The chapter then shifted to focus on three relatively recent trends in the design of organizations: (1) team-based organizational structure, (2) matrix organizational structure, and (3) the virtual organization. Although each of these organizational designs is different, they all allow organizations to respond more quickly to market opportunities and to make better uses of their internal resources. Furthermore, all three of these organizational designs require that other organizational subsystems must be properly aligned in order for them to work well.

There has been considerable research on the impact of organizational design, and this was summarized according to the dominant themes. One of these themes is that designs appear to be at least partially traceable to adaptive responses to the environments in which organizations operate. Research has also shown that there is no "right way" to design an organization; however, organizations that tend to align their various subsystems with their structure tend to be the most effective. A third theme is that organizational designs do influence the behavior of employees. This serves as an important linkage between micro- and macro-level organizational behavior.

The chapter concluded with a brief discussion of factors that are likely to influence organizational designs of the future. These include information technology, globalization of the economy, and the increasing number of contingent employees. These trends may have many influences on organizations, but their most likely impact on design will be to increase the use of virtual organizational designs. Organizations will then be better able to expand and contract quickly, and to move much more quickly into previously untapped global markets.

SUGGESTED ADDITIONAL READINGS

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Chapter Fourteen

Organizational Culture

Perhaps the best way to appreciate organizational culture is to imagine entering an unfamiliar organization for the very first time—either as a new employee or a customer. In some ways, this experience is similar to entering a foreign country. For example, members of the organization may use words and phrases that are not fully understood; they may engage in behaviors that they take quite seriously but have little meaning to outsiders; and they may tell jokes and stories that only they can fully understand. If we were to stay in the organization long enough to make the transition to full-fledged organizational members, or interact with members of the organization frequently enough, many of the unfamiliar things that we initially observed would become much more meaningful.

While the study of culture has a long tradition in anthropology and sociology, the study of organizational culture is actually very new. In fact, most researchers have traced its beginning to the late 1970s (Pettigrew, 1979). However, the fact that organizational psychologists have studied organizational culture for only a short period of time does not decrease its importance. To the contrary, culture is an extremely important key to understanding many behavior patterns in organizations. In fact, all behavior in organizations occurs in a cultural context. This may explain why some things (e.g., incentive pay) work well in some organizations yet fail miserably in others. Culture may also help us to understand why some organizations are successful and why others are not (e.g., Mason, 2004).
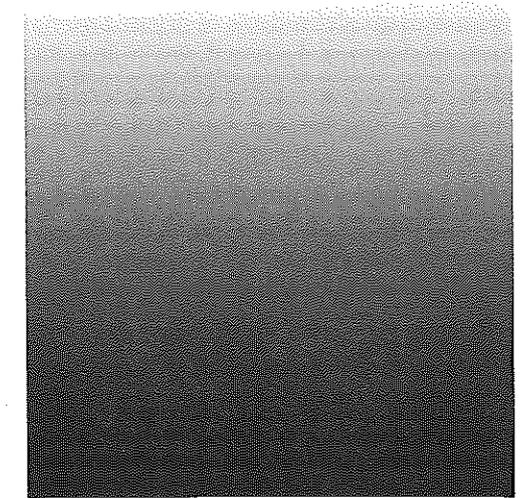
This chapter provides an overview of organizational culture and many of its implications. We begin by defining what is meant by organizational culture—no small feat, considering that this concept comes not only from psychology, but also from cultural anthropology and sociology. We then describe two recent attempts to describe the dimensions underlying organizational culture. The chapter then shifts to an explanation of the various ways in which culture is reflected in organizations. As we'll see, some of these are rather obvious, but culture is often reflected in very subtle ways. We then explore the factors that shape the culture of an organization. The chapter will then focus on the various methods that can be used to

study organizational culture. The chapter then shifts to a discussion of organizational culture change, and concludes with an examination of the impact of organizational culture, both on the success of the organization as a whole and on individual organizational members.

DEFINING ORGANIZATIONAL CULTURE

There are many definitions of organizational culture in the organizational psychology literature (e.g., Louis, 1983; Martin, 2002). Fortunately, however, most of these have a great deal in common. In an effort to integrate these various definitions, Ravisi and Schultz (2006) state that *organizational culture* is "a set of shared mental assumptions that guide interpretation and action in organizations by defining appropriate behavior for various situations" (p. 437). There are two important aspects of this definition. First, this definition implies that culture is the "view of the world" that the members of an organization share. By "view of the world," we mean that culture essentially represents the "lens" through which employees of an organization learn to interpret the environment. Secondly, and perhaps most important, this definition also implies that culture guides the behavior of employees in an organization. For example, culture impacts how employees treat each other, the quality of decisions that are made, and ultimately whether or not an organization is successful.

According to Schein (1985, 1992), there are three levels of an organization's culture, and each succeeding level is more difficult for outsiders to decipher. The most visible level of organizational culture is reflected in artifacts, technology, and behavior patterns. Artifacts, which will be discussed in more

depth later, are aspects of the physical environment that communicate cultural meaning. Technology represents the means by which organizations transform input from the outside environment. Behavior patterns, of course, simply represent what employees in the organization do.

The next level of culture, according to Schein (1992), is represented by the shared values within the organization. Values simply represent individuals' broad tendencies to prefer certain things, or states of affairs, over others (Hofstede, 1980). The values that might be salient within an organization could be a number of things: loyalty, customer service, collegiality, and self-preservation, to name a few. According to Schein, values are less accessible to an outsider than are things such as behavior patterns, and, typically, they must be inferred by the outsider through symbolic means. For example, if an organization rewards and promotes employees largely on the basis of seniority, one might infer that the organization tends to place a high value on loyalty and retention.

In considering values in organizations, it is important to distinguish between the values that are espoused by the organization, and those that are actually in operation (e.g., the "true" values). In many organizations, there is a strong relationship between the espoused and the true values. For example, innovation has always been an espoused value at 3M, and studies of this organization (e.g., Gundling, 2000) have shown that generally company practices are consistent with it. In some organizations, however, there is a disconnect between what an organization claims to value, and the values that appear to be guiding overt behavior. As an example, many organizations claim to place a high value on diversity, yet have few minority employees in management positions; many

organizations claim to place a high value on performance, yet tolerate consistently poor performance from employees; and many organizations claim that customer service is one of their core values, yet customers are treated rudely. The important implication of this is that in many cases researchers must go beyond espoused values in order to truly understand organizational culture.

The third layer of culture, according to Schein (1992), is represented by the basic beliefs and assumptions held by the members of an organization. These beliefs and assumptions are so deeply ingrained that people take them for granted; they are important, however, because they impact the more visible aspects of culture (Denison & Mishra, 1995). To better understand basic beliefs and assumptions, let's consider a basic assumption that we operate under in our daily lives, at least in Western society. For example, when people greet each other, it is common for one or both persons involved in such an encounter to ask the other, "How are you doing?" or "How's it going?" Most people understand that these questions, particularly when people do not know each other very well, are merely forms of greeting, and appropriate responses might be "Fine, thanks" or "Not bad; how are you?" On the other hand, most people would be uncomfortable if a person responded to this question with a detailed 30-minute explanation of all of the challenges they have faced in the past month.

What are the basic beliefs and assumptions that people hold in organizational settings? This is a difficult question to answer because organizations, and the people in them, differ so widely. However, if one thinks about it, there are probably some beliefs and assumptions that may be salient, regardless of the situation. For example, employees in organizations have basic beliefs and

assumptions about things such as whether the organization can be trusted, whether the organization supports them, whether the psychological environment is threatening or supportive, or whether hard work and dedication pay off. There are obviously other basic assumptions that are quite specific to a given organizational setting. For example, members of an accounting firm may have basic assumptions about the ethics surrounding the tax deductions they seek for their clients, or the teachers in an elementary school may hold common basic assumptions regarding the benefits of parental involvement in children's education.

Compared to the other two levels of culture discussed, basic beliefs and assumptions are difficult to study because they are so ingrained; in fact, Schein (1992) argued that they are not at a conscious level. Because of this, it is extremely difficult for a naïve organizational outsider to determine what these beliefs and assumptions are. It is also difficult for employees, particularly those who have been around for a long time, to articulate the basic beliefs and assumptions of their organization because they are so ingrained. Most typically, basic beliefs and assumptions are determined only through painstaking research processes such as field observation, use of informants, and careful study of organizational archives. More will be said about studying organizational culture later in the chapter.

Having defined organizational culture and described its various levels, an important issue to consider is that, even though most organizations have what could be described as an "organization-wide" culture, they also contain a number of identifiable *subcultures*. Janson (1994) proposed that, in most organizations, there are six subcultures; these are presented in Table 14.1. As can be seen, the first subculture is labeled "Elite culture/

TABLE 14.1
Possible Subcultures within an Organization Proposed by Janson (1994)

Elite culture/corporate culture—"For your eyes only" or "For public consumption"
Departmental culture—Horizontal slice; for example, sales department
Divisional culture—Vertical slice; for example, a division
Local culture—Within a geographical location/unit
Issue-related culture—Metaphorical, related to an important issue throughout the
    organization; for example, safety culture or quality culture
Professional culture—On the basis of professional background and training

Source: J. V. Mbijen. (1998). Organizational culture. In P. J. Drenth and H. Thierry (Eds.),
Handbook of work and organizational psychology (2nd ed., Vol. 4, pp. 113–131). Hove, England:
Psychology Press. Reprinted with permission of publisher.

corporate culture" and is essentially represented by those at the highest levels of the organization. The subculture in which the chief executive and the top executive group of an organization live is much different than most other employees. These individuals typically have more pleasant surroundings than other employees, and they have a great deal of control over information dissemination in the wider organization.

The next form of subculture described by Janson is labeled "Departmental." Individuals within the same department work very closely together, face many of the same challenges, and collectively experience success and failure. Because of this, individuals within departments may develop many of the same views and thus have many of the same basic assumptions about the organization. In universities, this is very evident when one looks at the different cultures that develop in academic departments (see Comment 14.1).

The next level of subculture development is at the "division" level. In a business organization, for example, the marketing division may consist of the sales, market research, and advertising departments. In a university, the equivalent of a division is a *college* that is composed of several academic departments.

Divisional subcultures develop for essentially the same reasons as departmental subcultures. Employees in the same division may work under many of the same policies and may experience many of the same challenges. As a result, individuals within the same division may begin to develop many of the same basic assumptions, and hence a subculture develops.

The next level of subculture that may develop is labeled "Local culture" and is based on geographic regions. Local subcultures may be identical to divisional subcultures when an organization's structure is based on geographic region. However, this is not always the case. Local subcultures develop largely based on local customs and norms of the region in which a unit works. For example, as a graduate student, the first author worked as a contractor in the Florida division of a large telecommunications company. Based on conversations with others in that organization, it became evident that there were distinct regional differences between this division and other regional divisions of the company. Due to the warm weather in Florida, the dress code was a bit more relaxed, and the manner in which people dealt with each other was a bit more informal than in other parts of the organization.

ACADEMIC DEPARTMENT CULTURES AND SUBCULTURES

As MOST READERS have probably noted in taking courses in a variety of departments, there tends to be a great deal of variation in the cultures of various academic departments. For example, the cultures of academic departments in the arts and humanities tend to be more "laid back" and relaxed in comparison to academic departments in engineering and the hard sciences.

Academic departments in business schools also tend to be distinct in their own way. For example, many business school faculty dress formally (many business schools require that faculty wear business attire when teaching), and many of their offices resembled those in corporations. Considering that most faculty members in business schools are trained in business schools, and that their primary mission is to train students for business careers, it

is understandable that a businesslike culture would develop.

Psychology departments tend to have very interesting cultures because of the dominance of subcultures. Particularly in large psychology departments with several doctoral programs, the subcultures that develop in each of the areas may be quite different. For example, the culture of a clinical psychology faculty might be very different from the culture of an industrial/organizational psychology faculty. The cultures of both groups, in turn, may be very different than the culture of a social psychology faculty.

The next time you're in an academic department, look around and see if you can find any clues about the culture of that department. Better yet, do this with two or more departments and see what the differences are. You might be surprised and fascinated by what you find!

Subcultures may also develop due to some important issues faced throughout the organization. Recently, much work has been done on the construct of "safety culture" in organizations (Hofmann & Stetzer, 1998). In reality, in most organizations, there are probably many safety "subcultures"; that is, safety is likely to be viewed and practiced quite differently in many different parts of an organization. Other important issues that may be the basis for subculture development may include affirmative action, whether pay should be based on performance, and views of the trustworthiness of management, to name a few.

The final basis for subculture development proposed by Janson is the professional training of employees. In some organizations, this could be the basis for the wider

organizational culture (e.g., accounting firms, law firms, consulting firms); but, in many other cases, organizations employ groups of individuals who have obtained very different forms of professional training. For example, an organization that hires groups of chemical engineers may find that these individuals constitute a distinct subculture within the organization. In fact, in some cases, employees may have a much greater identification with their professional subculture than with the organization or division in which they work. Physicians, for example, often identify more strongly with the medical profession than they do with the hospitals or clinics in which they are employed.

Given that subcultures coexist with the overall organizational culture, a logical

question is which of these has the strongest impact on employees? Adkins and Caldwell (2004) examined this issue with employees in a large consulting firm that was comprised of four distinct subcultures based on type of service provided (Strategic Consulting, Technology Consulting, Process Reengineering, and Change Management Consulting). What these researchers found was that job satisfaction was positively associated with the degree to which employees fit into *both* the overall culture and the subculture in which they worked. This suggests that while subcultures are important to employees, they also do not completely negate the importance of the overall culture of the organization.

MODELS OF ORGANIZATIONAL CULTURE

Having defined what organizational culture is, we will now discuss common dimensions along which organizational cultures can be described. Anyone who has worked in several different organizations knows that, to a large extent, no two organizational cultures are completely alike. Therefore, it is probably futile to develop a finite typology of all organizational culture types or dimensions. Over the years, however, researchers have discovered what they have considered to be clusters of cultural attributes that are common to most organizations. In this section, we examine two of these common models of organizational culture.

The O'Reilly, Chatman, and Caldwell Model

O'Reilly, Chatman, and Caldwell (1991) developed a self-report measure of organizational culture, the Organizational Culture Profile (OCP). While the specifics of the OCP will be discussed later in the chapter,

the substantive model underlying the OCP will be described briefly here. The substantive model behind the OCP is simply that cultures can be distinguished based on the predominant values that are reinforced within a particular organization. According to O'Reilly et al., most organizational cultures can be distinguished according to the seven values that are presented and defined in Table 14.2. According to this model, what makes each culture unique is its "profile" on these seven cultural dimensions. For example, the culture of one organization might place a high value on innovation, respect for people, and it may have a strong team orientation. In contrast, the culture of another organization might place a high value on stability, attention to detail, and it may place a low value on innovation.

Unlike other models of organizational culture that have sought to link cultural dimensions to organizational performance, much of the research on the O'Reilly et al. (1991) model has been focused on the fit between organizational culture and personalities of individual employees (e.g., Judge & Cable, 1997). One might imagine, though, that in certain circumstances some of these cultural dimensions would likely be associated with organizational performance. It is hard to imagine, for example, a successful high-techology company with a culture that places a low value on O'Reilly, Chatman, and Caldwell model – " . . . innovation and a very high value on stability. It is also likely that an organization providing a service to consumers would need to place a high value on respect for people and attention to detail in order to be successful.

The Denison Model

A second model of organizational culture, which also served as the basis for a culture

TABLE 14.2

O'Reilly et al. (1991) Seven Organizational Values

Value	Definition
Innovation	The extent to which an organization encourages employees to be innovative, seek out new opportunities, and take risks
Stability	The extent to which an organization emphasizes rules and values predictability
Respect for people	The extent to which an organization emphasizes mutual respect, fairness, and tolerance of differences among employees
Outcome orientation	The extent to which an organization encourages employees to take action and to strive for excellence in their work
Attention to detail	The extent to which an organization encourages employees to be precise and detail-oriented in doing their work
Team orientation	The extent to which an organization emphasizes collaboration and teamwork among employees
Aggressiveness	The extent to which an organization encourages competition and aggressiveness among employees

Source: O'Reilly, C.A, Chatman, J., & Caldwell, D.F. (1991). People and organizational culture: A profile comparison approach to assessing person-environment fit. *Academy of Management Journal, 34*, 487–516.

measure, was proposed by Daniel Denison and colleagues (Denison, 1990; Denison & Mishra, 1995). The model, which is presented in Figure 14.1, is much more complex than that proposed by O'Reilly et al. (1991). The basic idea is that organizational culture can be described according to the four general dimensions of Adaptability, Mission, Involvement, and Consistency. Each of these general dimensions, in turn, can be described in terms of three subdimensions. For example, the general dimension of Mission is subdivided into Strategic Direction and Intent, Goals and Objectives, and Vision. Adaptability is subdivided into Creating Change, Customer Focus, and Organizational Learning. Involvement is subdivided into Empowerment, Team Orien-tation, and Capability Development. Finally, Consistency is subdivided into Core Values, Agreement, and Coordination/Integration. Readers will also note that this model allows the cultures of organizations to be described along two broad dimensions (External versus Internal Focus; Flexible ver-

sus Stable) based on where they score on the various subdimensions.

While the Denison model is relatively new, it has been subject to a great deal of empirical scrutiny and been used in many organizations to facilitate diagnosis of cultural problems (Denison, Haaland, & Goelzer, 2004). In the future this model will likely be the focus of continued research.

MANIFESTATIONS OF ORGANIZATIONAL CULTURE

Given that organizational culture can be described along a common set of dimensions, what makes these cultural dimensions visible to both employees and organizational outsiders? In other words, what exactly contributes to differences in the "feel" of different organizations? This is an important question because culture cannot be studied, diagnosed, or in some cases changed if we do not understand the various ways that culture is communicated. Fortunately, organizational culture researchers have come up with

FIGURE 14.1
The denison organizational culture model
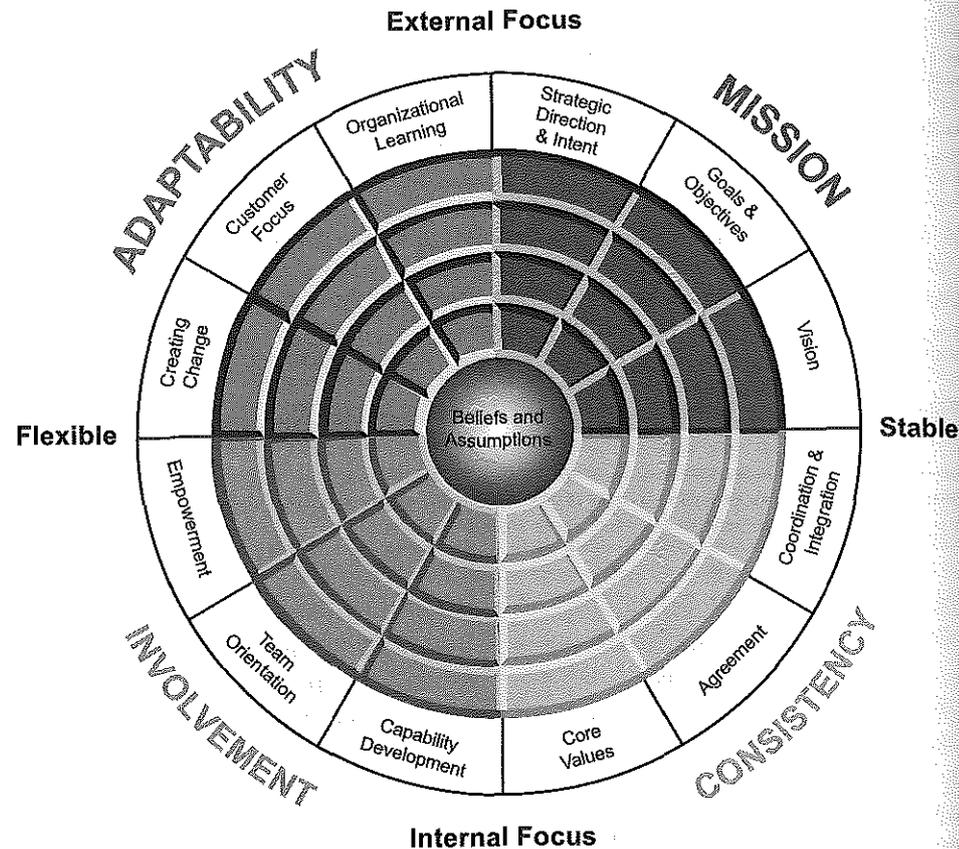
a number of ways, and they are described in this section.

Symbols and Artifacts

According to Cohen (1974), symbols are "objects, acts, relationships, or linguistic formations that stand ambiguously for a multiplicity of meanings, evoke emotions, and impel men to action" (p. 23). In most organizations, symbols provide us with information on the nature of the culture. Perhaps one of the most revealing symbols in an organization is the physical layout in which employees work. In some organizations, employees' offices are located in large open areas; in others, however, employees are given a great deal more privacy by having their offices placed in more remote locations. In the former setting, the office layout may be symbolic of a culture that places a high value on sociability and openness of communication and, in fact, employees may engage in these types of behaviors. In the latter, the layout may be symbolic of a culture characterized by a high degree of secrecy, or perhaps just a great deal of respect for privacy; employees in such a culture may tend to provide information to each other only on a "need to know" basis.

According to Schein (1983) an artifact is very similar to a symbol; the only difference is that artifacts represent a more direct attempt to convey cultural meaning, whereas symbols are more indirect. As with symbols, artifacts are most easily found in the physical environment of organizations. One of the most typical cultural artifacts in organizations is the physical manifestation of the major technology that is used. In educational settings, for example, classrooms are artifacts in that they convey the fact that students are to be reasonably obedient recipients of the knowledge that is passed down to them. In the Army, the uniform is a powerful artifact to remind everyone that they are all soldiers regardless of the setting in which they work and the job they perform.

Rites and Rituals

Rites represent "relatively elaborate, dramatic, planned sets of activities that consolidate various forms of cultural expressions into one event, which is carried out through social interactions, usually for the benefit of an audience" (Trice & Beyer, 1984, p. 655). The most common rites carried out in organizations are summarized in Table 14.3. As can be seen, rites of passage are often used to symbolize the socialization from organizational outsiders to full-fledged organizational members. The military's use of basic training is probably the most dramatic organizational rite of passage, but other organizations have these as well. For example, a familiar rite of passage in academic settings is the oral defense of one's master's thesis or doctoral dissertation.

In some cases, rites are designed to sanction or, in a more general sense, to convey negative information to employees. Rites of degradation often occur when there is a problem in the organization or when there must be a change in personnel. A recent and highly publicized example of this was the execution of former Iraqi dictator Saddam Hussein. When someone is denied tenure in a university there is no public event, but the year following the denial of tenure is a type of degradation ceremony. During this year, a faculty member must face his or her peers each day, knowing that he or she has failed to meet tenure standards and thus will not be employed there the following year.

In direct contrast, rites of enhancement are designed to convey positive information. This can be positive information about the organization or public recognition of individuals for exceptional levels of performance. To illustrate this type of rite, Trice and Beyer

TABLE 14.3
A Summary of Organizational Rites

Type of Rites	Example
Rites of passage	Induction and basic training in the U.S. Army
Rites of degradation	Firing and replacing top executives
Rites of enhancement	Mary Kay seminars
Rites of renewal	Organizational development activities
Rites of conflict reduction	Collective bargaining
Rites of integration	Office Christmas party

Source: H. M. Trice and J. M. Beyer. (1984). Studying organizational culture through rites and ceremonials. *Academy of Management Review, 9,* 653–669. Reprinted with permission of the Copyright Clearance Center.

COMMENT 14.2

PROFESSIONAL MEETINGS: GOING TO SIOP?

FOR NEARLY 20 years, a yearly spring ritual for many industrial/organizational psychologists has been attendance at the annual conference of the Society for Industrial and Organizational Psychology (SIOP). The most recent (2007) SIOP conference was held in New York City; this conference has also taken place in Boston, Miami, St. Louis, Montreal, San Francisco, San Diego, Nashville, New Orleans, Dallas, Atlanta, and Orlando.

Why do so many industrial/organizational psychologists make the SIOP conference a regular event? One reason is that going to the conference allows them to keep up on the latest developments in both the science and practice of industrial/organizational psychology. Each year, the conference program includes symposia and poster sessions that allow researchers and practitioners to discuss their findings and exchange ideas. This is particularly important for researchers, because much of what appears in academic journals is often 1 or 2 years old!

Another important (and perhaps less understood) function of the SIOP conference is that it serves a socialization function. Each year, many graduate students attend this conference for the first time and receive their first taste of what it is like to be in this profession. They learn who the important people in the profession are and how to conduct themselves as professionals. They are also educated about the major issues facing the profession. These things are obviously important in transmitting a professional culture that will live on far longer than any individual. Furthermore, graduate students attending this conference for the first time leave feeling very enthused about the profession they have chosen and eager to attend the next year.

(1984) provide the example of the employee seminars conducted by the Mary Kay cosmetics company. During these seminars, the company legacy is celebrated, and individual employees are recognized for outstanding sales performance—all of which is done with a great deal of fanfare and glamour. Many of the activities at the annual meetings of professional organizations often serve this purpose as well (see Comment 14.2).

In most organizations, there are times when problems need to be addressed and employees need to renew their sense of purpose within the organization. Rites of renewal serve this purpose. Trice and Beyer (1984) cite the use of organizational-development interventions as a prime example of rites of renewal in organizations. For example, interventions such as team building, survey feedback, and Management by Objectives (MBO), which are often part of organizational development programs, can be seen as ritualistic activities that ultimately serve to renew employees' sense of purpose. While such activities provide employees with reassurance that something is being done about the problems in the organization, they may also mask the real causes of problems. By doing this, they may reinforce the existing power structure and social arrangements within the organization.

This view of organizational development proposed by Trice and Beyer (1984) is certainly provocative, although many organizational-development professionals would probably disagree with it. In fact, there is some empirical evidence that organizational-development interventions can facilitate positive change in organizations (e.g., French & Bell, 1995), and thus are more than expensive "feel good" rituals. On the other hand, it is possible for organizational development to be applied in a somewhat ritualistic fashion—an employee opinion survey is conducted, a report is written and filed away. While everyone may feel good about the process, the reality is that after this process is completed none of the substantive problems within the organization are even addressed, much less solved.

Rites of conflict reduction are often conducted in organizations when potentially debilitating conflict needs to be addressed. Perhaps the best example of this type of rite in unionized organizations is the collective bargaining process. According to Trice and Beyer (1984), this activity is a rite because, in most cases, each side knows that an agreement is ultimately going to be reached. However, on the way to getting there, each side must "play a game" that is consistent with its role. For example, representatives of the company must initially present an unacceptable contractual offer in order to show that they are good stewards of organizational resources. The union representatives, in turn, must reject that offer and make contractual demands that they know the organization cannot agree to, just to show that they are protecting the interests of the union membership. Ultimately, this give-and-take process will produce a contract that is acceptable, if not ideal, to both sides.

The final type of rites described by Trice and Beyer (1984) are rites of integration. The major purpose behind rites of integration is to encourage and revive common feelings that serve to bind members of the organization together. In most organizations, the common example of this form of rite is the annual holiday office party. At most holiday gatherings employees typically suspend normal rules of protocol and simply have fun together. This experience of having fun together presumably serves to make the social ties that bind these people together that much stronger, even if it is only for an afternoon or evening.

Rituals are closely related to rites because they are also enacted through behavior patterns. Trice and Beyer (1984) define a *ritual* as "a standard, detailed set of techniques and behaviors that manage anxieties, but seldom produce intended, technical consequences of practical importance" (p. 655). Perhaps the most visible examples of ritualistic behavior come from the world of sports—in particular, from baseball. Many baseball players, for example, believe that it is bad luck to step on the chalk lines when running onto the field, and often make a visible effort to avoid doing so (just watch closely sometime!). Perhaps the most elaborate rituals ever seen in baseball came from former major league baseball player and hall of famer Wade Boggs. Boggs would eat only chicken on the day of a game, and he had to field the same number of ground balls prior to each game. In Boggs's case, however, these might not be considered rituals because they evidently did him some good—he won several American League batting titles and ended his career with over 3,000 hits!

Employees in most organizations do not engage in ritualistic behaviors similar to those of professional athletes. Organizational rituals, however, do exist and they do convey information about the organizational culture. For example, employees in many organizations develop nearly ritualistic behavior that centers on daily breaks and lunch time. Each day, employees may congregate in the same location or eat at the same restaurant at precisely the same time. In contrast, in some organizations, individuals may spend these times eating at their desks or perhaps reading a book. In the former case, such rituals

convey strong social bonds within the organization; in the latter case, they may suggest a culture that values individuals' privacy and solitude.

Other common ritualistic behaviors in organizations can be seen at the beginning and end of the workday. Employees, for example, may congregate around the coffee machine and exchange pleasantries, or perhaps talk about sports or current events. In other organizations, each employee may begin the day by quickly going to his or her desk and immediately beginning to work. In the former case, one might again presume that the social ties are a bit stronger; in fact, they reach to the point where employees may feel that such daily activities are highly vital to their work, even though the information exchanged may actually be quite trivial. In the latter case, this behavior, at least on the surface, may convey a high level of diligence and a desire to accomplish tasks. It may also be indicative of a high level of conflict and suspicion among the employees of an organization.

Another ritual that can be very revealing about the culture of organizations—or, in many cases, subcultures—is the type of socializing after work hours. In some academic departments a common ritual on Friday afternoons is socializing over drinks at a local bar. In contrast, in some academic departments, faculty rarely, if ever, socialize outside of work hours. In the former case, this weekly ritual conveys that members of a department see themselves as more than just coworkers, and they wish to extend the social bonds beyond the confines of the work environment. A lack of socializing outside of work could mean that coworkers do not find each other's company appealing; it may also signify an organizational culture in which employees get along quite well, but place a very high value on spending time with their families.

Stories, Legends, and Dramas

It is certainly well documented, from fields such as cultural anthropology (e.g., Geertz, 1973) and communication theory (Pacanowsky & O'Donnell-Trujillo, 1983), that storytelling and passing on legends are very important ways of passing on information about a culture. In organizational settings, *stories* are defined as "narratives based on true events—often a combination of truth and fiction" (Trice & Beyer, 1984, p. 655). Employees in organizations tell many stories, some of which may be completely irrelevant to cultural transmission. What makes a story a vehicle for cultural transmission is that it is intentionally meant to convey something important about the culture of the organization—in many cases, to organizational newcomers. A good example of this can be seen in a brief story contained in Derek Jeter's 2001 book *The Life You Imagine: Life Lessons for Achieving Your Dreams*. In this book Jeter describes an instance during his rookie year when he and Don Mattingly (former Yankee great and current bench coach) are leaving the field at the end of a workout during spring training. Even though the two players were alone and could leisurely walk off the field, Jeter states that Mattingly suggests they sprint off the field (which they do) because "you never know whose watching." This story obviously says something about the integrity of Mattingly, but more importantly, about the culture of the team. More specifically, hard work and effort are not just for show, but are important all the time.

A *legend* is a "handed-down narrative of some wonderful event that is based on history, but is embellished with fictional details" (Trice & Beyer, 1984, p. 655). In schools throughout the United States, children learn about how the founding fathers, such as Thomas Jefferson, Benjamin Franklin, and Alexander Hamilton, cooperated to produce the Constitution, and what this signifies about our national culture. As historical analysis has shown, however, the processes surrounding the development of the U.S. Constitution were anything but cooperative (Tolson, 2001, February 26). Many of the framers of the Constitution were highly political and very self-interested. In fact, the partisan politics seen today is relatively tame in comparison. Notice, however, that teaching this slightly inaccurate version of history does serve to transmit cultural values that are important in a democracy such as the United States.

Legends are also used in organizations to convey important cultural details. The specific legends passed on typically focus on important milestones such as the founding of the organization, a critical organizational crisis, or an important innovation that has had a great impact on the organization. Within 3M, the details surrounding many product innovations, such as a Post-it® note, take on a legendary status, and the individuals responsible for these innovations are seen as almost larger than life (Gundling, 2000). Passing on these legends to new employees within 3M serves the purpose of communicating the fact that innovation and creativity are important parts of the culture.

A final mechanism for the transmission of culture is through what Pettigrew (1979) termed organizational *dramas*. An organizational drama is simply a significant or defining event in the history of an organization. The occurrences of organizational dramas provide researchers with a window into the culture of an organization; relating these dramas to new organizational members also provides a way for organizations to transmit organizational culture to newcomers. According to Pettigrew, the most typical organizational dramas are the entry and exit of organizational leaders, changes in the structure of an organization, and noteworthy successes or failures.

Language and Communication

Language is one of the key things that distinguish humans from other species. It stands to reason, then, that the culture of an organization would be reflected in the language of organizational employees; in fact, each organization typically has its own unique vernacular. Similarly, the manner in which employees in an organization communicate with each other may also reveal important information about an organization's culture. Each of these is discussed in the following paragraphs.

With respect to spoken language, organizational terminology can be quite revealing. Several years ago one of the authors conducted a brief training seminar in an organization in which virtually all employees referred to their various departments as *worlds* rather than by more standard terms such as *departments* or *units*. Although use of this terminology may have been completely coincidental, it also could have been indicative of a great deal of "turf battles" and compartmentalization within the organization. Another example of this, which may be familiar to many readers, is Disney's long-standing practice of referring to park visitors as *guests* rather than customers (Van Maanen, 1991). This signifies that people who pay to visit the Disney theme parks should be treated by employees as though they were visitors in their homes. Disney has also traditionally used theatrical terminology (e.g., employees are *cast members*) to reinforce the point that they are in the business of providing entertainment.

The mode of communication used by employees in organizations can also provide

insights into organizational culture. Employees in some organizations favor highly impersonal one-way modes of communication such as written messages, voice mail, and e-mail. What does reliance on these forms of communication suggest about organizational culture? It may simply mean that people want to save time. However, it could also mean that people really do not want to communicate with each other. While impersonal modes of communication such as e-mail are very efficient, they also get employees into the habit of "issuing directives" and making "declarations" to their fellow employees rather than engaging in two-way communication and meaningful dialogue. As a result, this may be indicative of a culture characterized by high suspicion and conflict.

In contrast, the preferred mode of communication in some organizations is much different. Employees may favor highly personal, face-to-face communication rather than more impersonal modes such as e-mail or written memos. In terms of organizational culture, this may indicate that there is a great deal of emphasis on interpersonal harmony and on making sure that others' feelings are considered when making decisions. This may also indicate a highly participative culture in which a great deal of consultation must take place prior to decisions being made.

THE DEVELOPMENT OF ORGANIZATIONAL CULTURE

According to Schein (1992), the two major functions of organizational culture are external adaptation and internal integration. The notion of external adaptation reflects an anthropological, or even an evolutionary, approach to organizational culture. To cultural anthropologists, the totality of a culture

reflects behaviors and beliefs that have survived over time because they have helped a group of people adapt more successfully to their environment. This obviously has evolutionary overtones because adaptation is a central part of the evolutionary process.

When we apply the concept of external adaptation, we come up with the proposition that organizational cultures develop and persist because they help an organization to survive and flourish. This concept is quite easy to illustrate if one looks at organizations that possess cultural attributes that most observers would consider very positive. For example, developing a culture that emphasizes innovation kept 3M from going out of business, and this continues to help it remain one of the most successful corporations in the world. Similarly, developing a culture that puts customer service and comfort above all else helped Disney make the transition from a small film-animation company to a large entertainment conglomerate.

External adaptation can also explain why some organizations ultimately develop cultures that possess what some would consider negative attributes. According to Mason 2004, the organizational culture of NASA changed from one that strongly emphasized safety and technical excellence, to one primarily concerned with cost efficiency and meeting schedules. When one considers the pressures faced by this organization over the years (e.g., decreased congressional funding, pressure to meet launch deadlines), this change in culture is understandable. However, as Mason points out, the price of this emphasis on efficiency has been less vigilance about safety issues; in fact, this may have contributed to some of its failures such as the *Challanger* and *Columbia* space shuttle accidents.

In addition to facilitating external adaptation, Schein (1992) proposed that

organizational culture facilitates internal integration. Consider for a moment how an organization could function if it had no identifiable culture. In such a scenario, how would new members be integrated into the organization and taught how to assume their new roles? Thus, culture can be thought of as a sort of "glue" that bonds the social structure of a larger organization together. This is critical because, when all is said and done, organizations are ultimately social constructions and, without social integration, they would cease to exist (Katz & Kahn, 1978).

This integrative function can be seen at various levels of an organization, and thus serves as an explanation for the development of organizational subcultures. Furthermore, some of these subcultures may result from individuals in a particular department or function sharing common experiences or similar academic training. Because of this, the various areas that are represented by graduate programs (e.g., Clinical, I/O, Social, Experimental) within large psychology departments often develop very distinct subcultures based on commonality of academic training and experiences. The development of these subcultures, provided they aren't at odds with each other, increases social cohesion within these areas and enhances the professional socialization of graduate students. The existence of subcultures does not mean, however, that there is no overall departmental culture. Regardless of the area, all faculty typically have had at least some overlap in their training as doctoral-level psychologists.

A final factor that often shapes an organization's culture is its founder or its chief executive. How do influential founders and high-level executives put their own "personal stamp" on the culture of an organization? This question has not achieved a great deal of empirical attention, but several mech-

anisms are possible. One is that these individuals have a great deal of control over who is hired, particularly at the highest levels. Because people generally like to be in the company of others whom they perceive to be similar to them (Byrne, 1971), it is highly likely that employees hand-picked by a founder or chief executive have similar values. Furthermore, because those who really didn't share his or her values either declined to join the company or ultimately left (Schneider, 1987), those remaining probably shaped a culture that was very similar to his or her personality.

Founders and influential executives also have a great deal of influence over the strategy an organization decides to pursue (Finkelstein, 1992). Choice of strategy, in turn, may ultimately impact the culture that develops in the organization. For example, an organization that chooses to pursue a strategy of offering a very limited number of highly specialized products will likely develop a very different culture, compared to an organization where the primary source of competitive advantage is high-quality customer service. In the former case, the culture that develops may place a premium on technical expertise. In contrast, in the latter case, a culture may develop that places a much higher value on social skills and the reduction of conflict.

A final issue to consider, particularly with respect to founders, is whether they continue to impact the culture of an organization when they are no longer involved with it on a day-to-day basis (e.g., after retirement or death). Again, little empirical research has examined this issue. However, based on what we do know about culture, the legacy of an organizational founder may be reflected in the culture for quite some time. That is, through processes of cultural transmission (e.g., rites, stories), cultures will typically perpetuate themselves, and thus outlive the

founding member of the organization. This is particularly true if the original culture of the organization has led to success and is thus seen as having some adaptive value. Disney is a good example of an organization that has worked hard to preserve the legacy of the founder, Walt Disney, and it has been very successful in doing so.

MEASURING ORGANIZATIONAL CULTURE

To scientifically determine the effect of organizational culture, we need to be able to measure it and to do so with a great deal of precision. Like many variables in organizational psychology, organizational culture is very complex and thus very difficult to measure. In this section, we examine common approaches to measuring organizational culture.

Self-Report Assessments of Culture

The most direct way to measure the culture of an organization is to create some type of self-report measure, administer this measure to a sample of organizational employees, and then create a numerical index to describe the culture. The most popular self-report measure of organizational culture over the years has been the Organizational Culture Profile (OCP), which is based on the previously described model of organizational culture proposed by O'Reilly, Chatman, and Caldwell (1991). The OCP measures employee perceptions of the predominate values within an organization, which are summarized in Table 14.2. Because the OCP provides measures of organizations and not individuals, the scores for each of these values are typically formed by averaging individual employees' ratings.

Another relatively common self-report measure of organizational culture is Hofstede's

(1980) measure of organizational values. This self-report instrument, which is based on Hofstede's work on differences in national cultures, assesses the following potential organizational values: process-oriented versus results-oriented; employee-oriented versus job-oriented; parochial versus professional; open system versus closed system; loose control versus tight control; normative control versus tight control. As with the OCP, individual employees' scores are aggregated to come up with the scores for the organization. The organization's unique culture is then determined by examining the pattern of the scores on this instrument.

The most recent self-report measure of culture is the *Denison Organizational Culture Survey* (Denison, Cho, & Young, 2000). This measure consists of 60 items that are designed to measure the 12 dimensions of the previously described Denison model of organizational culture (see Fig. 14.1). Like the other measures described, responses of employees in an organization are averaged. While this measure is still relatively new, compared to the OCI and Hofstede's measure, Denison and colleagues have shown it to be a useful diagnostic tool in many types of organizations.

Self-report measures of organizational culture are relatively easy to administer, and they provide quantitative indexes that researchers can use to describe and compare organizational cultures. Unfortunately there are also some serious limitations associated with self-report assessments of organizational culture. Recall that the essence of organizational culture is the basic assumptions shared by the employees in an organization. Because these basic assumptions are rarely questioned by employees, they are, to a large extent, unconscious. Thus, employees who are immersed in the culture of an organization are probably going to be able to

report only the surface aspects of that culture, such as values, which are exactly assessed by self-report measures.

Self-report measures of culture may also be problematic because they impose a somewhat arbitrary structure on the respondent. Although researchers have found that certain values or dimensions of organizational culture are important to assess, there may be others that are more specific to a given organization and contribute greatly to its culture. For example, compared to a business organization the culture of an educational institution may be heavily influenced by highly unique external factors such as the level of educational funding that is provided by the state government. These highly specific factors are typically not measured in standard self-report culture measures.

A more serious problem with self-report is that there is no way of assessing whether respondents are describing the *actual* culture of the organization or the *idealized* culture of the organization. In many organizations, there is a great deal of difference between what employees would like the culture to be and what it actually is. Employees completing self-report measures may very well report, essentially, an idealized version, and not the reality, of the culture. This occurs simply because of the many weaknesses inherent in self-report measurement (e.g., Spector, 1994) and the fact that employees, particularly those at higher organizational levels, may have "blind spots" regarding the culture.

Ethnographic Methods of Culture Assessment

Ethnography is the use of qualitative, observational methods of assessing behavior. Researchers conducting ethnographic assessment of organizational culture (herein referred to as *ethnographers*) typically observe

and record behavior in an organization for an extended period of time. In some cases, ethnographers present themselves as outside researchers. In other cases, however, ethnographers may actually become members of the organizations they are trying to analyze. The most notable example of this type of research in the organizational literature was Van Maanen's analysis of police culture (Van Maanen, 1975). In order to study this organization, Van Maanen actually went through a police academy as a recruit and recorded his observations.

Other than direct observation, another tool often used by ethnographers is interviewing informants (Johnson, 1990). An informant is a member of the organization to whom ethnographers can go for information. In many cases, informants help ethnographers make sense out of what they have observed in the organization. According to Johnson, there is no ideal informant in any ethnographic study; however, it is obviously important that any informant should possess a detailed knowledge of the organization being studied.

When choosing an organizational informant, ethnographers often seek out long-tenured employees. Indeed, these individuals may be very helpful because they are able to provide a historical context for understanding much of what goes on in an organization. A potential drawback of long-tenured employees, though, is that they may be so immersed in the culture that they are unable to describe it accurately. The "first impressions" of a relatively new employee may ultimately provide as much (or more) insight into an organization's true culture. The best course of action for ethnographers, if possible, is to seek organizational informants who represent a variety of tenure levels.

The obvious benefit of ethnographic assessment of organizational culture is that

it does not require the researcher to directly ask employees about the culture of the organization. If we accept the notion that organizational culture represents the shared "basic assumptions" of employees, then qualitative methods are more likely than self-report measures to capture these assumptions, simply because basic assumptions are at a level of consciousness that is very difficult for employees to access. Thus, more information about culture can probably be gleaned from observing employees' behaviors, rather than directly asking them questions. Unfortunately, ethnography is a labor-intensive and, at times, painstaking process. Many researchers do not have the time to observe an organization for long periods or the capability of coding all of those observations. There is also a potential for observer bias in ethnographic research. There are ways that ethnographers can address this issue (e.g., via informants or multiple observers), but observation ultimately involves a good deal of subjectivity.

Other Methods of Cultural Assessment

By far, the most common methods of culture assessment are self-report surveys and ethnography. Given the vast methodological tool-kit available to organizational psychologists, however, there are certainly other ways culture could be assessed. One method, which is not used very often in organizational culture research, is the use of archival information from the organization. Most organizations produce a good deal of archival information, and some of this may provide clues about culture. For example, an organization's annual report could be analyzed through content analysis to provide information about culture. If a good portion of the text of the annual report

deals with customer service, this is a sign that customer service is a major part of an organization's culture. Similarly, if all of an organization's top executives are long-tenured employees, this may be a sign that, in the organization, a strong value is placed on experience.

Another method, which has not been used frequently, is to assess culture through measuring employees' cognitive maps of the organizations (see Silvester, Anderson, & Patterson, 1999). Cognitive mapping is simply a way of determining the underlying heuristics that employees use to process information about the organization. To construct cognitive maps, employees are interviewed, and the information from these interviews is subjected to a standardized coding process. Although this is a relatively new process, it certainly holds great promise for future researchers as a method of culture assessment.

CHANGING ORGANIZATIONAL CULTURE

So far, in defining organizational culture, we have emphasized the values and basic assumptions that have been passed down through many generations and, as a result, are shared among employees. Another key point in the previous discussion is that organizational cultures do not develop in a random fashion; rather, they develop and are sustained over time because they help an organization adapt to its competitive environment. However, what happens when that competitive environment changes? The attributes of an organization's culture that helped it compete in the previous competitive environment may be irrelevant, or perhaps even counterproductive, in the new environment. Thus, at times organizations have to change their cultures in order to survive.

Even if their competitive environment is relatively stable, organizations may attempt to change their cultures for other reasons. Often, the desire for culture change accompanies significant changes in the top management team of an organization. In such cases change is driven more by the desires of those in top management than by necessity. Cultures also change because the people in an organization change over time. Although it is often argued that this process favors cultural stability (e.g., Kristof (1996); Schneider, 1987), it may not always be the case. When different people come into an organization, they may gradually change its interpersonal dynamics and, ultimately, its culture.

Many of the organizational development interventions that will be described in Chapter 15 are ultimately aimed at changing the culture of an organization, so the topic will not be covered in great depth here. In this section, however, two important questions about culture change are addressed:

1. Why is changing the culture of an organization so difficult?
2. What are some of the common mechanisms by which organizational cultures change?

Why Is Culture Change Difficult?

In almost any comprehensive treatment of organizational culture it is concluded that organizational culture is hard to change once it has been established (Denison, 1990; Hatch, 1993; Schein, 1985, 1992). That's not to say that organizational culture is completely intractable; in fact, over a long period of time most organizational cultures evolve and change, due to a number of factors that will be covered in the next section. What is difficult, however, is for organizations to change their cultures very quickly. A

manager cannot simply write a memo to employees on a Friday informing them that, as of Monday, the culture will be different (though some organizations may naïvely think this is possible).

One reason that it is difficult to change the culture of an organization has to do with the definition of culture that was presented at the beginning of the chapter. As was pointed out, the essence of organizational culture resides in the basic assumptions shared by employees. Recall that basic assumptions can be about anything, but those relevant to organizational culture typically have something to do with the organization and its major activities. What makes these assumptions "basic" is that they are shared among employees and, as such, are rarely if ever questioned or put under objective scrutiny.

Because of this, "basic assumptions" are highly resistant to change. Furthermore, in those cases when basic assumptions are challenged in organizations, the challenge may actually serve to strengthen employees' beliefs in those basic assumptions. For example if a new employee refuses to accept the basic assumptions that are inherent in an organization's culture, this will typically force other employees to "bring that person into line." In the process of doing so, the core values and assumptions may be strengthened, regardless of whether that person eventually accepts them, actively resists them, or ultimately leaves the organization. Although basic assumptions are viewed by most organizational culture experts as being highly resistant to change, it should be noted that this view is not shared by all (see Comment 14.3).

Another reason organizational culture is difficult to change is because there are typically those who stand to benefit if the culture remains static. A logical corollary

COMMENT 14.3

IS ORGANIZATIONAL CULTURE REALLY SO DIFFICULT TO CHANGE?

IN NEARLY ALL reviews of organizational culture, one of the common assertions is that once the culture of an organization is established it is extremely difficult to change. This is because, by definition, *culture* represents beliefs and assumptions that are so rarely questioned that they are not even conscious. Thus, it takes a lot of effort to get people to question basic assumptions and, in the process, change culture.

Although this is by far the dominant viewpoint, there are some organizational culture researchers that disagree. Wilkins and Ouchi (1983), for example, point out that the idea of organizational culture being difficult to change comes from cultural anthropology. Cultural anthropologists, as many readers know, are primarily interested in societal cultures. Societal cultures are obviously very difficult to

change because most people become totally immersed in their societal culture.

In the case of organizational culture, however, there is a great deal of variation in the degree of "enculturation." Some employees do become "true believers" and faithfully espouse the values and assumptions of their organization. On the other hand, employees may be very much opposed to the values and assumptions of their organization. Most employees are probably somewhere between these two extremes. Given this variation in employee enculturation, it is probably easier to change the culture of an organization than an entire society.

Source: A. L. Wilkins and W. G. Ouchi. (1983). Efficient cultures: Exploring the relationship between culture and organizational performance. *Administrative Science Quarterly, 28,* 468–481.

to this is: There are often some who stand to lose (or perceive this to be the case) if the culture is changed. Perhaps the best way to illustrate this is through one of the most fundamental assumptions shaping organizational culture: how employees should be rewarded. Let's say that one of the most basic assumptions of an organization's culture is that rewards should be based primarily on seniority. Further assume that a new organizational president is hired and is determined to change the culture to one in which rewards are instead based primarily on performance.

Given this scenario, consider first the issue of who benefits from the present culture of this organization. It is very clear that the primary beneficiaries of the present culture are those who have been employed in the organization for a long period of

time, assuming of course that the organization's reward policies actually reflect the culture. Now consider who stands to lose if the culture of the organization changes and performance is then valued above all else. Not all long-tenured employees will be hurt by this change, because some of these individuals may be among the organization's best performers. Rather, employees who perform their jobs poorly, regardless of tenure, stand to lose the most from such a culture change.

Among those actively resisting such a change, however, long-tenured poor-performing employees would probably be the most vigorous. These individuals may resist such a culture change by actively arguing against it, or even failing to follow policies that are based on it. These individuals not only must give something up (rewards

based on seniority), but they may also be hurt again (based on their performance, they will not be highly rewarded) by the culture change. Regardless of how bad or dysfunctional an organizational culture may appear, there are typically those who benefit from having it remain that way, and those who stand to lose by changing it. Many attempts to change organizational culture end up in failure because those initiating the change haven't recognized this.

A final reason that organizational culture cannot be easily changed goes back to the factors that shape culture in the first place. Recall that the most important of these is adaptation. Cultures develop and flourish over time because they serve some purpose or help some group adapt more effectively to its environment. That's not to say that maladaptive cultures never develop. For the most part, though, cultures remain stable because they serve some adaptive function (Mason, 2004). It follows, then, that superficial or misguided attempts to change organizational culture would probably encounter resistance.

The Nature of Organizational Culture Change

According to Schein (1992), organizations are like individuals in that they pass through distinct "life" stages. These stages are important because they help us to understand how organizations change and evolve over time. During the *Birth and Early Growth* phase, the organization is founded and is beginning to develop a distinct culture. As one might imagine, during this phase, organizational culture is strongly impacted by the organizational founder(s) or the family of the founder. Such individuals can often literally hire or fire at will and are in a position to

demand a great deal of loyalty. Furthermore, just to survive, organizations at this stage may demand a great deal of commitment on the part of employees. Also, at this stage, when the organization is most vulnerable, external events can potentially have great effects on the organization and, in fact, become part of organizational folklore.

In the second stage, *Organizational Midlife*, an organization typically becomes "bigger" structurally. This may also be a time of growth and expansion, as organizations decide to explore new markets or product lines. With respect to organizational culture, the great structural complexity that often accompanies this stage may result in a number of organizational "subcultures." These subcultures may be based on a number of things, such as geographic location, product lines or divisions, or even functional specialties. The obvious danger at this stage is that the subcultures may become so distinct that the organization begins to lose its more general, overarching culture.

The third and final stage in this model is *Organizational Maturity*. This is essentially the "crossroads" in the life of an organization. At this point, an organization is often faced with the choice of renewal (e.g., continuing on indefinitely) or stagnation and, ultimately, death. In this sense, organizations have an advantage over people—they can live on indefinitely whereas people cannot. Organizational culture is a key factor in determining this choice between renewal and stagnation. Organizations that fail to change any aspect of their cultures stand a good chance of failure. On the other hand, organizations that live on indefinitely must decide which aspects of their cultures need to be changed and which ones need to be preserved over time.

Schein (1985, 1992) proposed a number of mechanisms by which organizational

cultures change over time within the context of these organizational life stages. These are summarized in Table 14.4. During the Birth and Early Growth phase, organizational culture may change through any of four primary mechanisms. The mechanism of natural evolution represents the processes that shape an organizational culture when it attempts to adapt to its environment. When viewed in a general sense, this simply represents those aspects of organizational culture that contribute to its survival. For example, during the early life of an organization, changing from a highly autocratic to a highly collaborative culture is adaptive, and this may become part of the organization's permanent culture.

A second mechanism that frequently leads to culture change in the early stages of an organization is referred to by Schein as "self-guided evolution through organizational therapy" (2003). In other words, there is a deliberate attempt or intervention conducted to change the organizational culture. The term *organizational therapy* is used to refer to a variety of interventions (some of which will be described in Chapter 15) that are designed to facilitate culture change. As an example, the top management of a relatively new organization may decide that the culture of the organization should be very team oriented. In this case, the *therapy* used to achieve this culture change might be in the form of training on topics such as team decision making or resolving interpersonal conflict in teams. In other cases, organizations use reorganization or restructuring in order to change a culture (Hannan, Polos, & Carroll, 2003).

Another mechanism used for culture change is referred to by Schein as "managed evolution through hybrids." In this case, culture change is also initiated intentionally, although the mechanism is much different from the one in the previous example. In this case, the mechanism is through the appointment of "hybrids" in key positions within the organization. A *hybrid* is an individual who has grown up in the present organizational culture but, at the same time, may not accept all of the underlying assumptions on which it is based. By putting these types of individuals in key positions, the culture may not change radically, but it may shift in a way that is ultimately more adaptive for the organization.

The final mechanism used for culture change during the early life of an organization is referred to as "managed revolution through outsiders." This mechanism is like the one just described, except that the "agents of change" are individuals from outside of the organization who are much less familiar with the organizational culture than organizational insiders. Bringing these types of individuals into an organization can potentially initiate a great deal of culture change because they are likely to question many of the basic assumptions on which the current culture is based. While this may be a difficult process, for both current employees and the outsiders that are brought in, it may help an organization rethink outdated or dysfunctional aspects of its culture and ultimately lead to culture change.

By the time an organization reaches the midlife stage, the culture is relatively well established and different mechanisms may be needed to facilitate change. The first of these, in Table 14.4, is referred to as *planned change and organizational development*. This represents a deliberate attempt to guide and facilitate the change process. This is a sign of organizational maturity because it shows recognition that adaptation is necessary for success. While all organizational-development programs have somewhat different goals, the fundamental purpose of most is to change the culture of the organization, or at least provide an organization with the capability to do so. Organizations using this type of strategy typically bring in outside consultants, although, in some large organizations, an organizational-development function may be established.

The second change mechanism in organizational midlife is referred to as *technological seduction*. This refers to the use of technology as a lever for organizational culture change, and it may occur in two different ways. Technology may drive organizational change because of the technologies that emerge within the organization. For example, a "high-tech" culture may develop in a computer company, due to the types of employees needed to fill many of the positions in such an organization. In addition, organizations can sometimes induce culture change by introducing new and unfamiliar technology. The idea that technology can shape the social environment is well known and can be traced back to the sociotechnical systems perspective and the Tavistock studies of coal mining (Trist & Bamforth, 1951).

A third mechanism of culture change during organizational midlife is through scandal and the explosion of myths. For example, a scandal involving an organization may force organizational members to rethink some of their basic assumptions, which may ultimately lead to culture change. This may occur, for example, when a charismatic leader in an organization is caught engaging in illegal behavior. On a societal level, one could certainly argue that the Watergate scandal in the early 1970s led many to rethink their assumptions about government officials. Ultimately, this has led to a great deal of mistrust and skepticism toward these people.

The explosion of myths occurs when one of the generally accepted organizational myths is publicly proven to be false. As an example, a myth commonly held in many organizations is that employees' jobs are secure. If layoffs do occur, this results in an explosion of this myth and the culture of an organization may change as a result. At the social level, a myth that persisted among Americans was that there was little possibility of terrorism being carried out on our own

TABLE 14.4
Culture Change Mechanisms at Different Stages of the Organizational Lifecycle

Stage	Change Mechanisms
1. Birth and Early growth	1. Natural evolution 2. Self-guided evolution through organizational therapy 3. Managed evolution through hybrids 4. Managed "revolution" through outsiders
2. Organizational midlife	1. Planned change and organizational development 2. Technological seduction 3. Change through scandal and explosion of myths 4. Incrementalism
3. Organizational maturity	1. Coercive persuasion 2. Turnaround 3. Reorganization, destruction, and rebirth

Source: E. H. Schein. (1985). *Organizational culture and leadership: A dynamic view.* San Francisco: Jossey-Bass. Copyright 1985, Jossey-Bass. Reprinted by permission of John Wiley & Sons.

soil. Most thought that terrorism was something that occurred only in the Middle East. The events on September 11, 2001, obviously shattered this myth, and it is probably one of the reasons that people were so shocked by these acts.

The final mechanism for change during organizational midlife is referred to as *incrementalism*. This means that change does occur, but it occurs very slowly. For example, most organizations in the midlife stage have employees who represent a variety of tenure levels. Some have been with the organization for a long time, others have been around for a few years, and others are new. Over time, as new employees come into an organization and others either retire or leave, the organization will undoubtedly change, although in subtle ways. As an example, academic departments in many universities are changing because a large number of faculty hired during the early 1970s are now retiring. These changes are incremental, however, because all of these individuals are unlikely to retire at once. New faculty are brought in gradually, and the change is often very subtle and hard to detect.

During the final stage, organizational maturity, an organization is really faced with the choice of stagnation/decline or changing in ways that will facilitate its renewal. Thus, a change in organizational culture may be a very critical issue. One way that change may be achieved at this point is through what Schein (1985) described as *coercive persuasion*. In this case, organizations use a variety of coercive tactics to facilitate changes in individuals, which will ultimately lead to changes in the culture. A common way that organizations use this mechanism is by providing long-tenured employees with the option of early retirement. Another way that organizations may facilitate change in this manner is through the threat of undesirable

work assignments or by altering working conditions in ways that are undesirable to any employees who will not change.

The second change mechanism during Organizational Maturing is described by Schein (1985) as *turnaround*. To a large extent, turnaround embodies many of the change mechanisms that were previously described. During turnaround, the organization recognizes the need for a cultural change and takes the steps necessary for the change to occur. In many cases, this may be through the application of organizational-development methods, but it could also be through a change in personnel. As Schein (1985, 1992) points out, for turnaround to be successful, it must be a comprehensive effort and involve all members of the organization.

The final change mechanism in organizational maturing is referred to as *reorganization, destruction, and rebirth*. This is probably the most extreme form of culture change because it essentially involves destroying the present culture and instituting a new one. Given the extremity of this method, it is typically reserved for times of crisis or times when the only alternative to culture change is failure. An example of this change mechanism can often be seen in the federal government when the U.S. president is reelected to a second term in office. Specifically, many of the cabinet members and key members of the administration from the first term resign or are replaced with new appointees. The impact of such changes, one would assume, is to change the culture surrounding the administration, and hence enhance its effectiveness.

THE IMPACT OF ORGANIZATIONAL CULTURE

So far, we have examined a variety of issues pertaining to organizational culture—how it

is defined, how it is measured, how it changes—and two models that provide a comparison of different organizational cultures. However, some important questions have yet to be examined: Does organizational culture make a difference in important organizational outcomes? Do organizations with certain cultural attributes tend to be more successful than organizations without such attributes? Do organizations with cultural attributes tend to attract, hire, and retain better employees than organizations without such attributes? Do employees in organizations with certain cultural attributes tend to be more satisfied and to have a better quality of work life than employees in organizations without such attributes? In this section, a brief summary of research evidence bearing on each of these questions will be provided.

Culture and Organizational Performance

The issue of linking organizational culture with organizational performance has certainly received some attention (e.g., Denison, 1984; Denison & Mishra, 1995; Peters & Waterman, 1995; Wilkins & Ouchi, 1983). Early attempts to do this, as in Peters and Waterman's 1982 best-selling book *In Search of Excellence*, were focused primarily on qualitative comparisons of successful and unsuccessful companies. While such an approach can provide useful insights, it is certainly limited from a methodological perspective. Thus, more recent research has attempted to correlate dimensions of organizational culture with organizational performance.

Kotter and Heskett (1992) conducted what is perhaps the most comprehensive empirical study. They investigated 207 U.S. organizations spread among 25 different industries. They measured the strength of organizational culture and examined how this related to a number of

performance indexes, such as revenues, stock price, expansion of the work force, and net income. The fact that culture and performance were measured using different sources is important because it decreases the possibility that culture and performance were related simply because of a common-method bias.

The results of this study suggest that organizational culture does make a difference in bottom-line organizational performance. For example, organizations with cultures that these authors labeled *adaptive* performed much better than organizations with cultures labeled *unadaptive*. The major differences between adaptive and unadaptive cultures are highlighted in Table 14.5. When one looks at these differences, it becomes fairly clear that an organization with an adaptive culture would be a much more enjoyable place to work, compared to an organization that is unadaptive. Furthermore, from the results of this study, it appears an adaptive culture translates into organizational success.

Denison and colleagues have conducted research that is very similar to Kotter and Heskett (1992), where they correlate dimensions of culture with organizational performance. Table 14.6 contains correlations between the 12 culture dimensions from the Denison model and overall effectiveness from Denison, Haaland, and Goelzer (2004). These correlations are based on responses from 36,820 individuals from 210 organizations in three regions of the world (North America, Asia, and Europe). As can be seen, all culture dimensions are positively correlated with organizational effectiveness, but not to the same degree. For example, in North American organizations the three strongest predictors of effectiveness were Capability Development, Coordination, and Empowerment. The weakest were Customer Focus and Creating Change. In Asian organizations

TABLE 14.5
Key Differences between Adaptive and Unadaptive Corporate Cultures

	Adaptive Corporate Cultures	Unadaptive Corporate Cultures
Core values	Managers care deeply about customers, stockholders, and employees. They place a high value on people and processes that create useful change.	Managers care about themselves, their immediate work group, or some product or technology. They value the orderly and risk-reducing management processes.
Common behavior	Managers pay close attention to all their constituencies, especially customers; initiate change when needed; take risks.	Managers behave politically and bureaucratically. They do not change their strategies quickly to adjust to or take advantage of changes in their business environments.

Source: J. P. Kotter and J. L. Heskett. (1992). *Corporate culture and performance.* New York: Free Press. Reprinted with the permission of The Free Press, a division of Simon & Schuster, Inc. Copyright © 1992 by Kotter Associates Inc. and James L. Heskett.

none of the dimensions were significantly correlated with overall effectiveness because so few (n = 7) were included in the study. However, based on the magnitude of the correlations it appears that the best predictors were Creating Change, Organizational Learning, and Team Orientation. The weakest were Customer Focus and Capability Development. Finally, in European organizations the three strongest predictors of organizational performance were Strategic Direction and Intent, Coordination and Integration, and Agreement. The weakest were Capability Development and Organizational Learning.

Like Kotter and Heskett's (1992) study, Denison's results suggest that culture does contribute to the success of an organization, though not all dimensions contribute the same. Denison's data also suggest that the impact of organizational culture is impacted by national culture. This is often overlooked in organizational culture research, but it is very important given that many organizations have global operations.

Probably the most important issue in future research in this area will be an attempt to explain the mediating linkages between culture and organizational performance. It has been proposed, for example, that organizational culture may impact the level of employee creativity (Tesluk, Farr, & Klein,

TABLE 14.6
Correlation between dimensions from Denison's Organizational Culture Model and Overall Effectiveness by Region

Dimension	North America	Asia	Europe
Empowerment	.65*	.57	.60*
Team orientation	.61*	.71	.53*
Capability development	.70*	.48	.50*
Core values	.58*	.62	.73*
Coordination and integration	.69*	.62	.74*
Creating change	.48*	.87	.68*
Customer focus	.36*	.19	.62*
Organizational learning	.50*	.82	.52*
Strategic direction/intent	.55*	.66	.79*
Goals and objectives	.60*	.54	.62*
Vision	.53*	.71	.67*
Number of organizations	169	7	34

Note: *p < .05

Source: Denison, D.R, Haaland, S., & Goelzer, P. (2004). Corporate culture and effectiveness: Is Asia different than the rest of the world? *Organizational Dynamics, 33,* 98–109.

1997), the strength of employee motivation (Weiner & Vardi, 1990), and the reporting of unethical behavior (Ellis & Arieli, 1999). Much more work is needed, however, to explain why culture makes a difference in organizational performance.

The Impact of Culture on Recruitment and Retention

Compared to the literature on organizational culture and performance, much more empirical research has investigated the impact that organizational culture has on attracting, recruiting, and retaining employees. (This issue was examined in some detail in Chapter 3 and will not be covered extensively here.) The basic finding in both of these areas is that individuals tend to be attracted to organizations that possess cultures that they perceive to be compatible. Furthermore, once people are in organizations, they will tend to remain in organizations that they perceive to be compatible.

In terms of retention, fit is probably also important but far less theoretical and empirical work has been done compared to the work on attraction. One of the reasons for this lack of information is that theoretical models of turnover (e.g., Mobley, 1977) have typically focused on characteristics of the job rather than organizational-level variables such as culture. Furthermore, we know that turnover is a complex process and is affected by variables (e.g., economic conditions, family considerations) that have little to do with the job or the organization (e.g., Carsten & Spector, 1987; Lee & Mitchell, 1994). It seems plausible, though, that if an employee perceives that the culture is incompatible with his or her values or personality, this would certainly prompt a search for a new job. High turnover may be one mediating factor in the relationship between culture

and organizational performance (Kotter & Heskett, 1992). Further research needs to be done to address these issues.

Culture and Employee Satisfaction/ Well-Being

Given the pervasiveness of organizational culture, to say that it impacts employee satisfaction and well-being seems to be stating the obvious. Surprisingly, there is not a great deal of empirical evidence bearing on this issue—perhaps because of the difficulty of conducting the multiorganizational studies necessary to test such hypotheses. What little evidence exists, however, suggests that culture makes a difference in the quality of employees' work lives. For example, Hatton et al. (1999) found that a mismatch between the actual culture of the organization and what employees felt that culture should be was associated with a number of negative outcomes. For example, perceived mismatch was associated with lower job satisfaction, higher job strain, general stress, and turnover intent. These findings suggest that there is no universally appropriate culture. Rather, the key again appears to be whether the culture meets employees' expectations. It has also been shown that safety climate, which is certainly an aspect of an organization's culture, is related to an organization's safety record (Clarke, 2006), which ultimately impacts health.

To provide more explanation of the impact of organizational culture on employees' quality of life, Peterson and Wilson (1998) proposed the model presented in Figure 14.2. Note that the key mediating factor in the relation between culture and employee health is business and management systems. Culture directly impacts the business and management systems that are deployed by the organization. These, in turn,

FIGURE 14.2
Model of the Relation between Culture, Work, and Health
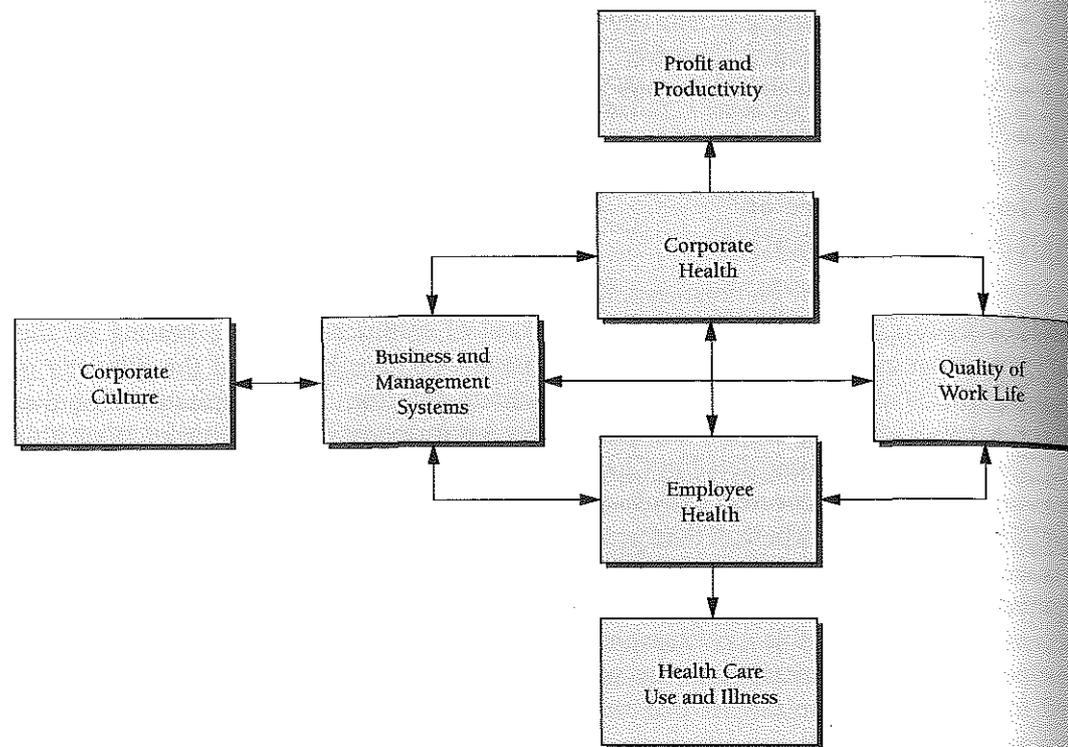
Source: M. Peterson and J. Wilson. (1998). A culture-work-health model: A theoretical conceptualization. American Journal of Public Health, 22, 378–390. Reprinted by permission of PNG Publications.

may then impact employee health. As an example, an organization with a very controlling culture may have a human resources system that requires employees to account very carefully for their time. There is, in fact, evidence that culture does impact organizational choices of human resources systems (Aycan, Kanungo, & Sinha, 1999). This high level of control, in turn, may detract from quality of life and ultimately detract from employees' health.

Although it clearly needs empirical assessment, the connection between organizational culture and employee well-being has certainly been recognized (e.g., Monroy, Jonas, Mathey, & Murphy, 1998; Murphy, 1996). More specifically, there has been increasing emphasis on examining the characteristics of "healthy organizations"—those that are economically successful and possess healthy employees. Extensive models of organizational health await development, and a key factor in that development is likely to be organizational culture. In the future, linking macro-level variables such as organizational culture to employee health and well-being will likely become a major focus of the employee health literature (e.g., Bliese & Jex, 1999).

CHAPTER SUMMARY

This chapter examined the important topic of organizational culture. Although culture has been defined in a variety of ways, the essence of culture lies in the basic assumptions and values held by the members of an organization. This definition is widely accepted in organizational psychology, and it reflects the impact that cultural anthropology and sociology have had on the study of organizational culture.

All organizational cultures are unique to some degree, but there have been efforts to develop "models" of organizational culture. O'Reilly et al. (1991) developed a model of eight dimensions of organizational culture that are based on employees' perceptions of underlying values. Denison and colleagues contend that organizational culture can be described according to four broad dimensions and that each of these four can be broken down into more specific subdimensions. Both of these models have been very useful in both research and organizational diagnosis.

The culture of an organization is reflected in a variety of ways; some are understandable to outsiders and others are more difficult to comprehend. Symbols and artifacts represent the major physical manifestations of culture; rites and rituals represent behavioral manifestations. Language and stories can also be an important window into culture, both directly and for more symbolic reasons. Ultimately, culture is difficult to comprehend and an outsider needs a long time to decipher it.

The culture of an organization may be shaped by a number of factors. For most organizations, the organizational founder(s) is the most important factor in initially shaping the organization. Over time, however, culture will also be impacted and shaped by the extent to which it facilitates organizational adaptation and survival. Cultures tend to develop and ultimately persist over time because they have adaptive value for the organization.

Studying organizational culture can be challenging, but it is necessary in order to fully understand it. There are certainly instances of the use of self-report measures of culture, although many organizational culture researchers are wary of this method. As a result, the most typical method of studying organizational culture has been ethnography. Using a qualitative assessment of a culture is consistent with the notion that members of a culture are not good at reporting their basic assumptions. This methodology is also consistent with the anthropological roots of this field. In the future, other methods will probably be available for studying culture as well.

Changing the culture of an organization is difficult, given that culture is reflected in basic assumptions. Nevertheless, organizational cultures do change over time, and, in most cases, the mechanisms responsible for change depend on the life stage of the organization. Clearly, though, organizational culture change is not something that occurs quickly or easily in organizations. True organizational culture change usually occurs only in response to extreme environmental conditions.

A final factor to consider in examining organizational culture is its impact on important outcomes. Not a great deal of empirical research has been done on the effects of organizational culture, most likely because multiple organizations are needed to do such research. Nevertheless, empirical research has shown that organizational culture may impact a number of important outcomes such as performance, attraction and recruitment of employees, employee retention, and employee satisfaction and well-being. Although a great deal of research is yet to be done in this area, it appears that there is no one type of culture that is ideal. The most important factor

PEOPLE BEHIND THE RESEARCH

JENNIFER CHATMAN AND MATCHING PEOPLE WITH ORGANIZATIONS

As a graduate student watching all my friends go out and find their first "real jobs," I became intrigued with the idea that some people were much more committed, that is, willing to go the extra mile, on their jobs than others. What could account for this difference? I didn't think it was a personality issue because all my friends were smart (of course) and hard working. I decided that it must be something about the way the companies they worked for treated them, or the match between the organization's culture and their own preferences. To study this issue, I decided to look into the public accounting industry because with very few firms, I could capture nearly the entire industry (they were called "The Big Eight" back in the late '80's when I did my first study; after many mergers and Arthur Andersen's demise with Enron, they are often referred to as "The Final Four!"). I also chose this industry because the firms are so similar in structure, size, and tech-nology so that any differences in people's level of commitment would have to be due to differences in the organization's *culture*, that is, their values and behavioral norms.

Even within this very homogeneous industry, there were striking differences in organizational culture. One firm valued detail orientation above all else, another valued initiative, and a third cared most about developing a single culture across the entire, global firm. These striking differences played out in a number of important ways for employees. For example, those who fit well with the culture stayed longer, were promoted faster, and demonstrated greater commitment to the firm. Interestingly, these outcomes of *person-culture fit* mattered more for performance than did the more typical *person-job fit* we think of which is how well people's knowledge, skills, and abilities fit the specific job. What this implies is that, as a job seeker, it may be more important to find an organization whose culture matches your own preferences (e.g., are you a team player or do you like to focus more on individual achievement?) than to find the perfect job regardless of the organization. That is, job selection is more effectively viewed as *organization selection* because, if you resonate with the culture of the organization you join, chances are you'll be very successful there and hold many different jobs over time.

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appears to be a match between organizational culture and characteristics of employees rather than what is considered to be the *idealized* culture.

SUGGESTED ADDITIONAL READINGS

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