SUSTAINABLE ENTREPRENEURSHIP PROJECT

Organizational Culture

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About the Project

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Preface

An organization is any group of persons with a common objective. Simply put, two or more people may band together to form an organization because they determine that working together is a more effective means for creating value than if each of them continued to work separately. While the primary focus of the work in which the Sustainable Research Project is involved is on situations where the members have come together to pursue for-profit business activities, the term "organization" is broad enough to include any and all associations, institution, companies and other groups that have been formed and are being operated for a specific purpose. This Research Paper provides a brief introduction to the theory and study of organizations, sometimes referred to as organizational studies. The field of organizational studies is based on pursuing a better understanding of the structured processes that emerge within organizations to guide how the members interact with one another to pursue their mutually agreed goals and objectives. Among the key topics covered in this Research Paper are popular definitions of the term "organizations" and theories regarding the purposes of organizations; how organizations create value for the members of the organization and society as a whole; descriptions of the various internal and external stakeholders of an organization, including a review of their contributions and expectations; the fundamental elements of organizational management, including structure, culture, design and environmental factors; an overview of the academic foundations for organizational studies; a description of some of the key determinants of organizational effectiveness; and an introduction to popular methods for measuring organizational effectiveness. This Research Paper also includes an extensive discussion of the important "culture-free/culture-bound debate" which has been succinctly summarized as follows: "[d]o countries at approximately the same stage of industrial development, and having similar industrial structures, adopt the same approach to the organization and management of their institutions? Or are their distinctive cultural heritages sufficiently entrenched to mean that each society fashions its own unique administrative philosophy?" In addition, the Research Paper identifies and describes various typologies of organizational structures that have been suggested for use in making comparisons across national or culture borders.

Chapter 1
Definitions and Models of Organizational Culture

§1:1   Definitions of organizational culture

When the discussion turns to "organizational culture", or "corporate culture", most people have some sense or recognition of what the concept means, at least to them. A fairly simply definition, or explanation, is "the way we do things around here". However, not surprisingly, there is no generally accepted definition of **"organizational culture"** and it is possible to identify significant differences of opinion among those actively engaged in the study of the topic and how it impacts organizations and their members. Culture has been defined in the American Heritage Dictionary as the **"totality of socially transmitted behavior patterns, arts, beliefs, institutions, and all other products of human work and through characteristic of a community or population."** Greenwald defined organizational culture as "a system of ideas and perceptions about life in an organization, that characterizes the way which people should act in and the nature of collaborations with others".[1] Jacques described organizational culture as "a typical and traditional way of thinking and action that is shared, more or less, by all members, and of which new members have to learn to accept, at least partly, to be accepted into the service of the company".[2] Other definitions of organizational culture include the pattern of shared values and beliefs that help individuals understand organizational functioning and thus provide them with norms for behavior within the organization[3]; and a shared understanding and acceptance among staff members of what is valued and expected in an organization; thus it may be directed, but is not ultimately determined, from above.[4]

Scholars and researchers from various academic disciplines have added their own nuances when suggesting a definition of culture. Anthropologists, for example, were among the first to study belief systems of other types of communities of people and the research conducted in this discipline eventually unearthed several different "culture aspects" including the following[5]:

- Historical: Culture is social heritage, or tradition, that is passed on to future generations.
- Behavioral: Culture is shared, learned human behavior, a way of life.
- Normative: Culture is ideals, values, or rules for living.
- Functional: Culture is the way people solve problems of adapting to the environment and living together.

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[1] H. Greenwald, Organizational culture. In Organizations: Management without control (Thousand Oaks, CA: SAGE Publications Ltd., 2008), 191.

[2] E. Jaques, Requisite organization (Arlington, VA: Cason Hall, 1989).

[3] R. Deshpande and F. Webster, "Organizational culture and marketing: Defining the research agenda", Journal of Marketing, 53 (1989), 3.

[4] E. MacIntosh and A. Doherty, "The influence of organizational culture on job satisfaction and intention to Leave", Sport Management Review, 13 (2010), 106.

[5] L. Aiman-Smith, What Do We Know About Developing and Sustaining a Culture of Innovation, http://www.scribd.com/doc/6788503/Culture.

- Mental: Culture is a complex of ideas, or learned habits, for social control.
- Structural: Culture consists of patterned and interrelated ideas, symbols, or behaviors.
- Symbolic: Culture is based on arbitrarily assigned meanings that are shared by an organization.

Definitions that are typical of this approach characterize organizational culture as "[a] set of common understandings around which action is organized, ... finding expression in language whose nuances are peculiar to the group"[6] or "[a] set of understandings or meanings shared by a group of people that are largely tacit among members and are clearly relevant and distinctive to the particular group which are also passed on to new members."[7] The general consensus seems to be that culture is a complex web of tacit beliefs, understandings, assumptions, boundaries, common language and shared expectations that have been developed and maintained over time by the members of an identifiable group and which influence the behaviors of those members. Culture is implicit in social life and emerges over extended periods of time as individuals interact with one another and begin to organize themselves as identifiable social groups (e.g., tribes, communities, companies, non-profit organizations, states and countries).

Experts in management science and organizational behavior and communication see organization culture as an explicit product of the choices that a group of people make with respect to accepted behavior as they interact with one another and key stakeholders outside of the organization (e.g., customers, suppliers and regulators) and attempt to develop ways to confront their broader social environment.[8] In the "business context", the organizational culture is an important determinant of how members deal with customers; how members treat one another as fellow members; and how leaders and managers of the organization motivate, reward and develop members. Hill and Jones offered a definition of organizational culture as "the specific collection of values and norms that are shared by people and groups in an organization and that control the way they interact with each other and with stakeholders outside the organization."[9]

A similar way of looking at organization culture is that it includes the values and norms that underlie the organization's management systems as well as the specific management-determined practices and behaviors that reinforce those values. The culture that emerges from these choices is a set of learned responses, often referred to at the highest level as values and norms, that can be identified and categorized into a number of tangible and generally observable forms such as formal rules, standard operating procedures, mission statements, strategic goals and objectives, language and symbols, rituals and ceremonies, methods of solving problems, socialization techniques, uses of tools and technology, and organizational structure. The resultant cultural characteristics of the organization determine how members make decisions and interpret and manage the environment in

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[6] H. Becker and B. Geer, "Latent culture", Administrative Science Quarterly, 5 (1960), 303-313.
[7] M. Louis, "Organizations as culture-bearing milieu", in L.R. Pondy et al (Eds.), Organizational Symbolism (Greenwich, CT: JAI, 1980).
[8] R. Wuthnow and M. Witten, "New directions in the study of culture", Annual Review of Sociology, 14 (1988), 50-51; E. Schein, Organizational Culture and Leadership (1988).
[9] C. Hill and G. Jones, Strategic Management (New York: Houghton Mifflin, 2001).

which the organization is operating. Those who take this view of organizational culture argue that what can be observed and measured can changed and that transformation of cultural values and norms can and should be part of any concerted management strategy and effort to effect change throughout the organization.

The features of organizational culture may also be understood through the questions that might be asked when attempting to assess and measure the strength of the culture and the influence it may be having on organizational performance. Mobley et al. argued that the feelings of every member towards every aspect of organizational life, when taken together, constituted the culture of the organization and that these feelings could be identified through the answers to the following series of questions [10]:

- Do all of the employees in the organization have a common understanding of the purpose, strategy and goals of the organization?
- What are core values of the organization and does everyone have a common understanding of those values?
- Is there a sense of team spirit within the organization and is everyone in the organization highly involved and committed to attaining the commonly understood goals of the organization?
- How is "success" defined within the organization?
- How do organizational members handle agreement and disagreement?
- What behaviors are regarded as deviant within the organization?
- How adaptive and innovative are the members of the group as an organization?

These questions suggest that organizational culture includes the understandings of organizational members regarding the purpose, strategy, goals and core values of the organization; the manner in which organizational members collaborate and otherwise interact with one another; norms and expectations regarding what is and is not acceptable behavior among organizational members; the level of involvement and commitment within the organization; and the degree to which the organization and its members are able to adapt and innovative in the face of changing conditions.

Earlier Definitions of Organizational Culture

In their 2010 review of the relationship between organizational culture and organizational performance, Abu-Jarad, Yusof and Nikbin provided a useful compilation of earlier definitions of organizational culture:

Kroeber & Kluckhohn (1952): Transmitted patterns of values, ideas, and other symbolic systems that shape behavior of an organization
Hofstede (1980): "The collective programming of the mind that distinguishes the members of one organization from another. This included shared beliefs, values and practices that distinguished one organization to another".
Swartz & Jordon (1980): Patterns of beliefs and expectations shared by members that produce norms shaping behavior

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[10] W. Mobley, L. Wang and K. Fang, Organizational Culture: Measuring and Developing It in Your Organization, The Link (China Europe International Business School), 11 (Summer 2005), 12. http://www.denisonconsulting.com/model-surveys/denison-model/organizational-culture.

Ouchi (1981): Set of symbols, ceremonies and myths that communicate the underlying values and beliefs of the organization to its employees

Martin & Siehl (1983): Glue that holds together an organization through shared patterns of meaning. Three component systems: context or core values, forms (process of communication, e.g., jargon), strategies to reinforce content (e.g., rewards, training programs)

Uttal (1983): Shared values (what is important) and beliefs (how things work) that interact with an organization's structures and control systems to produce behavioral norms (the way we do things around here)

Adler (1986): Refers to something that shared by all or almost all members of some social groups - something that the older members of the group try to pass on to the younger members and - something that shapes behavior or structures of the organization

Denison (1990): Refers to the underlying values, beliefs and principles that serve as a foundation for an organization's management system as well as the set of management practices and behaviors that both exemplify and reinforce those basic principles

Trompenaars (1993): Is the way in which people solved problems. It is a shared system of meanings. It dictates what we pay attention to, how we act and what we value.

Goffee (1996): Is an outcome of how people related to one another

Schneider (1997): Shared patterns of behavior and the meaning of that behavior

Cameron & Quinn (1999): What is valued, the dominant leadership styles, the language success that make an organization unique

Sullivan (2001): Refers to the total lifestyle of a people, including all the values, ideas, knowledge, behaviors and material objects that they share

Wood (2001): The systems of shared beliefs and values that develops within an organization or within its sub-units and that guides the behavior of its members

Wiesner (2002): A way of looking at organizations by its shared values and behavior

Thomas & Tung (2003): Refers to evolving set shared beliefs, values, attitudes and logical processes which provides cognitive maps for people within a given societal group to perceive, think, reason, act, react and interact

Anthon (2004): Is the set of values, beliefs and understanding shared by an organization's employees and it ranks among an organization's most powerful component

Taylor (2004): Refers to what is created from the messages that are received about how people are expected to behave in the organization

Wagner (2005): An informal, shared way of perceiving life and membership in the organization that binds members together and influences what they think about themselves and their work

Sources: I. Abu-Jarad, N. Yusof and D. Nikbin, "A Review Paper on Organizational Culture and Organizational Performance", International Journal of Business and Social Science, 1(3) (December 2010), 26, 35 (adapted from R. House, P. Hanges, M. Javidan, P. Dorfman and V. Gupta (Eds.), Culture, Leadership and Organizations: The Globe Study of 62 Societies (Thousand Oaks CA: Sage Publications, 2004)) (citations omitted but available in source).

§1:2   Organizational climate and identity

The study of organizational culture has frequently been overlapped with interest in two related concepts: organizational climate and organizational identity. Zhang has observed that research on organizational climate can be traced back to the 1930s[11] and Tagiuri and Litwin defined organizational climate as "a relatively enduring quality of the internal environment of an organization that (1) is experienced by its members, (2) influences their behavior, and (3) can be described in terms of the values of a particular set of

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[11] J. Zhang, "Organizational Climate and its Effects on Organizational Variables: An Empirical Study", International Journal of Psychological Studies, 2(2) (2010), 189-201, 189.

characteristics (or attributes) of the organization".[12]   Zhang argued that organizational climate was the sum total of the environmental characteristics of a group which resulted from the interaction of the following four dimensions: ecology, background, social system and culture. Zhang counseled that "[w]hen investigating organizational climate, we should select variables from the four dimensions: ecology refers to organizational material resources, including equipment, materials, instruments, construction and finance; background environment covers all the background characteristics of an organization's members, including socio-economic status, education level, self-concept of members and so on; social system represents the interaction between formal and informal roles in organizations, including administrative organization, guidance programs, interaction between leaders and members, decision-making and participation models; culture relates to contained norms, belief systems, values, cognitive structures and so on".[13] Based on the foregoing, organizational culture can actually be seen as a sub-set of the broader concept of organizational climate.[14]

Burton and Obel argued that organizational climate should be considered one of the "contingencies", along with elements such as leadership and management style, size and skill capabilities, the "environment", technology and strategy, that influence operational issues such as organizational structure and went on to generate various propositions with regard to how it might be expected that organizational climate might influence the "structural properties" (i.e., organizational structure) of the organization. They identified a typology of four organizational climates—the group climate, the developmental climate, the rational goal climate and the internal process climate—and hypothesized that those "four climate types each represent[ed] four ways to process information and thus which organizational structure that will be most effective and/or efficient".[15]   For example, they hypothesized that a group climate, with its high level of trust, would allow for greater decentralization, less formalization and greater use of meetings for coordination while, in contrast, an organization with a climate that is less trusting would be more centralized and formalized and would place greater emphasis on fixed assignments in order to achieve coordination.[16]

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[12] R. Tagiuri and G. Litwin, Organizational Climate: exploration of a concept (Boston, MA: Harvard University Press, 1968), 8.

[13] J. Zhang, "Organizational Climate and its Effects on Organizational Variables: An Empirical Study", International Journal of Psychological Studies, 2(2) (2010), 189-201, 189 (citing J. Tang and W. Chen, "From 'organizational climate' to 'organizational culture'—the logic of concept development", Journal of Development in Psychology, 9(1) (2001), 62-65).

[14] For a comprehensive survey of the evolution of research on organizational climate, including a comparison of organizational climate to organizational culture, see M. Castro, "The Relationship Between Organisational Climate and Employee Satisfaction in a South African Information and Technology Organization" (M.A. Dissertation), University of South Africa, November 2008, http://uir.unisa.ac.za/bitstream/handle/10500/2611/dissertation_castro_m.pdf;jsessionid=129E370933070E CE1F443F5C9696CFD6?sequence=1 See also K. Kundu, "Development of the Conceptual Framework of Organizational Climate", Vidyasagar University Journal of Commerce, 12 (2007), 99-108.

[15] R. Burton and B. Obel, Strategic Organizational Diagnosis and Design: The Dynamics of Fit (3d Ed) (Norwell, MA: Kluwer Academic Publishers, 2004), 146.

[16] Id. at 161.

Ekmekci et al. explored the relationship between societal and organizational culture from a slightly different perspective by relying on the construct of "organizational identity".[17] Organizational identity has been referred to as the set of organizational characteristics that are most "core, enduring and distinctive"[18] and Whetten defined it as including those claims of the organization that are "the central and enduring attributes of an organization, those that distinguish it from other organizations".[19] The distinctions between organizations take the form of elements that are familiar to students of organizational culture and include, in Whetten's words again, an organization's "unique pattern of binding commitments across and time and environments".[20] Ekmekci et al. noted that, like organizational culture, organizational identity claims are consistently internalized through practices such as stories and myths.

§1:3   Models of organizational culture

With so many definitions it often seems difficult to get a good handle on organizational culture so that it can identified, measured and compared, all things that are of great interest to organizational leaders searching for positive links between organizational culture and performance. Perhaps the most well-known model of organizational culture, although not necessarily the most complete, is the three level framework developed by Schein. He began with a definition of "culture" as "a pattern of basic assumptions – invented, discovered or developed by a given group as it learns to cope with problems of external adaptation and internal integration – that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think and feel in relation to those problems".[21] He then fleshed out this definition by suggesting that culture could be understood by dividing it into three domains or levels, as follows:

- *Artifacts and Creations:* This level, sometimes referred to as "cultural forms", includes the tangible behavior patterns that are repeatedly seen within an organization and the visible artifacts that serve as widely-recognized manifestations of the cultural values and norms of the organization: structure, facilities, the physical layout of work spaces (e.g., segregation of offices of senior executives so that they are not easily accessible by rank-and-file employees), furnishings, dress codes, rights and rituals, myths and stories, symbols, language, gestures, visible rewards (i.e., perquisites provided to senior executives and/or other identifiable groups of employees), the level of technology used within the organization and where the technology is deployed, and how members of the organization appear to interact with one another and with outsiders who come in contact with the organization.

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[17] O. Ekmekci, A. Casey, K. Rosenbusch, C. Cataldo and L. Byington, "Re-examining the influence of societal culture on organizational identity" Journal of International Business and Culture Studies, (7) (2012).

[18] S. Albert and D. Whetten, "Organizational identity", in L. Cummings and B. Straw (Eds.), Research in organizational behavior (Greenwich, CT: JAI Press, 1985), 263-295.

[19] D. Whetten, "Albert and Whetten revisited: Strengthening the concept of organizational identity", Journal of Management Inquiry, 15 (2006), 219-234, 220.

[20] Id.

[21] E. Schein, Organizational Culture and Leadership (San Francisco, CA: Jossey-Bass, 1992), 16-17.

- *Espoused Values:* This level includes things such as organizational slogans and other visible expressions of organizational mission, vision and internal and personal values (e.g., identifiable norms and formal guidelines). Espoused values describe the desired state or outcome that the leaders of the organization wish to achieve through the activities of the members of the organization and are thought to have an important influence on how decisions are made within the organization and the level of risk that the organization is willing to undertake.

- *Basic Assumptions:* This level includes the organization's tacit core beliefs and assumptions that each member relies on when interpreting and acting upon the organization's values and selecting the behavior that they believe would be appropriate from the organization's cultural perspective. This level is definitely the most difficult to assess since the elements of culture at this level are invisible and generally exist without the awareness of members. These unconscious rules form the basis for norms of behavior and standards of conduct that become deeply embedded through day-to-day interactions of members that serve as a reinforcement mechanism.

Schein's three domains made for a nice visual; however, the model left many questions unanswered. For example, while one can easily see artifacts and creations that does not necessarily mean that one can understand why they exist and what their purpose and importance within the organization might be. As for the espoused values, the challenge is learning more about why values such as "risk taking" are acceptable in one organization but not in another. Finally, understanding the basic assumptions is necessarily very difficult given that they lack tangibility and even organizational members have problems explaining what they are and how they came about. This is a fundamental challenge for those attempting to understand, manage and change organizational culture since Schein himself concluded that: "What really drives the culture – its essence – are the learned, shared, tacit assumptions on which people base their daily behaviors".[22] While it is generally assumed that Schein's model represents a pattern of relationships in which unobservable assumptions influence visible behaviors through rules, prohibitions and standards, the reality is that the model is quite abstract and substitutes complexity reduction for substantive explanatory value.[23]

The model of organizational culture proposed by Hatch, which she referred to as "cultural dynamics" extended and expanded the model developed by Schein to include add a new separate domain, which Hatch referred to as "symbols", to the three other domains from the Schein model (i.e., artifacts, values and assumptions).[24] In addition, Hatch identified the processes that she believed linked each of the domains in the model, a feature which arguably would promote a better understanding of how each of the domains related to one another and in particular how the observable behavior in the organization, the artifacts, emerged from the unseen and difficult to describe assumptions. In Hatch's model, the

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[22] E. Schein, The Corporate Culture Survival Guide (San Francisco, CA: Jossey-Bass, 1999).

[23] D. Dauber, G. Fink and M. Yolles, "A Configuration Model of Organizational Culture", SAGE Open 2012, Originally Published on 22 March 2012, http://sgo.sagepub.com/content/2/1/2158244012441482, 4.

[24] M. Hatch, "The dynamics of organizational culture", Academy of Management Review, 18 (1993), 657.

path from assumptions to artifacts could take one of two routes: (i) assumptions went through a process of "manifestation" to become values and then those values went through another process referred to as "realization" to create artifacts; or (ii) assumptions went through a process of "interpretation" to become symbols and then those symbols went through another process referred to as "symbolization" to create artifacts. While Dauber et al. praised the Hatch model for its efforts to integrate the processes tying the domains of the model together and explain the dynamism of organizational cultures they felt Hatch had not been clear about the conditions necessary for each process to occur or the factors that determine which of the two routes described above would be followed.[25]

Dauber et al. reviewed the models of organizational culture offered by Schein and Hatch and concluded they provided little more than "a simplified but limited perspective on culture in organizations . . . due to the high level of abstraction, which confines the explanatory power regarding interdependencies between organizational culture and other domains of an organization (e.g., strategy, structure, operations, etc.)".[26] Dauber et al. aspired to create a comprehensive "configuration model of organizational culture" that provided a better understanding of the development of the "internal environment" of an organization, which was the focus of the Schein and Hatch models, but also took into account pressures and influences on organizational culture from the external environment and the consequences of organizational activities for that environment.

In order to achieve their goals, Dauber et al. began by looking at other models of organizational culture that had attempted to incorporate the organization's external environment.[27] The model proposed by Homburg and Pflesser focused on attempting to explain the relationship between organizational culture and "performance outcomes".[28] Like Schein, Homburg and Pflesser saw organizational culture as having three layers. Two of the layers were similar to Schein—"shared basic values" and "norms"—but the third layer distinguished between "artifacts" (i.e., stories, arrangements, rituals and language) and "behavior" (defined as "organizational behavioral patterns with instrumental function") and it was assumed that behavior did not influence, but instead was influenced by, both norms and artifacts.[29] Performance outcomes were described as including both measures of financial performance and market performance and were influenced by the behaviors emanating from the organizational culture. Homburg and Pflesser integrated the external environment, which they referred to as "market dynamism" into the model as a moderating influence on the relationship between

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[25] D. Dauber, G. Fink and M. Yolles, "A Configuration Model of Organizational Culture", SAGE Open 2012, Originally Published on 22 March 2012, http://sgo.sagepub.com/content/2/1/2158244012441482.

[26] Id. at 4

[27] Dauber et al. explicitly incorporated a review of four previous suggested models of organizational culture that had been frequently selected as valid sources of reference by other researchers. These included the Schein model, which has been by far the most referenced model of organizational culture since it was first proposed, the Hatch model and the models described in Y. Allaire and M. Firsirotu, "Theories of organizational culture", Organization Studies, 5 (1984), 193, and C. Homburg and C. Pflesser, "A multiple-layer model of market-oriented organizational culture: Measurement issues and performance outcomes", Journal of Marketing Research, 37 (2000), 449.

[28] C. Homburg and C. Pflesser, "A multiple-layer model of market-oriented organizational culture: Measurement issues and performance outcomes", Journal of Marketing Research, 37 (2000), 449.

[29] Id. at 450.

behavior and performance outcomes. Dauber et al. felt that by focusing only on the linear effects from organizational culture to performance the model failed to provide sufficient explanation of the influence of the external environment (i.e., societal culture and institutions) on an organization and its culture and, in particular, on how feedback from the external environment could lead to cultural change within the organization.[30]

Another model developed by Allaire and Firsirotu introduced a number of elements to create what Dauber et al. described as a "complex approach to organizational culture".[31] Their model included and distinguished between external and internal environments. The external environment included society, history and contingency and the internal environment included both a cultural system (i.e., myth, values and ideology) and a socio-structural system (i.e., structures, policies, strategies and processes). The external environment influenced both the cultural and socio-structural systems within the internal environment and it was expected that the socio-structural system would be "legitimized" by myths, values and ideologies that were embedded in the cultural system. The "organizational output" in the Allaire and Firsirotu model comes from the personalities and cognitions of "individual actors" who are not only influenced by the "norms, status and roles" that come from the internal environment but also by the external environment which impacts their personalities and their perceptions of social values, rules and norms.[32]

Dauber et al. believed that the various models discussed above failed to adequately define and explain important suggested relationships, such as how organizational output in the Allaire and Firsirotu model might impact an organization's cultural and/or socio-structural systems; however, they felt that the models supported the thesis that their configuration model of organizational culture should incorporate the following domains[33]:

- A "value and belief system" that included all of the underlying assumptions among organizational members relating to organizational behavior;
- The "strategy" of the organization that represented the overall orientation of the organization toward task achievement and which impacted the structures and activities of the organization;
- The "structural system" that reflected the manifestation of the elements of the organization's value and belief system as norms, rules, and regulations and which

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[30] D. Dauber, G. Fink and M. Yolles, "A Configuration Model of Organizational Culture", SAGE Open 2012, Originally Published on 22 March 2012, http://sgo.sagepub.com/content/2/1/2158244012441482, 5.

[31] Id. (citing Y. Allaire and M. Firsirotu, "Theories of organizational culture", Organization Studies, 5 (1984), 193).

[32] Id.

[33] Id. Dauber et al. noted that the identified domains were represented in a model developed by Hatch and Cunliffe (i.e., Organizational Culture and Identity; Organizational Strategy; Organizational Design, Structure and Processes; Organizational Behavior and Performance; and Strategic Response to Organizational Environment) but that while the domains in that model were linked to each other the model did not included any specific processes to explain the linkages. See M. Hatch and A. Cunliffe, Organizational Theory, (Oxford, UK: Oxford University Press, 2006).

served as a frame of reference for organizational processes and patterns of behavior which stood in line with a predefined organizational strategy;

- The "organizational activities, operations and actions" that were the patterns of behavior within the organization that can served as an observable manifestation of the value and belief system, strategy and structural system; and

- The "external environment" which served as an influential factor through evaluation processes on the organizational culture and on the larger internal environment of the organization.

The configuration model of organizational culture proposed by Dauber et al. included both an internal and external environment, a formulation that followed from the fact that organizations are embedded in various contexts outside of organization itself such as societies and markets. They explained the four domains in the internal environment of their model as follows[34]:

- Organizational culture, which borrowed from the model developed by Schein and included the underlying and unobservable assumptions which serve as the basis for every organization.

- Organizational strategy, which was defined as the overall orientation of an organization for seeking and achieving preset goals and objectives (i.e., a long-term plan for maximizing profits or, in the case of non-profit organizations, covering costs).

- Organizational structure, which was the manifestation of the organizational strategy and the processes (i.e., rules, procedures and appraisal/reward systems) used to regulate information flows, decision making and overall patterns of behavior within the organization.

- Operations, which included the behaviors which occurred within the organization during the process of operationalizing the organizational strategy. Operations could either be "inward-oriented", meaning they were oriented toward the internal environment, or "outward-oriented", meaning they were oriented toward the external environment.

Dauber et al. provided various explanations of how the domains of their internal environment were identified and bounded and the linkages between them[35]:

- Use of the domains included in the Schein model was limited to the "basic assumptions" included in the "organizational culture" domain of the Dauber et al. model and Schein's "espoused values" appeared as "organizational strategy" in the Dauber et al. model and Schein's "artifacts and creations" appeared as the observable "organizational structure" and "operations".

- Organizational culture (i.e., the "basic assumptions") was directly related to organizational strategy and also served as a set of guiding principles for the entire

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[34] The description in the text is adapted from D. Dauber, G. Fink and M. Yolles, "A Configuration Model of Organizational Culture", SAGE Open 2012, Originally Published on 22 March 2012, http://sgo.sagepub.com/content/2/1/2158244012441482, 7-11.

[35] Id.

process of operationalizing the strategy (i.e., designing the organizational structure and engaging the appropriate operational behaviors). In other words, cultural values needed to be taken into account in setting and executing organizational strategy. At the same time, however, organizational strategy will over time have an impact on "basic assumptions" and influence organizational culture.

- Operationalization was explained to include the processes that "turn organizational strategies into action" and Dauber et al. noted that both organizational structures and behavior were used to put strategies into effect.

- Organizational strategy influenced the interaction between structure and operations (i.e., behavior) and vice versa. At the same time, structure provided guidelines and rules for operations by defining expected and acceptable patterns of behavior during the operationalization process. Dauber et al. provided for "performance assessment" that measured the success of the behaviors and triggered adjustments in strategy, structure and operations if the preset goals included in the strategy were not achieved.

The external environment included in the Dauber et al. model was intended to incorporate "all elements outside the boundary of the organization to which an organization needs to adapt" and assumed a dynamic relationship in which organizations were continuously confronted with needs and opportunities for change in order to respond to rapid changes in their external environment.[36] Dauber et al. identified two different and distinguishable external environments to which organizations were "fundamentally linked". They called the first one the "legitimization environment" and explained that it included all of the stakeholders who legitimized the organization and to which the organization needed to justify the operations conducted in its internal environment: customers, shareholders, employees, suppliers, regulators and society as a whole. With regard to "societal culture", Dauber et al. argued that it influenced organizational culture in two important ways: through societal pressure from the external environment and through the personal perceptions of societal values employees brought to their roles within the organization. The second external environment was identified as the "task environment", which included the environmental context (e.g., markets) for the activities and tasks associated with the pursuit of the organizational strategy.

In their model Dauber et al. emphasized several linkages between the two types of external environments and the "operations" domain of the internal environment.[37] Dauber et al. identified two processes that linked the legitimization environment to the organization: "pressure of legitimization" and "legitimization management". Pressure of legitimization refers to pressure originating from societal culture for the organization "to operate in line with societal values to be accepted as a member of society". Legitimization management includes lobbying activities (i.e., attempts to influence regulating institutions) and activities intended to positively influence public opinion regarding the organization. The two links between the task environment and operations were the actions taken during the course of operationalization through the organizational structures and "market feedback" generated by operationalization that could be used to identify and make changes in the various domains of the internal environment.

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[36] Id. at 10.
[37] Id.

Another popular model of organizational culture is referred to as the "onion skin" model since it is based on the premise that organizational culture and its influence on organizational activities is best viewed as several layers that need to be carefully "peeled back" to provide the observer with a clearer picture. At the core of the "onion", deeply embedded and out of sight, are the basic assumptions, beliefs, values and norms that serve as the foundation of organizational culture. The next skin is home to more visible artifacts of organizational culture including management styles, organizational structures and systems and procedures for things such as rewards and decision making. These artifacts, or mechanisms, guide behaviors that become the basis for organizational strategy: what products and services should be sold; what customers should be pitched; and how are relationships with customers and among members of the organization conducted. The organizational strategy is reflected in the most visible layer of the "onion": the relationships of the organization to its environment and key actors in that environment such as customers, suppliers, the government, "society", competitors and shareholders. Robust models of organizational culture factor in feedback from the environment, which seeps back down through the layers of the onion to trigger adjustments in strategy, changes in structures and procedures and ultimately changes in assumptions. This model has the benefit of highlighting several of the ways in which organizational culture is important to the performance of the organization and the wellbeing and morale of organizational members. Recklies points out that organizational culture is a major determinant of how the organization tackles problems and questions, sets strategy and creates the structures that determine the work activities and relationships of organizational members.[38]

Adler provided a useful representation of the influence of culture on behavior among persons in an organizational setting in the form of a circular flow that began with "culture" and then moved to "values", "attitudes" "behavior" and then back to "culture".[39] She argued that persons in the same culture express that culture through the values that they believe in regarding life and the environment in which they live and that these values are the driving force in determining their attitudes regarding what is considered to be "appropriate behavior" in any given circumstance that arises in their environment. These attitudes serve as the foundation for norms of behavior in that particular culture and these norms are evidenced in the daily behavior of persons living and operating within that culture. If the norms of behavior remain unchanged the culture will remain static; however, if patterns of behavior can be altered there will be a corresponding change in culture that will then be reflected all around the circle in the form of changes in attitudes and values.

§1:4   Operating cultures

Cooke and Szumal discussed the relationship between the shared underlying assumptions and espoused values of organizational members and their beliefs regarding the behaviors

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[38] O. Recklies, Mergers and Corporate Culture, http://www.themanager.org/pdf/Merger_Culture.PDF

[39] N. Adler, International Dimensions of Organizational Behavior (2nd Ed) (Boston: PWS-Kent Publishing Co., 1991), 14-178, 16.

that are expected and encouraged to maximize the effectiveness of the organization, generally considered to be the "ideal" organizational culture, and the actual behavioral norms and expectations that are in play as organizational members go about their day-to-day activities, which they and others referred to as the "operating culture".[40]   They described a theoretical model, or framework, that attempts to demonstrate the challenges in implementing the underlying assumptions and espoused values due to various factors such as resources, environmental demands, decisions regarding organizational structures and management systems, technology and leadership skills and qualities.[41]

The first stage of the framework was the "ideal culture", which was based on values that generally reflected the values of society as a whole and could be described as the way that organizational members "wished things could be" in terms of the styles used by, and the normal and acceptable behaviors of, themselves and other members. In many cases, the ideal culture embraced the styles and behaviors associated with the "Constructive" culture, which was one of three types of organizational cultures identified through the application of the well-known Organizational Culture Inventory ("OCI").[42]   The Constructive culture emphasized encouraging members to interact with others and approach tasks in ways that will help them to meet their higher-order satisfaction needs.

The second stage of the framework is the development, dissemination and embedding of a coherent mission and philosophy for the organization that defines and describes the organization's identity and values to its members and other stakeholders. Organizational leaders must take care to articulate the chosen mission and philosophy to all interested parties, particularly employees, and ensure that the mission and philosophy is the foundation and guide for the organization's interactions with its customers. The mission

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[40] R. Cooke and J. Szumal, "Using the Organizational Culture Inventory to Understand the Operating Cultures of Organizations" in R. Cooke and J. Szumal (Eds.), Handbook of Organizational Culture and Climate (Thousand Oaks CA: Sage Publications, 2000), 147. 151-152.

[41] The discussion of the framework is adapted from R. Cooke and J. Szumal, "Using the Organizational Culture Inventory to Understand the Operating Cultures of Organizations" in R. Cooke and J. Szumal (Eds.), Handbook of Organizational Culture and Climate (Thousand Oaks CA: Sage Publications, 2000), 147. 151-152; and How Culture Works,

http://www.humansynergistics.com/Files/HTML5/HowCultureWorks/index.html   [accessed   March   27, 2017]

[42] R. Cooke and J. Szumal, "Using the Organizational Culture Inventory to Understand the Operating Cultures of Organizations" in R. Cooke and J. Szumal (Eds.), Handbook of Organizational Culture and Climate (Thousand Oaks CA: Sage Publications, 2000), 147. The OCI was developed as a quantitative instrument that could be used to measure 12 sets of behavioral norms that describe the thinking and behavioral styles with respect to how to approach work and interact with others that might be implicitly or explicitly required in order for people to "fit in" and "meet expectations" in an organization or a subunit of an organization. Cooke and Szumal explained that the behavioral were defined through the use of two underlying dimensions: the first dimension distinguished between a "concern for people" at one pole and a "concern for task" at the other pole; and the second dimension distinguished between expectations for behaviors that fulfilled high-order "satisfaction" needs of organizational members at one pole and expectations for behaviors that fulfilled lower-order "security" needs of members at the other pole. Based on these dimensions, the 12 sets of behavioral norms were categorized into the three general "clusters" or types of organizational cultures: Constructive; Passive/Defensive; and Aggressive/Defensive. Id. at 148. For further discussion, see the chapter on "Typologies of Organizational Culture" below.
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and philosophy should incorporate the desired behavioral norms of the ideal culture, which in the case of a Constructive culture would include the following:

- *Achievement Norms:* Members are expected to set challenging but realistic goals, establish plans to reach those goals, and pursue them with enthusiasm.
- *Self-Actualizing Norms:* Members are expected to enjoy their work, develop themselves, and take on new and interesting tasks.
- *Humanistic-Encouraging Norms:* Members are expected to be supporting, constructive, and open to influence in their dealings with one another.
- *Affiliative Norms:* Members are expected to be friendly, cooperative, and sensitive to the satisfaction of their work group.

The third stage of the framework at the alignment between the ideal culture and the actual current "operating culture" of the organization, which is made up of the behavioral norms and expectations that organizational members **actually reported** as being encouraged and reinforced within the organization and which serve as guides for them in how they should approach their work and interact with each other. The operating culture is driven or shaped by the following causal factors that also influence organizational effectiveness:

- Structures: This factor includes the ways in which people, roles, and activities are ordered and coupled to create organization, in terms of the extent to which they permit (or restrict) influence, empowerment, and employee involvement.
- Systems: This factor refers to the interrelated sets of procedures that an organization uses to support its core activities and to solve problems, including human resource management, appraisal and reinforcement, and goal-setting systems.
- Technology: This factor includes the methods used by the organization to transform inputs into outputs, in terms of various job design characteristics and the degree of interdependence among members.
- Skills/Qualities: This factor focuses on the skills and qualities exhibited by organizational members (particularly those in leadership positions) in terms of communication, leadership, and sources of power.

When the causal factors are aligned with the organizational values that are embedded in the ideal culture, the operating culture should be very similar to the ideal culture and follow the elements of the stated mission and philosophy. However, when the causal factors are not well aligned with the organizational values, it can be predicted that the operating culture will be disconnected from the ideal culture and that the operating culture is likely to be one of the two other cultural types identified by the CLI (i.e., "Aggressive/Defensive" or "Passive/Defensive") rather than the desired Constructive culture.[43] In order to determine the operating culture, reference should be made to the various measurement tools that have been developed such as the OCI.

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[43] Cooke and Szumal explained that in Passive/Defensive cultures the focus was on encouraging or implicitly requiring members to interact with people in ways that did not threaten their own personal security, and in Aggressive/Defensive cultures members were encouraged or driven to approach tasks in forceful ways to protect their status and security. Id. at 148.

The fourth stage of the framework focused on the impact of the organization's operating culture on the organization's effectiveness and on outcomes at the following levels:

- Individual (e.g., engagement): Individual outcomes relate to personal experiences of organizational members (i.e., employees) and whether the organization is having a positive, rather than a negative, impact on the personal states and attitudes of those members. Positive measures at this level would include role clarity, motivation, satisfaction, and intention to stay. In turn, negative measures would include role conflict, stress, and job insecurity.
- Group (e.g., teamwork): Effective use of groups, including teamwork, is an important attribute of an effective organization and the focus at this level is assessing the extent to which the organization effectively integrates and coordinates the efforts of its members and units. Relevant outcomes would include measurements of how well the organization is doing with respect to intra-unit teamwork and cooperation, inter-unit coordination, and department-level quality.
- Organizational (e.g., adaptability): Organizations need to interact effectively with their external environment and effectiveness measures include organizational-level quality and external adaptability.

The first four stages of the framework were intended to demonstrate some of the causal factors that can create a disconnect between the ideal culture and the operating culture and surface ideas for how organizations can create better alignment through changes to structures, systems, technologies and skills/qualities. However, each of those elements, as well as the individual, group and organizational outcomes is influenced by other factors such as resources (i.e., human, financial and knowledge) and environmental demands (i.e., performance, efficiency and adaptation).[44] For example, the level of financial resources impacts the rewards that the organization can offer to motivate employees and provide them with satisfaction, and external demands regarding financial performance coming from investors can impact the level of individual stress among employees and the structures and systems deployed by organizational leaders. At the same, the outcomes impact organizational resources and the organization's ability to respond effectively to external demands (e.g., satisfied and motivated employees strengthen the organization's reservoir of human and knowledge resources and teamwork and inter-unit coordination enhances the organization's ability to adapt to changes in the environment though innovation).

§1:5   Subcultures

Linnenluecke and Griffith noted that many of the definitions and conceptualizations of organizational culture assume a high level of consensus among organizational members around a shared set of common assumptions, values and beliefs.[45] This unified culture, which Martin described as the "integration perspective"[46], is widely perceived as optimal

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[44] Id. at 152.

[45] M. Linnenluecke and A. Griffiths, "Corporate sustainability and organizational culture", Journal of World Business, 45 (2010), 357, 362.

[46] J. Martin, Organizational culture: Mapping the terrain (Thousand Oaks: Sage, 2002).

because it "creates consistency in perceptions, interpretations and actions of organizational members, and fosters unity of purpose and action".[47] Widely shared and strongly held cultural values and beliefs are seen as a sign of cultural strength, and many researchers have explored and tested their hypotheses that a strong culture leads to improved financial performance.[48]

While it is common, and easier, to assume that there is a single cultural pattern for the entire organization, in reality organizational leaders must recognize and acknowledge the existence of various subcultures that will inevitably complicate organizational design efforts. Not all researchers agree that all organizational members belong to the same, unified organizational culture[49] and Crane, for one, suggested that the notion of a single sustainability-oriented culture represented rather a symbolic meaning than a realistic assessment of an organization's culture.[50] Followers of the differentiation perspective with respect to organizational culture argue that culture is defined on the basis of what is shared yet at the level of groups within an organization.[51]

For most organizations, there will likely be a number of subgroups that each have their own characteristics and specific sense of mutual identification within the subgroup that co-exists with the organization-wide value and belief system. For example, several researchers have found that employees within companies are very likely to create classifications for themselves and others that are based on their primary work group, occupational or professional skills, union membership, age or gender.[52] Linnenluecke and Griffith reported that the existence of subcultures has been confirmed in a number of

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[47] M. Linnenluecke and A. Griffiths, "Corporate sustainability and organizational culture", Journal of World Business, 45 (2010), 357, 362 (citing R. Zammuto, "Does who you ask matter? Hierarchical subcultures and organizational culture assessments" (The Business School, University of Colorado at Denver, 2005)).

[48] See, e.g., C. O'Reilly and J. Chatman, "Culture as social control: Corporations, culture and commitment" in B. Staw and L. Cummings (Eds.), Research in organizational behavior (Greenwich, CT: JAI Press, 1996), 157; C. Reilly, "Corporations, culture and commitment: Motivation and social control in organizations", California Management Review, 31(4) (1989), 9; G. Saffold, "Culture traits, strength, and organizational performance: Moving beyond ''strong'' culture", Academy of Management Review, 13(4) (1998), 546; D. Denison, "Bringing corporate culture to the bottom line", Organizational Dynamics, 13(2) (1984), 4; and J. Sørensen, "The strength of corporate culture and the reliability of firm performance", Administrative Science Quarterly, 47(1) (2002), 70..

[49] E. Schein, "Culture: The missing concept in organization studies", Administrative Science Quarterly, 41 (1996), 229; K. Gregory, "Native view paradigms: Multiple cultures and culture conflict in organizations", Administrative Science Quarterly, 28(3) (1983), 359.; G. Hofstede, "Identifying organizational subcultures: An empirical approach", Journal of Management Studies, 35(1) (1998), 1; P. Riley, "A structurationist account of political culture", Administrative Science Quarterly, 28(3) (1983), 414; and A. Sackmann, "Culture and subcultures: An analysis of organizational knowledge", Administrative Science Quarterly, 37(1) (1992), 140.

[50] A. Crane, "Rhetoric and reality in the greening of organizational culture", Greener Management International, 12 (1995)

[51] J. Martin, Organizational culture: Mapping the terrain (Thousand Oaks: Sage, 2002); and R. Zammuto, "Does who you ask matter? Hierarchical subcultures and organizational culture assessments" (The Business School, University of Colorado at Denver, 2005).

[52] W. Ouchi, "Markets, bureaucracies and clans", Administrative Science Quarterly, 25 (1980), 129-141; B.E. Ashforth and F. Mael, "Social identity theory and the organization", Academy of Management Review, 14 (1) (1989), 20-39.

studies and explained that subcultures may arise within an organization based on various factors including hierarchical levels; organizational roles, such as departments or occupations; personal contacts and networks; and individual demographic differences such as ethnicity and gender.[53]

Other research on the same topic uncovered subcultures in a medium sized US conglomerate formed on the basis of functional domains (i.e., electronics production, shop floor production, and product inspection) and noted that employees in each function could be differentiated based on their biased knowledge of events that occurred within the company, their biased explanations of cause and effect relationships, and in their patterns of behavior during the course of carrying out their day-to-day tasks. For example, members of each functional group tended to distinguish between "we" and "them," adopted different dress codes, configured and maintained their work spaces differently, and took breaks together and at different times of the day than other groups. Differences in the discussion themes among the members of each group as they worked together could also be identified—one group seemed more concerned about job security, maintaining a "small company," and the availability of health insurance benefits; while another group appeared to have more interest in taking on more work and growth of the company. Discussion themes were also closely related to the content of the functional domain (e.g., the product inspection group emphasized improvement in quality control and investing in a quality control system.[54]

While subcultures do exist within organizations and should be recognized and respected, in general these subcultures are strongly influenced by the cultural values and beliefs promoted by senior management and subgroups, however they are formed and organized, generally conform to the core values and norms established at the top of the organizational structure. For example, research has indicated that the "subcultures" of various functional subgroups generally reflect agreement with the conceptualization of senior management as to how tasks and activities should be carried out within the company; how employees should communicate and interact with one another; and how new knowledge should be acquired, shared and institutionalized. It therefore appears that even though subcultures do exist within companies and can have a strong pull on subgroups in various instances they typically do not lead to misunderstandings as to what

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[53] M. Linnenluecke and A. Griffiths, "Corporate sustainability and organizational culture", Journal of World Business, 45 (2010), 357, 363 (citing J. Martin, Organizational culture: Mapping the terrain (Thousand Oaks: Sage, 2002); E. Schein, "Culture: The missing concept in organization studies", Administrative Science Quarterly, 41 (1996), 229; G. Hofstede, "Identifying organizational subcultures: An empirical approach", Journal of Management Studies, 35(1) (1998), 1; and P. Riley, "A structurationist account of political culture", Administrative Science Quarterly, 28(3) (1983), 414; J. Howard-Grenville, "Inside the ''black box'': How organizational culture and subcultures inform interpretations and actions on environmental issues", Organization and Environment, 19(1) (2006), 46; J. Jermier, J. Slocum, L. Fry Jr. and J. Gaines, "Organizational subculture in a soft bureaucracy: Resistance behind the myth and facade of an official culture", Organizational Science, 2 (1991), 170; and J. van Maanen and S. Barley, "Occupational communities: Culture and control in organizations", Research in Organizational Behavior, 6 (1984), 287..

[54] S.A. Sackmann, "Culture and subcultures: an analysis of organizational knowledge", Administrative Science Quarterly, 37 (1992), 40-161.

behaviors and levels of performance are necessary in order for the company to be successful in achieving its overall goals and objectives.[55]

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[55] Id..

Chapter 2
Determinants of Organizational Culture

§2:1 Introduction

The cultural characteristics of an organization do not simply appear but rather are forged from a variety of sources and experiences beginning on the day that the organization itself is first created. While organizational culture is a complex subject and it is impossible to identify with certainty all of the factors that determine the culture of a particular organization the most basic sources of its culture are its members and the various external stakeholders that support and depend on the organization. Jones argues that specific determinants of organizational culture include such things as the personal and professional characteristics of the organizational members, particularly the founders; organizational ethics; the manner in which property rights are created and allocated within the organization; the structure used by the organization for communication and coordination of activities; the systems used by the organization to control its internal activities; and the power structures within the organization.[56]

In many cases the organizational culture is also heavily influenced by the characteristics of the industry in which the organization operates and organizations within a particular industry share the cultural characteristics that are most appropriate for survival and growth in the face of the competition and other environmental factors that they are facing.[57] Organizational culture should also be aligned with the overriding mission and philosophy of the organization, something that is particularly apparent in the case of non-profit organizations that are typically strongly service-oriented. Some of the factors that determine organizational culture are also relevant in determining how influence is created and used within the organization. For example, when the organizational culture is team-oriented members with extroverted personalities are more likely to have influence.[58] Organizational culture emerges from continuous interaction among its members and thus is subject to change as experience develops and members collectively respond to internal and external changes.

Other factors that are likely contributors to the development of organizational culture include the history and background of the organization; the size and evolution of growth

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[56] See G.R. Jones, Organizational Theory, Design and Change (5th Ed) (Old Tappan N.J.: Prentice Hall, 2007), 187–194.

[57] G.G. Gordon, "Industry Determinants of Organizational Culture", Academy of Management Review, 16-2 (1991), 396–415. See also K. Haddad, C. Chow, G. Gordon, R. Hwang and A. Wu, "Cross-National Differences in Corporate Cultures and the Culture-Performance Relationship: a Two-Country Comparison", International Journal of Business, 4(2) (1999), 81-112, 82-83 (". . . Because industries place different demands and constraints on their members, companies in the same industry tend to develop common responses (an "industry recipe") to the managerial uncertainties that they face. That corporate culture differs systematically across industries has been empirically demonstrated in a number of studies (Citations omitted).).

[58] C. Anderson, S.E. Spataro and F.J. Flynn, "Personality and Organizational Culture as Determinants of Influence," Journal of Applied Psychology, 93(3) (May 2008), 702–710.

of the organization; societal culture; the function and purpose of the organization (i.e., organizational tasks and the nature of the organization's business, clients and operating processes); the technology used in the conduct of the organization's activities (i.e., job design, complexity and interdependence); the goals and objectives of the organization; training, appraisal and rewards systems; and the leadership and communications skills of those at the top of the organizational hierarchy.[59] For example, Haddad et al. reported: ". . . . size has also been found to shape behaviors and decisions and to influence many organizational characteristics, including corporate culture. There has been some evidence that as firms get larger, they become more bureaucratic and develop more extensive and elaborate communication, job analysis, planning, training, appraisal selection, and compensation systems. Although these results were obtained in Anglo-American countries, [researchers] also found that larger firms in Singapore and Hong Kong, respectively, engage in more sophisticated HR practices (citations omitted)".[60] Another collection of basic factors influencing organizational culture included type of environment (i.e., national culture, social value system, local value system and regional society value system); type of organization (i.e., market situation, products and technologies and industry branch); organizational traits (i.e., history, size, leaders, administrative system and structure); and traits of organizational members (i.e., values, attitudes, education, sex, age, working experience, life experience and emotional ties).[61]

§2:2 Personal and professional characteristics of organizational members

The people who start and subsequently join an organization are probably the most important influences on the organizational culture and a large part of the cultural differences among organizations can be explained by the fact that they recruit and retain members with distinctly different values, personalities and ethics. Once the personality-based elements of an organization's culture have been formed they are constantly reinforced by the way in which new members are selected and socialized. For example, with respect to for-profit business organizations as time goes by the values and personality characteristics of the managers and employees tend to become more similar, and distinguishable from other companies, and those who do not share those characteristics do not seek employment with that company or, if they are already employed by the company, leave to pursue other opportunities that are more in line with their personal beliefs.

The personal values and beliefs of the organizational founder(s) obviously have a very strong and potentially long-lasting impact on the organizational culture. The influence begins at the time the organization is formed and the members of the founding group reach agreement on the reasons for forming the organization in the first place and

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[59] See, for example, the discussion of antecedents of organizational culture in R. Cooke and J. Szumal, "Using the Organizational Culture Inventory to Understand the Operating Cultures of Organizations" in N. Ashkanasy, C. Wilderom and M. Peterson (Eds.), Handbook of Organizational Culture & Climate (Thousand Oaks, CA: Sage Publications, Inc., 2000), 147-162, 151.

[60] K. Haddad, C. Chow, G. Gordon, R. Hwang and A. Wu, "Cross-National Differences in Corporate Cultures and the Culture-Performance Relationship: a Two-Country Comparison, International Journal of Business", 4(2) (1999), 81-112, 82

[61] J. Kos, Cultural Differences and How They Influence the Organizational Culture.

establish and define the organization's overall goals and mission. As part of this process the founders knowingly or unknowingly develop the initial cultural values and norms, including the terminal and instrumental values, which will guide their actions and behaviors and those of each new member that eventually joins the organization. For example, from the time that he was involved in the launch of Microsoft Bill Gates was known for his passion for hard work and long hours and these became the basis for that company's terminal values of excellence, innovation and high quality and for the related instrumental values of hard work, creativity and high standards. His work ethic and manic commitment pushed other employees to come in early and stay late since that was the way that he worked and employees soon developed similar expectations of innovation and quality relating to their activities and the work of others within the company. Decades later the same story can be told about how the founders of Google introduced certain practices and norms that have contributed to the creation and maintenance of an entrepreneurial culture even as the company has gone through exponential growth—common offices, lobbies and recreational areas encourages interaction among employees and sharing of ideas, news and excitement about new products and technologies; explicit empowerment of employees to invest time in pursuing new ideas increases the likelihood of successful innovation; and rewarding creativity that leads to new products and services through distribution of ownership interests.

The organizational founders influence organizational culture in a number of specific ways. For example, the culture will be impacted by the choices they make in designing the organizational structure; that is, the formal rules and procedures to be followed with respect to the form and content of communications within the organization and interactions between individual members and groups of members (e.g., departments, branches and business units). The decisions made by the founders regarding business strategy will also be important elements in creating and reinforcing the values that the leaders believe are necessary in order for the organization to be successful. In addition, when the founders set and disseminate details regarding the core cultural values of the organization it provides guidance to members at all levels of the organization as to the behaviors and outcomes that are preferred by the leaders of the company. These cultural norms are the actions and behaviors by managers and employees that should be considered acceptable by others and illustrate the preferred way for managers and employees to resolve problems and pursue the mutually agreed goals and objectives of the organization. Finally, the influence of the organizational founders is also heavily felt through the way in which they recruit and socialize the first employees of the new organization. Since the founders are presumably heavily involved with the recruitment process at that stage there is a high likelihood, if not certainty, that these new hires and the founders will share the same personal values, interests and goals for the future of the organization. Eventually these persons, if they remain with the organization, can be expected to rise to positions of leadership within the organizational structure and serve as important emissaries and teachers of the values and beliefs of the founders even as the founders themselves become more and more removed from day-to-day interaction with employees as the organization grows.[62] In fact, the contribution that the founders make to

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[62] E.H. Schein, "The Role of the Founder in Creating Organizational Culture", Organizational Dynamics, 12 (1983), 13–28; E. Schein, Organizational Culture and Leadership (2d Ed) (1992).

the initial development of the organizational culture can often be so strong that it overrides the influence of subsequent members of the senior management team and makes it more difficult for new leaders to make their own mark on cultural values and norms and orchestrate a change in the culture to coincide with a new strategic direction.

The impact that founders can have on organizational culture is illustrated by a study of early-stage technology companies in the Silicon Valley undertaken by the Stanford Project on Emerging Companies ("SPEC").[63] Among other things the researchers were interested in how the founders of those companies addressed key organizational design issues during the start-up period. The SPEC was concerned not only with the actions taken, and decisions made, as these companies were launched and began to grow but also wanted to learn more about the long-term impact of those actions and decisions on the company as it continued forward and became larger and more mature. The researchers postulated that in order for a company to be successful it was necessary to develop and institutionalize coherent blueprints for the relationship between the company and its employees that fostered reliability and accountability. They believed that the choices made by companies with respect to definition and adoption of their relational blueprint, which is an important element of their organizational culture, would be heavily influenced by the beliefs of the founders of those companies (and any non-founder CEO) regarding how work flow within the company and the employment relationship should be structured.

SPEC researchers conducted extensive interviews of the principals of the companies in the study group and identified three dimensions they considered useful in describing and categorizing the choices made by founders and non-founder CEOs of these companies that influenced the organizational design of their firms—the basis of attachment to and retention by the company; the organizational structure, as determined by the means selected to attempt to coordinate and control employee activities; and the criterion used for selecting persons to join the workforce.[64] The researchers then analyzed how the choices made by the companies in their study group for each of these dimensions were clustered and used the results to come up with five basic models of employment relations: engineering (challenging work, peer group control, and selection based on the ability to perform specific tasks), star (challenging work, professional control and selection based on long-term potential), commitment (love, peer group control and selected based on cultural fit), bureaucracy (challenging work, formalized control, and selection based on the ability to perform specific tasks) and autocracy (exchange of labor for money, control through personal oversight, and selection based on the ability to perform specific tasks).[65] Of these models the most common among the study group was the engineering model; however, the researchers found substantial diversity among the companies in the study

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[63] The following discussion is based on Stanford Graduate School of Business, Entrepreneurship: Lessons from the Stanford Project on Emerging Companies (Sept. 3, 2003). Further information on the Stanford Project on Emerging Companies ("SPEC") is available on the SPEC website (http://www-gsb.stanford.edu/SPEC).

[64] For further discussion of each of these dimensions, see the chapter on "Dimensions of Organizational Culture" below.

[65] For further discussion of each of these models of employee relations, see the chapter on "Dimensions of Organizational Culture" below.

group in spite of their common location, cultural environment and social and business network and claimed that the results of their study provided evidence that the choices made by the founders with respect to the initial employment blueprint did have a strong impact on the evolution of the company and its eventual success.[66]

The model selected clearly impacted the role that the founder was expected to play in managing the business and interacting with employees. For example, founders of companies pursuing the "star" model needed to establish and maintain an exciting environment and find a way to balance their need for control against the autonomy demanded by talented employees attracted to that particular employment model. Founders of companies based on the "commitment" model tended to be personally involved in even the simplest aspects of company operations. On the other hand, founders opting for either the "bureaucracy" or "autocracy" models did not invest a lot of time in warm and fuzzy interactions with employees and relied on formalized controls to guide day-to-day activities and tended not to delegate substantial amounts of authority with respect to key decisions relating to the company.[67]

Interestingly the SPEC researchers did not find any consistent correlation between the employment models selected by the founders and the founders' own professional background working within other organizations. For example, while there were founders within the sample group who came from bureaucratic organizations and chose to adopt a bureaucratic template there were also a similar number of founders coming from the same background who specifically rejected bureaucracy as dysfunctional and expressed a keen desire to embrace a completely different culture and operating style for their new companies.[68] On the other hand, however, there did appear to be a link between the organizational blueprint selected and the founder's initial business strategy at least in those instances when the founder chose to compete by being the best at marketing, service or customer relationships. In those situations it was likely that companies would embrace the "commitment" model that emphasized establishing close long-term relationships between the company and its employees which, in turn, could support the strategic objective of strong long-term relationships between these committed employees and the company's key customers. The "commitment" model was far less popular with companies that selected different strategies such as technological innovation, technological enhancement and/or competing on the basis of lower costs.[69]

Another group that is important in determining the content and tone of the organizational culture is the senior managers who oversee the operations of the organization and continuously set, evaluate and change the strategic goals and objectives of the organization. The senior managers must make a conscience attempt to align the organizational culture with its goals and objectives. In addition, they must consciously act in accordance with the values and beliefs they wish to promulgate and act affirmatively to

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[66] Stanford Graduate School of Business, Entrepreneurship: Lessons from the Stanford Project on Emerging Companies (Sept. 3, 2003), 5–7, 13.

[67] Id. at 5–7, 13–15.

[68] Id. at 10.

[69] Id. at 11–12.

teach those values and belief to their employees through the creation and dissemination of new cultural forms (i.e., stories, rituals, language and symbols). Put another way, senior managers should understand the need to constantly "walk the talk" as they go about their day-to-day activities and make public pronouncements that will be seen and evaluated by employees. In this way the leaders of the organization can play a powerful role in teaching and reinforcing desired cultural values and norms.

§2:3   Organizational ethics

Organizational ethics is composed of the moral values, beliefs, and rules that establish and define the appropriate way for members of the organization to interact with one another and with external stakeholders. The instrumental values embedded in the ethics of an organization become the primary point of reference for members whenever they are called upon to manage a particular opportunity or problem and make decisions about how they should act and the course that should be taken by the organization.[70] For example, managers may be conflicted, at least from a business perspective, when they are confronted with a situation where they know a product might be unsafe and cause harm to consumers yet they are reluctant to take the product off the market due to concerns about the costs associated with recalls and repairs, the loss of profits, and the accompanying bad publicity. This is the time where the ethical values of the organization must be tapped in order to balance the potential economic impact of a certain action on the organization against the risks created to other stakeholders, in this case the customers, from failing to act before a disaster occurs that causes great harm and damage to those stakeholders. A similar ethical crisis occurs when employees in foreign countries realize that making "sensitive payments" is the accepted way of doing business in those countries and necessary to advance the company's interests even though those same types of payments would be considered unethical and illegal in the United States.

While organizational ethics are a strong influence, the actions taken by individual members will also be colored by their own set of personal and professional ethical values and beliefs and persons who rise to positions of power within the organization can and do attempt to create an organizational culture that is aligned with their own sense of what is ethical behavior. For example, organizational executives and managers with professional training in law or accounting are likely to apply the code of ethics associated with those professions when analyzing problems and situations that arise during daily activities within the organization. Laws and regulations may also delineate the ethical boundaries for organizational members. In any case, as organizations grow and become more complex there is a greater need to formalize the desired elements of the ethics of the organization and this is typically done by promulgating and disseminating written codes of ethics and standards; conducting ethics training for members of the organization; establishing methods for obtaining ethics-related guidance, including appointment of a chief ethics officer; and implementing systems that allow for anonymous and confidential reports of potential unethical activities.

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[70] T.J. Jones, "Ethical Decision Making by Individuals in Organizations: An Issue Contingent Model," Academic Management Review, 2 (1991), 366-395.

§2:4 Property rights

Another important factor in determining organizational culture is the method chosen for allocating and protecting property rights associated with the organization and its operations. For purposes of discussion, the term "property rights" should be understood to include the rights that an organization provides to its internal stakeholders—the owners, managers and employees—to receive and use the tangible and intangible resources owned or controlled by the organization.[71] It should be noted, however, that arguments have been made for extending property rights to other groups that have commonly been categorized as external stakeholders including suppliers, customers and the general communities in which the organization operates. While these extension efforts have generally been unsuccessful organizational leaders have come under additional pressure to consider the needs of these groups.

The strongest property rights are vested in the owners of the organization—the shareholders in the case of a corporation—since it this group that ultimately "owns" all the assets of the corporation and has the residual right to receive the profits generated from the use of those assets after payments have been made to other stakeholders. In the case of a corporation, the shareholder-owners delegate responsibility for stewardship of the corporate assets to a group of fiduciaries—the board of directors—that in turn delegates responsibility for day-to-day activities and long-term corporate strategy to senior executives who are compensated for their services through the grant of a different set of property rights including salaries, cash bonus plans, stock options, severance arrangements and other benefits. These executives, along with other individuals assigned to management positions within the organization, also are vested with authority to make decisions regarding the use of resources and define how control will be exercised within the organization. The strong rights given to executives and managers are seen as necessary to motivate them to act in a way that creates value from the operational activities of the organization that they can share in along with the owners. Ownership and management often overlap and this can influence the way in which owner-managers behave in their managerial capacities.

Non-managerial employees generally have the weakest set of property rights among the internal stakeholders of the organization and their interest in the organizational resources is usually limited to their base salary and health and pension benefits and their right to use those resources will be dictated for them by the rules established by management in establishing authority and control within the organizational structure. There are, however, some situations where employees enjoy stronger property rights including long-term employment arrangements; the right to be notified in advance of layoffs and entitlement to severance arrangements; the right to acquire ownership interests and thus share in the rights described above with respect to the owners, and institutionalized procedures for employee involvement in decision-making. In addition, employees will generally be given career-path opportunities to advance to managerial, and sometimes executive, positions within the organization and thus their property rights may change as time passes and they continue their affiliation with the organization.

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[71] H. Demsetz, "Towards a Theory of Property Rights," American Economic Review, 57 (1967), 347-359.

The creation and distribution of property rights among the various internal stakeholders generally has a substantial impact on the organization's instrumental values and the incentives that executives, managers and employees have to pursue and achieve the organization's terminal values.[72] For example, when an entrepreneurial-based company issues stock options to its employees the goal is to encourage those employees to seek and achieve important terminal values such as innovation and adhere to the related instrumental values of creativity and hard work. Other companies see creation of ownership rights for employees as a way to build commitment and loyalty and motivate employees to work to fulfill key terminal values such as customer service. On the other hand, if a company reduces employees' property rights, such as by cutting salaries or benefits, there is a high likelihood that the workforce will react with hostility and that employees will either leave the company or intentionally reduce their level of performance. This scenario is even more likely in situations where the property rights granted to owners, executives and managers remain unchanged since employees will resent that they are the only group that is being asked to make a sacrifice so that the other groups can realize more rewards (e.g., worker salaries are cut to reduce costs and increase profits that are distributed only within the owner and manager groups).

In addition to their role as incentives property rights, when properly used, can reduce the need for other types of internal control and supervision methods. For example, the issuance of stock options and/or the creation of an employee stock ownership plan, or "ESOP," can dramatically change the perspective that managers and employees have on working with one another and the decisions they make with regard to addressing opportunities and problems that they encounter during their day-to-day activities. When managers and employees have an interest in the overall profitability of the company as a whole, rather than just their own individual performance or the performance of their group or department, they are more likely to share relevant information more freely and collaborate in cross-functional teams to complete projects of strategic importance to the company (i.e., new product development or creation and implementation of procedures for improving quality controls and/or customer service). In addition, the relationships between managers and employees will also change. No longer are managers the ones who make and enforce the rules that employees must accept without question. A new paradigm is created in which managers and employees work together and managers learn to encourage and accept advice from those reporting to them.

Property rights are a necessary part of the organizational landscape for any company and properly allocated property rights can have a real and positive impact on the operation of the business and the attitudes and behaviors of the various internal stakeholders. In turn, this will obviously influence the organizational culture and the specific values and norms that dictate the thoughts and actions of the internal stakeholders. However, once property rights have been established, or "vested," there is a real risk that the status quo can become too firmly entrenched and that stakeholder groups will resist necessary changes in the way in which the rights are allocated. One of the main negative connotations of a

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[72] G.R. Jones, "Transaction Costs, Property Rights, and Organizational Culture: An Exchange Perspective," Administrative Science Quarterly, 28 (1983), 454-467.

"bureaucracy" is that staffers have become too attached to the rights that they have with respect to review and approval of projects and undermine any attempt to reduce their control or alter their role in business processes. As a result, the company as a whole loses the ability to act quickly, and take calculated risks, in responding to new opportunities. In order to avoid this problem great care must be taken in allocating property rights and each person's specific rights should be explicitly conditioned on ongoing performance evaluations and the understanding that changes in overall strategy must necessarily be accompanied by appropriate re-allocations of property rights in order to ensure proper alignment with the current strategic goals and objectives of the company.

§2:5   Organizational structure

The structure of the organization—the formal system of task assignments and authority relationships that has been created in order to control the activities within the organization—will also have a strong, perhaps overriding, contribution to the organizational culture.[73] Among other things, the organizational structure, particularly the degree of formality and hierarchy therein, determines how cultural values and norms are communicated, interpreted and enforced. For example, organizations that select and deploy a mechanistic organizational structure, which are tall and centralized, necessarily create very little autonomy for employees and thus send a message that managers and employees are expected to behave cautiously and respect traditions and challenges to authority are unwelcome. On the other hand, organizations which opt for flat and decentralized, generally referred to as organic, organizational structures are willing to provide managers and employees throughout the organization with more autonomy and freedom as to how they should approach and complete their assigned tasks and this tends to support and cultivate instrumental values such as creativity and risk-taking. In fact, the organic organizational structure is generally associated with companies that are understood to have more entrepreneurial cultures. Also, since organic organizational structures allow employees to have easier and more frequent access to senior management there are more opportunities for mentoring, teaching and coaching "from the top" that can serve as powerful models of the types of preferred behavior and thinking.

Part of any organizational structure is a set of shared norms and rules that managers and employees are expected to follow in performing their assigned tasks and interacting with colleagues at different levels in the organizational hierarchy, regardless of whether the hierarchy is tall or flat or somewhere in the middle. Properly defined and applied, these norms and rules serve as powerful tools for ensuring that information flows smoothly and quickly throughout the organization and that people in different parts of the organization communicate and cooperate with one another. In addition, norms and rules can put employees on notice as to what is considered to be accepted and expected behavior and thus become part of the culture fabric of the organization. For example, the rules established for passing information from subordinates to managers can be used to reinforce expectations that all employees will promptly and fully disclose all relevant

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[73] For further discussion of organizational structure, see "Organizational Design: A Library of Resources for Sustainable Entrepreneurs" prepared and distributed by the Sustainable Entrepreneurship Project (www.seproject.org).

information "up the ladder," including news of problems or mistakes. In this way the rules support the cultural values of honesty and openness.

Decentralization and centralization within the organizational structure, which is a key issue for organizational designers, will determine how new and innovative ideas that may fall outside of traditional norms are perceived and welcomed. Technology-based companies often select a decentralized organizational structure as a way to free employees from tedious and rigid reporting relationships so that they can be more creative and allocate a certain amount of their time and access to resources to working on innovative projects. On the other hand, companies involved in dangerous and hazardous activities, such as operating nuclear power plants, cannot afford the luxury of providing employees with substantial autonomy and must necessarily adhere to a centralized organizational structure with elaborate rules and guidelines that must be followed by all employees to ensure that operations proceed safely and as planned. In this situation the dominant cultural values will be consistent with the company's operational activities—stability, predictability, and adherence to the "chain of command".

Another issue to consider with respect to organizational structure is the specific systems and procedures that are adopted to define and regulate the routine of day-to-day activities and communications within the organization. Some organizations, particularly larger ones, rely heavily on formal reports as the preferred method for communicating information and keeping managers higher up in the hierarchy apprised of the progress of various projects. This type of system may, however, create unnecessary distance between groups involved with a particular project and reduce opportunities for face-to-face communications that might actually improve the way that information is shared and used. In such situations senior management may need to modify the way the managers and employees go about their business. For example, if senior management believes that the flow of information is being impeded by formal written reports it must take steps to reduce or eliminate the number of reports and develop acceptable alternatives to communication within the organization.

§2:6   Control systems

While control systems are often thought of as part of the organizational structure they are worth examining separately in the context of determinants of organizational culture. In general, the control systems that are part of the culture of an organization include financial and accounting systems, including formal reporting requirements; quality control systems; and the systems and rules that have been established in order to measure performance and distribute rewards among members and groups as incentives for engaging in desired behaviors. The key issues in this area are whether controls should be "tight" or "loose" and which activities will be closely controlled while others remain relatively unregulated. The decisions are driven in part by a scarcity of resources since it is impossible for organizations to design and implement data management and reporting systems that span all of their activities and management must be selective about how they establish and maintain control and compliance programs.

What an organization decides to "control" can provide significant information on the behaviors it is seeking to promote and what is considered to be valuable in the minds of the leaders of the organization. For example, if an organization engaged in manufacturing activities imposes strict controls on production costs while paying little attention to the quality of the outputs of the manufacturing process it sends a strong message to employees on the production line as to where they should focus their efforts. Also, if the organization's reward system fails to provide recognition for good performance while quickly penalizing mistakes it can be expected that employees will soon modify their behavior so as to avoid risks and they will seldom be tempted to take chances that have a substantial possibility of failure even if success can lead to abnormal levels of benefits.

§2:7 Power structures

While the organizational structure of the company, which is usually depicted through some form of organization chart, illustrates the formal allocation of authority and control within the organization, additional analysis must be conducted to identify the organizational power structure. The power structures of an organization include the person or persons, sometimes including entire departments, which exert the most power and influence on decisions regarding the strategic direction of the organization and how those decisions are executed. In order to understand the most important elements of the organizational culture it is necessary to determine the values and beliefs of those who exercise power and how they use their influence in their interactions with other employees and in setting rules and goals for the organization.

Chapter 3
Dimensions of Organizational Culture

§3:1 Introduction

The dimensions approach has become extremely popular for research, analysis and diagnosis in the area of societal culture and its influence on the management of organizations and the behaviors of organizational members. Researchers have observed that this phenomenon can partly be "attributed to a simplification of the approach to culture". It is, therefore, not surprising that attempts have been made to identify dimensions of organizational culture and, as part of that process, gauge the extent to which dimensions of societal culture can also be applied to analysis at the organizational level. Dauber et al. observed that the "dimensions approach" has occupied researchers on organizational culture for several decades and described these efforts as focusing "on measuring organizational culture empirically along (in some case bipolar) scales that can be related to other, most dependent, variables of interest".[74] The consensus seems to be that while organizational values are affected by societal values, and the personal values of organizational members that inevitably come into play as they go about their day-to-day activities are also influenced by societal values, organizational values differ significantly from national or societal values and any dimensional model of organizational culture would best be focused on the tasks required, and the actual practices relating to those tasks, of organizational members.[75]

The dimensions approach is usually facilitated by the creation and use of profiling surveys, which Ashkanasy et al. described as being "concerned with giving descriptions of organizations by measuring the strengths or weaknesses of a variety of organizational members' beliefs and values".[76] The goal of this process is to generate scores on a specified number of culture dimensions that allows the researcher to identify a profile of an organization's culture. Accordingly to Ashkanasy et al., profiling surveys differ from surveys used in connection with the typologies approach explained in "Organizational Culture: A Library of Resources for Sustainable Entrepreneurs" prepared and distributed by the Sustainable Entrepreneurship Project (www.seproject.org) "in that they categorize organizations in terms of multiple categories of norms, behaviors, and values or beliefs that are not necessarily mutually exclusive".[77] Ashkanasy et al. also argued that profiling surveys can be divided into three main categories: "effectiveness" surveys, which focus on assessing an organization with respect to the strength of various "values" and practices

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[74] D. Dauber, G. Fink and M. Yolles, "A Configuration Model of Organizational Culture", SAGE Open 2012, Originally Published on 22 March 2012, http://sgo.sagepub.com/content/2/1/2158244012441482, 2.

[75] Id. at 3. See L. Sagiv and S. Schwartz, "Cultural values in organisations: Insights for Europe", European Journal of International Management, 1 (2007), 176-190 (arguing that organizational culture is influenced by the "surrounding society" (societal culture), "personal value priorities of organizational members" and "the nature of the organization's primary tasks").

[76] N. Ashkanasy, L. Broadfoot and S. Falkus, "Questionnaire Measures of Organizational Culture", in N. Ashkanasy, C. Wilderom and M. Peterson (Eds.), Handbook of Organizational Culture & Climate (Thousand Oaks, CA: Sage Publications, Inc., 2000), 131-145, 135.

[77] Id.

that are thought to be associated with high levels of organizational effectiveness and performance; "descriptive" surveys, which measure the values included in the particular dimensional model but make no assessment with regard to organizational effectiveness; and, finally, "fit" profiles that "look at the congruence between individuals and the organization".[78]

The following sections describe various proposed models of dimensions of organizational cultures, including several that have attempted to select and use the dimensions most often relied upon by other researchers. Much of the work in this area has been focused on assisting organizational managers in understanding the culture of their organizations and, in particularly, those cultural characteristics that researchers believe are most directly related to organizational performance. In addition to the models discussed below, anyone interested in the topic should review the work of researchers such as Marcoulides and Heck (organizational structure, organizational values, task organization, organizational climate and employee attitudes), Petty et al. (teamwork, trust and credibility, performance improvement and common goals and organizational functioning), Rousseau (team or satisfaction-oriented norms and security-oriented norms) and Kotter and Heskett (strength of culture, strategy-culture fit and adaptability).[79] Suggestions on how organizational leaders can use the various dimensional models in connection with their efforts to assess and evaluate their organizational cultures have been included in "Organizational Culture: A Library of Resources for Sustainable Entrepreneurs" prepared and distributed by the Sustainable Entrepreneurship Project (www.seproject.org).[80]

§3:2   Peters and Waterman

Peters and Waterman, who were instrumental in popularizing the notion of corporate culture being a potential core advantage for firms, identified eight characteristics of "excellent companies" and argued that it could be shown that these characteristics were related to measures of success in the marketplace.[81] These characteristics, the so-called "excellence attributes", included a bias for action; close to the customer; autonomy and entrepreneurship; productivity through people; hands-on and value-driven; stick to the

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[78] Id. at 135 and 138 (including citations to various examples of each of the three categories of profiling surveys).

[79] G. Marcoulides and R. Heck, "Organizational culture and performance: Proposing and testing a model", Organization Science, 4 (1993), 209-225; M. Petty, N. Beadles, C. Lowery, D. Chapman and D. Connell, "Relationships between organizational culture and organizational performance", Psychological Reports, 76 (1995), 483-492; D. Rousseau, "Normative beliefs in fund-raising organizations: Linking culture to organizational performance and individual responses", Group & Organization Studies, 15 (1990), 448-460 and J. Kotter and J. Heskett, Corporate culture and performance (New York: Free Press, 1992). For further information on attempts to identify and measure dimensions of organizational culture, see N. Delobbe, R. Haccoun and C. Vandenberghe, Measuring Core Dimensions of Organizational Culture: A Review of Research   and   Development   of   a   New   Instrument, http://www.ucllouvain.be/cps/ucl/doc/iag/documents/WP_53_Delobbe.pdf.

[80] For suggestions regarding methods for identifying and assessing organizational culture, see "Managing Organizational Culture" in "Organizational Culture: A Library of Resources for Sustainable Entrepreneurs" prepared and distributed by the Sustainable Entrepreneurship Project (www.seproject.org).

[81] T. Peters and R. Waterman, In Search of Excellence (New York: Harper and Row, 1982).

knitting; and, finally, simultaneous loose and tight properties. Several of these characteristics would appear to be more properly placed under strategy as opposed to culture; however, actions and behaviors commonly associated with culture are clearly present. For example, Peters and Waterman believe that firms should create an environment in which employees are empowered to act autonomously to take reasonable risks to pursue and achieve innovation. In addition, mutual respect and enthusiasm for co-workers is seen as important to creating the environment required for high quality work. Finally, in the eyes of Peters and Waterman, successful companies maintain simple organizational structures and delegate and share authority among all employees.

§3:3   Hofstede

Hofstede, who is best known for his work in studying how national and regional cultural characteristics (i.e., "societal culture") impact organizational behavior, also conducted smaller studies that focused on organizational culture and attempted to identify dimensions of organizational culture that can be used a descriptive framework for organizational cultures.[82]   Hofstede acknowledged that his specific research base (20 work organizations or parts of organizations, ranging from a toy manufacturing company to municipal police corps, in the Netherlands and Denmark) was too narrow to credibly argue for the universal validity and sufficiency of the six dimensions that he identified and noted that additional dimensions may be necessary or some of the six may be less useful in other countries and/or when analyzing other types of organizations. In fact, while the organizations that he studied did evidence widely divergent perceptions of daily practices he was only able to uncover "modest" differences in values after taking into account the effect of non-organizational factors such as nationality, education, age and gender. Nonetheless, the following summaries of Hofstede's rudimentary dimensions of organizational culture are useful[83]:

- *Process-oriented versus results-oriented.* As the name implies the foundation of a process-oriented culture is generally an elaborate system of technical and bureaucratic routines. In contrast, a results-oriented culture focuses primarily on achieving the desired results or outcomes and is not terribly concerned with the processes that are used to meet the goals and objectives of the organization. The degree of homogeneity among the members of the organization played an important role in determining where the organization fell on this dimension: in results-oriented organizations most of the members perceived their practices in the same way while in process-oriented organizations vast differences among the members could be identified with respect to perceptions of how work should be conducted. Peters and Waterman also noted that homogeneity is a determinant of where an organization falls on a continuum of

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[82] G. Hofstede, B. Neuijen, D.D. Ohayv & G. Sanders, "Measuring organizational cultures: A qualitative and quantitative study across twenty cases", Administrative Science Quarterly, 35 (1990), 286-316.

[83] The summaries below are based on G. Hofstede, Dimensionalizing cultures: The Hofstede model in context. In W.J. Lonner, D.L. Dinnel, S.A. Hayes, & D.N. Sattler (Eds.), Online Readings in Psychology and Culture, Unit 2: Conceptual, Methodological and Ethical Issues in Psychology and Culture (Bellingham, WA: Center for Cross Cultural Research, 2006).

"strong" versus "weak" and argued that strong cultures are more results-oriented than weak cultures, and vice versa.[84]

- *Job-oriented versus employee-oriented.* An organization with a job-oriented culture limits its responsibilities toward employees to their job performance while an organization that is employee-oriented takes a broader view of its responsibility to employees including an obligation to watch out for their overall well-being.[85] Hofstede's research found that the orientation of an organization on this dimension tended to be strongly influenced by historical factors including the philosophy of the founder(s) and whether or not there has recently been an economic crisis relating to the organization that has led to collective layoffs.

- *Professional versus parochial.* In organizations with a professional culture the members, who typically are highly educated with degrees in recognized professional, scientific and engineering disciplines, tend to identify primarily with their professions. In contrast, the members of parochial organizations are reliant on the organization itself for their identity. Hofstede noted that the poles of this dimension corresponded to the contrast between "local" (i.e., an internal frame of reference) and "cosmopolitan" (i.e., an external frame of reference) that had been popular among sociologists.[86]

- *Open systems versus closed systems.* This dimension focuses on identifying and classifying the styles commonly used within the organization for internal and external communications and the ease with which outsiders and newcomers (e.g., new employees) are admitted and integrated into the organization. Hofstede noted that this was the only one of the dimensions where he found systematic differences between organizations in different countries and suggested that there might well be a societal characteristic of "organizational openness" that impacted the degree of openness found among individual organizations in the society.

- *Tight versus loose control.* This dimension focuses on the level of importance given by the organization and its members to formality and punctuality and appears to be influenced, at least in part, by the technology deployed within the organization. Among the organizations in Hofstede's survey tighter controls were found among banks and pharmaceutical companies and looser controls appeared among research laboratories and advertising agencies.

- *Pragmatic (flexible) versus normative (rigid).* The dimension focuses on the methods most commonly used by an organization in dealing with its environment in general

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[84] See T. Peters and R. Waterman, Jr., In Search of Excellence: Lessons from America's best-run companies (New York: Harper & Row, 1982).

[85] The popular Managerial Grid theories of Blake and Mouton had previously identified job orientation and employee orientation at the level of individual managers. See R.R. Blake & J.S. Mouton, The Managerial Grid (Houston TX: Gulf, 1964). Koene used the Hofstede dimensions to study store, cost and personnel performance in 50 company-owned Dutch supermarket stores of a large retail chain and concluded that employee orientation and openness influenced performance both directly and indirectly through their impact on general and task communication within the organizations. C. Wilderom, U. Glunk and R. Maslowski, "Organizational Culture as a Predictor of Organizational Performance", in N. Ashkanasy, C. Wilderom and M. Peterson (Eds.), Handbook of Organizational Culture & Climate (Thousand Oaks, CA: Sage Publications, Inc., 2000), 193-209, 198-199 (citing B. Koene, Organizational culture, leadership and performance in context: Trust and rationality in organizations (Rijksuniversiteit Limburg: Unpublished doctoral dissertation, 1996)).

[86] See, e.g., R.K. Merton. Social Theory and Social Structure. (New York: Free Press, 1949).

and with customers in particular. Hofstede associated scores on this dimension with the level of "customer orientation", a popular topic among management theorists, and observed that organizations involved in the sale of services tended to be more pragmatic while organizations that were engaged in the application of laws and rules were more normative.

It should also be noted that Hofstede wrote extensively on what he projected to be the links between his national/societal cultural dimensions and management practices within organizations in various countries. Since many of these so-called "management practices" are often used by researchers as indicators of elements of organizational culture, Table 3.1 highlighting the "consequences for the workplace of differences in national cultures" is of interest in this entire discussion:

Table 3.1
Workplace Consequences of Differences in National Cultures

Small Power Distance Societies	**Large Power Distance Societies**
Hierarchy means an inequality of roles, established for convenience; subordinates expect to be consulted; ideal boss is resourceful democrat	Hierarchy means an existential inequality; subordinates expect to be told what to do; ideal boss is benevolent autocrat (good father)
Collectivist Societies	**Individualist Societies**
Value standards differ for in-group and out-groups: particularism; other people seen as members of their groups; relationship prevails over task; moral model of employer-employee relationship	Same value standards apply to all: universalism; other people seen as potential resources; task prevails over relationship; calculative model of employer-employee relationship
Feminine Societies	**Masculine Societies**
Assertiveness ridiculed; undersell yourself; stress on life quality; intuition	Assertiveness appreciated; oversell yourself; stress on careers; decisiveness
Weak Uncertainty Avoidance Societies	**Strong Uncertainty Avoidance Societies**
Dislike of rules—written and unwritten; less formalization and standardization; tolerance of deviant persons and ideas	Emotional need for rules—written and unwritten; more formalization and standardization; intolerance of deviant persons and ideas

Source: G. Hofstede and M. Peterson, "Culture: National Values and Organizational Practices", in N. Ashkanasy, C. Wilderom and M. Peterson (Eds.), Handbook of Organizational Culture & Climate (Thousand Oaks, CA: Sage Publications, Inc., 2000), 401-415, 407.

§3:4   GLOBE Project

The Global Leadership and Organizational Behavior Effectiveness project, commonly referred to as "GLOBE", was conceived and launched in the early 1990s by Robert J. House and is considered to be the most extensive and ambitious attempt to gather and analyze information relevant to the study of the cross-cultural aspects of leadership.[87]

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[87] For an interesting and detailed overview of the development of the GLOBE project and the organizational processes used to collect and analyze the information, see R. House, P. Hanges, S. Ruiz-Quintanilla, P. Dorfman, M. Javidan and M. Dickson, "Cultural Influences on Leadership and Organizations," Advances in Global Leadership, Volume I (Greenwich, CT: JAI Press, Inc., 1999), 171-233. For a fuller discussion of the GLOBE project, including the methodology used by the GLOBE researchers and their findings regarding societal culture, see "Globalization: A Library of Resources for

The original intent of the GLOBE project was to focus primarily on leadership; however, the collected data was subsequently used to analyze other issues including the interacting effects of leadership, national culture and organizational culture. The GLOBE researchers asked about 17,000 managers from nearly 1,000 local (i.e., non-multinational) organizations in 62 different countries to responded to survey questions that asked them to describe their societal and organizational cultures both "as is" ("practices") and as it "should be" ("values"). The GLOBE project assessed nine cultural dimensions derived from a number of sources including Hofstede and others identified in an extensive literature review.[88] In contrast to Hofstede, the GLOBE researchers worked from the perspective that "societal and organizational cultures can be described using the same dimensions, recognizing that these dimensions can have somewhat different psychological meanings at the different levels of analysis".[89] The GLOBE project's organizational cultural dimensions can be summarized as follows[90]:

- Uncertainty Avoidance: The extent to which an organization relies on established norms, rituals, rules, laws and procedures to avoid uncertainty and reduce ambiguity in organizational life.
- Power Distance: The degree to which the members of an organization expect and agree that power and status should be distributed and shared unequally within the group. The more power distance there is in an organization the more stratification exists between members with regard to power, authority, prestige, status, wealth, and material possessions.
- Organizational Collectivism: The degree to which organizational members (should) take pride in being associated with the organization.
- In-Group Individualism/Collectivism: The degree to which an organization focuses on individual accomplishment versus group accomplishment.
- Gender Egalitarianism: The degree to which an organization promotes gender equality and minimizes gender role differences when determining the roles that members play in the organization (e.g., the tasks assigned and the opportunities for training and advancement).

Sustainable Entrepreneurs" prepared and distributed by the Sustainable Entrepreneurship Project (www.seproject.org).

[88] A useful and well-written summary of the GLOBE project's cultural dimensions appears in C. Grove, "Worldwide Differences in Business Values and Practices: Overview of GLOBE Research Findings" (Grovewell LLC: Grovewell.com/GLOBE, 2005) http://www.grovewell.com/pub-GLOBE-dimensions.html [accessed September 2, 2010]. For further discussion of these dimensions, see "Globalization: A Library of Resources for Sustainable Entrepreneurs" prepared and distributed by the Sustainable Entrepreneurship Project (www.seproject.org).

[89] M. Dickson, R. Aditya and J. Chhokar, "Definition and Interpretation in Cross-Cultural Organizational Research: Some Pointers from the GLOBE Research Program" in N. Ashkanasy, C. Wilderom and M. Peterson (Eds.), Handbook of Organizational Culture & Climate (Thousand Oaks, CA: Sage Publications, Inc., 2000), 447-464, 453. Dickson et al. explained that "[t]his approach makes sense when the primary goal is to understand the direct influence of societal-level variables, and when presumes that societal culture will have a main effect on organizational culture". Id.

[90] Adapted from M. Dickson, R. Aditya and J. Chhokar, "Definition and Interpretation in Cross-Cultural Organizational Research: Some Pointers from the GLOBE Research Program" in N. Ashkanasy, C. Wilderom and M. Peterson (Eds.), Handbook of Organizational Culture & Climate (Thousand Oaks, CA: Sage Publications, Inc., 2000), 447-464, 449.

- Assertiveness: The degree to which members of an organization are (or should be) determined, assertive, confrontational and aggressive in their interactions with other organizational members. High assertiveness organizations encourage members to be forceful, aggressive and tough while low assertiveness organizations expect members to be timid, submissive and tender in interactions with other members.
- Future Orientation: The extent to which organizational members engage in future oriented behaviors such as planning, investing in the future and delaying gratification. High future orientated organizations encourage and reward long-term versus short-term planning and projects.
- Performance Orientation: The extent to which an organization encourages and rewards its members for improved performance, excellence and quality and for setting challenging goals and meeting them.
- Humane Orientation: The degree to which an organization encourages and rewards its members for being fair, altruistic, generous, caring, and kind to others. High humane orientation organizations strongly emphasize sensitivity to others, social support and communal values.

While the above-described dimensions of organizational culture tracked the GLOBE project's societal culture dimensions, Dickson et al. conceded that when researchers are primarily interested in organizational culture "there is no need to constrain the dimensions of organizational culture to map onto the dimensions of societal culture" and then reported that exploratory factor analyses of the responses to the questions on the GLOBE questionnaire to organizational level items led the GLOBE researchers to identify the following, smaller, set of factors that might be more appropriate as a list of organizational culture dimensions: organizational collectivism/commitment; humane orientation; assertiveness; a combination of uncertainty avoidance and future orientation; gender egalitarianism; and individualism collectivism.[91] The GLOBE researchers were careful, however, to caution that their dimensions of organizational culture, while believed by them to be conceptually and empirically meaningful, did not necessarily span the entire constructual domain of organizational culture.

It is interesting to note that for several of the leadership dimensions identified and used in the GLOBE project variables at the level of organizational culture were strong than those same variables at the societal level. For example, "assertiveness" was stronger at the organizational level than at the societal level of analysis, meaning that organizational assertiveness had a stronger relationship with team-oriented and participative leadership (negative) and humane-oriented and autonomous leadership (positive) than societal assertiveness.[92] Another study found various relationships between certain of the dimensional measures of organizational culture and the advancement of women to management positions in the organizational structure: positive relationships between

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[91] M. Dickson, R. Aditya and J. Chhokar, "Definition and Interpretation in Cross-Cultural Organizational Research: Some Pointers from the GLOBE Research Program" in N. Ashkanasy, C. Wilderom and M. Peterson (Eds.), Handbook of Organizational Culture & Climate (Thousand Oaks, CA: Sage Publications, Inc., 2000), 447-464, 453-454.

[92] R. House, P. Hanges, M. Javidan, P. Dorfman and V. Gupta (Eds), Culture, Leadership, and Organizations: The GLOBE Study of 62 Societies (Thousand Oaks CA: Sage, 2004).

humane orientation and gender egalitarianism and indications of women's advancement, such as the perceived percentage of women in management positions, and a negative relationship between power distance and indications of women's advancement.[93] The GLOBE dimensions have also been used as the basis for a framework for identifying the relationship between societal culture and organizational identity.[94]

§3:5   Sagiv and Schwartz

Schwartz developed an extensive model of dimensions of societal culture that was based on the fundamental principle that such dimensions are a function of the responses that societies take in order to solve problems that they must confront.[95] Schwartz argued that there are three main problems that societies are universally challenged to address and resolve and that there are corresponding cultural dimensions that can be used to describe alternative methods for resolving these problems that distinguish societies from one another: to what extent are individuals autonomous or dependent upon (integrated into) the groups to which they belong (embedded, sometimes referred to as "conservatism", versus autonomy); to what extent equality is valued and expected and personal responsibility is guaranteed in order to preserve the social order (hierarchy versus egalitarianism); and to what extent do members of the society seek to change their relationship with nature and the social world in order to advance personal or group interests (mastery versus harmony). In other words, Schwartz's theory was based on the fundamental premise that there are "three bipolar dimensions of culture that represent alternative resolutions to each of three challenges that confront all societies: embeddedness vs. autonomy, hierarchy vs. egalitarianism, mastery vs. harmony".[96]

While others, such as Hofstede, were uncomfortable with assuming that the same, or similar, dimensions could be used for both societal and organizational culture, Schwartz, along with his partner Sagiv, felt strongly about the important external influence that societal culture had on the culture of organizations that were "nested" in a society. They argued that "[o]rganizations must gain and maintain a minimal level of approval from society in order to function effectively. Such approval is necessary in order to recruit workers, to obtain material and financial resources and to find markets ready to accept their products . . . [i]n the long run, organizations must be able to justify their activity as expressing or at least not contradicting the preferred values prevalent in their society. Otherwise, they face criticism, pressure to change, or even denial of resources.

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[93] L. Bajdo and M. Dickson, "Perceptions of organizational culture and women's advancement in organizations: A cross-cultural examination", Sex Roles, 45(5-6) (2001), 399-414.

[94] O. Ekmekci, A. Casey, K. Rosenbusch, C. Cataldo and L. Byington, "Re-examining the influence of societal culture on organizational identity" Journal of International Business and Culture Studies, (7) (2012).

[95] S. Schwartz, "Beyond individualism/collectivism: New cultural dimensions of values", in U. Kim, H. Triandis, C. Kagitcibasi, S. Choi and G. Yoon (Eds.), Individualism and collectivism: Theory, methods and applications (Thousand Oaks, CA: Sage, 1994), 85-122. For further discussion of Schwartz's model of dimensions of societal culture, see "Globalization: A Library of Resources for Sustainable Entrepreneurs" prepared and distributed by the Sustainable Entrepreneurship Project (www.seproject.org).

[96] L. Sagiv and S. Schwartz, "Cultural values in organisations: Insights for Europe", European Journal of International Management, 1 (2007), 176-190, 180.

Consequently, organizational cultures tend to develop and evolve in ways that are compatible to some degree with the societal culture in which they are nested."[97] Sagiv and Schwartz then provided a series of predictions about how organizational life would be in various societies based on how those societies fell on the dimensions they had proposed for societal culture[98]:

- Organizations located in societies that are high on "embeddedness" are more likely to function as extended families, taking responsibility for their members in all domains of life, and in return, expecting members to identify with and work dutifully towards shared goals. On the other hand, organizations in societies that are high on "autonomy" are more likely to treat their members as independent actors with their own interests, preferences, abilities and allegiances. As the descriptor implies, organizations in autonomous societies are more likely to grant their members more autonomy and actively encourage members to generate and act upon their own ideas.

- Organizations operating in hierarchical societies are more likely to construct a chain of authority in which all are assigned well-defined roles. Members of these organizations are expected to comply with the obligations detailed for specific roles within the organization and to put the interests of the organization before their own interests. On the other hand, organizations that are high on "egalitarianism" are generally built on cooperative negotiations among employees and managers. Leaders in egalitarian organizations commonly rely on shared goal setting and appeal to the joint welfare of all of the organizational members as motivating strategies. Members of egalitarian organizations are expected to enact their roles more flexibly and to actively influence the   goals and objectives of the organization.

- Organizations that score high on "mastery" are typically dynamic, competitive and oriented to achievement and success and are adept at developing and using technology to manipulate and change the organization's external environment to achieve the goals of the organization. On the other hand, organizations that score high on "harmony" seek to fit into the surrounding social and natural world and the leaders of those organizations are extremely concerned about the social and environmental implications of organizational actions and seek to adopt strategies that incorporate non-exploitive methods for working toward organizational goals. In contrast to mastery organizations, harmony organizations often consider technological manipulation of the environment to be problematic.

Sagiv and Schwartz argued that differences in societal culture translate into differences in the norms and practices of organizations nested in different societies. Accordingly, they observed that business organizations from Western Europe, which they claimed based on their data would be "imbued with more egalitarian values", would thus be "more likely to accept and even encourage diversity in the workplace and to take into account the needs of the surrounding community and operate in ways that benefit it".[99]

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[97] Id. at 178.
[98] The following summaries are adapted from L. Sagiv and S. Schwartz, "Cultural values in organisations: Insights for Europe", European Journal of International Management, 1 (2007), 176-190, 179-180.
[99] Id. at 183.

§3:6   Denison's model of organizational culture

Denison developed what has become a well-known model and measurement tool of organizational culture in an effort to identify those characteristics of organizational culture that were most strongly related to effective organizational performance. After studying hundreds of companies around the world, Denison concluded that "in those organizations whose work is more sensibly organized and where individuals are more involved in decision-making, return on investment and return on sales are two to three times higher" and he argued that there were four cultural traits—adaptability, mission, involvement and consistency—that each had a significant influence on an array of other organizational performance measures including sales growth, return on assets, quality, profits, employee satisfaction and overall performance.[100]

FIGURE 3.1
DENISON'S MODEL OF DIMENSIONS OF ORGANIZATIONAL CULTURE

Source: http://www.denisonconsulting.com/model-surveys/denison-model

Each four-dimensional model is generally depicted in a circular figure (see Figure 3.1) and each of the dimensions is further divided into three sub-dimensions. The figure demonstrates that the Denison model can be seen as an application of the well-known "competing values" framework described below, with the "adaptability" dimension being

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[100] W. Mobley, L. Wang and K. Fang, "Organizational Culture: Measuring and Developing It in Your Organization", The Link (China Europe International Business School) (Summer 2005), 11-20, 13. Mobley et al. reported that Denison had pulled data from over 500 companies, including small, medium-sized and large multinationals that varied substantially in terms of number of employees, gross revenues and maturity, to create a database for a reliable norming benchmark. Id. at 13-14.

related to both "flexibility" and "external focus" in the competing values framework and similar relationships for the other three dimensions in the Denison mode as follows: mission/external focus and stability (or control); involvement/flexibility and internal focus; and consistency/stability (or control) and internal focus.[101]   The following paragraphs describe the brief summaries that Denison himself provided regarding the key elements of each of his dimensions of organization culture and the associated sub-dimensions.[102]

Adaptability focuses on assessing whether the organization is "listening to the marketplace" and assumes that high performing organizations have the ability to perceive and respond to the environment in general, and to their customers in particular, and are able to restructure and re-institutionalize behaviors and processes in ways that allow them to appropriately adapt. Sub-dimensions of adaptability include the ability to "create change", which means welcoming new ideas, a willingness to try new approaches to doing things and a belief that "change creation" is an important part of the way that the organization conducts business; an emphasis on "customer focus", which means that employees recognize the need to serve both internal and external customers and continuously pursue new and improved ways to meet customer expectations; and promotion of organizational learning through leader encouragement of innovation, "thoughtful" risk taking and continuous improvement, viewing both successes and failures as sources of knowledge and tolerance of "reasonable mistakes" as opportunities for learning and developing organizational and personal capabilities.

Development and Maintenance of a Learning Organization

For organizations, adaptability requires a commitment to organizational learning that promotes innovation, "thoughtful" risk taking and continuous improvement. Preskill and Torres described a "learning organization" as an organization that evidences a commitment to inquiry, exhibits fluid information exchange across organizational boundaries (external and internal), possesses knowledge management systems that facilitate collective learning, and demonstrates strategic as well as tactical decision-making based upon what is being learned. A learning organization possesses the adaptability and flexibility necessary in order for the organization to grow and thrive in dynamic, unstable and unpredictable environments. Developing and maintaining a learning organization requires attention to organizational culture and structure, practices and leadership. A simple assessment tool for gauging progress toward becoming a learning organization would include the following questions:

- Does the organization reward and support risk-taking in the form of structured experimentation that ensures that organizational knowledge can be obtained even if the experiment is not successful?
- Does the organization tolerate mistakes as long as the organization learns from those mistakes?
- Does the organization tolerate and support questioning of the reasoning behind statements, decisions and actions taken?
- Does the organization have a cultural norm that knowledge and information is a common property to be shared among members and collectively built and maintained?
- Does the organization foster cooperation rather than competition in order to encourage members to

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[101] R. Burton and B. Obel, Strategic Organizational Diagnosis and Design: The Dynamics of Fit (3d Ed) (Norwell, MA: Kluwer Academic Publishers, 2004), 135.

[102] The descriptions of the four dimensions of Denison's model of organizational culture included in the text are adapted from Denison, Denison Organizational Culture Model, http://www.denisonconsulting.com/model-surveys/denison-model/organizational-culture.

share information?

- Does the organization provide training in inquiry and evaluation skills and provide members with opportunities to apply and strengthen those skills?
- Does the organization make appropriate investments in knowledge management systems so that knowledge can be captured, catalogued and made available for easy access—horizontally and vertically—by all interested members of the organization?
- Has the organization creates channels to support and encourage the flow of information at various levels within the organization—individual, team and organizational?
- Has the organization established performance goals and rewards for members that encourage acquiring and sharing knowledge?
- Does the organization have a formal system for defining, collecting, valuing, and building its intellectual capital?
- Does the organization have a formal training program for new members to educate them about the sources and value of the organization's intellectual capital?
- Does the organization use formal processes for environmental scanning to identify new knowledge that might be relevant to the organization's activities?
- Do the leaders of the organization demonstrate the value they place on learning and how the organization's intellectual capital should be used to achieve its goals and objectives?
- Do the leaders of the organization actively encourage members of the organization to engage in learning activities and acquire and share knowledge within the organization?
- Have the leaders of the organization contributed to the development of an appropriate organizational culture to support learning and knowledge such as by creating reinforcing appropriate values and cultural forms?
- Have the leaders of the organization created a climate of trust that allows members of the organization the freedom to challenge policies and practices that may have become outdated and take reasonable risks?

Source: H. Preskill and R. Torres, Evaluative Inquiry for Learning in Organizations (Thousand Oaks: Sage, 1999).

Mission focuses on assessing whether the members of the organization "know where we are going?" and assumes that "high performing organizations have a mission that tells employees why they are doing the work they do, and how the work they do each day contributes to the why". Sub-dimensions of mission include defining the strategic direction and intent of the organization, which typically refers to the multi-year strategies with high priorities that are established in order to "operationalize" the organizational vision; defining goals and objectives, which are short-term goals, more specific than the broader strategy (yet consistent with the strategy) that are established in order to help each employee understand how his or her work activities are connected to the broader organizational vision and strategy; and establishing and embedding an overall organizational vision, which is "the ultimate reason you are in business—your purpose—what you are ultimately trying to achieve".

Involvement focuses on assessing whether organizational members are "aligned and engaged", a state that exists when members have a sense of ownership and responsibility that provides the foundation for a greater commitment to the organization and an increased capacity for member autonomy so that members carry out their tasks voluntarily as opposed to acting simply to carry out bureaucratic directives. Sub-dimensions of involvement include "informed empowerment" of employees by clarifying the areas where they can make decisions and have input and the areas that are beyond an employee's scope of responsibility; team orientation, including encouragement of

teamwork so that creative ideas are captured and employee support one another in the accomplishment of work-related goals; and capacity development through training, coaching and exposing employees to new roles and responsibilities.

Consistency focuses on assessing whether the organizational system "creates leverage" and assumes that consistency provides organizations with a central source of integration, coordination and control and help them develop a system of systems that "create an internal system of governance based on consensual support". Sub-dimensions of consistency include core values that help employees and leaders make consistent decisions and behave in a consistent manner; agreed mechanisms for engaging in dialogue and collecting multiple perspectives so that organizational members can reach agreement on how to address difficult issues and problems that may arise during the course of organizational operations; and effective methods for coordination and integration of work activities so that the work of every organizational member can be carried out in a way that serves the organization and each member knows and understands how his or her work activities impact others and how the works of others will impact them.

The figure above illustrates the tension between "change and flexibility" and "predictability and stability" the organizations must balance as they move forward and cope with external challenges and implement growth strategies. As Mobley et al. pointed out, "consistency" is not always easy to achieve when "adaptability" is needed: "companies that are market-focused may encounter problems with internal integration but those too well integrated may be over-controlled and [lack] adequate flexibility to adjust to the environment".[103] Similarly, a firm's "mission", which is created at the top of the organization and pushed downward in the hierarchy, may conflict with the desire of employees to achieve "involvement", which is often a "bottom-up" process through which ideas generated lower in the hierarchy are given a fair hearing and perhaps incorporated into the overall mission and goals of the organization. On this point, Mobley et al. cautioned that "organizations with too much emphasis on general corporate mission may frequently ignore the issue of employee empowerment and buy-in, but organizations with strong participation may have a hard time in establishing direction".[104]

The Denison model was accompanied by a survey questionnaire that could be used to measure an organization on each of the sub-dimensions and benchmark those measures against the other firms in the Denison database. The result was an "organizational culture profile" that showed current "strengths" and "weakness" and highlighted areas in which change might be pursued in order to achieve improvement on one or more the various measures of organizational performance. For example, Mobley et al. reported that Denison's survey findings appeared to indicate that "external perspective greatly influences market share and sales growth, while internal focus is more about return on investment and employee satisfaction; the effect of flexibility is strongly related to innovation of new products and services, and stability is directly contributing to financial

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[103] W. Mobley, L. Wang and K. Fang, "Organizational Culture: Measuring and Developing It in Your Organization", The Link (China Europe International Business School) (Summer 2005), 11-20, 15.
[104] Id.

performance such as return on assets, return on investment and return on sales".[105] Denison did have a view as to what he considered to be the "desired" organizational culture: as described by Mobley et al., it was "stable and flexible—stable in their vision, values and mission, but elastic in the structure and operations; it should focus on both external adaptation and internal integration—adapting to the customer and market and satisfying to employees at the same time".[106]

Mobley et al. argued that compiling an organizational culture profile using the Denison model and the survey questionnaire helps organizational leaders identify the steps that should be taken to transform the organizational culture to a state that is best suited to the external environment in which the organization operates. Mobley et al. illustrated this process by looking at a company with a profile that suggested that it had an organizational culture was "more stable than flexible" and that it was "better at Mission and Consistency than Adaptability and Involvement". After explaining that the identified organizational culture characteristics were not appropriate for the company to be competitive in its "rapidly changing external environment", Mobley et al. described the following agenda for organizational leaders to implement in order for the company to build more on Adaptability and Involvement and become more flexible and innovative[107]:

- Capability development efforts should focus on providing more opportunities and resources to employees for self-development and specific actions should include implementation of training, development needs analysis and development planning processes and creation of individual action plans for the development of each employee.
- Customer focus should be enhanced through emphasis on various customer focus initiatives including team visits to customers; upgrades to the organization's customer management and relationship systems; and improvements to the organization's processes for communication, follow and outcome tracking on all customer issues.
- Affirmation of core values should be promoted through expanded levels of communication from organizational leaders and workshops that explain and describe the organization's core values, strategy and purpose and overall vision for the organization developed by its leaders.

Mobley et al. pointed out that the organization's historical tendency toward "consistency" made it likely that efforts to change the organizational culture might encounter resistance and they suggested that organizational leaders would need to focus on ensuring that all units within the organization—sales, marketing and manufacturing—were willing to "buy-in" to the changes and that coordination and integration among the units was strengthened so that the organization as a whole could response more quickly to external factors that might dictate a quick and unforeseen shift in product features. As necessary,

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[105] Id.

[106] Id. at 13. For further discussion of tools available for measuring organizational culture and its relation to organizational performance, see the chapter on "Managing Organizational Culture" in "Organizational Culture: A Library of Resources for Sustainable Entrepreneurs" prepared and distributed by the Sustainable Entrepreneurship Project (www.seproject.org).

[107] Id. at 17-18.

change management and coaching workshops should be held and organizational leaders should keep an eye on costs and trends in employee turnover during the most intense phases of the cultural makeover. Finally, Mobley et al. recommended that organizational culture should be added to the company's "Balanced Scorecard" metrics.

§3:7   Ashkanasy et al.'s major dimensions of organizational culture

Ashkanasy et al. developed still another version of an organizational culture profile which they described as a "quantitative, descriptive profiling questionnaire that was designed to measure 10 dimensions of organizational culture in terms of patterns of behavior and behavioral norms".[108]   The ten dimensions used in their profile, which are briefly summarized in the table below, were noteworthy because they were derived from an extensive review of eighteen other instruments that had been used in the research community to measure patterns of organizational behavior. Ashkanasy et al. listed all of the dimensions used in those surveys, derived fifteen underlying themes and then reclassified those with low numbers to come up with their ten dimensions (see Table 3.2), which they felt were "representative of the major dimensional categories . . . identified in organizational culture literature".[109]

Table 3.2
Dimensional Categories of Organizational Culture

Dimension	Description
Leadership	The role of leaders in directing an organization, maintaining its culture and serving as role models
Structure	The degree to which the organizational structure limits the actions of members, looking at the influence of policies and procedures on member behaviors and the concentration of power in the organization
Innovation	The organization's risk preference: the willingness of the organization to take risks and the encouragement it shows for innovation and creativity
Job Performance	The degree to which the organization emphasizes task performance—the extent of task orientation and whether performance is rewarded
Planning	The extent to which the organization has clear goals, has plans to meet those goals and strives to follow those plans
Communication	The free sharing of information among all levels within the organization where possible, the direction it takes (bottom-up, top-down) and the importance of rumor in communications
Environment	The extent to which organization is responsive to

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[108] N. Ashkanasy, L. Broadfoot and S. Falkus, "Questionnaire Measures of Organizational Culture", in N. Ashkanasy, C. Wilderom and M. Peterson (Eds.), Handbook of Organizational Culture & Climate (Thousand Oaks, CA: Sage Publications, Inc., 2000), 131-145, 140.
[109] Id. at 141.

	the needs of its clients and the extent to which it is influenced by and influences the actions of other similar organizations
Humanistic Workplace	The extent to which the organization respects and cares for individuals; represents the people end of the task-versus-people dichotomy
Development of the Individual	The extent to which the organization expends sufficient effort in providing opportunities for members to develop their skills and rewards development with career advancement and challenging work
Socialization on Entry	The time new members take to settle in, the degree to which employees feel they understand the organization, the extent of formalization and the effectiveness of the socialization process

Source: N. Ashkanasy, L. Broadfoot and S. Falkus, "Questionnaire Measures of Organizational Culture", in N. Ashkanasy, C. Wilderom and M. Peterson (Eds.), Handbook of Organizational Culture & Climate (Thousand Oaks, CA: Sage Publications, Inc., 2000), 131-145, 141.

Ashkanasy et al. described efforts to validate their profile and the use of the ten dimensional model and conceded that some reworking might be required. They noted that while repeated efforts to support the use of ten dimensions were unsuccessful there was "strong support for the validity and reliability of a 2-factor solution [using] Instrumental and Expressive factors", which were cited as being "significant and independent predictors of organizational effectiveness, job satisfaction, and organizational commitment".[110] They did not, however, abandon their beliefs in the value of the ten dimensional model, or some other model with more than just two dimensions, arguing that "[a] 2-factor measure of organizational culture would join the ranks of similarly narrowly delineated measures, without addressing the need for a more comprehensive measure of organizational culture".[111]

§3:8   Cultural differences and merger success

Chatterjee et al. were interested in developing measurements of corporate culture to be used to determine the extent to which perceptions of cultural differences of the top management teams of parties to an acquisition transaction (e.g., a merger) related to stock market gains of the securities of the acquirer, which they identified as an important measure of the financial performance of the transaction. They noted that while most of the empirical investigations on the extent to which mergers created value for the shareholders of the acquiring firm focused on the strength of the "strategic fit" between the parties to the merger the results of those studies had, in their minds, been unclear and they suggested that attention should also be paid to "cultural fit, or the degree to which [employees of the acquired firm] perceive their culture to be compatible with that of the

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[110] Id. at 142.
[111] Id. at 143.

buying firm" since "[w]ithout employee support, the expected performance from a merger is rarely realized".[112]

Chatterjee et al. conceded that "there [was] no general consensus on what are the most important dimensions of cultural difference"; however, they were able to identify the following dimensions and items from the then-existing literature that had been shown to have high levels of reliability and validity and which they presumed could be useful in analyzing their hypotheses in the under-studied areas of mergers and/or top management perceptions of culture: innovation and action orientation; risk-taking; lateral integration; top management contact; autonomy and decision making; performance orientation; and reward orientation.[113] Chatterjee et al. intentionally chose to elicit responses and information on perceptions of cultural differences "rather than examining the more tangible and objective outcomes of culture such as reward structures, office layouts, and missions statements, [since] perceptions may be better predictors of behavior" and "mergers may highlight stark contrasts in cultures which will motivate the managers of the threatened culture to develop a greater awareness of their own belief structures". [114] The researchers also attempted to assess the "tolerance of multiculturalism" among the top managers of the acquiring firm by asking managers of acquired firms about their perceptions regarding the extent to which the managers of the acquiring firm imposed their firm's goals and decisions (both operational and strategic) on the acquired firms and their personnel.[115]

Responses were collected from top managers (i.e., CEO through senior vice president level) of a large number of acquired firms in merger transactions that had occurred over a three year period.[116] After demonstrating that each of their chosen dimensions did indeed capture a unique aspect of cultural differences based on statistical analysis of the responses, Chaterjee et al. went on to show that the results of their survey showed strong support for the hypothesis that predicted an inverse relationship between the perceptions of the acquired managers in a merger transaction regarding cultural differences and the increase in shareholder value realized by the shareholders of the acquired firms. The researchers commented: ". . . the findings have practical importance because they show that investors are generally skeptical about mergers where the cultures between the top management teams are perceived to be incompatible, while they are supportive of mergers where the cultures appear to be compatible. The implication is clear: the

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[112] See S. Chatterjee, M. Lubatkin, D. Schweiger and Y. Weber, "Cultural differences and shareholder value in related mergers: Linking equity and human capital", Strategic Management Journal, 13 (1992), 319-334, 320.

[113] Id. at 324.

[114] Id.

[115] Id. at 324-325.

[116] The sample of firms was drawn from an exhaustive list of mergers published in the Journal of Mergers and Acquisitions from 1985 to 1987. For further discussion of methodology, see S. Chatterjee, M. Lubatkin, D. Schweiger and Y. Weber, "Cultural differences and shareholder value in related mergers: Linking equity and human capital", Strategic Management Journal, 13 (1992), 319-334, 323.

management of a buying firm should pay at least as much attention to issues of cultural fit during the premerger search process as they do to issues of strategic fit."[117]

§3:9   Dimensions of the "competing values" scale

The "competing values" scale, or framework, is a simple, yet eloquent, two-dimensional matrix that categorizes organizational culture into four types, which have been discussed above, based on the degree to which the organization focuses inward or outward and how decisions are made within the organization.[118] The first dimension is typically depicted as running horizontally with the pole on the left side representing "internal focus" and integration and the pole on the right side representing the opposite extreme of "external focus" and differentiation. It is suggested that organizations select an internal focus when customer focus and/or external competitive factors are not that important for their operations; however, external focus is necessary when organizations are confronted by, and need to address, external competition and/or demands of external stakeholders in their operations. The second dimension is typically depicted as running vertically with the pole on the top representing "flexibility" and discretion and the pole on the bottom representing the opposite extreme of "control" and stability. Flexible organizations empower employees to make decisions on their own while control refers to centralization of authority and decision making with top management. As with internal-external focus, the choice between flexibility and control depends in large part on the operational demands of the business and its external environment: when there is a need for stability, reliability and efficiency, control and stability is the appropriate choice; however, flexibility is more important when the environment is turbulent and thus creates a heightened need for efficient change processes.

Placement of specific organizations on each of the dimensions is determined by the responses from assessment tools such as questionnaires that ask organizational members to identify the response that best describes the organization with respect to dominant organizational characteristics (i.e., which of the four culture types in the competing values framework best describes the organization), leadership style, management of employees, "organizational glue", strategic emphasis and criteria for success.[119] For example, choices for these six items might be as follows:

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[117] See S. Chatterjee, M. Lubatkin, D. Schweiger and Y. Weber, "Cultural differences and shareholder value in related mergers: Linking equity and human capital", Strategic Management Journal, 13 (1992), 319-334, 331. For detailed discussion of steps that managers can take to understand the relationship between organizational culture and acquisition success, particularly the implementation of effective integration strategies, see "Managing Growth and Change: A Library of Resources for Sustainable Entrepreneurs" prepared and distributed by the Sustainable Entrepreneurship Project (www.seproject.org).

[118] See R. Quinn and J. Rohrbaugh, "A competing values approach to organizational effectiveness", Public Productivity Review, 5 (1981), 122–140; and R. Quinn and J. Rohrbaugh, "A spatial model of effectiveness criteria: Towards a competing values approach to organizational analysis", Management Science, 29 (1983), 363–377.

[119] Description of questionnaire items in text adapted from "Competing Values Framework." ChangingMinds.org. Web. No Date. See also K. Cameron R. Quinn, Diagnosing and changing organizational culture: Based on the competing values framework (Reading, MA: Addison-Wesley, 1999).

- Dominant organizational characteristics: A: personal, like a family; B: entrepreneurial and risk-taking; C: competitive and achievement-oriented; and D: controlled and structured.
- Leadership style: A: mentoring, facilitating, nurturing; B: entrepreneurial, innovative, risk taking; C: no-nonsense, aggressive, results oriented; and D: coordinating, organizing, efficiency oriented.
- Management of employees: A: teamwork, consensus, and participation; B: individual risk taking, innovation, freedom, and uniqueness; C: competitiveness and achievement; D: security, conformity, predictability.
- Organizational glue: A: loyalty and mutual trust; B: commitment to innovation, development; C: emphasis on achievement and goal accomplishment; and D: formal rules and policies.
- Strategic emphasis: A: human development, high trust, openness; B: acquisition of resources, creating new challenges; C: competitive actions and winning; and D: permanence and stability.
- Criteria for success: A: development of human resources, teamwork, concern for people; B: unique and new products and services; C: winning in the marketplace, outpacing the competition; D: dependable, efficient, low cost.

The responses not only provide measures for the two dimensions in the matrix used in the competing values framework they also provide a short-hand way for identifying where the respondent organization falls within a typology of various types of organizational cultures described in "Organizational Culture: A Library of Resources for Sustainable Entrepreneurs" prepared and distributed by the Sustainable Entrepreneurship Project (www.seproject.org): "A" responses are associated with Clan cultures; "B" responses are associated with Adhocracy cultures; "C" responses are associated with Market cultures; and "D" responses are associated with Hierarchy cultures. For example, if organizational members tend to provide responses that cluster around the "A's" in the menu of choices above it is reasonable to presume that the organizational culture in which the respondents work would fit within the parameters of the "Clan" culture type.

§3:10 Trompenaars

Trompenaars, who is well-known for his research on societal cultures[120], also identified four types of organizational culture that are described in "Organizational Culture: A Library of Resources for Sustainable Entrepreneurs" prepared and distributed by the Sustainable Entrepreneurship Project (www.seproject.org). In the process, Trompenaars assumed that types of organizational cultures could be identified based on dimensions that took into account the general relationship between employees and their organization; the vertical or hierarchical system of authority defining superiors and subordinates; and the general views of employees regarding the destiny, purpose and goals of the

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[120] For discussion of the work of Trompenaars and his colleague, Hampdon-Turner, on societal cultures, including their "Seven Dimensions of Culture" model, see "Globalization: A Library of Resources for Sustainable Entrepreneurs" prepared and distributed by the Sustainable Entrepreneurship Project (www.seproject.org) and F. Trompenaars and C. Hampden-Turner, Riding the Waves of Culture: Understanding Cultural Diversity in Global Business (2nd Ed.) (New York: McGraw-Hill, 1998).

organization and their specific roles and places within those views.[121] Trompenaars argued that two dimensions, incorporating the aforementioned aspects of organizational structure, were needed in order to distinguish different organizational cultures: equality-hierarchy and orientation to person-orientation to task. Ultimately, his model of four types of organizational cultures was based on the various combinations of the polar opposites of these two dimensions.

§3:11 Stanford Project on Emerging Companies

A study of early-stage technology companies in the Silicon Valley undertaken by the Stanford Project on Emerging Companies ("SPEC") focused on how the choices made by the organizational leaders of those companies influenced the development and long-term institutionalization of the blueprint for the relationship between the company and its employees (the so-called "relational blueprint"), which the researchers considered to be an important element of the organizational culture of the companies.[122] SPEC researchers conducted extensive interviews of the principals of the companies in the study group and identified three dimensions they considered useful in describing and categorizing the choices made by founders and non-founder CEOs of these companies that influenced the organizational design of their firms—the basis of attachment to and retention by the company; the organizational structure, as determined by the means selected to attempt to coordinate and control employee activities; and the criterion used for selecting persons to join the workforce. Further information drawn from the companies in the study group allowed the SPEC researchers to identify the following different bases of attachment, control and selection[123]:

- Three bases of "attachment," defined as the basis for the bond or relationship formed between a company and its employees, were identified—"love," which is based on creating and maintaining a feeling of community and "family" within the workplace to create emotional bonds that would motivate employees and induce them to remain with the company; "work," which is based on attracting employees by offering opportunities for interesting and challenging work on cutting-edge technologies and for personal and professional development; and "money," which breaks the employment relationship down to a simple exchange of labor for money without emotional connection or intellectual challenge.
- Four bases for "control," which focuses on how the founders and CEOs coordinate and control the flow of work within the company, were identified—informal controls based primarily on peer pressure or organizational culture; professional control, which relies on professional socialization based on the formal education and training; formal procedures and systems; and direct oversight by the founder or CEO.

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[121] F. Trompenaars and C. Hampden-Turner, Riding the Waves of Culture: Understanding Cultural Diversity in Global Business (2nd Ed.) (New York: McGraw-Hill, 1998), 161.

[122] The following discussion is based on Stanford Graduate School of Business, Entrepreneurship: Lessons from the Stanford Project on Emerging Companies (Sept. 3, 2003). Further information on the Stanford Project on Emerging Companies ("SPEC") is available on the SPEC website (http://www-gsb.standord.edu/SPEC).

[123] Stanford Graduate School of Business, Entrepreneurship: Lessons from the Stanford Project on Emerging Companies (Sept. 3, 2003), 3-5.

- Three bases for selecting new employees were identified—evidence of skills and experience needed for one or more of the tasks or activities of immediate importance to the success of the company; indications of long-term potential (i.e., an aptitude for easily transitioning to new and increasingly challenging projects over time); and/or the apparent ability to fit into the culture of the company and relate to co-workers.

As discussed in "Organizational Culture: A Library of Resources for Sustainable Entrepreneurs" prepared and distributed by the Sustainable Entrepreneurship Project (www.seproject.org), the SPEC researchers were able to analyze how the choices made by the companies in their study for each of these dimensions were clustered and use the results to come up with a family of five basic models of employment relations.

§3:12 Organizational climate dimensions

As discussed in "Organizational Culture: A Library of Resources for Sustainable Entrepreneurs" prepared and distributed by the Sustainable Entrepreneurship Project (www.seproject.org), there has been, and remains, a good deal of debate between researchers regarding the differences between organizational culture and organizational climate. While this chapter does not attempt to resolve any of the issues with respect to these two concepts, it is useful to identify and describe some of the dimensional models developed and used in the study of organizational climate. As an initial principle, Burton and Obel suggested that it is necessary to distinguish between "organizational climate" and "psychological climate". They noted that "organizational climate arises in the confrontation between individuals and the organizational situation" and is often confused with organizational culture since measures and dimensions of organizational climate are often similar to those used when the focus is on organizational culture. A well-known example of a set of organizational climate dimensions was offered by Litwin and Stringer[124]:

- *Structures:* Feelings about constraint and freedom to act and the degree of formality or informality in the working atmosphere.
- *Responsibility:* The feeling of being trusted to carry out important work.
- *Risk:* The sense of riskiness and challenge in the job and in the organization.
- *Warmth:* The existence of friendly and informal social groups.
- *Support:* The perceived helpfulness of managers and co-workers.
- *Standards:* The perceived importance of implicit and explicit goals and performance standards; the emphasis of doing a good job.
- *Conflict:* The feelings that managers and other workers want to hear different opinion.
- *Identity:* The feeling that you belong to a company; that you are valuable member of a working team.

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[124] G. Litwin and R. Stringer, Motivation and Organizational Climate (Cambridge, MA: Harvard University Press, 1968).

Burton and Obel argued that the valuable and unique contribution of "climate" scholars to organizational theory comes when they focus on "psychological climate", which they simply described as "the beliefs and attitudes held by individuals about their organization . . . [and] . . . an enduring quality of an organization that (1) is experienced by employees, and (2) influences their behavior".[125] Koys and Decotiis conducted an extensive survey of the literature to catalog the "climate dimensions" identified and used by other researchers and then went through a rigorous process of elimination (i.e., distinguishing and eliminating dimensions more suitable for measurement of organizational climate and culture) and distillation to develop the following list of eight summary dimensions of psychological climate[126]:

- *Autonomy:* The perception of self-determination with respect to work procedures, goals and priorities.
- *Cohesion:* The perception of togetherness or sharing within the organization setting, including the willingness of members to provide material aid.
- *Trust:* The perception of freedom to communicate openly with members at higher organizational levels about sensitive or personal issues, with the expectation that the integrity of such communications will not be violated.
- *Pressure:* The perception of time demands with respect to task competition and performance standards.
- *Support:* The perception of the tolerance of member behavior by superiors, including the willingness to let members learn from their mistakes without of fear of reprisal.
- *Recognition:* The perception that member contributions to the organization are acknowledged.
- *Fairness:* The perception that organizational policies are equitable and non-arbitrary or capricious.
- *Innovation:* The perception that change and creativity are encouraged, including risk-taking into new areas where the member has little or no prior experience.

Another model of organizational climate was offered by Zammuto and Krackover, who related "climate" to the four types of organizational culture used in the "competing values" scale, or framework. In their research they used organizational characteristics (i.e., centralization, formalization and long-term planning), strategic dimensions (i.e., reactive versus pro-active orientation) and measures of climate in order to classify cultures into one of the four cultural types, which they referred to as group culture, developmental culture, internal process culture and rational culture.[127] The dimensions of organizational climate that Zammuto and Krackover used were similar, although not

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[125] R. Burton and B. Obel, Strategic Organizational Diagnosis and Design: The Dynamics of Fit (3d Ed) (Norwell, MA: Kluwer Academic Publishers, 2004), 141. See also D. Koys and T. DeCotiis, "Inductive Measures of Psychological Climate", Human Relations, 44(3) (1991), 265-285 (psychological climate is "an experimental-based, multi-dimensional, and enduring perceptional phenomenon, which is wide shared by the members of a given organizational unit").

[126] D. Koys and T. DeCotiis, "Inductive Measures of Psychological Climate", Human Relations, 44(3) (1991), 265-285.

[127] R. Zammuto and J. Krakower, "Quantitative and Qualitative Studies in Organizational Culture", Research in Organizational Change and Development, 5 (1991), 83-114.

identical, to the dimensions used by Koys and DeCotiis and were described by Burton and Obel as follows[128]:

- *Trust:* An organization has a high level of trust when the individuals are open, sharing and truthful, where individuals place their confidence. An organization has a low level of trust when the individuals are closed, guarded, unsharing, untruthful, and creates an atmosphere of anxiety and insecurity.
- *Conflict:* An organization has a high level of conflict when there is a high opposition of forces, goals and beliefs, which are experienced in friction and disagreement among the individuals. An organization has a low level of conflict when there is harmony in goals, beliefs, which yields a spirit of cooperation among the individuals.
- *Morale:* An organization has a high level of employee morale when the individuals are confident and enthusiastic about the organization–an Esprit de Corps. An organization has a low level of employee morale when the individuals lack confidence and enthusiasm about the organization and individuals lack a sense of purpose and confidence about the future.
- *Rewards:* An organization is equitable in its rewards when individuals accept rewards as fair and just without bias or favoritism. An organization is inequitable in its rewards when individuals see favoritism, bias, and non-work related criteria as the basis for rewards.
- *Resistance to change:* An organization has a high resistance to change when individuals believe the inertia is high and presume and desire that "we will do things tomorrow as we did them today." An organization has a low resistance to change when individuals embrace change as the normal circumstance and relish that "tomorrow will be different."
- *Leader credibility:* The leader credibility is high when individuals have belief in its leadership; there is a sense of respect, inspiration and acceptance of decisions and actions. The leader credibility is low when the individuals lack respect and do not accept the legitimacy of authority.
- *Scapegoating:* An organization has a high level of scapegoating when individuals believe that the responsibility for actions will be shifted to others - top management, staff, employees, or outsiders. An organization has a low level of scapegoating when individuals believe that the responsible individuals assume the responsibility for the failure of actions.

According to Burton and Obel, one of the key conclusions from the findings of Zammuto and Krakower was that "cultural type is related to differences in organizational climate" and, in fact, this led Burton et al. to develop a typology of four types of organizational

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[128] R. Burton and B. Obel, Strategic Organizational Diagnosis and Design: The Dynamics of Fit (3d Ed) (Norwell, MA: Kluwer Academic Publishers, 2004), 140 (citing R. Zammuto and J. Krakower, "Quantitative and Qualitative Studies in Organizational Culture", Research in Organizational Change and Development, 5 (1991), 83-114).

climates that corresponded to the types of organizational culture that have been identified using the competing values framework.[129]

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[129] R. Burton and B. Obel, Strategic Organizational Diagnosis and Design: The Dynamics of Fit (3d Ed) (Norwell, MA: Kluwer Academic Publishers, 2004), 135, 143-145. See discussion of the "competing values" scale in the chapter on "Typologies of Organizational Culture" below.

Chapter 4
Typologies of Organizational Culture

§4:1   Introduction

Organizational culture research has included a number of efforts that fall under the general category of the "typology approach" and which attempt to identify pre-defined key characteristics that can be used to divide and cluster organizations into certain categories as a means for describing certain aggregates of cultural characteristics and facilitating comparisons among organizations.[130]   Ashkanasy et al. explained that typologies are generated through the use of "typing surveys . . . that classify organizations into particular taxonomies" or "discrete sets of organizational culture 'types' . . . accompanied by detailed descriptions of behaviors and values associated with them".[131]   Proponents of the use of typologies of organizational culture argue that they facilitate comparisons between organizations, help managers articulate their visions of change and express them in terms of behaviors required from the members of the organization and provide a method for tracking the process of organizational change.[132]

Attempts to identify categories of organizational culture and create typologies have been criticized. One researcher complained that "the allocation of organizations to types often is not clear-cut. Because of their a priori nature and frequent lack of specified empirical referents and cutoff points, typologies are difficult to use empirically".[133] Ashkanasy et al. commented: "The typing approach is subject to three limitations, however. The first of these is an implication that all organizations of a particular type are similar, or should be similar, neglecting the unique nature of cultures. The second limitation is that typing implies discontinuous categories, something that is difficult to sustain on theoretical grounds.   The third limitation is that not all organizations necessarily conform to particular types, whereas others appear to be mixtures of types."[134]

The following sections describe several well-known examples of typologies of organizational culture; however, the discussion is by no means all-inclusive. Omitted, for

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[130] D. Dauber, G. Fink and M. Yolles, "A Configuration Model of Organizational Culture", SAGE Open 2012, Originally Published on 22 March 2012, http://sgo.sagepub.com/content/2/1/2158244012441482, 2.

[131] N. Ashkanasy, L. Broadfoot and S. Falkus, "Questionnaire Measures of Organizational Culture", in N. Ashkanasy, C. Wilderom and M. Peterson (Eds.), Handbook of Organizational Culture and Climate (Thousand Oaks, CA: Sage Publications, Inc., 2000), 131-145, 133-134 and 137-138 (including citations to various examples of typing surveys and organizational culture typologies).

[132] Id. at 134.

[133] See A. Meyer, A. Tsui and C. Hinings, "Configurational approaches to organizational analysis", Academy of Management Journal, 36 (1993), 1175-1195, 1182.

[134] N. Ashkanasy, L. Broadfoot and S. Falkus, "Questionnaire Measures of Organizational Culture", in N. Ashkanasy, C. Wilderom and M. Peterson (Eds.), Handbook of Organizational Culture & Climate (Thousand Oaks, CA: Sage Publications, Inc., 2000), 131-145, 134-135 (citing E. Schein, Organizational culture and leadership: A dynamic view (San Francisco: Jossey-Bass, 1985); D. Rousseau, "Assessing organizational culture: The case for multiple methods" in B. Schneider (Ed.), Organizational climate and culture (San Francisco: Jossey-Bass, 1990); and T. Deal and A. Kennedy, Corporate cultures: The rites and rituals of corporate life (Reading, MA: Addison-Wesley, 1982).

example, is the work of Margerison, who argued that organizations should be assessed on two dimensions: bureaucratic versus innovative and low supportiveness versus high supportiveness. Margerison's suggested typology included three organizational culture types: bureaucratic, innovative and supportive.[135] Another illustration is Lessem's efforts to measure and classify organizations based on organizational "aspirations" toward specific goals and organizational "performance" with respect to pursuit of those goals. His typology classified organizations into one of four types: primal, rational, developmental and metaphysical.[136]

§4:2 Strong versus weak organizational cultures

Perhaps the simplest typology of organizational culture relies on classification on a continuum from "strong" to "weak" and a key determinant of where an organization falls on this continuum is the degree of homogeneity. A strong culture is one where the mutually agreed and understood values and norms have an overriding influence on the ways in which members conduct their activities on a day-to-day basis and interact with external stakeholders. On the other hand, if the culture is weak it provides little or no guidance to members and control of behavior is exercised primarily through formal written guidelines and procedures. Peters and Waterman have found that strong cultures are more results-oriented than weak cultures, and vice versa.[137] A strong culture can be a powerful tool for coping with the organizational environment; however, it can stifle change and discourage members from suggesting alternatives to "the way things get done around here." The optimal situation is probably somewhere in the middle between strong and weak—sufficient common ground to allow operations to flow effectively with a dose of procedures for suggesting change which are respected.

§4:3 Wallach

Wallach argued for a typology that included the following three separate, and measurable, organizational cultures[138]:

- *Bureaucratic:* Bureaucratic cultures were characterized by clear lines of authority and responsibility and by work activities that were highly organized, compartmentalized and systematized. Key features of bureaucratic cultures include hierarchy, structure, regulation and reliance on processes.
- *Innovative:* Innovative cultures are results-oriented environments that value challenges, creativity and reasonable levels of "risk taking" and seek to provide their workers with a challenging and stimulating experience. Predictably, however, innovative cultures are perceived as "high stress" and workers frequently complain of "burnout".

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[135] C. Margerison, How to assess your management style (New York: McB Human Resources, 1979).

[136] R. Lessem, Managing corporate culture (Brookfield, VT: Gower, 1990).

[137] See T. Peters and R. Waterman, Jr., In Search of Excellence: Lessons from America's Best-Run Companies (1982).

[138] E. Wallach, "Individuals and organizations: The cultural match", Training and Development Journal, 37 (1983), 29-36.

- *Supportive:* Workers in supportive cultures are generally described as being friendly, fair and helpful and such cultures are often characterized as "familial". Harmony, openness, trust, collaboration and friendship are among the core values of supportive cultures.

§4:4 Deal and Kennedy

Deal and Kennedy developed four categories of organizational culture based on how the speed of feedback given to members for their actions and the level of risk and uncertainty associated with the activities of the organization. The first category is "tough-guy macho" and occurs when feedback on actions comes quickly and members can anticipate high rewards for the right decision. This type of cultural environment, which may be illustrated by stock brokers during their trading day, can be extremely stressful. The second category is "work hard and play hard" and covers situations where feedback is rapid but the level of risk is relatively low. This type of culture is often found in larger organizations and is supported by team meetings and organizational jargon and buzzwords. The third category is referred to as "bet the company" and describes cases where the risks and rewards are high but it takes a long time to determine whether a decision has been successful. Oil exploration has always been a good example of this type of organization and biotechnology and pharmaceutical firms fall into the same niche because of the extended period of time required for development, approval and commercialization of new drugs that can deliver extraordinary revenues and profits. Finally, the fourth category covers organizational cultures that stress "process" and in which members get little or no feedback and tend to focus on how things are done (i.e., process) as opposed to the value of the end product of all of the activities. Process-based organizations are often referred to as "bureaucracies."[139]

§4:5 Handy and Harrison

Handy described four different categories of organizational culture identified by Roger Harrison—power cultures, where power is concentrated with relatively few individuals who can act quickly and decisively without getting bogged down in burdensome rules and procedures; role cultures, which are supported by a highly organized structure in which members have clearly delegated authority and in which power is based primarily on a member's position within the hierarchy; task cultures, which rely on the formation of expert teams to resolve problems and thus place a premium on specialization and expertise; and person cultures in which many of the members believe that they are more valuable than the organization (e.g., professional services partnerships).[140]

§4:6 Organizational culture profile

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[139] T. Deal and A. Kennedy, Corporate Cultures: The Rites and Rituals of Corporate Life, (Harmondsworth: Penguin Books, 1982).
[140] C. Handy, Understanding Organizations (3d Ed.) (Harmondsworth: Penguin Books, 1985) (citing R. Harrison, "Understanding your organization's character", Harvard Business Review, 50 (1972), 119-128).

O'Reilly, Chatman and Caldwell first developed the "Organizational Culture Profile" in 1991 as an instrument that could be used to assess person-organizational fit and it eventually achieved wide recognition and popularity for its ability to assess organizations in need of cultural change, distinguish organizational subcultures and evaluate the projected fit between potential merger candidates.[141] The Organizational Culture Profile suggested a typology of seven distinctive organizational cultures, which were summarized by Bauer and Erdogan as follows[142]:

- *Innovative Cultures:* Companies with an innovative culture are flexible and adaptable, willing to experiment with new ideas, encourage risk taking by celebrating failures as well as successes and feature a flat organizational structure with minimal emphasis on titles and other status distinctions. Examples include W.L. Gore, Genentech and Google.

- *Aggressive Cultures:* Companies with aggressive cultures value competitiveness and outperforming other competitors and these characteristics appear in the strategies adopted, such as a large number of lawsuits and disputes, and the language used by leader and managers (e.g., "we will kill our competition"). An example of an aggressive culture is Microsoft.

- *Outcome-Oriented Cultures:* Companies with outcome-oriented cultures emphasize achievement, results and "taking action" and provide employees with extensive training, continuous feedback on the results associated with their activities and reward systems based on performance as opposed to seniority or loyalty. While companies with outcome-oriented cultures tend to perform better than other companies there is a risk of unhealthy internal competition and overemphasis on short-term results. A positive example of an outcome-oriented culture would be Best Buy while negative examples would include Enron and WorldCom.

- *Stable Cultures:* Companies with stable cultures are predictable, rule-oriented and bureaucratic, focused on aligning and coordination work activities to achieve efficiency and perform best in stable and certain environments. Stable cultures feature centralized decision making and often have problems with innovating. An example of a stable culture is Kraft Foods.

- *People-Oriented Cultures:* Companies with people-oriented cultures value fairness, supportiveness and respect for individual rights and typically offer opportunities for employees to work in a "fun environment" and achieve personal development. Such

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[141] K. Marmenout, Organizational Culture Profile (2007), Abstract (citing C. O'Reilly, J. Chatman and D. Caldwell, "People and organizational culture: A profile comparison approach to assessing person-organization fit", Academy of Management Journal, 14 (1991), 487).

[142] T. Bauer and B. Erdogan, Organizational Behavior, v. 1.0, Chapter 15, Flat World Knowledge, http://catalog.flatworldknowledge.com/bookhub/3?e=bauer-ch15_s02. Based on C. O'Reilly, J. Chatman and D. Caldwell, "People and organizational culture: A Q-sort approach to assessing person-organization fit", Academy of Management Journal, 34 (1991), 487–516; J. Chatman and K. Jehn, "Assessing the relationship between industry characteristics and organizational culture: How different can you be?" Academy of Management Journal, 37 (1991), 522–553; and N. Ashkanasy, L. Broadfoot and S. Falkus, "Questionnaire Measures of Organizational Culture", in N. Ashkanasy, C. Wilderom and M. Peterson (Eds.), Handbook of Organizational Culture & Climate (Thousand Oaks, CA: Sage Publications, Inc., 2000), 131-145, 140. For further discussion of the work of Ashkanasy et al. to identify dimensions for the measurement and assessment of organizational culture, see the chapter on "Dimensions of Organizational Culture" above.

companies tend to have better retention rates due to higher levels of satisfaction among their employees. An example of a people-oriented culture is Starbucks.

- *Team-Oriented Cultures:* Companies with team-oriented cultures are collaborative and emphasize cooperation among employees. Team-oriented companies offer training and support to employees on how to work effectively within teams and typically enjoy the benefits of positive relationships among co-worker and between managers and employees. An example of a team-oriented culture is Southwest Airlines.
- *Detail-Oriented Cultures:* Companies with detail-oriented cultures emphasize precision and attention to the details that are most noticeable to customers and which are likely to enhance customer experience and build positive brand identity. Examples of detail-oriented cultures include Four Seasons Hotels and McDonalds.

Bauer and Erdogan also mentioned and described two other types of organizational culture not directly associated with the dimensions of the Organizational Culture Profile. The first, "service cultures", emphasized high quality service and customer orientation. The second, "safety cultures", adopted and support "safety" as a strong workplace norm.[143] Subsequent work by Sarros et al. suggested a modified and revised version of the Organizational Culture Profile that included the following seven dimensions (and related items)[144]:

- *Competitiveness:* Achievement orientation; emphasis on quality; emphasis on being distinctive and different from others; and emphasis on being competitive
- *Social Responsibility:* Reflective; emphasis on having a good reputation and acting and being perceived as socially responsible; and clear guiding philosophy
- *Supportiveness:* Team-oriented; free sharing of information; people-oriented; and collaborative
- *Innovation:* Emphasis on being innovative; quick to take advantage of opportunities; risk-taking; and emphasis on taking individual responsibility
- *Emphasis on Rewards:* Fairness; opportunities for professional growth; and high pay and praise for good performance
- *Performance Orientation:* High expectations for performance; enthusiasm for job; results-oriented; and emphasis on being highly organized
- *Stability:* Stability; being calm; security of employment; and low conflict

§4:7   "Competing values" scale

The "competing values" scale, or framework, is generally associated with the work of Quinn and Rohrbaugh and has become an extremely popular and versatile model for

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[143] T. Bauer and B. Erdogan, Organizational Behavior, v. 1.0, Chapter 15, Flat World Knowledge, http://catalog.flatworldknowledge.com/bookhub/3?e=bauer-ch15_s02.

[144] See J. Sarros, J. Gray and I. Densten, "The Next Generation of the Organizational Culture Profile", Monash University Faculty of Business and Economics Working Paper Series 15/03, April 2003; and J. Sarros, J. Gray, I. Densten and B. Cooper, "The Organizational Culture Profile Revisited and Revised: An Australian Perspective", Australian Journal of Management, 30(1) (June 2003).

assessing and categorizing organizational culture.[145]   As discussed in "Organizational Culture: A Library of Resources for Sustainable Entrepreneurs" prepared and distributed by the Sustainable Entrepreneurship Project (www.seproject.org), organizations are categorized based on where they fall on two dimensions: a horizontal continuum running from "internal" to "external", which identifies the degree to which the organization is focused inward (i.e., within the organization) or outward towards its customers, suppliers and other elements of its external environment; and a vertical continuum running from "flexibility" to "control" (or "stability"), which identifies organizational preferences and expectations as to who make decisions and how.   Use of the "competing values" scale leads to identification of the following four types of organizational culture[146]:

- An "adhocracy" culture (flexible and externally focused) which stresses creativity, adaptability and change. The combination of flexibility and market focus means that adhocracy cultures are quick to adapt to changing conditions, use autonomous teams to advantage, take calculated risks and rely on prototyping and experimenting rather than long development projects. Adhocracy cultures are generally created and driven visionary, innovative entrepreneurs.
- A "hierarchy" culture (stable and internally focused) which focuses on stability, order, rules and regulations and features hierarchical organizational structures with hierarchical leaders, well-defined policies and procedures and close oversight by organizational leaders over all aspects of operational activities.
- A "market" culture (stable and externally focused) which is concerned with planning, efficiency and attainment of well-defined goals related to the organization's position in its competitive environment. Market cultures view all transactions, internal and external, in market terms and are generally results-driven and overseen by leaders who are extremely competitive.
- A "clan" culture (flexible and internally focused) which is focused on flexibility and developing human potential through consensus building. Rather than relying of formal control procedures, such as rules and regulations, clan cultures attempt to motivate their members through vision, shared goals, outputs and outcomes. Organizational structures are relatively flat and rely on cooperation among autonomous teams and groups. As the name implies, members of clan cultures feel a sense of family and loyalty to one another derived from pursuit of a shared cause. Rules do exist but rather than being written they are typically communicated socially and clan leaders act as supportive facilitators and assume a "parental role".

A variety of names and descriptions of the four cultural types have been used in the extensive literature relating to both organizational culture and climate. Burton and Obel,

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[145] See R. Quinn and J. Rohrbaugh, "A competing values approach to organizational effectiveness", Public Productivity Review, 5 (1981), 122–140; and R. Quinn and J. Rohrbaugh, "A spatial model of effectiveness criteria: Towards a competing values approach to organizational analysis", Management Science, 29 (1983), 363–377.

[146] Descriptions adapted from K. Cameron, Measuring Organizational Effectiveness in Institutions of Higher Education. Administrative Science Quarterly, 23 (1978), 604-632 (as described in K. Chadwick, T. Barnett and S. Dwyer, "Entrepreneurial Orientation, Organizational Culture, and Firm Performance: An Empirical Study in the Banking Industry", Journal of Management and Applied Entrepreneurship, 6(3) (2001), 3-17) and "Competing Values Framework." ChangingMinds.org. Web. No Date.

for example, used the name "group" for the clan culture and described it as "a friendly place to work where people share much of themselves"; used the name "developmental" for the adhocracy culture and described it as "dynamic, entrepreneurial and creative place to work"; used the name "internal process" for the hierarchy culture and described it as a "formalized and structured place to work"; and used the name "rational goal" for the market culture and described it as "results-oriented where leaders are hard drivers, producers and competitors".[147] The four cultural types were named and described by Deshpande and Farley as follows: "competitive", which emphasized values relating to demanding goals, competitive advantage, marketing superiority and profits; "entrepreneurial", which stressed innovation, risk taking, a high level of dynamism and creativity; "bureaucratic", which was based on values such as formalization, rules, standard operating procedures and hierarchical coordination; and "consensual", which valued tradition, loyalty, personal commitment, extensive socialization, teamwork, self-management and social influence.[148]

Linnenluecke and Griffith, building on the work and ideas of Jones et al. and Zammuto et al., used a version of the competing values framework of organization culture to explore the relationship between corporate sustainability and organizational culture. [149] They used the two dimensions of the cultural values framework to identify, name and describe the following four types of organizational culture:

- Human Relations Model: Organization cultures dominated by human relation values are high on flexibility and internal orientation and seek to promote cohesion, participation and morale among employees by means such as training, development of human resources, open communication, employee involvement and participative

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[147] R. Burton and B. Obel, Strategic Organizational Diagnosis and Design: The Dynamics of Fit (3d Ed) (Norwell, MA: Kluwer Academic Publishers, 2004), 134.

[148] R. Deshpande and J. Farley, "Executive insights: Corporate culture and market orientation: Comparing Indian and Japanese firms", Journal of International Marketing, 7 (1999), 111.

[149] M. Linnenluecke and A. Griffiths, "Corporate sustainability and organizational culture", Journal of World Business, 45 (2010), 357, 359 (citing R. Jones, N. Jimmieson and A. Griffiths, "The impact of organizational culture and reshaping capabilities on change implementation success: The mediating role of readiness for change", Journal of Management Studies, 42(2) (2005), 359; M. Linnenluecke, S. Russell and A. Griffiths, "Subcultures and sustainability practices: The impact on understanding corporate sustainability", Business Strategy and the Environment, 18 (2009), 432; R. Zammuto, "Does who you ask matter? Hierarchical subcultures and organizational culture assessments", The Business School, University of Colorado at Denver, 2005; and R. Zammuto, B. Gifford and E. Goodman, "Managerial ideologies, organization culture, and the outcomes of innovation" in N. Ashkanasy, C. Wilderoom and M. Peterson (Eds.), Handbook of organizational culture & climate (Sage: Thousand Oaks, CA, 2000), 261) For further discussion and description of the competing values framework of organizational culture, see R. Quinn, Beyond rational management: Mastering the paradoxes and competing demands of high performance (San Francisco, CA: Jossey-Bass, 1988); R. Quinn and J. Kimberly, "Paradox, planning, and perseverance: Guidelines for managerial practice" in J. Kimberly and R. Quinn (Eds.), Managing organizational translations (Homewood, IL: Dow Jones-Irwin, 1984), 295; and R. Quinn and J. Rohrbaugh, "A spatial model of effectiveness criteria: Towards a competing values approach to organizational analysis", Management Science, 29(3) (1983), 363. See also "Organizational Culture and Sustainability" in "Organizational Culture: A Library of Resources for Sustainable Entrepreneurs" prepared and distributed by the Sustainable Entrepreneurship Project (www.seproject.org).

decision-making.[150] Coordination and control in this model are achieved through decentralized decision-making and cooperation, and individual compliance with mandates from the organization is expected to come from trust, tradition and long-term commitment to the organization.

- Open Systems Model: Organizational cultures that are dominated by open systems values are high on flexibility and external orientation and place more emphasis on promoting growth and resource acquisition through promoting adaptability and change and readiness and relying on visionary communication and flexible decision-making. The effectiveness of the open systems model depends on informal coordination and control and horizontal communication, and individuals are motivated by the significance or ideological appeal of their tasks.[151]

- Internal Process Model: Organizational cultures that are dominated by internal process values are high on control and internal orientation and seek to promote stability and control through formal means such as information management, precise communication, and data-based decision-making.[152] Others have characterized this cultural type as "hierarchical", not surprising given the focus on conformity, enforcement of rules, and attention to technical matters.[153] Vertical communication along with policies and procedures are relied upon to achieve coordination and control and rules and regulations are used to secure and enforce individual compliance.

- Rational Goal Model: Organizational cultures that are dominated by rational goal values are high on control and external orientation and seek to promote efficiency and productivity using tools and strategies such as goal-setting, planning, instructional communication and centralized decision-making.[154] While goal-setting and decision-

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[150] R. Jones, N. Jimmieson and A. Griffiths, "The impact of organizational culture and reshaping capabilities on change implementation success: The mediating role of readiness for change", Journal of Management Studies, 42(2) (2005), 359; and R. Parker and L. Bradley, "Organizational culture in the public sector: Evidence from six organizations", International Journal of Public Sector Management, 13(2) (2000), 125.

[151] M. Linnenluecke, S. Russell and A. Griffiths, "Subcultures and sustainability practices: The impact on understanding corporate sustainability", Business Strategy and the Environment, 18 (2009), 432; R. Zammuto, B. Gifford and E. Goodman, "Managerial ideologies, organization culture, and the outcomes of innovation" in N. Ashkanasy, C. Wilderoom and M. Peterson (Eds.), Handbook of organizational culture & climate (Sage: Thousand Oaks, CA, 2000), 261; and R. Zammuto and J. Krakower, "Quantitative and qualitative studies of organizational culture", Research in Organizational Change and Development, 5 (1991), 83.

[152] R. Jones, N. Jimmieson and A. Griffiths, "The impact of organizational culture and reshaping capabilities on change implementation success: The mediating role of readiness for change", Journal of Management Studies, 42(2) (2005), 359; and R. Parker and L. Bradley, "Organizational culture in the public sector: Evidence from six organizations", International Journal of Public Sector Management, 13(2) (2000), 125.

[153] D. Denison and G. Spreitzer, "Organizational culture and organizational development: A competing values approach" in W. Woodman and W. Pasmore (Eds.), Research in organizational change and development (Greenwich, CT: JAI Press, 1991), 1; J. Kerr and J. Slocum, "Managing corporate cultures through reward systems, Academy of Management Executive, 1 (1987), 99; and R. Parker and L. Bradley, "Organizational culture in the public sector: Evidence from six organizations", International Journal of Public Sector Management, 13(2) (2000), 125.

[154] R. Jones, N. Jimmieson and A. Griffiths, "The impact of organizational culture and reshaping capabilities on change implementation success: The mediating role of readiness for change", Journal of Management Studies, 42(2) (2005), 359.

making is centralized rather than democratized, individuals are expected to be motivated to comply based on their belief that they will be rewarded for competent performance that contributes to achievement of the desired organizational goals.[155]

While not always true, the organizational culture evolves and develops as time goes by and people and market conditions change.[156] It is generally recognized that the hierarchy structure is the traditional method for structuring and controlling organizational activities and has its roots in the "bureaucracy" identified and described by Weber and others and used by a majority of organizations. Bureaucracies can transition toward either a clan culture, which retains an inward focus yet provides more flexibility for organizational members as organizational leaders demonstrate more trust in the skills and decision making abilities of subordinates and assume a more supportive role, or a market culture that takes into account external conditions while still maintaining many of the same control mechanisms used in the hierarchical structure. The adhocracy culture, which features greater independence and flexibility in comparison to the clan culture while incorporating the same external focus as the market culture, represents the furthest stretch from hierarchical bureaucracy and may be difficult to achieve unless it was adopted at the very beginning of the organization's existence.

§4:8   Organizational Culture Inventory

The well-known Organizational Culture Inventory ("ICI") was developed as a quantitative instrument that could be used to measure 12 sets of behavioral norms that describe the thinking and behavioral styles with respect to how to approach work and interact with others that might be implicitly or explicitly required in order for people to "fit in" and "meet expectations" in an organization or a subunit of an organization. Cooke and Szumal explained that the behavioral were defined through the use of two underlying dimensions: the first dimension distinguished between a "concern for people" at one pole and a "concern for task" at the other pole; and the second dimension was based on Maslow's hierarchy of needs and distinguished between expectations for behaviors that fulfilled high-order "satisfaction" needs of organizational members at one pole and expectations for behaviors that fulfilled lower-order "security" needs of members at the other pole.[157] Based on these dimensions, the 12 sets of behavioral norms were categorized into the three general "clusters" or types of organizational cultures: Constructive; Aggressive/Defensive; and Passive/Defensive.

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[155] M. Linnenluecke, S. Russell and A. Griffiths, "Subcultures and sustainability practices: The impact on understanding corporate sustainability", Business Strategy and the Environment, 18 (2009), 432; R. Zammuto, B. Gifford and E. Goodman, "Managerial ideologies, organization culture, and the outcomes of innovation" in N. Ashkanasy, C. Wilderoom and M. Peterson (Eds.), Handbook of organizational culture & climate (Sage: Thousand Oaks, CA, 2000), 261; and R. Zammuto and J. Krakower, "Quantitative and qualitative studies of organizational culture", Research in Organizational Change and Development, 5 (1991), 83.

[156] Competing Values Framework, ChangingMinds.org. Web. No Date.

[157] The discussion in this section is adapted from R. Cooke and J. Szumal, "Using the Organizational Culture Inventory to Understand the Operating Cultures of Organizations" in N. Ashkanasy, C. Wilderom and M. Peterson (Eds.), Handbook of Organizational Culture & Climate (Thousand Oaks, CA: Sage Publications, Inc., 2000), 147.

Constructive cultural styles feature encouragement of members to interact with one another and approach tasks and activities in ways that will help them to meet their higher order satisfaction needs and are characterized by achievement, self-actualizing, humanistic-encouraging and affiliative norms. For example, members are expected to set challenging but realistic goals, establish plans to achieve those goals and pursue them with enthusiasm. At the same time, members are expected to enjoy their work and develop themselves, be supportive and open to influence in their dealings with one another and be friendly and cooperative in their relations in the work group.

In aggressive/defensive culture members are most concerned with interacting with one another in ways that do not threaten their personal status or security and such cultures are characterized by oppositional, power, competitive and perfectionist norms. For example, members are expected to be critical, oppose the ideas of others and make safe, albeit ineffectual decisions. Members are also expected to take charge, control subordinates, yield to the demands of superiors and engage in competitive "win-lose" activities that often pit them against (rather than with) their peers. Finally, members are expected to keep up the appearance of being competent, keep close track of everything they do and work long hours in pursuit of narrowly defined goals and objectives.

Finally, passive/defense cultures are characterized by member approaches to their tasks that are designed to protect their personal status and security and such cultures are characterized by approval, conventional, dependent and avoidance norms. Predictably, members in such cultures are likely to seek approval by agreeing with others and focusing on being liked by others and members are expected to conform, follow the rules and make a good impression. Passivity includes "doing what you are told" and not doing anything out of the ordinary unless and until the approval of superiors has been obtained. Finally, passive/defensive cultures feature "scapegoating" in that members are expected to shift responsibilities to others and take whatever steps are necessary in order to avoid being seen as responsible for a problem.

Cooke and Szumal argued that empirical support for the clusters had been provided by a variety of principal-components analyses and noted that the OCI itself had been used by thousands of organizations around the world and for a number of different purposes including directing, evaluating and monitoring organizational change; identifying and transferring the organizational cultures of high-performing units; studying and enhancing system reliability and safety; facilitating strategic alliances and mergers; promoting collaborative relations within and across units; and testing hypotheses on the relationships among culture, outcomes and antecedent variables.[158]

Culture Types from the Organizational Culture Inventory

The well-known Organizational Culture Inventory ("ICI") was developed as a quantitative instrument that could be used to measure 12 sets of behavioral norms associated with three general types, or "styles", of organizational cultures: Constructive; Passive/Defensive; and Aggressive/Defensive. The behavioral

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[158] Id. at 148 (citations omitted).

norms associated with each of these types, and short descriptions of each of those norms, are as follows:

Constructive Cultures:

- *Achievement Norms:* Members are expected to set challenging but realistic goals, establish plans to reach those goals, and pursue them with enthusiasm.
- *Self-Actualizing Norms:* Members are expected to enjoy their work, develop themselves, and take on new and interesting tasks.
- *Humanistic-Encouraging Norms:* Members are expected to be supporting, constructive, and open to influence in their dealings with one another.
- *Affiliative Norms:* Members are expected to be friendly, cooperative, and sensitive to the satisfaction of their work group.

Passive/Defensive Cultures:

- *Approval Norms:* Members are expected to agree with, gain the approval of, and be liked by other members.
- *Conventional Norms:* Members are expected to conform, follow the rules, and make a good impression.
- *Dependent Norms:* Members are expected to do what they are told and clear all decisions with superiors.
- *Avoidance Norms:* Members are expected to shift responsibilities to others and avoid any possibility of being blamed for a problem.

Aggressive/Defensive Cultures:

- *Oppositional Norms:* Members are expected to be critical, oppose ideas for others, and make safe (but ineffectual) decisions.
- *Power Norms:* Members are expected to take charge, control subordinates, and yield to the demands of superiors.
- *Competitive Norms:* Members are expected to operate in a "win-lose" framework, outperform others, and work against (rather than with) their peers.
- *Perfectionist Norms:* Members are expected to appear competent, keep track of everything, and work long hours to attain narrowly-defined objectives.

Source: R. Cooke and J. Szumal, "Using the Organizational Culture Inventory to Understand the Operating Cultures of Organizations" in R. Cooke and J. Szumal (Eds.), Handbook of Organizational Culture and Climate (Thousand Oaks CA: Sage Publications, 2000), 147. 149 (Figure 9.1 ("Descriptions of the Behavioral Norms Measured by the Organizational Culture Inventory")).

§4:9   Stanford Project on Emerging Companies

Researchers from the Stanford Project on Emerging Companies ("SPEC") conducted extensive interviews of the principals of early-stage technology companies in Silicon Valley regarding choices they made that would likely influence the long-term blueprint of the relationship between those companies and their employees. The researchers identified three dimensions they considered useful in describing and categorizing those choices—the basis of attachment to and retention by the company; the organizational structure, as determined by the means selected to attempt to coordinate and control

employee activities; and the criterion used for selecting persons to join the workforce.[159] The researchers then used the data from the interviews to come up with the following five basic models of employment relations[160]:

- Engineering (challenging work, peer group control, and selection based on the ability to perform specific tasks);
- Star (challenging work, professional control and selection based on long-term potential);
- Commitment (love, peer group control and selected based on cultural fit);
- Bureaucracy (challenging work, formalized control, and selection based on the ability to perform specific tasks); and
- Autocracy (exchange of labor for money, control through personal oversight, and selection based on the ability to perform specific tasks).

Of these models the most common among the study group was the engineering model; however, the researchers found substantial diversity among the companies in the study group in spite of their common location, cultural environment and social and business network and claimed that the results of their study provided evidence that the choices made by the founders with respect to the initial employment blueprint did have a strong impact on the evolution of the company and its eventual success.

§4:10 Trompenaars

Trompenaars supplemented his well-known research on societal cultures[161] by examining organizational culture and suggested that it was possible to identify four "types" of organizational or corporate culture based on the premise that the following aspects of organizational structure were especially important in determining the culture: the general relationship between employees and their organization; the vertical or hierarchical system of authority defining superiors and subordinates; and the general views of employees regarding the destiny, purpose and goals of the organization and their specific roles and places within those views. [162]   Trompenaars argued that two bi-polar dimensions, incorporating the aforementioned aspects of organizational structure, were needed in order to distinguish different organizational cultures: equality versus hierarchy and orientation to person versus orientation to task.   This allowed him to generate four quadrants, each of which representing a specific type of organizational culture: the

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[159] Stanford Graduate School of Business, Entrepreneurship: Lessons from the Stanford Project on Emerging Companies (Sept. 3, 2003), 3-5.

[160] Id. at 5, 7 and 13.

[161] For discussion of the work of Trompenaars and his colleague, Hampdon-Turner, on societal cultures, including their "Seven Dimensions of Culture" model, see "Globalization: A Library of Resources for Sustainable Entrepreneurs" prepared and distributed by the Sustainable Entrepreneurship Project (www.seproject.org) and F. Trompenaars and C. Hampden-Turner, Riding the Waves of Culture: Understanding Cultural Diversity in Global Business (2nd Ed.) (New York: McGraw-Hill, 1998).

[162] F. Trompenaars and C. Hampden-Turner, Riding the Waves of Culture: Understanding Cultural Diversity in Global Business (2nd Ed.) (New York: McGraw-Hill, 1998), 161.

"family", the "Eiffel Tower", the "guided missile" and, finally, the "incubator".[163] He cautioned, however, that these were "ideal types" and that, in practice, the types were mixed or overlaid with one culture dominating.

The family type of organizational culture was "person-oriented" and associated with high scores for hierarchy and person-orientation. Trompenaars described this culture as having "close face-to-face relationships", thus being personal, yet power-oriented with a hierarchical framework of authority that placed a leader at that top as a sort of "father" who had experience and authority that greatly exceeded his or her "children" (the other members of the organization) and who thus would be regarded as "a caring father who knows better than his subordinates what should be done and what is good for them". As daunting as this might appear, the expectation was that the power exerted by the leader was intimate and benign and that the atmosphere in which work was conducted by the organization "in many respects mimics the home". Significant characteristics of the family type include an emphasis on strong and pleasurable personal relationships among organizational members, moral and social pressures rather than financial or legal pressures, high context, strong influence of the "father" in all situations relating to work-related events, greater interest in intuitive than in rational knowledge, more concern with the development of people than with their deployment or utilization, avoidance of loss of face by prominent "family members" and low priority to efficiency (i.e., doing things right) but high priority to effectiveness (i.e., doing the right things).

The Eiffel Tower type of organizational culture was "role-oriented" and associated with high scores for hierarchy and task-orientation. According to Trompenaars, the Eiffel Tower type was representative of the bureaucratic division of labor so often found in the "Western world", structure was more important than its function and activities and relationships were organized in a way that they described as "steep, symmetrical, narrow at the top and broad at the base, stable, rigid and robust". In the Eiffel Tower relationships are specific and status is ascribed to roles, which means that the authority associated with a role is impossible to challenge. Trompenaars explained that "bureaucracy in the Eiffel Tower is a depersonalized, rational-legal system in which everyone is subordinate to local rules and those rules prescribe a hierarchy to uphold and enforce them". Professional qualifications are important for advance in Eiffel Tower cultures. Personal relationships are rejected in the Eiffel Tower out of concern that they might warp judgments, create favoritism, increase the need to make exceptions to rules and break down the desired clear boundaries regarding roles and responsibilities. Each job in the Eiffel Tower "is described, rated for its difficulty, complexity and responsibility, and has a salary attached to it". Organizational members crave precision, order and predictability and when change is needed it occurs through changing rules and the formal job requirements for employees, which means that Eiffel Tower cultures have difficulty with turbulent environments. Not surprisingly, conflict is seen as irrational—a

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[163] Id. at 162. The descriptions and quotes in the following paragraphs relating to each of the types of organizational culture are taken from F. Trompenaars and C. Hampden-Turner, Riding the Waves of Culture: Understanding Cultural Diversity in Global Business (2nd Ed.) (New York: McGraw-Hill, 1998), 162-181.

pathological challenge to orderly procedures—and is dealt with through even more formal rules and procedures.

The guided missile type of organizational culture was "project-oriented" and associated with high scores for egalitarianism and task-orientation. Trompenaars commented that this type of organizational culture, so named because of its fit with the way things appeared to be done by National Aeronautics and Space Administration, was "rather like the Eiffel Tower in flight . . . [b]ut while the rationale of the Eiffel Tower culture is means, the guided missile has a rationale of ends". Guided missile cultures are oriented toward tasks, which are typically undertaken by teams or project groups led by generalists who serve as coordinators; however, the jobs of team members, who are predominantly specialist experts in their fields, are not fixed in advance and it is expected that everyone will do "whatever it takes" in order to complete a task. Trompenaars and Hampden-Turner analogized the guided missile culture to a matrix organization in which specialist members of project teams had dual reporting responsibilities—functional and project-based—and commented that in this way the "guided missile culture is superimposed upon the Eiffel Tower organization to give it permanence and stability".

There is often uncertainty in a guided missile type of culture about what will be needed to achieve the desired ends and it is expected that time will need to be spent in investigating and discovering solutions. Finding new and effectives means to hit the target set at the beginning is valued but changing the target in the middle in response to new information is quite problematic. Loyalties to professions and projects are much stronger than loyalties to the organization in the guided missile culture, which is also quite individualistic, and turnover is high as specialists move in and out of the organization frequently as projects begin and end. Temporary residence in the organization means that intimacy is avoided in relationships. Trompenaars observed that "[m]anagement by objectives is the language spoken, and people are paid by performance".

The incubator type of organizational culture was "fulfillment-oriented" and associated with high scores for egalitarianism and person-orientation. In contrast to the other types of organizational cultures, incubators placed individual fulfillment before organizational goals and it was expected that the organization would "serve as incubators for self-expression and self-fulfillment". Incubators have little formal structure or hierarchy in order to free members of the organization from routine; however, with freedom comes the expectation that members will use it "to confirm, criticize, develop, find resources for and help to complete the innovative product or service". Incubators typically generate intense emotional commitments among their members; however, the emotional ties are not to other members, even though personal relationships are strong, but rather to nature of the work being carried out by the organization (i.e., saving lives, empowering people, "changing the world", etc.). Trompenaars summed up the incubator well by observing: "Incubator cultures enjoy the process of creating and innovating. Because of close relationships, shared enthusiasms and superordinate goals, the incubator at its best can be ruthlessly honest, effective, nurturant, therapeutic and exciting, depending as it does on face-to-face relationships and working intimacies". He also noted that incubators rarely survive the maturation of their products and the associated markets.

According to Trompenaars each of the types of organizational culture that they had identified could be distinguished from one another with respect to several important elements and he argued that there were real and identifiable differences among them with respect to how employees related to one another; how employees viewed authority; ways of thinking and learning; attitudes toward people; ways of changing; the methods that would be most effective for motivating and rewarding; and the processes used for delivering criticism and resolving conflicts and disputes. These differences were summarized in Table 4.1:

Table 4.1
Trompenaars' Organizational Culture Types

	Family	**Eiffel Tower**	**Guided Missile**	**Incubator**
Relationships between employees	Diffuse relationships to organic whole to which one is bonded	Specific role in mechanical system of required interactions	Specific tasks in cybernetic system targeted upon shared objectives	Diffuse, spontaneous relationships growing out of shared creative processes
Attitude to authority	Status is ascribed to parent figures who are close and powerful	Status is ascribed to superior roles who are distant yet powerful	Status is achieved by project group members who contribute to targeted goal	Status is achieved by individuals exemplifying creativity and growth
Ways of thinking and learning	Intuitive, holistic, lateral and error-correcting	Logical, analytical, vertical and rationally efficient	Problem-centered, professional, practical, cross-disciplinary	Process-oriented, creative, ad hoc, inspirational
Attitudes to people	Family members	Human resources	Specialists and experts	Co-creators
Ways of changing	"Father" changes course	Change rules and procedures	Shift aim as target moves	Improvise and attune
Ways of motivating and rewarding	Intrinsic satisfaction in being loved and respected; management by subjectives	Promotion to great position and larger role; management by job description	Pay or credit for performance and problems solved; management by objectives	Participating in the process of creating new realities; management by enthusiasm
Criticism and conflict resolution	Turn other cheek, save others' faces, do not lose power game	Criticism is accusation of irrationality unless there are procedures to arbitrate conflicts	Constructive task-related only, then admit error and correct fast	Must improve creative idea, not negate it

Source: F. Trompenaars and C. Hampden-Turner, Riding the Waves of Culture: Understanding Cultural Diversity in Global Business (2nd Ed.) (New York: McGraw-Hill, 1998), 183.

§4:11 Organizational climate typologies

Burton et al. used the dimensions of organizational climate developed by Zammuto and Krackover, which are discussed in "Organizational Culture: A Library of Resources for Sustainable Entrepreneurs" prepared and distributed by the Sustainable Entrepreneurship Project (www.seproject.org), to develop a typology of four types of organizational climates that corresponded to the types of organizational culture that have been identified using the competing values framework.[164] The types of organizational culture identified by Burton et al. were "very similar to the types found in the study by Zammuto and Krackover" and the following descriptions of these four types, referred to as "group" climate, "developmental" climate, "rational goal" climate and "internal process" climate, were provided by Hooijberg and Petrock[165]:

- *Group Climate:* ". . . a friendly place to work where people share a lot of themselves. It is like an extended family. The leaders, or head of the organization, are considered to be mentors and, perhaps even parent figures. The organization is held together by loyalty or tradition. Commitment is high. The organization emphasizes the long-term benefits of human resource development with high cohesion and morale being important. Success is defined in terms of sensitivity to customers and concern for people. The organization places a premium on teamwork, participation, and consensus."
- *Developmental Culture:* ". . . a dynamic, entrepreneurial and creative place to work. People stick their necks out and take risks. The leaders are considered to be innovators and risk takers. The glue that holds organizations together is commitment to experimentation and innovation. The emphasis is on being on the leading edge. Readiness for change and meeting new challenges are important. The organization's long-term emphasis is on growth and acquiring new resources. Success means having unique and new products or services and being a product or service leader is important. The organization encourages individual initiative and freedom."
- *Rational Goal Climate:* ". . . a results-oriented organization. The leaders are hard drivers, producers, and competitors. They are tough and demanding. The glue that holds the organization together is the emphasis on winning. The long-term concern is on competitive actions and achievement of measurable goals and targets. Success is defined in terms of market share and penetration. Competitive pricing and market leadership are important. The organizational style is hard driving competitiveness."
- *Internal Process Climate:* ". . . a formalized and structured place to work. Procedures govern what people do. The leaders pride themselves on being coordinators and organizers. Maintaining a smooth running organization is important. The long term concerns are stability, predictability, and efficiency. Formal rules and policies hold the organization together."

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[164] R. Burton and B. Obel, Strategic Organizational Diagnosis and Design: The Dynamics of Fit (3d Ed) (Norwell, MA: Kluwer Academic Publishers, 2004), 143-145 (citing R. Burton, J. Lauridsen and B. Obel, "How Organizational Climate and Strategy Fit, as Seen by the CEO, Affects Performance," Human Resource Management, 43(1) (2004), 67-82). See the chapter on "Dimensions of Organizational Culture" above for a description of the organizational climate dimensions identified by Zammuto and Krackover.

[165] R. Burton and B. Obel, Strategic Organizational Diagnosis and Design: The Dynamics of Fit (3d Ed) (Norwell, MA: Kluwer Academic Publishers, 2004), 143-145 (citing R. Hooijberg and F. Petrock, "On Cultural Change: Using the Competing Values Framework to Help Leaders Execute a Transformational Strategy", Human Resource Management, 32(1) (1993), 29-50).

Burton and Obel argued that organizational climate should be considered one of the "contingencies", along with elements such as leadership and management style, size and skill capabilities, the "environment", technology and strategy, that influence operational issues such as organizational structure and went on to generate various propositions with regard to how it might be expected that organizational climate might influence the "structural properties" (i.e., organizational structure) of the organization. For example, they hypothesized that a group climate, with its high level of trust, would lead to the following structural properties: adhocracy (or matrix configuration with potential for virtuality), low to medium complexity, low centralization and formalization, wide span of control, coordination and control through meetings and liaison roles, high media richness with a large amount of information and resulted based on incentives related to groups.[166] In contrast, when the organizational climate is less trusting, Burton and Obel advised that there should be less decentralization, more formalization and a greater emphasis on fixed assignments in order to achieve coordination.[167]

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[166] R. Burton and B. Obel, Strategic Organizational Diagnosis and Design: The Dynamics of Fit (3d Ed) (Norwell, MA: Kluwer Academic Publishers, 2004), 149. For further discussion of the "adhocracy" form of organizational structure, sometimes referred to as the "village market", see "Organizational Design: A Library of Resources for Sustainable Entrepreneurs" prepared and distributed by the Sustainable Entrepreneurship Project (www.seproject.org).

[167] R. Burton and B. Obel, Strategic Organizational Diagnosis and Design: The Dynamics of Fit (3d Ed) (Norwell, MA: Kluwer Academic Publishers, 2004), 161.

Chapter 5
Cross-Cultural Organizational Culture Research

§5:1   Introduction

Cross-cultural organizational culture research—comparing and contrasting organizational cultures in different countries—is a challenging, and some might argue "dubious"—undertaking and lags behind the amount of interest that has been shown in measuring and comparing societal cultures. If one accepts that, to a certain extent, organizational culture is reflected in the management practices and process of a firm, cross-national comparisons of organizational culture can rightly draw on the substantial body of evidence that indicates that people from different countries have different and unique preferences with regard to how their workplaces are managed and that characteristics of organizational culture that may be successful in one country may be ineffective, and often outright dysfunctional, in other countries.[168] In general, however, the words of Dickson et al. should be heeded when attempting to directly compare organizational culture dimension scores for organizations from different societal culture: "[w]e have identified several major roadblocks . . . [to such comparisons] . . . including the problem of the comparator, culture-based response biases, the problem of level of societal agreement on related dimensions, and scale equivalence in items".[169]

Several interesting examples of attempts to compare organizational culture across borders are described in the following sections. In addition, more and more work is being done on studying organizational culture in countries other than the US, which was the focus point of research and commentary for organizational culture, identity and climates throughout the early years of interest in those areas. This work has been particularly interesting in that it has shed light on the applicability of the dimensions and typologies of organizational culture described elsewhere in this Part to diverse localities around the world. For example, Tsui et al. effectively explored organizational culture in China, comparing and contrasting practices among three major types of firms (i.e., state-owned

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[168] K. Haddad, C. Chow, G. Gordon, R. Hwang and A. Wu, Cross-National Differences in Corporate Cultures and the Culture-Performance Relationship: a Two-Country Comparison, International Journal of Business, 4(2) (1999), 81-112, 83 (citing, e.g., N. Adler, R. Doktor and R. Redding, "From the Atlantic to the Pacific Century: Cross-cultural Management Reviewed," Yearly Review of Management of the Journal of Management, 12, (Summer 1986), 295-318; C. Bartlett and S. Ghoshal, Managing Across Borders: The Transnational Solution (Cambridge, MA: Harvard Business School Press, 1989); J. Child, "Contingency and Capitalism in the Cross-national Study of Organizations" in L. Cummings and B. Staw (eds.), Research in Organizational Behavior, 3 (1981), 303-356; G. Hofstede, "Cultural Dimensions in Management and Planning" Asia Pacific Journal of Management, January 1984, 81-99; G. Hofstede, Cultures and Organizations: Software of the Mind (New York: McGraw-Hill, 1981); J. Lincoln and A. Kalleberg, Culture, Control, and Commitment (Cambridge, UK: Cambridge University Press, 1990); and R. Steers, "Organizational Science in a Global Environment" in C. Osigweh (Ed.), Organizational Science Abroad (New York: Plenum Press, 1989), 293-326)).
[169] M. Dickson, R. Aditya and J. Chhokar, "Definition and Interpretation in Cross-Cultural Organizational Research: Some Pointers from the GLOBE Research Program" in N. Ashkanasy, C. Wilderom and M. Peterson (Eds.), Handbook of Organizational Culture & Climate (Thousand Oaks, CA: Sage Publications, Inc., 2000), 447-464, 459 (for discussion of each of the references problems see 456-459).

enterprises, foreign-invested companies and private domestic companies), using a familiar portfolio of dimensions (i.e., harmony, standardization, communication, employee development, employee contribution, leadership, shared vision, results and quality, customer orientation, innovation and outcome orientation) and typologies (i.e., highly-integrated, market-oriented, moderately integrative and hierarchical) and concluded that it was possible to develop and validate a measure of organizational culture in the Chinese context that was "grounded in existing literature but 'localized' to ensure local relevance and validity" and that there was "some evidence that the functions of organizational culture for firm performance (albeit subjectively reported) and employee attitude in firms operating in the Chinese context are similar to those reported in the extant literature, based on Western firms".[170] Research is also being done in areas previously limited to single-country studies such as efforts to examine and compare the linkages between corporate culture and effectiveness in various national settings.[171]

§5:2   Trompenaars

Trompenaars not only contributed to the extensive array of typologies of organizational culture he also attempted to show how differences between national or societal cultures might influence the type of organizational culture "chosen" by its members. Trompenaars believed that "[o]rganizational culture is shaped not only by technologies and markets, but by the culture preferences of leaders and employees" and noted that local branches of international companies, while adopting the same logo and reporting procedures, are often "fundamentally different in the logic of their structure and the meanings they bring to shared activity" as a result of the influence of local culture.[172] Working with his colleague, they built their own "database of corporate culture" based on responses received from 42 countries to questionnaires that "deal[t] with general concepts of egalitarianism versus hierarchy, degrees of formality, different forms of conflict resolution, learning and so on" and asked respondents to "choose between four possible descriptions of their company" that corresponded to the four types of organizational cultures in the model suggested by Trompenaars.[173]   According to Trompenaars, the results indicated that the highest scores for guided missile cultures were found in the US and the UK, the highest scores for the family culture were found in France and Spain, the highest score for incubators was found in Sweden and the highest score for Eiffel Towers was found in Germany.

Results for all of the countries included in the survey were graphed to show where they fell on the egalitarian versus hierarchical and person-oriented versus task-oriented dimensions and this also illustrated what appeared to be significant differences among the

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[170] A. Tsui, H. Wang and K. Xin, "Organizational Culture in China: An Analysis of Culture Dimensions and Culture Types", Management and Organization Review, 2(3) (2006), 345-376, 346.

[171] D. Denison, S. Haaland and P. Goelzer, Corporate Culture and Organizational Effectiveness: Is There a Similar Pattern Around the World? (International Institute for Management Development, November 2002) (revealing a similarity of results around the world but also some divergence among countries).

[172] F. Trompenaars and C. Hampden-Turner, Riding the Waves of Culture: Understanding Cultural Diversity in Global Business (2nd Ed.) (New York: McGraw-Hill, 1998), 161.

[173] Id. at 182. For further discussion, see the chapter on "Typologies of Organizational Culture" above.

countries.[174] The US and Norway each scored fairly high on both task-orientation and egalitarianism; Hungary, Nigeria and Venezuela had similar scores reflecting strong task-orientation and hierarchy; Denmark and Korea scored quite high on egalitarianism and hierarchy, respectively, yet were both near the midpoint of the person-orientation versus task-orientation pole; and France, Germany and Spain clearly preferred a hierarchical culture while being relatively neutral on personal-orientation versus task-orientation. Interesting differences of individual questions also shed light on the different feelings of employees in various countries. For example, when asked questions to determine "what makes a good manager", less than 40% of the respondents in Egypt, Oman and Singapore opted "to be left alone to get the job done" while over 90% of the respondents in Australia, Canada and Switzerland preferred not to have interference from management when trying to complete their tasks. When asked to describe the degree of hierarchy in their organizational cultures by selecting from among progressively steeper triangles, respondents from Turkey, Venezuela and several countries in Asia chose the steepest triangles, which was consistent with other findings with respect to those countries that showed that the leader of organizations in those countries was seen as a "father figure".[175]

While the results announced by Trompenaars were interesting and represented a clever attempt to identify national differences in organizational cultures, he conceded that other factors, such as the size of the organization, often played a significant role in the selection of organizational culture that overrode, or certainly reduced, influences of from national culture. For example, he observed that [s]maller companies wherever located are more likely to take the family and incubator forms . . . [and] . . . [l]arge companies needing structure to cohere are likely to choose Eiffel Tower or guided missile forms".[176] To illustrate he pointed to France, which had one of the highest scores for family companies yet also showed a tendency among its larger companies to select the Eiffel Tower model. Another variant on this finding was the US, where large firms preferred the guided missile model yet smaller companies from Silicon Valley could be identified as the "archetypal incubators".[177]

§5:3   Sagiv and Schwartz

Sagiv and Schwartz proposed a model of three biopolar dimensions of organizational culture: embeddedness versus autonomy, hierarchy versus egalitarianism and mastery versus harmony.[178] They noted that Schwartz had used these same dimensions to analyze societal culture and generate clusters of distinct "cultural regions" around the world that included countries with relatively similar orientations on the cultural dimensions listed above.[179] They argued that since organizational culture is strongly influenced by the surrounding societal or national culture it was possible to identify differences in organizational behavior among organizations in different countries by looking at the

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[174] Id. at 184.
[175] Id. at 165-167.
[176] Id. at 182.
[177] Id. at 182.
[178] L. Sagiv and S. Schwartz, "Cultural values in organisations: Insights for Europe", European Journal of International Management, 1 (2007), 176-190, 180.
[179] Id.

characteristics of the societal culture in which those organizations were "nested". Sagiv and Schwartz believed that a strong influence of societal culture on organizational culture was inevitable given that organizations operate under societal pressures and thus are driven to comply with the norms and values of their societies in order to be accepted as members of that society and survive financially and otherwise.

Sagiv and Schwartz provided illustrations of how organizations in different countries might address environmental issues and treat their employees based on the societal culture in those countries. For example, they speculated that organizations in Western Europe would place higher emphasis on egalitarianism versus hierarchy in comparison to organizations in Eastern Europe since the societal culture in Western European was egalitarian and the societal culture in Eastern Europe was hierarchical. As a result, it might be expected that Western European organizations would provide more rights and benefits to their employees in comparison to Eastern European organizations. Sagiv and Schwartz also believe that "[n]ational cultures, through their influence on organizational cultures and practices", are also likely to influence levels of role stress experienced by managers in organizations; and managers' choices in various organizational dilemmas, such as whether to adopt an integrating rather than analyzing orientation and how to resolve conflicting commitments to the organization and friends.[180]

Sagiv and Schwartz are noteworthy for the strong emphasis that they place on the relationship between societal and organizational cultures. They explained their fundamental proposition as follows: ". . . national and transnational cultures may influence the ideologies, symbols and practices that constitute organizational culture and that affect members' perceptions, understandings, and behavior. To the extent that this occurs, the organizational cultures and the practices of managers and workers from all organizations within each nation will exhibit some shared aspects. These shared aspects should, in turn, discriminate among organizations from different nations. Hence the experiences and preferences of managers should vary systematically across nations in ways that are predictable from the cultural profile of the nations".[181] The logical extension of their arguments is that it is possible to discern distinct organizational culture profiles for organizations nested in each of the transnational cultural groupings that have typically been identified as West European, East European, English-speaking, Latin American, South Asian, Confucian-influenced and sub-Saharan African. Some of the principle views of Sagiv and Schwartz regarding the cultural orientations that characterize each of these transnational cultural groups can be summarized as follows[182]:

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[180] L. Sagiv and S. Schwartz, "A New Look at National Culture: Illustrative Applications to Role Stress and Managerial Behavior" in N. Ashkanasy, C. Wilderom and M. Peterson (Eds.), Handbook of Organizational Culture & Climate (Thousand Oaks, CA: Sage Publications, Inc., 2000), 417-435. Role stress includes role conflict, ambiguity and overload and the analyzing/integrating dilemma arises from the choice between focusing on task-orientation (i.e., efficiency is paramount and people are hired specifically to perform defined tasks) or people-orientation (i.e., social relations, rather than formalized task assignments, are most important to proper functioning within the organization). Id. at 425-429.

[181] Id. at 425.

[182] For detailed discussion, see "Globalization: A Library of Resources for Sustainable Entrepreneurs" prepared and distributed by the Sustainable Entrepreneurship Project (www.seproject.org) and the works by Schwartz cited therein including S. Schwartz, "Mapping and Interpreting Cultural Differences around the

- West European culture emphasized egalitarianism, autonomy and harmony more than any other region and national groups in that grouping tended to score very low on hierarchy, mastery and embeddedness. Caution should be exercised in making generalizations about organizational cultures in this group given that there is substantial variation within the region on other measures such as organizational structures and preferences and expectations regarding management styles.
- The culture of the English-speaking grouping, including the US, was especially high in mastery compared with the rest of the world, average in intellectual autonomy and egalitarianism and low in harmony and embeddedness.
- The Confucian-influenced group exhibited what Sagiv and Schwartz referred to as a "pragmatic, entrepreneurial orientation" along with heavy emphases on hierarchy and embeddedness and a rejection of egalitarianism and harmony.
- The culture in the sub-Saharan African group emphasized mastery rather than harmony, also emphasized embeddedness and was low in autonomy.
- The culture in the South Asian group strongly emphasized hierarchy and embeddedness and was low in autonomy and egalitarianism.
- The culture in the East European group was notable for the emphasis on harmony and de-emphasis of mastery, a situation that Schwartz attributed to the impact of having to adapt to live under totalitarian communist regimes (i.e., avoiding trouble and refraining from embarking on change initiatives).[183]
- The culture in the Latin American group was average on all three dimensions and the largest differences within the group were associated with mastery and harmony. Sagiv and Schwartz commented that, in general, "this region is particularly homogenous culturally".[184]

It should be noted that while Sagiv and Schwartz placed great importance on the role of the "surrounding society" in influencing organizational culture, they also recognized that there were other factors at place. They specifically mentioned the "personal value priorities of organizational members", which coincidentally are related to values in the societal culture from which those members come, and "the nature of the organization's primary tasks". Individual value preferences include the manner in which organizational members "select actions, evaluate people and events, and explain their actions and evaluations" and it would not be surprising to see that these preferences would indeed

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World", in H. Vinken, J. Soeters and P. Ester (Eds.), Comparing Cultures, Dimensions of Culture in a Comparative Perspective (Leiden, The Netherlands: Brill, 2004). See also L. Sagiv and S. Schwartz, "Cultural values in organisations: Insights for Europe", European Journal of International Management, 1 (2007), 176-190, 180-182.

[183] Schwartz and his colleagues undertook extensive additional research on various aspects of culture in East-Central Europe. See, e.g., S. Schwartz and A. Bardi, "Influences of adaptation to communist rule on value priorities in Eastern Europe", Political Psychology, 18 (1997), 385-410; and A. Bardi and S. Schwartz, "Relations among socio-political values in Eastern Europe: Effects of the communist experience?", Political Psychology, 17 (1996), 525-549. Schwartz predicted that cultural orientations within this group should be expected to change in the years to come as indigenous modes of social organization reemerge following the end of the Cold War.

[184] L. Sagiv and S. Schwartz, "Cultural values in organisations: Insights for Europe", European Journal of International Management, 1 (2007), 176-190, 182.

influence the culture of the organizations in which they work.[185] These individual value preferences are derived from a variety of sources, many of which are shared by members of the same society, including practices and norms that are socialized through family, educational, legal, media, market and governmental systems.[186] As for organizational tasks, Sagiv and Schwartz are not along in recognizing that different tasks require different strategies with respect to organizational and execution and these strategies dictate "practices" within organizations that are generally considered to be part of their organizational culture. They observed that "[t]he task environment of the industry substantially influences the cultural values an organization develops, because different tasks pose different basic challenges" and predicted, for example, that high-tech firms would "develop a value culture of affective autonomy and mastery" in an effort to succeed in dynamic and changing markets that require rapid adaptation, initiative, action taking and achieving striving (i.e., an "entrepreneurial approach").[187] In contrast, low-tech firms tend to "develop a value culture of embeddedness" since stability and routinized workflows are most important in their industries and such firms also seek to protect and retain personnel and build a sense of interdependence among members.

§5:4   Societal culture and organizational identity

Ekmekci et al. explored the relationship between societal and organizational culture from a slightly different perspective by relying on the construct of "organizational identity".[188] Organizational identity has been referred to as the set of organizational characteristics that are most "core, enduring and distinctive"[189] and Whetten defined it as including those claims of the organization that are "the central and enduring attributes of an organization, those that distinguish it from other organizations".[190] The distinctions between organizations take the form of elements that are familiar to students of organizational culture and include, in Whetten's words again, an organization's "unique pattern of binding commitments across and time and environments".[191] Ekmekci et al. noted that, like organizational culture, organizational identity claims are consistently internalized through practices such as stories and myths.

Noting that there had been "little theoretical or empirical work investigating the relationship of societal culture and organizational identity", Ekmekci et al. proposed a "theoretical framework, exploring how the local societal cultures in which regional offices [of global organizations] are located—as defined by the relative strengths and weaknesses of the GLOBE study—influence the way the employees of a global

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[185] Id.

[186] Id. at 185.

[187] Id. at 186.

[188] O. Ekmekci, A. Casey, K. Rosenbusch, C. Cataldo and L. Byington, "Re-examining the influence of societal culture on organizational identity" Journal of International Business and Culture Studies, (7) (2012).

[189] S. Albert and D. Whetten, "Organizational identity" in L. Cummings and B. Straw (Eds.), Research in organizational behavior (Greenwich, CT: JAI Press, 1985), 263-295.

[190] D. Whetten, "Albert and Whetten revisited: Strengthening the concept of organizational identity", Journal of Management Inquiry, 15 (2006), 219-234, 220.

[191] Id.

organization perceive their organizational identity".[192] The framework consisted of a series of propositions for each of the nine cultural dimensions of the GLOBE studies, such as "[t]he perceived organizational identify in a societal culture, where performance orientation is high, will have more attributes associated with competing, scoring, winning, evaluating, achieving, comparing, distinguishing and elevating" and "[i]n a societal culture where uncertainty avoidance is high, the perceived organizational identity will have more attributes associated with categorizing, regulating, controlling, governing, directing, planning, structuring and communicating".[193] The entire set of proposed relationships between dimensions of societal culture and the attributes representing organizational identity are summarized in Table 5.1:

Table 5.1
Societal Culture and Organizational Identity

Societal Culture Dimension	**Organizational Identity Attributes**
Higher degree of . . .	*leads to more identity attributes associated with . . .*
Performance Orientation	Competing, Scoring, Winning, Evaluating, Achieving, Comparing, Distinguishing, Elevating
Uncertainty Avoidance	Categorizing, Regulating, Controlling, Governing, Directing, Planning, Structuring, Communicating
Humane Orientation	Caring, Empathizing, Supporting, Including, Protecting, Fostering, Nurturing, Loving, Comforting
Institutional Collectivism	Collaborating, Team-building, Uniting, Institutionalizing, Bonding, Ritualizing, Consolidating, Building, Tradition
In-group Collectivism	Developing Fraternalism, Creating Sense of Belonging, Building Family, Establishing Roots
Assertiveness	Pressing, Leading, Trailblazing, Exploring, Challenging, Dominating, Commanding
Gender Egalitarianism	Establishing Paternalism, Emphasizing Masculinity, Conveying Toughness, Demonstrating Ruggedness
Future Orientation	Being Patient, Demonstrating Discipline, Saving, Planning for Contingency, Leaving Legacy

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[192] O. Ekmekci, A. Casey, K. Rosenbusch, C. Cataldo and L. Byington, "Re-examining the influence of societal culture on organizational identity" Journal of International Business and Culture Studies, (7) (2012), 6.

[193] Id. at 8. The dimensions of societal and organizational culture used in the GLOBE study are discussed in "Globalization: A Library of Resources for Sustainable Entrepreneurs" prepared and distributed by the Sustainable Entrepreneurship Project (www.seproject.org).

Power Distance	Attaining Power, Gaining Status, Establishing Superiority, Possessing Authority, Creating Distinction
Source: O. Ekmekci, A. Casey, K. Rosenbusch, C. Cataldo and L. Byington, "Re-examining the influence of societal culture on organizational identity" Journal of International Business and Culture Studies, (7) (2012), 15 (Table 1).	

If the propositions in their model were proven to be accurate, one would expect to find significant differences in the perceived organizational identities among regional offices of global organizations operating all around the world, an issue that certainly would create challenges for executives and senior managers in the headquarters offices seeking to find the appropriate balance between "global" and "local" when making decisions about organizational structure, formalization, rewards and motivational strategies and methods for communication and collaboration among regional offices. Unfortunately, Ekmekci et al. did not offer empirical evidence to assess their framework, although they did provide a series of suggestions on how the investigation process might be conducted.

§5:5   Organizational cultures of US and Indian high tech firms

Levin et al. attempted a comparison of organizational culture in the US and India through observations of employees in six high technology firms (i.e., firms engaged in the creation of innovate high technology products)—four in the US and two in India—as they went about completing their day-to-day tasks.[194]   The researchers argued that organizational culture could be described and compared based on seven categories, which included a mix of practices, values and rituals and were referred to as communication; information; heroes; innovation and diversity; architecture; attendance and attire. Their assumption in using these categories was that they represented the "knowledge base" that guided how workers interpreted information, actions and expectations at their firms and that they were aligned with the components often used to assess the "strength" of a firm's organizational culture.[195]   The general conclusion reached by Levin et al. was that there were subtle differences between the firms in the two countries, but that the culture was similar in some and different in other categories. They found this to be interesting given that prior research comparing the two countries at the societal level of culture had suggested that there were significant differences between them.[196]   Accordingly, their work provides evidence that organizational cultures in different countries will not necessarily mirror differences between those countries with respect to societal culture.

Some of the specific findings from the data collected, and comparative analysis conducted, by Levin et al. include in the following:

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[194]   K. Levin, S. Allard, A. Kushniryk and C. Tenopir, "The Eagle and the Elephant: Comparing Organizational Culture in the United States and India", National Communication Association, November 2008, http://works.bepresslcom/carol_tenopir/106.

[195]   See also K. Weick, The Social Psychology of Organizing (2d Ed.) (Redding, MA: Addison-Wesley, 1979) and T. Deal and A. Kennedy, Corporate Culture (Redding, MA: Ballinger Publications, 1982).

[196]   N. Dhawan, I. Roseman, R. Naidu and A. Rettek, "Self-concepts across two cultures", Journal of Cross-Cultural Psychology, 26 (1995), 606-621.

- Communication: Communication was found to be universally important among the surveyed firms; however, the technology available within the firms did lead to differences in the channels through which communications occurred.
- Information: The data indicated that information sharing was part of organizational culture regardless of the location of the organization.
- Organizational Heroes: While the firms from the US anointed inventors and products with "hero" status, the heroes among the Indian firms were generally the founders of the business.
- Innovative Workforce/Organizational Diversity: Firms in both countries evidenced diversity in the form of difference ethnicities and nationalities and all had strong values towards innovation and teamwork. The researchers commented that "the firms valued the innovative and creative workplace that was formed by assembling an eclectic workforce rather than simply valuing diversity".[197]
- Architecture: Architecture is associated with what appear to be relatively mundane issues such as the use and placement of cubicles; however, the researchers argued that architecture not only helps to identify the type of organizational culture (e.g., bureaucratic, innovative or supportive) but also the norms with respect to communication in the workplace.[198] The researchers concluded that Indian firms designed their workplace in a manner that suggested a supportive culture that was in line with the collectivist nature of the societal culture in India while architecture among the US firms was dictated by the activities and business needs of those firms more so than societal culture.
- Attendance: The researchers found that practices regarding behaviors surrounding attendance were a function of the individual firms rather than societal cultures.
- Workplace Attire: Differences in workplace attire consistent with differences in local tastes and societal culture were identified.

The framework used by Levin et al. is an interesting approach to cross-border comparisons of organizational culture. However, notice should also be taken of the potential influence of technology on the corporate culture of all of the firms included in their study, both in the US and India. There is research that suggests that there are universal aspects of a so-called "high tech engineering culture" that, if true, would lead to similarities among firms engaged in technology-based innovation and product development regardless of their location. Levin et al. cited a variety of studies that have indicated that "high tech cultures" have flat hierarchies with less rigid and austere

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[197] K. Levin, S. Allard, A. Kushniryk and C. Tenopir, "The Eagle and the Elephant: Comparing Organizational Culture in the United States and India", National Communication Association, November 2008, http://works.bepresslcom/carol_tenopir/106, 17. The researchers noted that measurement of diversity was somewhat complex in that Indian companies were not necessarily diverse in terms of national origin but were diverse when the frame of reference was changes to acknowledge that those companies employed people from several different Indian sub-cultures, each of which had their own linguistic and religious traditions.

[198] See E. Wallach, "Individuals and organizations: The cultural match", Training and Development Journal, 37 (1983), 29-36.

controls, are individualistic and masculine.[199]   One researcher has argued that the language, norms and values of the engineering culture become internalized and dominate the employees' subjectivity.[200] Schein has argued that the individual characteristics typically developed by information technology workers are also relevant to organizational culture since such workers bring to the workplace an intolerance of ambiguity, a desire for precision and accuracy and a preference for logical rules and procedures.[201]   All of this serves as a cautionary tale about the multiple influences on organizational culture that make it difficult to isolate just how differences in societal culture operate in distinguishing predictable differences in organizational culture from country to country.

§5:6   Comparison of corporate cultures of Mexican and Taiwanese firms

Haddad et al. collected and analyzed data from 22 Mexican and 33 Taiwanese manufacturing companies to explore the potential influences of firm size, national origin and environmental uncertainty on the corporate culture of those companies.[202]   They reviewed the relevant literature and identified eight independent dimensions of organizational culture for use in their study.[203]   They briefly described each of these dimensions as follows[204]:

- *Planning Orientation:* Emphasized the use of planning in management and a desire to avoid surprises and measured by the extent to which goals provide a useful context for the firm's everyday functioning; the extent to which planning for the achievement of goals was formal; the extent to which the company had clear goals; the extent to which the company had defined plans to meet its goals; and the extent to which planning for the achievement of goals was complete.
- *Innovation:* Emphasized, and measured by, the extent to which individual managers were encouraged to take "reasonable risks" and innovate and the extent to which managers were encouraged to act independently.

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[199] K. Levin, S. Allard, A. Kushniryk and C. Tenopir, "The Eagle and the Elephant: Comparing Organizational Culture in the United States and India", National Communication Association, November 2008, http://works.bepresslcom/carol_tenopir/106, 9-10.

[200] D. Ezzy, "A simulacrum of workplace community: Individualism and engineering culture", Sociology, 35 (2001), 631-650.

[201] E. Schein, Organizational culture and leadership (2nd Ed.) (San Francisco, CA: Jossey-Bass, 1992).

[202] K. Haddad, C. Chow, G. Gordon, R. Hwang and A. Wu, Cross-National Differences in Corporate Cultures and the Culture-Performance Relationship: a Two-Country Comparison, International Journal of Business, 4(2) (1999), 81-112.

[203] They referred readers to M. Alvesson, Cultural Perspectives on Organizations (Cambridge, UK: Cambridge University Press, 1993) for a comprehensive review of the alternative methods that had been developed up until that time for "operationalizing the corporate culture construct".

[204] K. Haddad, C. Chow, G. Gordon, R. Hwang and A. Wu, Cross-National Differences in Corporate Cultures and the Culture-Performance Relationship: a Two-Country Comparison, International Journal of Business, 4(2) (1999), 81-112, 86-87 (noting that the dimensions and accompanying descriptions were taken from G. Gordon and E. Christensen, "Industry Influences on the Relationships Between Management Culture and Performance", Paper presented at the national meeting of the Academy of Management, Atlanta, GA, 1993).

- *Aggressiveness/Action Orientation:* Emphasized "getting things done" and being a pacesetter rather than a follower and measured by strategic orientation (i.e., "pacesetter" or "follower"); timeliness and innovativeness of decision making; overall vitality: sense of urgency and rapid pace of activities; and responsiveness to changes in business environment.
- *People Orientation:* Emphasized concern for and growth of current employees and measured by success in developing people from within for bigger jobs; opportunities for promotion within the company; breadth of internal searches to fill a management vacancy; and opportunities for individual growth and development.
- *Team Orientation:* Emphasized the extent that people were encouraged to cooperate and coordinate within and across units and measured by clarity of managers' understanding about the interrelationships of their own jobs with those of others; the extent to which various units truly cooperate with one another; and the extent to which various units understand each other's objectives and goals.
- *Communication:* Emphasized openness to communication and allowing others to be knowledgeable, thus enhancing the possibility of participation, and measured by the awareness of events happening in other areas of the company that might affect how own job is done; quality of communications downward from above; quality of overall communications; and quality of lateral communications from people at the same organizational level.
- *Results Orientation:* Emphasized the degree to which people were held accountable for clear and demanding end results and measured by personal accountability for end results; clarity of expected end results; clarity of the yardsticks used to judge managerial performance; and demands for high levels of performance.
- *Confrontation:* Emphasized the degree to which issues were addressed openly rather than buried and measured by the extent to which constructive criticism was encouraged; and the extent to which open discussion of conflicts was encouraged.

They noted that Taiwan and Mexico offered a nice contrast of different national cultures and that both countries were becoming increasingly important participants in the global economy. After analyzing the responses to corporate culture questionnaires, and taking into account influences of other factors such as size and environmental uncertainty, the researchers concluded that there were "national influences" on five of the eight dimensions—Innovation, Aggressiveness, People Orientation, Planning and Results Orientation—and that there were significant differences between the two countries with respect to Innovation and People Orientation, both of which were found to be higher in Mexico, and Aggressiveness, which was found to be higher in Taiwan.[205] Haddad et al. concluded that their "analyses . . . reinforce the role of national origin in the development of corporate cultures" and "that corporate culture differed quite significantly as a function of national origin".[206]

§5:7   Organizational culture in developing countries

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[205] K. Haddad, C. Chow, G. Gordon, R. Hwang and A. Wu, Cross-National Differences in Corporate Cultures and the Culture-Performance Relationship: a Two-Country Comparison, International Journal of Business, 4(2) (1999), 81-112, 92.
[206] Id. at 97 and 105.

Cross-cultural organizational culture research—comparing and contrasting organizational cultures in different countries—is a challenging, and some might argue "dubious", undertaking and lags behind the amount of interest that has been shown in measuring and comparing societal cultures. Dickson et al. noted that when attempting to directly compare organizational culture dimension scores for organizations from different societal cultures: "[w]e have identified several major roadblocks . . . [to such comparisons] . . . including the problem of the comparator, culture-based response biases, the problem of level of societal agreement on related dimensions, and scale equivalence in items".[207] Most of the early cross-cultural organizational culture research was conducted in the US and other developed countries; however, recently more work is being done on studying organizational culture in other parts of the world. For example, organizational culture in dynamic, fast growing economies such as China and India have been popular topics and there has also been great interest in the evolution of organizational culture in firms that have transitioned from state-owned status to the private sector as part of a country's overall policies and programs relating to liberalization of its economy.

Research in both developed and developing countries is often based on the assumption that organizational culture is strongly influenced by the surrounding societal or national culture and that it is therefore possible to identify differences in organizational behavior among organizations in different countries by looking at the characteristics of the societal culture in which those organizations are "nested".[208] For example, Hofstede wrote extensively on what he projected to be the links between his national/societal cultural dimensions and management practices within organizations in various countries. Since many of these so-called "management practices" are often used by researchers as indicators of elements of organizational culture, the summary of Hofstede's views in Table 5.2 relating to the "consequences for the workplace of differences in national cultures" that is of interest in this entire discussion:

Table 5.2
Hofstede's Links Between Societal Culture and Management Practices

Small Power Distance Societies	**Large Power Distance Societies**
Hierarchy means an inequality of roles, established for convenience; subordinates expect to be consulted; ideal boss is resourceful democrat	Hierarchy means an existential inequality; subordinates expect to be told what to do; ideal boss is benevolent autocrat (good father)
Collectivist Societies	**Individualist Societies**
Value standards differ for in-group and out-groups: particularism; other people seen as members of their groups; relationship prevails over task; moral model of employer-employee relationship	Same value standards apply to all: universalism; other people seen as potential resources; task prevails over relationship; calculative model of employer-employee relationship
Feminine Societies	**Masculine Societies**
Assertiveness ridiculed; undersell yourself; stress on	Assertiveness appreciated; oversell yourself; stress

[207] M. Dickson, R. Aditya and J. Chhokar, Definition and Interpretation in Cross-Cultural Organizational Research: Some Pointers from the GLOBE Research Program, in N. Ashkanasy, C. Wilderom and M. Peterson (Eds.), Handbook of Organizational Culture & Climate 447, 459 (2000).
[208] L. Sagiv and S. Schwartz, Cultural Values in Organisations: Insights for Europe, 1 European Journal of International Management 176, 180 (2007).

life quality; intuition	on careers; decisiveness
Weak Uncertainty Avoidance Societies Dislike of rules—written and unwritten; less formalization and standardization; tolerance of deviant persons and ideas	**Strong Uncertainty Avoidance Societies** Emotional need for rules—written and unwritten; more formalization and standardization; intolerance of deviant persons and ideas

Source: G. Hofstede and M. Peterson, Culture: National Values and Organizational Practices in N. Ashkanasy, C. Wilderom and M. Peterson (Eds.), Handbook of Organizational Culture and Climate 401, 407 (2000).

Studies of organizational cultures in various countries generally confirm the predicted positive relationship between societal culture and organizational culture. For example, several of the developing countries surveyed are large power distance, collectivist societies and researchers have found that in these countries the typical and expected characteristics of organizational culture include hierarchical organizational structure, subordinate submission to authority and directions from the top of the hierarchy, benevolent autocracy from the founder/owner of the firm and greater emphasis on relationships than tasks. However, societal culture is just one of many possible influences on organizational culture.

§5:8   --Changing the organizational culture of firms in developing countries

Organizational culture is not static, although it is admittedly difficult to change, and it is generally the case that organizational culture will evolve and develop as time goes by and people and market conditions change.[209] It is generally recognized that the hierarchy structure is the traditional method for structuring and controlling organizational activities and has its roots in the "bureaucracy" identified and described by Weber and others and used by a majority of organizations. As mentioned above, the bureaucracy is a common form of organizational culture in many of the developing countries and often has its roots in long periods of state dominance of economic activities; however, globalization, including increased exposure to Western management practices, and a younger workforce that is perhaps less accepting of traditional values are just two factors that are pushing organizations in developing countries to begin to recognize the importance of "corporate culture" to performance and investigate ways to change those cultures.

Organizational change has been a popular subject among researchers and consultants in the US and other Western countries for decades and tools for assessing organizational culture are typically offered as the initial steps for inducing organizations to spend time and money on changing aspects of the identified culture that appear to be out of alignment with the overalls goals and objectives that management would like to pursue. Less common is discussion among those active in developing countries about changing organizational cultures. One area of interest is how best to combine local culture with Western management ideas, a necessary concern given the prominent role of inbound foreign investment in economic development. Another reason that firms in developing countries are paying more attention to organizational culture is the growing recognition that it is an important piece of the strategy that they need to pursue in order to expand and

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[209] Competing Values Framework, ChangingMinds.org.

prosper. For example, Singh, writing about work values and work culture among organizations in India, selected eight "paradigm shifts" in organizational culture that can be expected to occur as a condition to the transition of a firm toward creating the work environment of a "world-class organization".[210] According to Singh each of these shifts, which can be briefly summarized as follows, imply new priorities and the progress of the organization with respect to each of them can be used as a means for profiling the overall organizational culture of the firm:

- *Control Management to Commitment Management:* In the past many jobs resembled an "assembly line" process with repetitive actions and simple objective performance measures. In that situation managers focused on counting, controls, rewards and punishments. Today and in the future, however, more and more jobs will be based on critical thinking to improve existing, or create new, products and processes. Workers are no longer easily "controlled" and, in fact, managers must give up their need for excessive control and work on building commitment through sharing visions and values and allowing employees to be involved in decision making.

- *Task Focus to Process and Customer Focus:* In the past managers oversaw how employees carried out the "tasks" associated with their job positions; however, in today's environment all employees must approach their job from the perspective of how it fits into the large process of identifying and satisfying customer requirements.

- *Command to Consensus Decision Making:* Command decision making—autocratic rule from the top of the organizational hierarchy—has long been the standard for many companies and was often justified by the lack of knowledge and training among subordinates and the need for conformity and uniformity throughout the organization and its products and services. However, as companies grow and their environment becomes more complex centralization must give way to delegation of authority and greater participation among mid-level managers and employees who are more talented and creative and seek responsibility as part of their enhanced commitment to their companies.

- *Individual Work to Teamwork:* The control management described above depended on assigning discrete tasks to individuals and then measuring and rewarding/punishing their performance with respect to those tasks. Today, however, the work of individuals within companies is tied more and more to the work of others and teamwork has become extremely important. From a managerial perspective, this means that managers must learn how to effectively manage teams and empower team members to make their own decisions and balance their work.

- *One Right Way to Continuous Improvement:* The practice of command decision making and autocratic rule referred to above generally meant that companies depended on managers to announce the "one right way" to do things, even if they did not for sure what really needed to be done. Managers were rarely challenged and opinions from lower-level employees were neither solicited nor welcomed. Today companies realize that there is rarely one right way and even if there was it would not

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[210] K. Singh, Work Values and Work Culture in Indian Organizations: Evidence from the Automobile Industry, 2(2) Delhi Business Review (July – December 2001) (noting also that the model was based on the work of Lawrence M. Miller and Jennifer Howard).

remain so forever. As a result, continuous improvement is necessary for survival and requires input and participation from everyone in the organization.

- *Unstated Values to Shared and Stated Values:* In the traditional environment where orders came down from above and were not questioned it was not necessary for organizational leaders to disclose their values and the reasons behind their decisions. Today, however, the best organizations lay a foundation for teamwork and cooperation by through the use of explicitly shared and stated values which become the basis for actions by everyone in the company: managers and employees.
- *Tough on People to Tough on Competition:* Many companies were run on the basis of fear with managers taking a tough approach to overseeing employees and critiquing their performance. However, the modern trend is to treat employees with more respect and compassion and work with them to resolve performance issues while reserving toughness for the strategies undertaken to meet competition.
- *Wealth Consuming to Wealth Creating:* This shift focuses on increased understanding by managers of companies of their roles in "wealth creation" for all stakeholders including creating new products and services for customers, make better and socially responsible use of resources and creating new jobs and improving existing ones.

Changes in organizational culture are driven, and influenced, by changes in the external environment of the firm and internal actions and initiatives. With regard to the external, or "task", environment, consideration must be given to political, economic, technological and socio-cultural factors and clearly the external environment in developing countries is generally quite turbulent and difficult to predict. For example, a change in the ruling regime of a developing country typically is accompanied by a set of new economic goals and priorities as well as structural changes such as privatization. The political environment also influences the laws and regulations applicable to workplace activities. The economic environment in a developing country includes all aspects of the markets for goods and services produced and sold by firms including fiscal and monetary policies, consumption patterns and investment. For many developing countries the most difficult and challenging transition in the economic arena is from a centrally planned to a market economy. Organizations in developing countries also must wrestle with how the introduction of new technologies will impact their corporate cultures, particularly those technologies that facilitate closer monitoring of working performance or permit rapid communication and wider sharing of information within the organization. Finally, given the evidence presented above regarding the impact of societal culture on organizational culture, it is obvious changes in the socio-cultural environment in developing countries will find their way into the workplace. One illustration is the growing attention to the respective roles of men and women in developing countries and the efforts to achieve more gender equality in those countries generally and in their factories and offices.

As for internal actions and behaviors relevant to organizational culture, the consensus is that guidance must come from organizational leaders (i.e., founders, owners and/or professional executive managers) who are responsible for identifying key issues associated with organizational culture, exploring them and then taking action to strengthen and reinforce desired cultural characteristics or initiate changes aimed at

greater worker satisfaction and enhanced organizational performance.[211] There are, of course, many dimensions of organizational culture; however, leaders of organizations in developing countries will likely face special challenges in the following areas: control systems (e.g., how will workers react to more formal work rules and greater use to technology-based monitoring and control systems); organizational responsibilities to employees (e.g., will the "humane orientation" often found in organizations in developing countries be maintained or be replaced by a greater emphasis on "task orientation"); organizational identification and commitment (e.g., will younger, more educated workers retain the same level of commitment to the organization found among their parents or will they develop other strong group affiliations, such as allegiances to professional cultures (e.g., science and engineering); power, status and participation (e.g., will the hierarchical arrangements typically associated with higher "power distance" survive or will they be replaced by more egalitarianism); and individualism/collectivism (e.g., what balance will be struck between individual accomplishment or autonomy versus group-dependent accomplishment within the organization). In addition, gender equality and tolerance of diversity will be important issues in the workplace as they are in the broader society within developing countries.

The challenges of initiating successful change in organizational culture in developing countries have been explored by comparing differences in the cultures of state-owned enterprises (SOEs) and private firms in those countries. Researchers such as Cunha and Cooper have argued that the differences can be understood by realizing that there are two sets of competing values at work: organizational integration versus market orientation and people orientation versus performance orientation.[212] Firms in developing countries with a preference for organizational integration tend to have an organizational culture that emphasize open internal communication and cooperation; however, as those firms shift toward a market orientation the organization culture becomes more aggressive and opportunistic in order to respond to market opportunities. Similarly, a people orientation is typically of paternalistic and collectivist organizational cultures and is characterized by a high organizational concern for the well-being of its employees and an emphasis on teamwork and development; however, a performance orientation is more individualistic and allocates rewards based on individual performance in relation to objective goals.

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[211] For further discussion of evaluating and transforming organizational culture, see "Managing Organizational Culture" in "Organizational Culture: A Library of Resources for Sustainable Entrepreneurs" prepared and distributed by the Sustainable Entrepreneurship Project (www.seproject.org).
[212] R. Cunha and C. Cooper, Does Privatization Affect Corporate Culture and Employee Well-Being?, 17(1) Journal of Management Psychology 21 (2002).