude: “Done is better than perfect.” Technology workers in Silicon Valley are twice as likely as those elsewhere to agree with this approach.

But it’s a certain kind of speed that drives Silicon Valley. High value is assigned to incremental experimentation and adoption rather than to figuring out everything at the outset of a project. A common mantra is “Do it. Try it. Fix it.” And companies recognize that the road will inevitably contain bumps. Perhaps nowhere is that mentality captured better than with software. Nobody expects a perfect product; instead, everyone assumes that major software releases will contain bugs that the manufacturers will fix in future updates and releases.

IT professionals in Silicon Valley sometimes are even encouraged to break things in order to make them better. But they are also expected to quickly repair what they break. David Henke, a senior vice president at LinkedIn, explains that philosophy: “The rule of thumb here is, since we’re not running a bank, it’s okay to break something; you’ve just got to fix it fast. We care deeply about MTTR—mean time to repair.”

That philosophy also extends to decision-making. Quick, agile decision-making is prized over slow, methodical consensus-building. Indeed, people have little tolerance for corporate bureaucracy, governmental regulations or anything else that might slow them down. In the Accenture survey of 600 IT professionals, almost 60 percent of respondents in Silicon Valley said they believe their company makes faster decisions (and with less rigor) than other firms. Only a little over 33 percent of non-Silicon Valley professionals felt that way.

The high-tech industry thrives on—indeed, it requires—relentless innovation. In such an environment, products are becoming obsolete faster and faster as they succumb to rapid disruption. And as the window of opportunity for new offerings continues to narrow, companies and their employees as well as their business ecosystems must move as swiftly as possible. Thus it’s better to release an imperfect item quickly enough to capture a market opportunity than to release a flawless gem too late.

People have little tolerance for corporate bureaucracy, governmental regulations or anything else that might slow them down.
Where loyalties lie

IT professionals in Silicon Valley have a greater allegiance to their employers than do professionals elsewhere.

**My professional allegiance is with my company**

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>NSV</td>
<td>60.5%</td>
</tr>
<tr>
<td>SV</td>
<td>71.2%</td>
</tr>
</tbody>
</table>

*Percentages are for those respondents who agreed or strongly agreed.

When the going gets rough

When they’re unhappy, IT professionals in Silicon Valley are much more likely to quit their jobs.

**If I were to get upset with my company, I would walk out tomorrow**

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>NSV</td>
<td>24%</td>
</tr>
<tr>
<td>SV</td>
<td>39.7%</td>
</tr>
</tbody>
</table>

*Percentages are for those respondents who agreed or strongly agreed.

Committed—yet independent

In essence, Silicon Valley is a “company town,” with employees regularly logging in long hours at the office. More than two-thirds of the Silicon Valley professionals surveyed said that their allegiance was to their company. That percentage was more than 10 points higher than for professionals who work in other regions. (See “Where loyalties lie.”) Yet professionals in the Valley were also far more likely to quit their companies when they hit a rough patch or when a better opportunity comes along. (See “When the going gets rough.”)

What explains that apparent contradiction? Through a deeper investigation, we found that although people in Silicon Valley might profess an allegiance to their employers, their true loyalties lie more toward their work and their colleagues. Eben Hewitt, former CIO of O’Reilly Media and currently CTO at Choice Hotels, sums it up this way: “In the Valley, you have people who don’t feel beholden to a company. They’re interested in their idea; they’re interested in working on what they perceive to be an interesting project, with people they like and think are smart.”

Employees have numerous such opportunities. The strategy of many Silicon Valley companies is to bring together the best people for a particular project. This might entail hiring individuals or retaining them as contractors, rather than enlisting employees who just happen to work at the organization at that time—further contributing to the independent quality of the culture.
Job hopping

Since demand for their skills outstrips the supply, technology professionals have a relatively easy time finding a new job, especially those located in Silicon Valley.

It would be easy for me to find a new job within two months*

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>NSV</td>
<td>47.1%</td>
</tr>
<tr>
<td>SV</td>
<td>54.5%</td>
</tr>
</tbody>
</table>

*Percentages are for those respondents who agreed or strongly agreed.

In addition, Silicon Valley professionals have a deep commitment to the larger overall cause of "creating the future." They love what they do and they do what they love. The company they work for is more of an ancillary detail. That's why people are willing to move from one company to another, especially for an exciting project and the opportunity to work with top-notch colleagues. In that sense, people in Silicon Valley behave more like independent contractors, or free agents, who move easily from job to job. The result is a highly mobile base of talent.

This raises the chicken-or-egg question: Do workers in Silicon Valley change jobs frequently because the employment market is so fluid? Or is the employment market so fluid because people in Silicon Valley change jobs so frequently?

Whatever the answer, the result has been the same: a cycle in which people switch companies often, which makes the employment market more fluid, which encourages people to hop companies, and so on. Silicon Valley professionals who responded to our survey reported they were significantly more likely to receive employment opportunities frequently. Slightly more than half said that it would be easy for them to find a new job within two months (see "Job hopping").

The committed-yet-independent characteristic of Silicon Valley's culture benefits the region enormously. A commitment to work leads to greater productivity and higher innovation, while an independent (and thus mobile) workforce enables a greater exchange of ideas and expertise throughout the region.

Many Bay Area companies also view the ongoing infusion of fresh talent as a critical advantage. The fact that California employment laws make it all but impossible to enforce non-compete clauses encourages this continual job hopping, as employees are not legally prevented from switching jobs within the industry.

For their part, companies have accepted—if not enthusiastically embraced—the fluid movement of labor. Firms in Silicon Valley expect that employees will continually come and go, and that the churn rate will be higher than in other regions. As such, they rightly recognize the competitive importance of their HR activities.

Some 70 percent of Silicon Valley IT professionals said that their company pays strong attention to recruiting, attracting and retaining the best talent (compared to less than half of employees outside Silicon Valley). Managers openly poach talented individuals from competitors, and there’s little stigma attached to workers who leave for greener pastures but then return to their former companies.
To operate in this mobile (and competitive) talent market, companies have developed creative approaches to fill positions. For instance, Andreessen Horowitz, a venture capital firm co-founded by Marc Andreessen, does much more than just fund and provide advice to startups. It has developed a database of top managerial and technical talent and has assembled a small in-house group to help startup businesses recruit the staff they need.

Additionally, many companies complement their workforce with contract workers for added flexibility. The IRS indirectly encourages Silicon Valley’s mobile workforce, since federal tax regulations limit the time that contractors can work for a company before they have to be hired as employees. So firms take care to keep rotating their temporary outside help.

The continued high demand for technology skills has created a large, highly mobile, in-demand workforce of tech workers who see themselves as freelancers, migrating from one project to another.

The independent characteristic of the Silicon Valley culture also shows up in people’s desire to be their own bosses. In the Accenture survey, more than 40 percent of the IT professionals in Silicon Valley said that they would rather be running their own company (see “Setting up shop”). That desire is fully supported by a strong venture capital presence as well as a vigorous community of entrepreneurs who support each other. In the Valley, people always seem to be working on business startups, and funding is readily available to those with good ideas and the wherewithal to start their own companies. In fact, firms in the area received 41 percent of the United States’ venture capital investments.

**Competitive—yet cooperative**

Companies in Silicon Valley can be ruthless competitors, with many adopting a “take no prisoners” approach to business. Yet there’s also a pervasive attitude of cooperation and a sense that firms should be working together toward a larger goal: developing technologies that will improve people’s lives. As such, companies don’t always compete head-on, and “coopetition” has become a popular strategy. That mindset is reinforced in many markets in which competitors can also be one another’s customers.

This competitive—yet-cooperative characteristic is true on the company as well as individual level. Employees are ambitious and will work harder and longer to do what it takes to get ahead, even if that means sometimes stepping on colleagues’ toes.

And yet Valley denizens are not ruthless loners. Most have a healthy appreciation for the importance of good teamwork. In the Accenture survey, Silicon Valley professionals were more likely to choose their jobs based on the people they’d be working with, as compared to non-Silicon Valley professionals. (See “No worker is an island.”)

**Setting up shop**

More than four out of 10 IT professionals in Silicon Valley said they would prefer being their own bosses.

Deep down, I would rather be running my own company*

<table>
<thead>
<tr>
<th></th>
<th>NSV</th>
<th>SV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent</td>
<td>33.8%</td>
<td>41.3%</td>
</tr>
</tbody>
</table>

*Percentages are for those respondents who agreed or strongly agreed.

**No worker is an island**

Co-workers are more of a deciding factor in employment decisions for IT professionals in Silicon Valley than elsewhere.

I chose my job because of the people I’m working with*

<table>
<thead>
<tr>
<th></th>
<th>NSV</th>
<th>SV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent</td>
<td>34.5%</td>
<td>45.9%</td>
</tr>
</tbody>
</table>

*Percentages are for those respondents who agreed or strongly agreed.
Moreover, people in Silicon Valley tend to believe in helping others through the free exchange of information. Venture capitalists and serial entrepreneurs are often more than happy to provide free guidance and support, all in the general belief of "paying it forward." That is, people feel an obligation to help others succeed, just as they themselves might have received help in the past. The overall philosophy is that success is not a zero-sum game.

Such beliefs easily transcend any company loyalties, as people regularly cooperate across organizational borders. More than twice as many IT professionals in Silicon Valley report that they actively participate in crowdsourcing than do their non-Silicon Valley counterparts. And more than twice as many contribute often to open source projects. (See “Extracurricular activities.”)

Our findings indicate that technologists in Silicon Valley may be more loyal to their open-source projects than to their employers. Jim Stogdill, general manager at O’Reilly Media, explains it this way: “The connective tissue for a lot of folks inside of these companies is the open-source software projects they’re involved in.”

The cooperative and collaborative nature of Silicon Valley shows up in people’s views toward telecommuting. Although they have a strong independent streak and are likely to use state-of-the-art communication tools, they are also less inclined to telecommute (see “Working remotely”).

### Extracurricular activities

IT professionals in Silicon Valley are more than twice as likely to actively participate in crowdsourcing or open-source projects than their counterparts elsewhere.

<table>
<thead>
<tr>
<th></th>
<th>I participate in crowdsourcing**</th>
<th>I contribute to open source projects**</th>
</tr>
</thead>
<tbody>
<tr>
<td>NSV</td>
<td>11.7%</td>
<td>19.0%</td>
</tr>
<tr>
<td>SV</td>
<td>25.3%</td>
<td>41.6%</td>
</tr>
</tbody>
</table>

**Percentages indicate those who responded with “often” or “very often.”

### Working remotely

IT professionals in Silicon Valley are slightly less inclined to telecommute than their counterparts elsewhere, despite their strong streak of independence and access to state-of-the-art communication and collaboration tools.

Theoretically, I can do my job from anywhere*

<table>
<thead>
<tr>
<th></th>
<th>Theoretically, I can do my job from anywhere*</th>
</tr>
</thead>
<tbody>
<tr>
<td>NSV</td>
<td>65.9%</td>
</tr>
<tr>
<td>SV</td>
<td>53.7%</td>
</tr>
</tbody>
</table>

*Percentages are for those respondents who agreed or strongly agreed.

The Silicon Valley culture emphasizes cooperation. Our research suggests that workers are aware of the importance of face-to-face collaboration with their peers and the value of informal, serendipitous conversations that frequently take place in the office. As such, Yahoo’s recent controversial decree to curtail telecommuting for all employees might not go as much against the grain as many initially thought.
Several mechanisms help foster the cutthroat-yet-cooperative culture in Silicon Valley. The first is the prevalent use of stock options in employee compensation packages—not just for a few executives, but for every employee. On one hand, the potentially lucrative options fuel a competitive workplace environment, as employees vie for promotions and raises that contain the options as incentives. Yet stock options also encourage cooperation because people realize that their options will be worthless if they don’t work well together and their business fails as a result.

Companies also foster a cooperative atmosphere in Silicon Valley by actively supporting the open-source community. LinkedIn, for example, contributes to 10 such projects, while Facebook, Yahoo and Google are active in Apache’s Hadoop, which develops open-source software for distributed computing. And IT organizations have become increasingly comfortable using open-source technology in their infrastructures.

Obviously, encouraging employees to participate in open-source projects could expose them to tempting job opportunities elsewhere. But the benefits far outweigh that risk. For instance, by sharing technology with the open-source community, companies can in order to increase the speed at which it matures.

In addition, open source provides an alternative form of worker training. It’s a relatively safe place for employees to make mistakes while reinforcing their confidence that others will quickly find and eliminate errors. Many open-source projects also become the enablers of informal joint ventures, and support for open source generally makes companies more desirable places to work.

Peer networks constitute an additional key to the cooperative atmosphere. In Silicon Valley, such networks play a much larger role in people’s lives and create a set of unique subcultures. Each has its own value systems and priorities that might not align with the culture of a person’s employer. As in any strong subculture, the acceptance and approval of others in a peer network can often matter more than that of a person’s boss or co-workers.

More than one-third of the Silicon Valley professionals surveyed stated that they would be willing to help somebody in their peer network even if doing so went against their own company’s interest (see “When peers come first”). Many rely on their networks and not on headhunters when looking for a new job. People regularly share ideas, meet people and make connections through their peer networks. And the open atmosphere is based on the conviction that everyone has something valuable to contribute, whether it’s elegant code or an insight from an interesting hobby. A majority of survey respondents believe that more than anywhere else, networking with colleagues inside and outside the organization is absolutely essential for success in Silicon Valley.

When peers come first

Loyalty to one’s peers is stronger in Silicon Valley than elsewhere.

I am willing to help somebody in my peer network, even if it is against my company’s interest*

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>NSV</td>
<td>24.4%</td>
</tr>
<tr>
<td>SV</td>
<td>36.4%</td>
</tr>
</tbody>
</table>

*Percentages are for those respondents who agreed or strongly agreed.
In the Valley, people can easily build their own peer networks, thanks to the abundance of "meet ups." These are a multitude of formal and informal forums, academic workshops, social gatherings and other get-togethers sponsored by university and company alumni organizations, special interest groups and business consortia. Indeed, many entrepreneurs and tech employees in Silicon Valley are inveterate networkers, even though they might be introverted by nature. Chris DiGiorgio, vice chair of the Bay Area Economic Institute, describes such individuals as "exhibitionist introverts."

The friendly, casual lifestyle in Silicon Valley also lends itself to networking, a freer exchange of information and more opportunities for potential collaborations. One executive of an online game company explains that aspect of the culture in this way: "I'm sitting in a coffee shop at the university café and I just happen to be sitting next to a guy and he's working on something and I ask, 'Hey, what are you working on?' And suddenly we're in this conversation. And that just never happens to me back east."

Pragmatic—yet optimistic

People in Silicon Valley are very pragmatic: they understand that successes are typically built on many failures. And they realize that failures, even repeated failures, are part of the process and should be viewed as opportunities to learn, grow and improve. On the other hand, stupid mistakes—such as doing the same thing twice but hoping for different results—are an entirely different matter and should be avoided. At the annual FailCon conference in the San Francisco Bay Area, hundreds of technology entrepreneurs, investors, developers and others get together to share and learn from their own and others' mistakes.

Coupled with that pragmatism is an inherent optimism that any problem can eventually be solved with enough effort and the right tools and approach. Critics might deride such beliefs as naive, but they reflect an unwavering "Apollo 13" faith that human ingenuity can overcome almost any obstacle. Such optimism pervades Silicon Valley. Some contractors, for example, will offer their expertise in finance, HR or technical matters in exchange for stock options only, forgoing any fees. Some lawyers will work for free at the launch of a startup.

Failure and failing fast are a huge part of the culture.

That pragmatic-yet-optimistic characteristic has benefited the region in two important ways. First, it has instilled a strong sense of resilience and reinvention. In Silicon Valley, people fail but pick themselves up, dust themselves off and continue on. When Plan A doesn’t work, they pivot quickly to Plan B and then to C, D and so on.

That resilient mindset is coupled with a general appreciation for reinvention. The widespread belief is that everyone can (and perhaps should) reinvent everything, including themselves. The resilience and reinvention characterizing Silicon Valley are built on a foundation of tough pragmatism. Whining isn’t tolerated, and people believe that "if you don’t like something, fix it by creating something better." They also view failures as temporary setbacks on the road to success.

Second, the pragmatic-yet-optimistic characteristic has encouraged prudent risk-taking. More than half of Silicon Valley professionals who took the Accenture survey consider their company to be a high risk-taker (compared to just a quarter of non-Silicon Valley professionals).

Onlookers have frequently celebrated the Valley’s risk-taking culture, but many have misunderstood its true roots. The risk-taking is not risky per se; it’s more a calculated mindset that comes from a hard-nosed pragmatism. Mark Zuckerberg, CEO of Facebook, explains it this way: “The biggest risk is not taking any risk. In a world that's changing really quickly, the only strategy that is guaranteed to fail is not taking risks.” That view is echoed by Tom Perkins, the noted venture capitalist. “If there is no risk,” he states, “you have already missed the boat.”
The pragmatic-yet-optimistic dynamic of Silicon Valley is supported through various means. The venture capital community, for example, often backs entrepreneurs who have a history of failed businesses. In other regions, those individuals would have great difficulty getting a loan to finance another startup. Moreover, thanks to the region’s fluid employment market, people in Silicon Valley aren’t overly concerned about failing at work and losing their jobs. The reality is that those with degrees and experience in science, technology, engineering and math (STEM) are in great demand, especially in Silicon Valley, so there’s little fear of being unemployed. In our survey, more than one-half of the Silicon Valley professionals said they receive job opportunities all the time, compared with only about one-third outside the Valley (see “The demand for IT talent”).

Extrinsically motivated—yet intrinsically fulfilled

In Silicon Valley, people are powerfully motivated by extrinsic rewards (namely, money), but they’re deeply fulfilled by intrinsic rewards. That characteristic was reflected in one of the most interesting results from the Accenture survey. Most of the IT professionals in Silicon Valley said that making a lot of money was very important to them, and yet many of them stated that they would work for less money. (See “Does money really talk?”)

The demand for IT talent

More than half the IT professionals in Silicon Valley say they regularly receive job opportunities.

I receive job opportunities all the time*

<table>
<thead>
<tr>
<th></th>
<th>NSV</th>
<th>SV</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>35.7%</td>
<td>52.7%</td>
</tr>
</tbody>
</table>

*Percentages are for those respondents who agreed or strongly agreed.

Does money really talk?

Most IT professionals in Silicon Valley say that money is very important to them, yet nearly half would work for less money.

Making a lot of money is very important to me in life*

<table>
<thead>
<tr>
<th></th>
<th>NSV</th>
<th>SV</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>49%</td>
<td>64.6%</td>
</tr>
</tbody>
</table>

Money is important, but I would do what I do for less money*

<table>
<thead>
<tr>
<th></th>
<th>NSV</th>
<th>SV</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>25.9%</td>
<td>46.3%</td>
</tr>
</tbody>
</table>

*Percentages are for those respondents who agreed or strongly agreed.
To understand that apparent contradiction, consider that people in Silicon Valley greatly value intellectual stimulation and the challenge of solving difficult problems. Nearly half of the Valley professionals in our survey said that, for fun, they work on tech projects in their free time (see “Mixing business with pleasure”).

Moreover, peer recognition is especially important in the Valley. People want to prove themselves among the best and play an important role in the region’s success. Almost two-thirds of the Silicon Valley professionals in our survey said that being recognized by their peer network for their creativity and innovation was important to them (see “Seeking peer approval”). So although they might be more motivated by money than IT professionals elsewhere, they also find greater fulfillment in non-monetary rewards.

Companies have implemented various mechanisms that support the extrinsic-yet-intrinsic characteristic of the Silicon Valley culture. On the extrinsic side, stock grants and options play a huge role, particularly nearly every employee receives stock or options. People in Silicon Valley may be greatly motivated by money but they tend to avoid flaunting their wealth. Money is viewed as a measuring stick that points to the power of the companies that entrepreneurs have built. Conspicuous consumption is a matter for ridicule rather than praise.

On the intrinsic side, companies are careful to avoid taking employees for granted. In our survey, almost two-thirds of Silicon Valley professionals said they felt recognized by their companies, compared to slightly less than half of the professionals elsewhere. (See “Singing employees’ praises.”) Showing appreciation for workers can make a big difference in the competitive market for top talent in Silicon Valley.

**Mixing business with pleasure**

For nearly half of the IT professionals in Silicon Valley, business and pleasure are closely intertwined.

*For fun, I work on tech projects in my free time*

| NSV | 32.3% |
| SV  | 48.6% |

*Percentages are for those responding “often” or “very often.”.

**Seeking peer approval**

For almost two-thirds of IT professionals in Silicon Valley, peer approval is important.

*Being recognized by my peer network for my creativity and innovation is important to me*

| NSV | 57%  |
| SV  | 64.3%|

*Percentages are for those responding “often” or “very often.”.

**Singing employees’ praises**

IT professionals in Silicon Valley feel more appreciated in their jobs than do their counterparts elsewhere.

*I feel recognized by my company*

| NSV | 48.1% |
| SV  | 63.6% |

*Percentages are for those respondents who agreed or strongly agreed.*
Some firms have made clever use of corporate awards to provide both extrinsic and intrinsic motivation. Google’s “Founders’ Award,” for instance, recognizes exceptional entrepreneurial achievement at the company. The award comes in the form of stock grants, which can be worth millions of dollars. According to Sergey Brin, Google co-founder, the award was created in part to attract talented new employees who might have been more interested in working for a private startup because of the huge potential upside of an initial public offering. (Google had its IPO in 2004.)

But the stock grants are just part of the prize. The Founders’ Award is Google’s highest employee award, and its recipients are accorded considerable peer recognition throughout the company. Underlying such awards is a strong belief in meritocracy. The general feeling in Silicon Valley is that people who are smart, talented, and work insanely hard will get ahead, unencumbered by any societal constraints or disadvantages that might have blocked their progress elsewhere. Chris DiGiorgio notes that “in the Valley, your pedigree—family status, university or socio-economic class—matters a lot less than your abilities, accomplishments and what you can contribute to the company. Hierarchies and favoritism have no place in a meritocracy.”

Perhaps the most effective way that companies fulfill the intrinsic needs of their employees is by providing challenging and rewarding work. As one tech industry executive sums it up: “The number-one task is to be able to say to your people, ‘Folks, I’ve got good work for you to do, something that is purpose-worthy of who you are.’”

Return of the guild?

Organizational cultures are not static; they evolve as the business environment changes. They also influence how that environment changes. We found intriguing clues as to how that might happen.

The importance of peer networks and the independent and cooperative characteristics of the Silicon Valley culture suggest the possibility of a new means of organizing workers and the tasks they perform. We foresee a system similar to the guild model of the Middle Ages, in which associations of artisans controlled the practice of a craft.

In the future, workers in Silicon Valley might be more strongly associated with professional guilds. They may seek approval, recognition and advancement from that source rather than from the company that writes their paycheck. In such a world, each technology professional would be a “workforce of one,” with their work experiences customized to their individual talents, interests and circumstances. And they would participate in projects on an as-needed basis.

Like craftsmen during medieval times, Valley employees might prefer to bring their own IT tools to the worktable when joining a new project. And near the conclusion of that work, their “guild” would provide them with a list of other projects for their consideration. In this vision of the future, companies would need to overhaul their recruitment and retention approaches to attract top talent.

Skeptics might question whether a guild model could emerge in Silicon Valley, but consider the increasing importance of peer networks. Technology professionals already live in an intensely connected and social world, and that trend will gather momentum as Gen Y’ers and millennials form an increasingly large percentage of the workforce. Furthermore, reaching out to fellow peers in the same profession will become even easier as new technologies that mimic and support human interactions and exchanges help people find communities of interest and link up to them.

Self-actualization is important to high-tech workers, and peer networks are an important vehicle toward this end. For those and other reasons, we believe that the guild model for tech professionals is a distinct possibility for Silicon Valley. Whether that model might also emerge in other areas is an entirely different question. The workplace culture of Silicon Valley is a complex mix of seemingly contradictory characteristics that would be difficult to replicate elsewhere.

Silicon Valley professionals are deeply committed to “creating the future.”
Acknowledgements

The authors wish to thank the business leaders, technology professionals, academics, subject matter experts, economic researchers and entrepreneurs who generously shared their expertise and perspectives for this report. We particularly want to thank Christopher DiGiorgio, executive research fellow, Accenture Institute for High Performance and vice chair, Bay Area Council Economic Institute for his encouragement, suggestions, support, expertise and unique insights into the workings of Silicon Valley. Finally, we wish to thank Alden Hayashi, David Light and Craig Mindrum for their outstanding writing and editorial contributions.

About Accenture

Accenture is a global management consulting, technology services and outsourcing company, with 257,000 people serving clients in more than 120 countries. Combining unparalleled experience, comprehensive capabilities across all industries and business functions, and extensive research on the world’s most successful companies, Accenture collaborates with clients to help them become high-performance businesses and governments. The company generated net revenues of US$27.9 billion for the fiscal year ended Aug. 31, 2012. Its home page is www.accenture.com.

About the Authors

Jeanne G. Harris is managing director, Information Technology Research at the Accenture Institute for High Performance in Chicago. Jeanne is also on the faculty of Columbia University in New York. She is the co-author of Competing on Analytics: The New Science of Winning and Analytics at Work: Smarter Decisions, Better Results.

Iris Junglas is an Assistant Professor at Florida State University and a research fellow at the Accenture Institute for High Performance.

Note

2 Jointventure, Silicon Valley Index 2013, p.12.
5 http://knowledge.wharton.upenn.edu/article.cfm?articleid=3121
7 http://www.nytimes.com/2005/02/01/technology01google.html?