The Handbook of
Organizational Culture and Climate

Second Edition

Edited by
Neal M. Ashkanasy
Celeste P M Wilderom
Mark F. Peterson

The Handbook of
Organizational
Culture and Climate

Second Edition

In memory of my niece, Nicola Miriam Bookey (1960–2010)—Neal Ashkanasy
To Usama, Noor, and Senna—Celeste Wilderom
To Susan and faraway places—Mark Peterson

The Handbook of
Organizational Culture and Climate

Second Edition

Edited by

Neal M. Ashkanasy
The University of Queensland, Australia

Celeste P. M. Wilderom
University of Twente, The Netherlands

Mark F. Peterson
Florida Atlantic University
Maastricht University, The Netherlands

⑤SAGE

Contents

Acknowledgments

This second edition of the *Handbook of Organizational Climate and Culture* represents the cumulative efforts of a great number of people. First and foremost, we acknowledge the contribution of our authors. We have been privileged to have had the support of such leading scholars in the field, with representation from all over the world. There was also substantial pressure to meet deadlines—possibly more pressure than many academics are accustomed to. We are especially appreciative that our authors managed to meet these targets, although we must say it was a close scrape in some instances.

We would also like to express our appreciation to the graduate students and research assistants who helped with the preparation of the manuscripts, especially in the final stages. March To conducted a literature survey to identify the latest topics in the field at the outset of the project. Anna Wickham is Neal Ashkanasy's senior research assistant and worked as administrative assistant for most of the duration of the project. Rebecca Michalak and Marissa Edwards assisted with the final stages of submission when we had to make the critical publishing deadlines.

A special thank you must go to the editorial staff at Sage Publications, Lisa Shaw and MaryAnn Vail, who provided invaluable assistance throughout the project—and pushed us to meet those deadlines! Last, but certainly not least, we also would like to acknowledge the contribution of the late Al Bruckner, who was so encouraging in the early stages of this project. Al was a larger-than-life figure at Sage, and we miss him.

Preface

Edgar H. Schein

This second edition of the *Handbook of Culture and Climate* is a testament to the viability of these two concepts. The amount of new research that is reviewed in chapter after chapter is mind-boggling. The search for further conceptual clarity also shows up in chapter after chapter, and the obsession with proving that climate and culture make a difference to human well-being and organizational performance is alive and well.

So do we declare success? Are these concepts now a firm part of organizational theory and practice? Yes and no. On the yes side, I doubt that there is a manager or scholar alive who does not take the concepts of climate and culture seriously. One may choose not to study them, one may regard them as too vague or abstract, but no one would question today that in some form or another, there are palpable phenomena in groups, organizations, and industries that are best described as climate and/or culture.

The confusion between culture and climate is gradually being reduced by the multitude of research approaches that are exemplified in this second edition. Although conceptual confusion may reign for a while yet, when the researcher makes a concrete decision about how to measure a phenomenon and, in that process, defines the concept empirically, he or she is adding a bit of clarity that others can then incorporate into their thinking. Although we academics may continue to argue about definitions, a growing pile of survey instruments, interview protocols, group diagnostic exercises, dialogue formats, and observational schemes will evolve that will make these concepts concrete and more usable by practitioners. In the end, it will make more sense to argue about whether to use measurement approach A, B, or C than to argue about how culture or climate should be defined in the abstract.

The connection of culture and climate to other important concepts such as group development and identity formation is yet another positive trend that informs both theory and practice. Culture can be thought of as a series of layers of personality formation resulting from the various groups into which a person has been socialized, and climate can be thought of as the result of the various processes of reward and punishment that parents and other authorities provided in the person's environment. In this sense, both cultural and climatic experiences provide the raw material out of which identity, personality, and character are shaped.

The growing recognition that culture is a concept that can be applied to larger units such as ethnic groups, industries, and countries is yet another positive development. Applying culture to larger units also clarifies one of the important essences of climate, namely that it tends to be associated more with a physical setting or a set of relationships which may or may not be colocated, while culture as a residue of prior learning may be applicable to whole sets of people who transcend time and space. It is in this context that I find the two concepts most clearly distinguishable. A climate can be locally created by what leaders do, what circumstances apply, and what the environment affords. A culture can only evolve out of mutual experience and shared learning. It is for this reason that the notion of creating a culture continues to be nonsensical. Leaders can create climates and dictate behavior changes, but only a shared learning process of what works over some period of time for a given set of people will create culture.

Now for some issues. One persistent problem is that a researcher takes one or two dimensions of culture or climate, relates them to some other variable such as productivity or turnover, finds a correlation, and now claims that this proves that culture and/or climate have been shown to be important correlates of other important things. The irony in this search for a provable relationship between culture and performance is that anyone who has done any field research or analyzed cases of organizations already knows very well that these effects exist. Most researchers who have done fieldwork also know how these processes work by observing them over time. But for some reason, there continues to be a huge bias in the literature cited in many articles in this *Handbook* in favor of cross-sectional and correlational studies reported in journals. Field studies, cases, and longitudinal studies do not make it in, the most notable

examples being the omission of studies of Digital Equipment Corporation and IBM (e.g., Gerstner, 2002; Kunda, 1992; Schein, 2003). For some reason, we do not respect clinical field studies as empirically valid even when they show clearly how climate, culture, and organizational performance are linked in organizations.

Evidently, there is still confusion about just how to conceptualize climate, culture, and the relationship between these two ideas—this shows up in many papers. One reason why this confusion persists is that we are dealing with two abstractions that are operationally defined differently by practically every researcher who touches them. Worse, having defined them once in some idiosyncratic manner, we then use the words as if we now understood them. In other words, to say that culture and/or climate influence organizational effectiveness is a meaningless statement unless each of these abstractions is defined more concretely. By staying at this high level of abstractness, we then fall into the trap of not only advocating culture change or climate improvement, but also of convincing ourselves and managers that we now know how to do this and have "proof" that it works.

If we are to make progress in this murky domain, we need to become more concrete. In my own research and practice, I find myself increasingly avoiding the word *culture* altogether. What the cultural perspective does for us, however, is to become alert to the taken-for-granted aspects of social life and human affairs. Just as a "good climate" is only a useful construct if we begin to specify temperature and humidity ranges (the variables that actually we can feel and that influence us), so culture as a construct is only useful if it leads us to find some shared taken-for-granted dimensions of behavior, thought, or feeling that have some relevance to the conceptual or practical problem we are trying to solve.

For example, the growing concern with positive psychology and positive climates and cultures only begins to make sense if we can specify just what kind of behavior we are looking for that can be defined as "positive." If we specify that the climate has to be one in which supervisors "encourage people" and advocate "openness and transparency," then the culture variable comes into play in raising the very interesting question of whether the tacit assumptions of the macroculture in which this is to be done supports such behavior. Before we can launch successful transparency programs, we have to examine the specific deep assumptions in the culture that legitimize certain kinds of communication and forbid others. For instance, to admit fault or criticize another person might be considered totally inappropriate in some macrocultures. Other relevant dimensions for advocating positive programs might be the nature of human nature, how relationships are defined, and how one deals with authority and intimacy. Culture as a concept is useful only insofar as it leads us to examine the shared and deeper dimensions of human consciousness. Climate is only useful insofar as it leads us to look for the characteristics of social and work situations that make us more or less comfortable or productive.

At a theoretical level, the confusion over what culture is and how best to think about it can be very useful in guiding us empirically. What should the culture scholar look for—overt behavioral regularities; rituals; patterns of discourse; use of symbols; how identity is constructed in groups, organizations, and societies; and taken-for-granted assumptions about time, space, authority, human nature? All can be relevant and can come to play a key part in understanding why some changes that are advocated might or might not work.

Having said all this, my advice to readers is to view both climate and culture as abstractions that lead them to taking a useful perspective toward human behavior in complex systems. It is the perspective that is important, not a particular research result nor a broad generalization about how important climate or culture is to some practical phenomenon.

REFERENCES

Gerstner, L. V. (2002). *Who says elephants can't dance?* New York: HarperCollins.

Kunda, G. (1992). *Engineering culture.* Philadelphia: Temple University Press.

Schein, E. H. (2003). *DEC is dead, long live DEC.* San Francisco: Berrett-Kohler.

Part I

CULTURE, CLIMATE, AND MULTILEVEL ANALYSIS

Introduction to The Handbook of Organizational Culture and Climate, *Second Edition*

Neal M. Ashkanasy, Celeste P. M. Wilderom, and Mark F. Peterson

It is now 10 years since the publication of the first edition of the *Handbook of Organizational Culture and Climate.* At that time (2000), we would often hear colleagues ask, "Why are you doing this when organizational culture and climate have now become so passé?" Others would remind us that culture and climate had become niche topics and assured us that a handbook would not be successful. As things unfolded, however, and confounding the critics, the *Handbook* did turn out to be highly successful, resulting in frequent reprints including the publication of a paperback edition in 2004. Moreover, the *Handbook of Organizational Culture and Climate* was awarded an American Libraries Association Choice Award for outstanding titles and was nominated for the Academy of Management's Terry Book Award. It has been favorably reviewed in leading journals including *Administrative Science Quarterly, Choice, Personnel Psychology, Journal of General Management, Management Revue, Public Performance & Management*

Review, and *Society and Welfare.* In addition, it has been widely adopted in doctoral-level teaching programs in the United States and beyond.

Also reflecting the real level of interest in culture and climate at the beginning of the decade, the *Handbook* was followed in 2001 by the publication of *The International Handbook of Organizational Culture and Climate* (Cooper, Cartwright, & Earley, 2001). Moreover, there was surprisingly little overlap in the two volumes, with the international handbook focusing on some of the more qualitative topics in the field. Interestingly, Daniel Denison (2003) in a review of both volumes commented, "Although the word 'international' appears in the title of the Cooper handbook, and despite the publisher's claim on the back cover that this is the 'first truly international book on the subject of culture and climate in organizations,' the content doesn't bear this out. Both books are highly international, with Cooper presenting a predominantly Anglo-American collection, while

Ashkanasy adds more representation from Israel, Canada, and Australia" (p. 119). In the end, both books were very successful and provided an impetus for research in culture and climate that continues today.

Despite the success of the two handbooks, when we first floated the idea of a second edition of our volume, we were again met with the refrain that culture and climate were old hat, and scholars have moved on to new and different topics, such as organizational identity. The obvious response to this is simply that these are new and potentially exciting developments and, far from suggesting that a second edition would not attract interest, these indicate that there is a waiting market for it. Indeed, we have been receiving a stream of emails inquiring as to when the second edition would be published. Thus, while Denison (2003, p. 125) felt in reviewing the two volumes, "Some of that early fire and conviction (in the culture/climate field) is missing," he concluded, "perhaps now that the foundation has been clearly articulated, the revolution can begin again!" We are not sure "another revolution" is under way, but we believe strongly that the field is continuing to develop and that there is now scope to publish in this new volume some of the interesting and innovative ideas that are emerging in this field.

Indeed, we believe it is simply absurd for anyone to think that culture and climate are notions that will be even slightly diminished in the foreseeable future. Human beings are, by their nature, social animals, so the sediments within which and processes whereby humans socialize, communicate, and organize are inevitably going to attract ongoing scholarship. As Edgar Schein comments in the preface to this volume, "No one would question today that in some form or another, there are palpable phenomena in groups, organizations and industries that are best described as climate and/or culture." Thus, although it is now 70 and 40 years respectively since Kurt Lewin,

Ronald Lippitt, and Ralph White (1939) and Andrew Pettigrew (1979) introduced us to the notions of organizational climate and culture, the concepts will endure as long as humans seek to organize, irrespective of what particular nomenclature is used. In particular, and as we outlined in our introduction to the first edition (Ashkanasy, Wilderom, & Peterson, 2000), the basic building blocks of culture and climate are still in place, and they are the foundations from which a key field within the wider organizational behavior domain is developing.

This assertion applies to both climate and culture. In terms of defining these constructs, we defined climate specifically at the psychological group level, namely, "Configurations of attitudes and perceptions by organization members that, in combination, reflect a substantial part of the context of which they are a part and within which they work" (Ashkanasy et al., 2000, p. 8). We noted, however, that culture is not so clear-cut, and it cuts across diffuse traditions in disciplines such as psychology, sociology, and anthropology. Thus, we concluded that culture has to do with "understand(ing) the systems of meanings, values, and actions that characterize whole societies" (Ashkanasy et al., 2000, p. 8). More recently, Neal M. Ashkanasy (2007, p. 1028) noted that, in organizational climate, "the focus is on organizational members' agreed perceptions of their organizational environment," while in organizational culture, "the focus is on judgments and values, rather than perceived practices and procedures." Inevitably in an edited volume on this subject at this point in its lifetime is the fact that authors from different cultures use various (seemingly similar) conceptual definitions of this form of human organizing, all pertaining to fairly enduring multileveled, organized work contexts entailing the following: organizing values, norms, taken-for-granted assumptions, behavioral regularities, rituals, practices, procedures,

patterns of discourse, use of symbols, ways identity is constructed, and so on. Certain by now, furthermore, is that organizational culture and climate are highly intangible, complex phenomena in need of integrative or multidisciplinary approaches, and they are harder to come by in the increasingly specialized and more or less homogenized journals in which most of us aspire to publish. In this respect, we agree with Schein's conclusion in the preface to this volume that scholars need "to view both climate and culture as abstractions that lead (them) to taking a useful perspective toward human behavior in complex systems."

STRUCTURE OF THE *HANDBOOK*

The *Handbook* is structured into six parts, covering a wide diversity of topics. Part I, edited by Neal M. Ashkanasy, comprises of three defining essays that set the tone and themes that follow. Parts II and III, edited by Celeste P. M. Wilderom, deal with social and organizational processes in managing culture and climate. The following part, edited by Ashkanasy, focuses on the nature and processes underlying the dynamic nature of culture and climate change in organizations. The concluding parts of the volume, Parts V and VI, are edited by Mark F. Peterson and refer respectively to topics in organizational theory and international themes. In the following pages, we provide a brief synopsis of each of the sections.

Part I: Culture, Climate, and Multilevel Analysis

The three chapters in Part I, written by the leading contemporary scholars in their respective fields, define the current state of the field.

The *Handbook's* substantive content opens in Chapter 2 with an essay by Mats Alvesson, who is arguably today the preeminent contemporary scholar of organizational culture. Alvesson takes an in-depth look at conceptual foundations of organizational culture and discusses its ontological differentiation from culture's more contemporary cousins: discourse and identity. He notes in particular, "Sometimes one gets the impression that what may appear to be novel theoretical developments may be just a matter of shifting labels." But Alvesson warns against conflating these terms. In particular, each offers new and different insights into our understanding of organizational phenomena. In this case, Alvesson sees discourse and identity as "textual," in contrast to culture, which represents "deeper meanings and symbolism." More importantly, and consistent with the arguments we presented in the opening paragraphs of this chapter, Alvesson notes that culture should be viewed as a "cornerstone in any broad understanding of organization and management."

Chapter 3 addresses the current state of the art in our understanding of organizational climate. The lead author, Benjamin Schneider, is the acknowledged leader in the field. Together with coauthors Mark G. Ehrhart and William H. Macey, he outlines a definitive summary of what we know in the field and where the field is heading. Schneider (who also authored a commentary and a chapter on service climate for the first edition of the *Handbook,* see Schneider, 2000; Schneider, Bowen Ehrhart, & Holcombe, 2000) and his colleagues conclude in particular that "research in climate has increased dramatically since 2000" and add that this is especially encouraging because climate as a construct was "once thought to be dead." On the contrary, as is made abundantly clear in this chapter and throughout the *Handbook,* research into organizational climate is thriving, most especially in terms of developing a more nuanced understanding of the construct,

often involving sophisticated explanatory (mediating) and contextual (moderating) variables.

More importantly, Schneider and his associates identify five areas that will need attention if research in this field is to progress. The gist of these issues is that organizational climate continues to be a rather fragmented construct (e.g., "climate for" this and that) and that, as yet, a unifying theory, one that would more definitively differentiate it from psychological climate and organizational culture, has not emerged. To round out the chapter, the authors provide a series of challenges for scholars of organizational climate, in particular to understand the relationships of climate and organizational strategic imperatives and to develop a clearer picture of the nexus of leadership and climate.

In summary, we see the first two chapters that follow this introduction as supportive of our view that the fields of climate and culture are not moribund. Instead, they are constantly and rapidly evolving, with new ideas and concepts cropping up on a regular basis, opening new avenues for research and scholarship, not to mention the practical implications of these developments.

The final introductory chapter (Chapter 4), by Francis J. Yammarino and Fred Dansereau, introduces readers to an innovative new lens on culture and climate. Since the earliest days of research in these fields, the levels of analysis issue has dogged the field, often leading to confused and even erroneous research (e.g., see Rousseau, 1985). Yammarino and Dansereau, the acknowledged experts in multilevel organizational analysis, provide in this chapter a conceptual model that addresses this issue. They point out in particular that, inherently, "organizational culture and climate . . . (involve) . . . theories, models, concepts, constructs, dimensions, aspects, relationships, and processes that encompass multiple levels of analysis." Although most would respond to this by saying this is already well known, the fact is that no conceptually rigorous model has been published to date that deals with the multilevel nature of climate and culture.

To address this issue, Yammarino and Dansereau identify four levels of analysis relevant to organizational research (individual, group, organization, society). They also differentiate between two perspectives: wholes (focus on relationships between entities) and parts (focus on relationships within entities) and outline two overall approaches: single versus multilevel. They then go on to describe how multilevel analysis may be accomplished in both quantitative and qualitative research. Some of this is rather technical, but the authors have tried as far as possible not to include too much technical detail, instead referring readers to their other writings (e.g., Yammarino, Dionne, Chun, & Dansereau, 2005). Instructively, the authors report an analysis of multilevel structures included in the first edition of the *Handbook,* demonstrating conclusively how deeply multilevel issues are ingrained in the field.

In summary of Part I, we emphasize how each of the chapters has contributed uniquely to furthering our understanding of organizational culture and climate. All three chapters add to our arguments in this chapter that climate and culture are enduring concepts. The constructs have not been superseded or replaced with others. As Alvesson points out, concepts such as discourse and identity have not replaced culture. Indeed, and as pointed out in other chapters (see Linstead, Chapter 18; Meckler, Chapter 25), these concepts serve to deepen our understanding of culture. Similarly, and as Schneider and his colleagues argue, we are only just beginning to understand the theoretical, research, and practical nature of organizational climate. And finally, we hope that readers pay careful attention to what Yammarino

and Dansereau write in Chapter 4. Culture and climate are both inherently multilevel constructs, often involving more than two levels of analysis simultaneously, and future scholarship in the field needs to adopt the rigorous approach outlined in this chapter.

In the following section of the *Handbook,* we have arranged the chapters into five parts that deal with progressively higher levels of analysis, beginning at the individual level and ending with a cross cultural perspective.

Part II: Toward Positive Work Cultures and Climates

Arguably, one of the defining movements in psychology and organizational scholarship has been positivity (Cameron, Dutton, & Quinn, 2003; http://www.bus.umich.edu/positive). The underlying premise of this movement is that scholars have for too long focused almost exclusively on negative aspects of behavior. Thus, instead of asking, "What is good, and how can we do it better?" scholars have asked, "What's wrong, and how can we address the problem?" To date, the positive organization scholarship movement has focused on individuals and structures, but little to date has been written about positivity using a climate-culture lens. The six chapters in Part II, which was edited by Wilderom, seek to address this deficiency. The chapters approach this topic from a variety of contemporary view points, including the work environment (Chapter 6: Härtel & Ashkanasy), building ethical strength (Chapter 7: Vacharkulksemsuk, Sekerka, & Fredrickson), fostering positivity in an economic downturn (Chapter 8: Gibbs & Cooper), a positive approach to error management (Chapter 9: Keith & Frese), and enhancing the meaningfulness of work (Chapter 10: Cardador & Rupp).

Positive organizational scholarship is still relatively new, but we expect that positively loaded cultures and climates will be studied more often in the future. The set of chapters in this section define many of the characteristics of positive cultures and climates and set the scene for exciting further academic developments. As such, we have chosen to place these chapters in a section immediately following the theme-setting chapters in Part I.

Part III: State-of-the-Art Reviews on Social-Organizational Processes

Some of the topics that concern organizational climate and culture are perennial. Nonetheless, research in these topics has progressed significantly over the past decade, and they continue to attract ongoing research attention. The chapters in this section, the second set edited by Wilderom, deal with performance (Chapter 12: Sackmann), teams (Chapter 13: Hartnell & Walumbwa), leadership (Chapter 14: West & Richter), work–family conflict (Chapter 15: Duxbury & Gover), and organizational cognition (Chapter 16: Hodgkinson & Healey).

Consistent with the maturity of scholarship in culture and climate, it is notable that the field is coming to be characterized by a proliferation of subconcepts that each focus on a narrow issue. Examples can be found throughout the book, including "error management culture" (Keith & Frese, Chapter 9) and "macroculture" (Hodgkinson & Healey, Chapter 16). In this respect, there is a trend for authors to use the terms *culture* or *climate* as a hook for their more specific combination of desirable end states, work and organizing values, and particular set of studies. Although some may see this as diluting or confusing the original conceptualizations of organizational culture and climate, we do not see this as an issue so long as scholars make it clear exactly what construct they are addressing. It is likely that this diversity in subphenomena that authors address is a sign of maturity of the field and as a great

benefit to the field it brings to the fore much more variety and quality in methodological approaches to date.

Part IV: Organizational Dynamics and Identity: Defining the New Paradigm

If anything can be said to symbolize the first decade of the 21st century, it is change. Change throughout the decade has been pervasive and exists at every level of ontology. The chapters in Part IV address the change process at its core. Edited by Ashkanasy, the topics covered in this section deal both with the nature of change, include postmodernism (Chapter 18: Linstead) and organizational identity (Chapter 19: Hatch); and the processes that accompany change, including the organizational environment (Chapter 20: Vilnai-Yavetz and Rafaeli), gossip (Chapter 21: van Iterson, Waddington, & Michelson), and environmental sustainability (Chapter 22: Russell & McIntosh).

A corollary of change is that the old ways of viewing phenomena become outmoded, and new paradigms must be sought. Thus, and as we made clear earlier in this introductory chapter, climate and culture may be perennial, but our ways of viewing, treating, and understanding these concepts and their subconcepts are going to change. But, as Stephen Linstead points out in Chapter 18, this should not be a reactive "postculture" perspective; instead, we need to adopt a more dynamic perspective that will be able to adapt to an ever-accelerating rate of change that we face in future decades.

Part V: Organizational Culture and Organization Theory

In Part V, edited by Peterson, we move to a higher level of analysis, where organization theory is a traditional field of study for scholars in the field of organizational culture. Consistent with the picture that

emerged in Part IV, however, this is a field undergoing change, and the chapters in this section reflect that reality. The topics covered in the section deal with organizational culture perspectives on strategic human resource management (Chapter 24: Carroll, Dye, & Wagar), network theory (Chapter 25: Meckler), and identity theory (Chapter 26: Kreiner), each with its own twist reflecting the advances that have taken place in each area over the past decade. In particular, the chapters in this section demonstrate how organizational culture has helped to shape new conceptualizations of the traditional models in organization theory. And, as Section Editor Peterson notes in Chapter 23, "Organizational culture has drawn attention to systems of meanings, symbols, emotions, and implicit aspects of organizations." These certainly do not fit a traditionalist's view of organizational theory.

Part VI: International Themes in Organizational Culture Research

The final part in the *Handbook*, also edited by Peterson, sets forth a variety of topics from an international and global perspective. Topics in this section include national culture (Chapter 28: Kwantes & Dickson), national values (Chapter 29: Sagiv, Schwartz, & Arieli), globally distributed teams (Chapter 30: Kara & Zellmer-Bruhn), Chinese organizations (Chapter 31: Denison, Xin, Guidroz, & Zhang), global perspectives on gender (Chapter 32: Punnett) and ethics (Chapter 33: Parboteeah, Martin, & Cullen).

As in the first edition of the *Handbook,* chapters on international themes feature strongly. Section Editor Peterson draws attention to a subtle change in emphasis across the volumes. For example, instead of mimicking practices in other cultures, scholars and indeed managers tend now to learn from other cultures and societies. Peterson also notes in particular that "the concern

about organizational climates supporting socially responsible organizational behavior, specifically ethical behavior in multinational organizations, was not considered in the earlier edition."

CONCLUSION

Rapid societal change; the need and impact of positive approaches to work; the dynamics and levels of culture and work climate; identity concerns and concern for social responsibility, a sustainable and networked world, and ethics—these are some of the recurring themes emphasized in this second edition of the *Handbook*. Are these themes completely new? Certainly not. But it is nevertheless clear from the chapters presented in this volume that they are rapidly evolving. Several of the issues identified by the authors in this edition were completely absent in the first edition, while some of the topics from the earlier edition are not covered in this volume. In other cases, authors document the development and maturing of ideas and theories canvassed in the first edition.

And of course, this process will go on into the future, and the field of organizational culture and climate continues to develop and to grow. The process of fragmentation that we refer to in this chapter is an inevitable consequence of this process, but there are encouraging signs of integration, especially as reflected in the chapters in Part I. The multilevel perspective outlined by Yammarino and Dansereau in Chapter 4 is a good beginning in this respect.

Finally, we note that there are many topics in organizational culture and climate that are not represented in this volume. As we outlined earlier, this was also the case for the first edition, so the international handbook, which was published subsequently, addressed topics in the field with little overlap. The field of organizational culture and climate has become broader and better developed by now, and we echo Schein's sentiments, expressed in the preface to this volume, that the field is sure to remain viable as a source for ongoing scholarship for the foreseeable future. We only hope that the chapters in this volume will contribute materially to the ongoing development of the field.

REFERENCES

Ashkanasy, N. M. (2007). Organizational climate. In S. R. Clegg & J. R. Bailey (Eds.), *International encyclopedia of organization studies* (Vol. 3, pp. 1028–1030). Thousand Oaks, CA: Sage.

Ashkanasy, N. M., Wilderom, C. P. M, & Peterson, M. F. (2000). Introduction. In N. M. Ashkanasy, C. P. M. Wilderom, & M. F. Peterson (Eds.), *Handbook of organizational culture and climate* (pp. 1–18). Thousand Oaks, CA: Sage.

Cameron, K. S., Dutton, J. E., & Quinn, R. E. (2003). *Positive organizational scholarship: Foundations of a new discipline.* New York: Berrett-Koehler.

Cooper, C. L., Cartwright, S., & Earley, P. C. (Eds.). (2001). *The international handbook of organizational culture and climate.* New York: John Wiley & Sons.

Denison, D. (2003). Book reviews: *Handbook of Organizational Culture and Climate* and *The International Handbook of Organizational Culture and Climate. Administrative Science Quarterly, 48,* 119–127.

Lewin, K., Lippitt, R., & White, R.K. (1939). Patterns of aggressive behavior in experimentally created climates. *Journal of Social Psychology, 10,* 271–299.

Pettigrew, A. (1979). On studying organizational culture. *Administrative Science Quarterly, 24,* 570–581.

Rousseau, D. M. (1985). Issues of levels in organizational research: Multi-level and cross-level perspective. In L. L. Cummings & B. M. Staw (Eds.), *Research in organizational behavior* (Vol. 7, pp. 1–37). Greenwich, CT: JAI Press.

Schneider, B. (2000). The psychological life of organizations. In N. M. Ashkanasy, C. P. M. Wilderom, & M. F. Peterson (Eds.), *Handbook of organizational culture and climate* (pp. xvii–xxi). Thousand Oaks, CA: Sage.

Schneider, B., Bowen D. E., Ehrhart, M. G., & Holcombe, K. M. (2000). The climate for service: Evolution of a construct. In N. M. Ashkanasy, C. P. M. Wilderom, & M. F. Peterson (Eds.), *Handbook of organizational culture and climate* (pp. 21–36). Thousand Oaks, CA: Sage.

Yammarino, F. J., Dionne, S. D., Chun, J. U., & Dansereau, F. (2005). Leadership and levels of analysis: A state-of-the-science review. *Leadership Quarterly, 16,* 879–919.

Organizational Culture

Meaning, Discourse, and Identity

Mats Alvesson

This chapter addresses some recent lines of development, within both interpretative organizational culture studies and the more or less closely related subjects of discourse and identity. Organizational culture was a major topic explicitly addressed in the 1980s and 1990s, and it is still highly significant. However, its role has partly been taken over by the popularity of the concepts of organizational discourse and organizational identity. It is increasingly rare to find journal articles emphasizing organizational culture—cultural change being an exception (e.g., Alvesson & Sveningsson, 2008; Ogbonna & Wilkinson, 2003; Rodrigues, 2006). This indicates that the faddishness of organizational culture has subsided. Instead, during the last decade we have witnessed an abundance of special issues and articles under the labels of discourse and identity.

One sign of the lowered profile of culture research is the lack of debates, critique, or strong positioning around culture. In their handbook overview, Joanne Martin and Peter J. Frost (1996), perhaps exaggerating a bit, talked about war games to indicate struggles between various positions, seeing the domain of organizational culture as a struggle for intellectual dominance among the proponents of various cultural theories, methodological preferences, epistemologies, and political orientations. In a follow-up overview 10 years later, Martin, Frost, and Olivia A. O'Neill (2006) observe changes, believe that struggles have not disappeared but have gone underground and possibly loosened up, and instead suggest conversation as a more suitable metaphor than one stressing conflict and competition. One may also add that such conversations are rare these days—perhaps, to some extent, people have run out of steam and fresh conversation topics or arguments around organizational culture. However, it may also be due to the possibility that less is presumably at stake in convincing others that one has superior insights and methodology on how to produce knowledge on culture. Academic interests have moved on, at least at the level of labeling and branding the knowledge products. We also find increasing subspecialization and limited interest in broader issues. Martin et al. (2006) point

out that while cultural studies have brought epistemological and methodological variety to the field of organization studies and thus fulfilled an innovative and rejuvenating role (in particular within the U.S. context, where the field has a strong neopositivistic tradition), this function is not so salient any more. Culture has become firmly anchored as one important aspect of, or element in, organizations and management. It is therefore viewed as a cornerstone in any broad understanding of organization and management. Most academics and practitioners probably agree that shared meanings and the intersubjective are necessary considerations in reference to a range of topics from innovation, mergers, and change, to motivation and leadership. Organizational culture is a key topic in overview books and teaching curricula. There is a journal focusing on cultural themes: *Culture and Organization.*

But less work expressing some form of a cultural understanding of organizations is today explicitly framed as organizational culture. Similar to the 1980s, when climate as a research topic almost disappeared due to the popularity of culture, the latter term has lost ground to discourse and identity for researchers eager to appear on the research front and for journals having timely special issues.

Much work framed as discourse and identity is quite similar to what was earlier more commonly labeled organizational culture and can be seen as expressing some form of a cultural view on organizations— that is, emphasizing shared meanings and understandings of organizational reality. It is important, therefore, to try to clarify possible overlaps and differences between what the labels and perspectives culture, discourse, and identity highlight and, at the same time, to recognize that terms are used in dynamic and varied ways so that efforts to freeze definitions and to authoritatively

establish clarity is often futile, sometimes even counterproductive.

This chapter, therefore, makes an effort to relate culture, discourse, and identity as key concepts and perspectives (or labels for sets of perspectives) in organization theory. It tries to identify and clarify key features, similarities, and differences and to make a case for preserving the integrity of different approaches. It also aims to sharpen awareness of theoretical options within this increasingly messy, complicated, and (by academic fashions) sometimes mystified overall research orientation (or set of orientations). It is sometimes uncertain whether some work framed under the labels of discourse and identity offer something distinct and novel, or whether they are mainly or partly a relabeling of organizational culture work. But under the brands of discourse and identity there are also lines of development that vary, broaden, or rejuvenate the interests in studies of organizational culture. Some discourse and identity work are also quite different from organizational culture. All this makes an effort to relate culture, discourse, and identity a worthwhile focus for this chapter.

The chapter proceeds from the view that a *cultural* approach focuses broadly on shared, moderately stable forms of meaning that are only partially verbalized. As already indicated, the view on culture taken here means that it concerns systems of meanings and symbolism involving taken-for-granted elements that are in need of deciphering. Myths, basic assumptions about human nature, the environment, and so forth are seldom directly espoused. They are partly nonconscious and occasionally language-distant—that is, they are not necessarily directly espoused, but call for reading between and behind the lines.

A *discursive* understanding looks more specifically on language in use and views meaning as discursively constituted and

typically as unstable. David Grant, Tom Keenoy, and Cliff Oswick (1998) define organizational discourse as "the languages and symbolic media we employ to describe, represent, interpret and theorize what we take to be the facticity of organizational life" (p. 1). Oswick, Keenoy, and Grant (2000) talk about a discursive epistemology "that illuminate[s] the fragility, rather than the solidity, of organizations or organizing processes" (p. 1115). This understanding would call not so much for deeper analysis, but for the identification and tracing of discourses and their effects. However, as language and its use is very much a matter of how it is being played out in a cultural context, and culture is very much made up by language and linguistic (or discursive) expressions, there is a close relationship between culture and discourse.

An organizational *identity* view typically focuses on the form by which organizational members define themselves as a social group in relation to their external environment and on how they understand themselves to be different from their competitors (Dutton, Dukerich, & Harquail, 1994). It is assumed that an organization's members shape and are shaped by this organizational identity. Organizational members develop and express their self-concepts within the organization, and the organization in turn is developed and expressed through its members' self-concepts. Therefore, organizational identity is more than simply an answer to the question, "Who are we as an organization?" (Gioia & Thomas, 1996).

An important part of this chapter relates organizational culture to organizational discourse and relates discourse, in turn, to organizational identity. These terms are similar and overlapping, and recent development within cultural thinking on organizations has partly taken the routes marked by the signposts of discourse and identity.

The chapter includes five parts:

1. A brief review of mainly recent, post-1990s, primarily interpretation-oriented, qualitative work on organizational culture

2. A review, comparison, and discussion of similar or overlapping work using a cultural and a discursive framing-vocabulary in organization studies

3. A review, comparison, and discussion of similar or overlapping work using a cultural and an identity framing-vocabulary in organization studies

4. Integration and critical examination of the development of organization culture studies in the light of the booming work on discourse and identity: progress, problems, and possibilities are discussed

5. Comparisons and conclusions

Space limitations require concentration on some overall features of all orientations, neglecting the considerable variation and heterogeneity of work conducted under the labels addressed.

ORGANIZATIONAL CULTURE

A glance at just a few works that use the term *organizational culture* will reveal enormous variation in the definitions of this term and even more in the use of the term *culture*. Culture has no fixed or broadly agreed meaning even in anthropology (Borowsky, 1994; Ortner, 1984), but variation in its use is especially noticeable in the literature on organizational culture (Alvesson & Berg, 1992). It is commonly recognized that "the literature on culture is fraught with debate—regarding definitions, methodologies, perspectives and applications" (Palmer & Hardy, 2000, p. 135). Culture is not unique on this front—what is said here can be also be said

about discourse and identity (and many other very popular terms in social science).

The term organizational culture is used as an umbrella concept for a way of thinking that takes a serious interest in cultural and symbolic phenomena or aspects in organizations. This term directs the spotlight in a particular direction rather than mirrors a concrete reality for possible study. Culture refers to shared orientation to social reality created through the negotiation of meaning and the use of symbolism in social interactions. This position is in-line with the view broadly shared by many anthropologists (especially, Geertz, 1973), although some would emphasize materiality and/or social structure instead. Culture is then understood to be a system of common symbols and meanings, not the totality of a group's way of life. It provides "the shared rules governing cognitive and affective aspects of membership in an organization, and the means whereby they are shaped and expressed" (Kunda, 1992, p. 8). Smircich (1983a, 1983b) not only saw the very core of organization as shared meanings, but also emphasized that these are not absolute:

> Organizations exist as systems of meanings which are shared to varying degrees. A sense of commonality, or taken for grantedness is necessary for continuing organized activity so that interaction can take place without constant interpretation and re-interpretation of meanings. (Smircich, 1983b, p. 64)

Culture is not, according to this view, primarily inside people's heads, but somewhere between the heads of a group of people where symbols and meanings are publicly expressed, for example, in work group interactions, in board meetings, and in material objects. Culture is thus closely related to communication and language use, even though it means more than discourse—a point that will be brought up later in this chapter.

This perspective differs from culture research emphasizing values and norms. The latter tends to be treated as measurable and more managerially relevant, fairly easy to link to action effects and management control. Meaning and symbolism are less accessible and more complicated, calling for qualitative and interpretive studies.

The key term *meaning* refers to how an object or an utterance is interpreted and understood. Meaning has a subjective referent in the sense that it appeals to an expectation, a way of relating to things. Meaning makes an object relevant and meaningful. Dvora Yanow (2000) defines meaning as "what values, beliefs, and/or feelings an artifact represents beyond any 'literal,' non-symbolic referent" (p. 252).

The second important term *symbol* intensifies the idea of meaning. A symbol can be defined as an object—a word or statement, a kind of action or a material phenomenon—that stands ambiguously for something else and/or something more than the object itself (Cohen, 1974). A symbol is rich in meaning—it condenses a more complex set of meanings in a particular object and thus communicates meaning in an economic way. A symbol can be linguistic, behavioral, or material. Despite the emphasis on culture set forth by Clifford Geertz and others as an ideational phenomenon, cultural analysis is, of course, not limited to studying the shared meanings and ideas of people or forms of communication with a strong symbolic element, such as exotic rituals or metaphors, stories, and slogans functioning as key symbols for a particular group (Ortner, 1973). As Eric M. Eisenberg and Patricia Riley (2001) and others emphasize, a cultural approach does not "limit its interest to overt constructions with 'extra meaning' such as central metaphors or key

stories" (p. 295). Cultural analysis may be applied to all kinds of organizational phenomenon, for example, the meanings and understandings of bureaucratic rules, information technology, products, gender, objectives, performance measures, and so forth (Alvesson, 2002; Gregory, 1983).

Viewing culture broadly as a shared and learned world of experiences, meanings, values, and understandings that inform people and that are expressed, reproduced, and communicated partly in symbolic form is consistent with a variety of approaches to the conduct of concrete studies. It does, of course, also leave out many versions of culture, including to some extent more functional and measurement oriented views, represented in other chapters of this handbook. However, boundaries are vague in this area, so strict distinctions and categorical claims are difficult to make.

Frequently the term organizational culture is (and was) used to indicate a view of organizations as typically unitary and unique, characterized by a stable set of meanings. Most organizations are then viewed as minisocieties with a distinct set of meanings, values, and symbols shared by, and unique for, the majority of the people working in the organization. This view is problematic in several ways. It can be challenged with arguments from below as well as from above. The challenge from below emphasizes the pluralism of organizations: Different groups develop different outlooks on the world. This is often referred to as organizational subcultures. The challenge from above points to the powerfulness of ideas, values, and symbolism shared by broader groups of people and associated with civilizations, nations, regions, industries, and occupations. The impact of broader technological, economical, and cultural changes also matter, as do general discourses affecting more or less all organizations, although in various ways. Together this means that the local

as well as the more macro contexts need to be considered to understand cultural manifestations at the organizational level (Parker, 2000).

A highly influential structuring of the field has been proposed by Martin and coworkers (Martin 1992, 2002; Martin et al., 2006; Martin & Meyerson, 1988), dividing up organizational culture theory in integration, differentiation, and fragmentation perspectives. Most of the early writings on organizational culture embraced an integration view, emphasizing culture as unitary and unique at the organizational level. There was great faith in the idea that organizations can have distinct and broadly shared cultures and that top management are central architects behind this. This has lost some of its credibility, but seems to dominate in both popular and many academic management writings. It is often closely linked to an idealistic notion of culture in the sense that a set of overall meanings, ideas, and values communicated by senior management will lead to a strong sense of direction and priorities shared broadly within the organization (e.g., Schein, 1985). Key features of culture are organization-wide consensus, consistency, and clarity.

From the middle of the 1980s onwards, there has been a lot of interest in the cultural variation within organizations associated with position, background, and interaction patterns. Some authors privilege occupational communities and other group-based cultural orientations at the cost of (formal) organizations as a whole (Van Maanen & Barley, 1984). For advocates of the differentiation perspective, cultures with different and sometimes conflicting views on organizational reality dominate. Sometimes the expression *subculture* is used. Some authors emphasize that it is misleading to divide up various (sub)cultures into fixed patterns as there is typically a variety of different differentiations and affiliations

in organizations, depending on issue and changing over time (Parker, 2000).

Somewhat later, terms such as *ambiguity* and *fragmentation* became popular, and any kind of distinct, stable patterns around the entire organization or specific groups or units within it were disputed. Martin and coauthors (Martin 1992; Martin & Meyerson, 1988) first emphasized ambiguity but then exchanged it for fragmentation (Martin, 2002; Martin et al., 2006). Still, "according to the fragmentation point of view, the essence of any culture is pervasive ambiguity" (Martin et al., 2006, p. 732). There are multiple interpretations within a culture, contradiction and confusion is common, and any broader cultural configuration—associated with the organization as a whole or a subgroup— is temporal and issue-specific, leading to a dynamics of cultural positionings and repositionings.

A strong emphasis on ambiguity and fragmentation as key features of organizational cultures not only has attained much interest and links (as will be seen) in interesting ways to discourse and identity, but also has received a fair amount of critique (Alvesson, 1993; Batteau, 2001; Parker, 2000; Trice & Beyer, 1993; Ybema, 1996). There seems to be some consensus that the multiplicity of cultural orientations in organizations need to be considered, implying not only a mix of broadly shared meanings, group-distinct meanings, and ambiguity, but also an appreciation of individuals fluctuating between such experiences. Fragmentation captures the latter theme better than ambiguity. Ambiguity and fragmentation are important aspects of specific cultural manifestations, such as symbols as well as of cultures as a whole, but in the same way that there are limits to management control, there are also limits to ambiguity. Organizations unsuccessful in shaping at least a moderate degree of common understanding on at least some issues and a shared understanding of variation and sources of dispute probably perform badly and may not, in a competitive context, survive. It is even possible to argue that if there is extreme ambiguity, then there is no organization, at least not in a cultural sense (cf. Smircich, 1983b, who defined organization as shared meaning). Bounded ambiguity may be a useful concept here, drawing attention not only to ambiguity, but also to the efforts to develop some shared meanings counteracting a stressful and unpractical level of confusion and uncertainty (Alvesson, 2002).

Although previous versions of the three-perspective framework of Martin and coworkers emphasized integration together with managerially induced consensus, differentiation with political conflict, and ambiguity with less clear-cut and more varied consensus-conflict issues, Martin et al. (2006) add the political dimension as, in principle, separate from the three first categories. This provides the opportunity for all three of the integration, differentiation, and fragmentation perspectives to potentially combine with both consensus (or managerialist) and conflict (or critical) views. Cultural integration may be associated with "true," functional consensus or strong mainstreaming effects of a dominating ideology (e.g., Herbert Marcuse's notion of *One-Dimensional Man,* 1964) or a discourse (Foucault, 1980). Differentiation may be pluralistic and horizontal, associated with a variety of divisions, professions, or functions, or it can be conflict oriented, associated with competing groups, often vertically structured, meaning that domination and resistance become key issues. Finally, fragmentation may be seen as a more or less unavoidable or natural state of dynamic, turbulent, and ambiguous organizational reality—but it can also be exploited for managerial purposes, for example, managing in a hypocritical way, discoupling

talk, decision, and action, thus leading to flexibility and making different interest groups seemingly happy (e.g., Brunsson, 2003), or it can be explored critically in terms of mystifications and irrationalities (Willmott, 1993). The stronger versions of the fragmentation-ambiguity perspective are, however, arguably of more limited interest for managerialists as well as critical theorists.

This framework continues to be influential despite—or perhaps fuelled by—a fair amount of critique. One target for skeptics is the oscillation between two quite different understandings of the nature of the three ingredients in the multiple framework. One understanding is that these are perspectives or lenses used by the researcher for exploration (e.g., reflecting epistemological positions); the other is that these are themes or aspects of organizational cultures out there to be sensitively treated, given that the researcher acknowledges them (assumptions about ontology). Some researchers treat the themes as simple properties of the cultures (e.g., Rodrigues, 2006). These two understandings represent different and contradictory onto-epistemological clusters: The first suggests that organizational culture is constituted in and through discourse as used in research, meaning that "the phenomena of integration, differentiation and fragmentation are not 'real' outside their contingent status as artifacts of representation," while the second understanding assumes that they "exist a priori and independently of perception in organizational culture" (Taylor, Irvin, & Wieland, 2006, p. 315).

Another way of structuring the field is based on looking at the metaphors or images of organizational culture that researchers have and use (Alvesson, 2002). This idea departs from the view that culture is (better understood as) a metaphor for organization than a variable (Smircich, 1983a). This is, however, not unproblematic. Culture easily becomes too general and vague to

work as a good metaphor. The many meanings of culture call for clarification, going beyond the definitions and delimitations normally offered. I argue that culture should not be seen as the final image to be used when organizations (or particular organizational phenomena) are being conceptualized. Instead, we have good reason to investigate and reflect upon metaphors for culture (i.e., a metaphor for the metaphor) in organizational culture thinking. Understanding organizations as cultures is thus potentially productive, but we need to go further to sharpen the perspective.

In Mats Alvesson (2002) eight metaphors for culture are explored:

- exchange-regulator, functioning as a control mechanism in which the informal contract and the long-term rewards are regulated, aided by a common value and reference system and a corporate memory;
- compass, in which culture gives a sense of direction and guidelines for priorities;
- social glues, where common ideas, symbols, and values are sources of identification with the group or organization and counteracts fragmentation;
- sacred cow, where basic assumptions and values point to a core of the organization that people are strongly committed to;
- affect-regulator, where culture provides guidelines and scripts for emotions and affections and how they should be expressed;
- disorder, ambiguity, and fragmentation as key aspects of organizational culture;
- blinders, un- or nonconscious aspects of culture, culture as taken-for-granted ideas leading to blind spots; and
- world closure, cultural ideas and meanings creating a fixed world within which people adjust, unable to critically explore and transcend existing social constructions.

These metaphors move from being strongly functional to indicating aspects of cultural meaning that people become constrained and caught within. It is argued that it is important to learn about culture both because it aids

orientation and coordination and because cultural awareness can counteract tunnel seeing and mental imprisonment.

ORGANIZATIONAL CULTURE AND LANGUAGE

Given the linguistic turn in social science and philosophy, and the move from systems and meanings towards discourse (Alvesson & Kärreman, 2000a; Grant, Hardy, Oswick, & Putnam, 2004), it makes sense to consider the view on language in (large parts of) cultural studies of organizations. Within this literature it is common to identify cultural forms. Trice and Beyer (1993) use the categories of language, symbols, narratives, and practices. Symbols refer to objects, natural and manufactured settings, performers, and functionaries. Language refers to jargon, slang, gestures, signals, signs, songs, humor, gossip, rumors, metaphors, proverbs, and slogans. Narratives are exemplified by stories, legends, sagas, and myths. Practices include rituals, taboos, rites, and ceremonies. Martin (2002) refers to four cultural forms: rituals, stories and scripts, jargon, and humor. Language is viewed as a major set of cultural forms or manifestations, and there is a wealth of studies under the label of organizational culture that at least partly treat what organizational discourse proponents refer to as discursive phenomena or aspects. The relationship will be addressed later.

Many organizational culture studies—at least studies incorporated in books framed as being about organizational culture or organizational symbolism—treat language use as an important element of culture. In speeches and other forms of communication, cultural meanings are expressed and (re-) created. John Van Maanen (1991), for example, also takes into account the role of organizational language in a study of Disneyland:

Customers at Disneyland are for example never referred to as such; they are "guests." There are no rides at Disneyland, only "attractions." Disneyland itself is a "park," not an amusement center, and it is divided into "back-stage," "on-stage" and "staging" regions. (Van Maanen, 1991, pp. 65–66)

Here, language is typically seen as a part of organizational culture—on an equal footing with other cultural expressions such as actions, settings, and material objects. This larger cultural whole is privileged and is involved in order to adequately interpret the meaning of language. There is seldom a strict focus on language, as the interpretation of meaning is very much a matter of making skilful guesses and assessments of broad, implicit meanings, only partially mirrored or espoused in the form of explicit language use. Frequently, the ambition is to address a wider cultural terrain rather than only language use. Nevertheless, the strong language interest in large parts of cultural studies marks a significant overlap with organizational discourse.

However, a key concern here is the nature of the language and how it is being approached. Is language seen as a part of an existing culture or is it conceptualized as an active shaper of it? A discourse view would come closer to the latter and would indicate critique of most organizational culture studies for not acknowledging the centrality of language in constructing the social world. For example, Taylor et al. (2006) argue that Martin "mistakenly encourages its users to view communicative practices as the manifestation of pre-existing meanings, rather than as the means of their creation, reproduction, and transformation" (p. 311). They, as do other communication and discourse scholars, see culture as neither in the (subjective) lenses of theoretical perspectives nor in the (objective) reality out there (in the minds of organizational

participants), but as a communicative accomplishment, expressed in talk, text, and material forms of communicating, thus privileging discourse over cognition.

ORGANIZATIONAL CULTURE AND DISCOURSE

Although organizational culture attained an enormous interest in the 1980s and 1990s within academic as well as practitioner groups, discourse has been a similar magnet since the late 1990s, but mainly for academic groups with no or a limited interest in managerial viewpoints and applications.

Organizational Discourse

Within the organizational discourse literature, for example, Oswick et al. (2000) mention a set of approaches analyzing (among other themes) metaphors, stories, novels and sagas, narratives, rituals and myths, rhetoric, texts, drama, and sensemaking. Apart from these authors having more examples of language themes, their list is, as seen above, very similar to lists of cultural manifestations and forms (e.g., Martin, 2002; Trice & Beyer, 1993). These similarities are seldom pointed out, and organizational discourse is often portrayed as a new field in organization studies: We may see signs of social amnesia here—not uncommon in social science.

Sometimes one may get the impression that what may appear to be theoretical themes or developments may just be a matter of shifting labels. The terms organizational culture and organizational discourse are sometimes used in confusingly similar or overlapping ways. The following section, drawing upon Alvesson (2004), tries to position the two approaches.

Moving within the overlapping zones between culture and discourse calls for a nuanced unpacking of the differences in focus between a cultural and a discursive approach. To avoid unnecessary complexity, typical versions of organizational culture and discourse thinking will be concentrated on, and most of the considerable variation of the use of cultural and discursive approaches will be disregarded. A more thorough treatment would have worked with a set of distinctive cultural and discursive approaches, but that would be a more ambitious project going far beyond what can be addressed here.

Comparison Between Organizational Culture and Discourse

One way of highlighting not only the similar concerns, but also the different foci between organizational culture and discourse is to say that cultural analysis concentrates on meaning while discourse addresses language and language use. Obviously, there is overlap, as it is difficult to imagine meaning altogether outside language, and all language and language use are about meaning—its transmission or construction. But an interest in cultural meaning goes beyond manifest language use. From a cultural point of view, meaning is not only based in language, but also in actions and artifacts, in taken-for-granted assumptions and ideas that people may have problems in verbalizing.[1] Moreover, much of the learning and transmission of cultural meaning is tacit. A cultural framework assumes the existence of ideas and meanings that construct a version of the object without a specific, explicit, and present text producing it. Although it is not assumed that meanings construct or reproduce themselves, culturalists argue that there is a tendency for meaning systems to be expressed through a variety of subtle means, of which some are nondiscursive (at least if one resists a colonializing impulse to define everything as discursive), and also to show considerable atemporality.

A discourse approach "examines how language constructs phenomena, not how it reflects and reveals it" (Phillips & Hardy, 2002, p. 6). It does not assume the existence of meanings just being there, outside language. Meaning becomes constituted in discursive acts. Meaning connected to discourse is created through language use; it is explicit and tends to closely follow discourse in operation. Discourse emphasizes that it is through the "process of differentiating, fixing, labeling, classifying, and relating—all intrinsic processes of discursive organization—that social reality is systematically constructed" (Chia, 2000, p. 513). Without a discourse in operation, meaning would not appear. It would disappear as a consequence of the discontinuation of the use of a specific vocabulary, according to a discourse perspective. If certain words are dropped, certain meanings would, in principle, vanish. Meaning becomes intimately tied to, indeed driven by, language use, and is local in nature. Specific meanings are not, as assumed by culturalists, established and existing prior to specific uses of language, nor are they grounded in a broader meaning system.[2]

Discursive Levels and Organizational Culture

Frequently, organizational culture is viewed as prioritizing the organization, although far from everyone interested in culture emphasize the organization as unitary and unique in a cultural sense. Internal differentiation (subcultures) as well as national or other host cultures (industry, region, profession) receive attention and are sometimes privileged (Van Maanen & Barley, 1985; Martin, 2002; Den Hertog & Dickson, 2004). A discourse view can aid studies by taking the combination of broader discourses and local accomplishment of culture more seriously. Organizational-level cultural manifestations can be seen as a matter of both local interpretations and of broader societal discourses informing and framing these local interpretations (Parker, 2000; Taylor et al., 2006). Through taking these elements or aspects into account, it becomes easier to see culture in a more dynamic sense. One can even talk of culture, in particular in our dynamic world, as full of cultural traffic of meaning and symbolism (through people, interactions, mass media, Alvesson, 2002)—not as fixed system, but as a matter of becoming. Seeing the "preferred objects of organizational culture studies as discourse and interaction" (Taylor et al., 2006, p. 320) would imply bringing in overall (societal, industrial, global) discourses as powerful generalizable influences translated and mediated by particular local arrangements of people and social constellations at the local (organizational or intra-organizational) level. This would be one way of making culture studies of organizations more dynamic.

ORGANIZATIONAL CULTURE AND IDENTITY

Although the move from organizational culture to discourse is one line of development, exchanging an interest in culture for one in identity can be seen as a parallel move. While the former tends to characterize "intra-academic" researchers with a poststructuralist and/or interpretive bent, there is a tendency for more functional and promanagerial researchers to be more interested in organizational identity. This is not so simple, as some of this interest in identity is informed by a discourse perspective (e.g., Brown, 2006; Ybem et al., 2009), but this connection will be downplayed so as to not overburden this chapter with complexity, and instead the culture-identity link will be concentrated on.

Organizational Identity

Identity is often defined in terms of its key characteristics: distinctiveness, endurance, and centrality (Albert & Whetten, 1985). Within organization studies, the concept of identity is used in three main ways: organizational identity, social identity, and self-identity, pointing at (respectively) organizational, group, and individual issues around a sense of whom and how we are or I am.

Identity, like culture and discourse (and other popular terms for that matter), is used in many different ways for a variety of purposes and guided by a variety of perspectives. It is, however, fairly common to argue that organizational identity represents the form by which organizational members define themselves as a social group in relation to their external environment and how they understand themselves to be different from their competitors (Dutton et al., 1994; Haslam, 2004). The three levels mentioned can thus be linked. It is assumed that an organization's members shape and are shaped by this organizational identity. Organizational members develop and express their self-concepts within the organization and the organization in turn is developed and expressed through its members' self-concepts. Therefore, organizational identity is more than simply an answer to the question, "Who are we as an organization?" (Gioia & Thomas, 1996). It presents, potentially, a partial answer to the question, "Who am I as an individual?" to the extent that an individual defines him- or herself as an organizational member through identification with the use of a social category. Depersonalization is a key aspect here, emphasized by social identity theory (Haslam, 2004; Hogg & Terry, 2000). But also a more individual sense of being can be created against the context of organizational belongingness, sometimes involving not just positive identification, but also other and more complex moves, such as disidentification, ambivalence, and constructing the organization as a source for identification in multiple and shifting ways (Ashcraft & Alvesson, 2009; Pratt, 2000).

Many students of identity and organization are less interested in the organizational entity than in issues around social identity and self-identity of people in an organizational context. To what extent do individuals shape themselves through constructions of their organizational identity—that is, how far is their personal identity defined through identification with the organization? Is organizational identity sustained by attracting and retaining individuals whose self-concepts are coherent and supportive of the prevailing organizational identity? Or is there a loose relationship between individual self-concepts and their views of the organization? These issues mark a fairly different interest from the one of organizational culture studies. Other parts of organizational identity—emphasizing the collective, organizational (or suborganizational, that is, departmental) level has a strong overlap with organizational culture studies.

Organizational Identity and Culture

It is interesting to note how frequent studies of organizational identity come very close to themes well covered in organizational culture without referring to the wealth of work within the latter umbrella. In an introduction to a journal special issue, Stuart Albert, Blake Ashforth, and Jane Dutton (2000) state as organizations become ever more organic, "in the absence of an externalized bureaucratic structure, it becomes more important to have an internalized cognitive structure of what the organization stands for and where it intends to go—in short, a clear sense of the organizations " (p. 13). Here the reader may expect the missing word to be *culture*,

and had the article been written a few years earlier, this would probably have been *The Word* to insert. By way of illustration, writing in the heyday of organizational culture, Tony J. Watson (1994) suggested that "culture can be understood as a human creation which helps human beings avoid the dark abyss of disorder and chaos into which they may otherwise fall" (p. 20). But nowadays, in academic writings, the most popular framing would be something like "a sense of identity serves as a rudder for navigating difficult waters" (Albert et al., 2000, p. 13). To what extent this is different from all the uses of organizational culture as functioning as a compass (Alvesson, 2002) for people at work is unclear, as Albert and colleagues stick exclusively to the identity vocabulary. This seems to be a rule—with the use of identity terminology, culture theory and references to culture studies seem superfluous. For example, Michael Pratt and Peter Foreman (2000) address multiple organizational identities defined as "when different conceptions exist regarding what is central, distinct and enduring about the organization" (p. 20). But apart from mentioning that this may be related to different units or departments within an organization and that "multiple organizational identities may be managed by linking them together through the creation of mediating myths or beliefs" (Pratt & Foreman, 2000, p. 33), the authors view these multiple identities as freely floating different views to be managed without more than marginal consideration of how groups develop meanings and understandings and with no reference to the culture concept or the culture literature. Perhaps a differentiation perspective, as elaborated by organizational culture authors, would be highly relevant here.

Critics remark that contemporary organizations and individuals may be more fragmented and malleable than this would suggest, particularly in a dynamic world (Alvesson, 2003; Brown, 2006; Gioia, Schulz, & Corley, 2000). For organizational identity to make sense, organizational members must broadly agree that the organization has certain distinctive features, that it differs from others in certain respects over time, and that its distinctive features characterize the organization in different situations and across various themes, such as decisions, actions, and policies.

The expression organizational identity is often used to convey the idea that organizational members normally construct a common perception of their organization as having certain key characteristics, as being distinctive from other organizations in some respects, and as showing a degree of continuity over a period of time and in varying circumstances.

Alvesson and Laura Empson (2008) emphasize the need to investigate organizational identity rather than take its significance for granted. They argue that not all organizations are constructed as highly distinct, positive, and significant by all employees. Not all organizations are seen as particularly original or easy to portray in terms of a few key characteristics, and some are not likely to attract much positive sentiment from their employees. Clearly, there is strong variation between groups of people in these respects and this variation is important to consider (Alvesson, 2003; Humphries & Brown, 2002; Pratt, 2000). Arguably, not many people define themselves primarily through identification with their organization. On the other hand, few people are totally decoupled from workplace group membership and there is frequently some positive affiliation with the organization—the perceived characteristics of at least some (valued) organizations inform the efforts of their employees in determining who they are (Ashforth & Mael, 1989; Dutton et al., 1994).

Comparing and Distinguishing Between Organizational Culture and Identity Approaches

The overlap of organizational identity and organizational culture creates problems for researchers trying to distinguish between the two, partly related to the ambiguity of the terms, partly to the variety of definitions and uses of both terms. As we have seen in most recent publications, authors seem to solve the problem through simply omitting or disregarding the less fashionable terminology, that is by favoring identity. A few try to deal with both. Hatch and Schultz (2002) see culture as being relatively more easily placed in the conceptual domains of the contextual, tacit, and emergent than identity, which, when compared with culture, appears to be more textual, explicit, and instrumental. Identity is thus more experience-near and superficial. It may change more easily and also have a weaker general (but perhaps more distinct and direct) impact on how people structure and understand the world. In addition, although identity refers to ideas on how people in an organization define what is distinct and unique about the organization, culture covers broader terrain, including meanings and beliefs about a wider set of issues of more indirect relevance for self-definition. For example, culture may be used to understand meanings around sex, age, technology, customers, products, authority, knowledge, and leadership without (all of) these meanings being directly mobilized in identity-defining situations. Culture is about dealing with the question how does the organizationally relevant world look, including but not exclusively, focusing on identity issues around who we are, what is distinct for us, and what do we identify with. Of course sometimes an idea of corporate culture is a primary theme for defining the distinctiveness, coherence, and continuity of an organization, and in this sense, a shared view of culture is a key theme in organizational identity and identification, but still it is important to separate culture and identity on an analytical level.

Four case studies of consultancy firms reported by Alvesson and Empson (2008) partly illustrate the role of corporate culture in identify-defining efforts. The studies indicate some variation in the key notions that people use in these kinds of organizations to construct an idea of what characterizes them. Some emphasize how the organization is managed or controlled (e.g., through a unique corporate culture), and here an idea of corporate culture is key to identity. In other cases, the culture dimension is less clear-cut, as some organizations emphasize what they know (e.g., intellectual qualities and education of personnel), and others what they do (e.g., processes, methods). For some, it is the link between organization and employees that is critical, whereas others emphasize how they share certain distinct orientations, how they believe others broadly see themselves, or how they differ from competitors. The cultural dimensions of how organizational uniqueness is being constructed are important here, but in an identity context culture may not necessarily be focused, and hence many possible key themes for understanding organizations culturally may not be invoked in the (focused) identity construction enterprise.

Thus, there may be other key themes in identity (a successful product, corporate reputation, market position) than corporate culture. Further, the definition of corporate culture (including beliefs about its unique and unitary character) may differ heavily from a researcher view of culture, taking taken-for-granted assumptions and less easily experienced or focused aspects of culture into account. This is a key point of an influential definition of culture (Schein, 1985), but his examples to some extent contradict this (see Alvesson, 2002, for a critique). The

importance of moving beneath or beyond the "view of the natives" on culture is illustrated in Alvesson and Stefan Sveningsson (2008), who, in a case study, showed how managers tried to change what they saw as culture at the same time as cultural depth structures operated behind their back and informed thinking and (in)action in taken-for-granted ways. Identity avoids this issue of depth through emphasizing what people experience and more explicitly reason around who we are (as an organization).

Various links between organizational culture and identity are possible. One can talk about multiple framings here. Martin Parker (2000) suggests that "organizational cultures could be seen as 'fragmented unities' in which members identify themselves as collective at some times and divided at others" (p. 1). Various cultural themes then produce or trigger different collective orientations at the same time as various social identities frame and govern responses to various cultural themes.

CONCLUSION

This chapter contains a partial review of work within the three areas of organizational culture, discourse, and identity and of some elements of a comparison between a cultural and a discursive approach as well as a cultural and identity approach.

As previously mentioned, sometimes one gets the impression that what may appear to be novel theoretical themes or developments may just be a matter of shifting labels. The terms organizational culture and, respectively, organizational discourse and organizational identity sometimes seem to be used at random, implying that labels and key vocabulary reflect fashion and the supply of conference and publication possibilities as much as the specific intellectual interest of the authors. For generous-minded souls, this may not be seen as a problem.

It can be argued that meaning cannot be fixed or that how words are used cannot be policed. Given that it is so difficult to come up with something new and the academic tropes need to be kept occupied (and the impression of rejuvenation upheld), some seemingly new labels are needed to reduce a feeling of boredom and saturation, to make it possible for journals to have special issues on new topics and so forth. But there are intellectual reasons for considering the distinctions between these terms and the various analytical possibilities arising from a range of approaches. Discourse and identity studies also mean development of new ideas, and as such it may be productive to identify and focus on differences and alternative interpretive options of a cultural, a discursive, and an identity approach in organization studies. It is then important to counter tendencies to conflate the use of culture, discourse analysis, and identity as distinct alternatives and define and apply the latter two so that they offer something new—an alternative to, for example, the more language- and communication-sensitive parts of organizational culture research. To maintain an interpretive repertoire and thus a range of distinct theoretical options seems important. This chapter tries to contribute here, but it is clear that this kind of project is at the expense of indicating variety among the many views represented within the entire messy field(s) of people using culture, climate, institution, ideology, identity, discourse, or whatever key concept for understanding organization and work (for efforts to show different alternatives within organizational culture, see e.g., Alvesson & Berg, 1992; Smircich 1983a; for discourse, see Alvesson & Kärreman, 2000b; Putnam & Fairhurst, 2001; and for identity, see Alvesson, in press).

Organizational culture may, as organizational discourse analysis and to a slightly minor extent the identity approach, mean many things and is, therefore, very

hard to delimit and specify. A lot of writings labeled organizational culture share with discourse analysis a strong interest in language use in organizational settings, but many texts sidestep any theme related to language (reduce this to a mirror) and focus on something else—behavior, minds, emotions, values, attitudes, and cognitions. Other authors seem vague about how they conceive language; more general notions of meanings, expressions, or communications are used. A cultural approach to organizations would be language sensitive, but not necessarily language focused. A cultural approach focuses more broadly on shared, moderately stable forms of meaning that are only partially verbalized. Culture concerns systems of meanings and symbolism involving taken-for-granted elements in need of deciphering. Myths, basic assumptions about human nature, the environment, and so forth are seldom directly espoused. They are partly nonconscious and occasionally language-distant—that is, not necessarily directly expressed, but require reading between and behind the lines. A discursive understanding looks more specifically on language in use and views meaning as discursively constituted and typically as unstable. This understanding would call not so much for deeper analysis,

but for the identification and tracking of discourses and their effects.

In many ways identity also offers an overlapping approach to at least some versions of culture (in particular those emphasizing a unitary and unique corporate culture characterized by a few core values and beliefs), the focus on "who we are" and "what is distinctive for us" being a much more narrow and specific theme, with the more explicit, instrumental and experience-near also making a difference to culture (given a more sophisticated, anthropologically informed view on culture, as advocated in this chapter).

Both discourse and, although to a lesser extent, identity emphasize the textual, while culture studies stand for an interest in deeper meanings and symbolism. As outlined above, there are great variations between different views on culture, discourse, and identity, but language use would mainly be seen as an indicator or a part of a broader and deeper cultural domain, whereas, for a discourse theorist, language use produces (more than expresses) a version of the organizational reality. Identity theory tends to be somewhere in between, but as this chapter has shown, explicit categories and categorizations matter to a high degree.

NOTES

1. In imperialistic or perhaps nonreductionistic spirit, some discourse researchers use the term discourse so broadly so that it covers all symbolic media, which in principle, excludes hardly anything (Alvesson & Kärreman, 2010).

2. A Foucauldian version of discourse is quite different from most language-focused uses of the term discourse (Foucault, 1980), as the former goes beyond specific use of language and also includes institutions and practices, and emphasizes large-scale, historically developed lines of reasoning and producing objects for knowledge. Due to limited space, it is not possible here to address also a Foucauldian approach to discourse or, as referred to in Alvesson and Kärreman (2000a), mega-discourse (see e.g., Deetz, 1992; Knights & Morgan, 1991 for applications in organization studies).

REFERENCES

Albert, S., Ashforth, B., & Dutton, J. (2000). Organizational identity and identification. *Academy of Management Review, 25*(1), 13–17.

Albert, S., & Whetten, D. (1985). Organizational identity. In L. L. Cummings & B. M. Staw (Eds.), *Research in organizational behaviour* (Vol. 7, pp. 263–295). Greenwich, CT: JAI Press.

Alvesson, M. (2002). *Understanding organizational culture.* London: Sage.

Alvesson, M. (1993). Cultural perspectives on organizations. Cambridge, UK: Cambridge University Press.

Alvesson, M. (2003). Interpretive unpacking: Moderately destabilizing identities and images in organization studies. In E. Locke (Ed.), *Research in the sociology of organizations* (pp. 3–27). Amsterdam: Elsevier.

Alvesson, M. (2004). Organizational culture and discourse. In D. Grant et al. (Eds.), *Handbook of organizational discourse.* London: Sage.

Alvesson, M. (in press). Self-doubters, strugglers, story-tellers, surfers and others. Images of self-identity in organization studies. *Human Relations, 63*(2).

Alvesson, M., & Berg, P. O. (1992). *Corporate culture and organizational symbolism.* New York: De Gruyter.

Alvesson, M., & Empson, L. (2008). The construction of organizational identity: Comparative case studies of consulting firms. *Scandinavian Journal of Management, 24*, 1–16.

Alvesson, M., & Kärreman, D. (2000a). Taking the linguistic turn in organizational research: Challenges, responses, consequences. *Journal of Applied Behavioural Science, 36*(2), 134–156.

Alvesson M., & Kärreman, D. (2000b). Varieties of discourse: On the study of organizations through discourse analysis. *Human Relations, 53*(9), 1125–1149.

Alvesson, M., & Kärreman, D. (in press). Unpacking and decolonializing discourse: Critical reflections. *Human Relations, 63.*

Alvesson, M. & Sveningsson, S. (2008). *Changing organizational culture.* London: Routledge.

Ashcraft, K. L., & Alvesson, M. (2009). *The moving targets of dis/identification: Wrestling with the reality of social construction.* University of Colorado, Boulder.

Ashforth, B., & Mael, F. (1989). Social identity theory and the organization. *Academy of Management Review, 14*, 20–39.

Batteau, A. (2001). Negations and ambiguities in the cultures of organizations. *American Anthropologist, 102*(4), 726–740.

Borowsky, R. (Ed.). (1994). *Assessing cultural anthropology.* New York: McGraw-Hill.

Brown, A. (2006). A narrative approach to collective identities. *Journal of Management Studies, 43*(4), 731–754.

Brunsson, N. (2003). Organized hypocrasy. In B. Czarniawska & G. Sevon (Eds.), *Northern lights.* Malmö, Sweden: Liber.

Chia, R. (2000). Discourse analysis as organizational analysis. *Organization, 7*(3), 513–518.

Cohen, A. (1974) *Two-dimensional man: An essay in the anthropology of power and symbolism in complex society.* London: Routledge & Kegan Paul.

Deetz, S. (1992). *Democracy in an age of corporate colonization.* Albany: State University of New York Press.

Den Hertog, D., & Dickson, M. (2004). Leadership and culture. In J. Antonakis et al. (Eds.), *The nature of leadership.* Thousand Oaks, CA: Sage.

Dutton, J., Dukerich, J., & Harquail, C. (1994). Organizational images and member identification. *Administrative Science Quarterly, 39*, 239–263.

Eisenberg, E. M., & Riley, P. (2001). Organizational culture. In F. Jablin & L. Putnam (Eds.), *The new handbook of organizational communication* (pp. 291–322). Thousand Oaks, CA: Sage.

Foucault, M. (1980). *Power/knowledge.* New York: Pantheon.

Geertz, C. (1973). *The interpretation of culture.* New York: Basic Books.

Gioia, D., Schulz, M., & Corley, K. (2000). Organizational identity, image, and adaptive instability. *Academy of Management Review, 25*(1), 63–81.

Gioia, D. A., & Thomas, J. B. (1996). Identity, image, and issue interpretation: Sensemaking during strategic change in academia. *Administrative Science Quarterly, 41*(3), 370–394.

Grant, D., Hardy, C, Oswick, C., & Putnam, L. (Eds.). (2004). *Handbook of organizational discourse.* London: Sage.

Grant, D., Keenoy, T., & Oswick, C. (1998). Defining organizational discourse: Of diversity, dichotomy and multi-disciplinarity. In D. Grant, T. Keenoy, & C. Oswick (Eds.), *Discourse and organization* (pp. 1–13). London: Sage.

Grant, D., Keenoy, T., & Oswick, C. (2001). Organizational discourse: Key contributions and challenges. *International Studies of Management and Organization, 31*(3), 6–24.

Gregory, K. L. (1983). Native-view paradigms: Multiple cultures and culture conflicts in organizations. *Administrative Science Quarterly, 28*, 359–376.

Haslam, A. (2004). *Psychology of organizations* (2nd ed.). London: Sage.

Hatch, M. J., & Schulz, M. (2002). The dynamics of organizational identity. *Human Relations, 55*, 989–1018.

Hogg, M., & Terry, D. (2000). Social identity and self-categorization processes in organizational contexts. *Academy of Management Review, 25*(1), 121–140.

Humphries, M., & Brown, A. (2002). Narratives of organizational identity and identification: A case study of hegemony and resistance. *Organization Studies, 23*(3), 421–447.

Knights, D., & Morgan, G. (1991). Corporate strategy, organizations, and subjectivity: A critique. *Organization Studies, 12*, 251–273.

Kunda, G. (1992). *Engineering culture: Control and commitment in a high-tech corporation.* Philadelphia: Temple University Press.

Marcuse, H. (1964). *One-dimensional man.* Boston: Beacon Press.

Martin, J. (1992). *The culture of organizations: Three perspectives.* New York: Oxford University Press.

Martin, J. (2002). *Organizational culture.* Thousand Oaks, CA: Sage.

Martin, J., & Frost, P. J. (1996). The organizational culture wars: A struggle for intellectual dominance. In S. Clegg, C. Hardy, & W. Nord (Eds.), *Handbook of organization studies* (pp. 599–621). London: Sage.

Martin, J., Frost, P. J., & O'Neill, O. A. (2006). Organizational culture: Beyond struggles for intellectual domination. In S. Clegg, C. Hardy, T. Lawrence, & W. Nord (Eds.), *Sage handbook of organization studies* (2nd ed., pp. 725–753). London: Sage.

Martin, J., & Meyerson, D. (1988). Organizational cultures and the denial, channeling and acknowledgement of ambiguity. In L. R. Pondy (Eds.), *Managing ambiguity and change* (pp. 93–125). New York: Wiley.

Ogbonna, E., & Wilkinson, B. (2003). The false promise of organizational culture change. *Journal of Management Studies, 40*, 1151–1178.

Ortner, S. (1973). On key symbols. *American Anthropologist, 75*, 1338–1346.

Ortner, S. (1984). Theory in anthropology since the sixties. *Comparative Studies in Society and History, 26*, 126–166.

Oswick, C., Keenoy, T., & Grant, D. (2000). Discourse, organizations and organizing: Concepts, objects and subjects. *Human Relations, 53*(9): 1115–1123.

Palmer, I., & Hardy, C. (2000). *Thinking about management*. London: Sage.

Parker, M. (2000). *Organizational culture and identity*. London: Sage.

Phillips, N., & Hardy, C. (2002). *Discourse analysis*. Thousand Oaks, CA: Sage.

Pratt, M. (2000). The good, the bad, and the ambivalent: Managing identification among Amway distributors. *Administrative Science Quarterly, 45*, 456–493.

Pratt, M., & Foreman, P. (2000) Classifying managerial responses to multiple organizational identities. *Academy of Management Review, 25*(1), 18–42.

Putnam, L., & Fairhurst, G. (2001). Discourse analysis in organizations: Issues and concerns. In F. Jablin & L. Putnam (Eds.), *The new handbook of organizational communication* (pp. 78–136). Thousand Oaks, CA: Sage.

Rodrigues, S. (2006). The political dynamics of organizational culture in an institutionalized environment. *Organization Studies, 27*, 537–557.

Schein, E. H. (1985). *Organizational culture and leadership*. San Francisco: Jossey-Bass.

Smircich, L. (1983a). Concepts of culture and organizational analysis. *Administrative Science Quarterly, 28*, 339–358.

Smircich, L. (1983b). Organizations as shared meanings. In L. R. Pondy et al. (Eds.), *Organizational symbolism*. Greenwich, CT: JAI Press.

Taylor, B. C., Irvin, L., & Wieland, S. (2006). Checking the map: Critiquing Joanne Martin's metatheory of organizational culture and its uses in communication research. *Communication Theory, 16*, 304–322.

Trice, H. M., & Beyer, J. M. (1993). *The culture of work organizations*. Englewood Cliffs, NJ: Prentice Hall.

Van Maanen, J. (1991). The smile factory. In P. J. Frost, L. Moore, M. Louis, C. Lundberg, & J. Martin (Eds.), *Reframing organizational culture* (pp. 58–76). Newbury Park, CA: Sage.

Van Maanen, J., & Barley, S. R. (1985). Cultural organization: Fragments of a theory. In P. J. Frost, L. Moore, M. Louis, C. Lundberg, & J. Martin (Eds.), *Organizational culture* (pp. 31–54). Beverly Hills, CA: Sage.

Watson, T. J. (1994). *In search of management*. London: Routledge.

Willmott, H. (1993). Strength is ignorance; slavery is freedom: Managing culture in modern organizations. *Journal of Management Studies, 30*(4), 515–552.

Yanow, D. (2000). Seeing organizational learning: A "cultural" view. *Organization, 7*, 247–268.

Ybema, S. (1996). A duck-billed platypus in the theory and analysis of organizations: Combinations of consensus and dissensus. In W. Koot, I. Sabelis, & S. Ybema (Eds.), *Contradictions in context: Puzzling over paradoxes in contemporary organizations* (pp. 39–61). Amsterdam: VU University Press.

Ybema, S., Keenoy, T., Oswick, C., Beverungen, A., Ellis, N., & Sabelis, I. (2009). Articulating identities. *Human Relations, 62*, 299–322.

Organizational Climate Research

Achievements and the Road Ahead

BENJAMIN SCHNEIDER, MARK G. EHRHART, AND WILLIAM H. MACEY

ORGANIZATIONAL CLIMATE RESEARCH: ACHIEVEMENTS AND THE WORK YET TO BE DONE

The purpose of this chapter is to provide an introduction to the topic of organizational climate, setting the stage for more specific discussions of climate and culture in the remainder of the *Handbook*. This introduction covers two general topics: (1) major achievements in research on organizational climate, and (2) remaining work yet to be done in climate theory and research. Throughout, applications of the climate construct to the world of practice are indicated and the paper concludes on that note. The chapter summarizes and extends previous work by Benjamin Schneider, Mark G. Ehrhart, and William H. Macey (2011) in which they provide a narrative review of the history of organizational climate and organizational culture theory and research (for additional reviews see Kuenzi & Schminke, 2009; Ostroff, Kinicki, & Tamkins, 2003).

MAJOR ACHIEVEMENTS IN CLIMATE THEORY AND RESEARCH

Research on organizational climate began in earnest in the late 1960s, and thus, over 40 years of research have now accumulated on the topic. Much progress has been made in that time. Highlighted in this section are what is considered to be five of the most significant achievements: (1) the development of strategic and process foci for research, (2) the distinction of climate from job satisfaction, (3) the resolution of levels of analysis issues, (4) the study of climate agreement within work units, and (5) the increased conceptual complexity in studying climate as a potential mediator and moderator variable.

Development of Strategic and Process Foci for the Study of Organizational Climate

Kurt Lewin, Ronald Lippitt, and Ralph White (1939) were the first to use the term

climate in psychological research, and they referred to a specific kind of climate, *social climate*. By social climate, they meant the nature of the relationship created between leaders and followers as a function of a leader's behavior. In the study, they manipulated the leadership style of boys' camp counselors (democratic, authoritarian, laissez-faire) as the boys worked on a task and observed differences in the boys' subsequent behavior. They attributed those differences to the social climate created by the leaders; climate was the inferred, unmeasured, mediating mechanism. Early research of a similar sort was conducted by Chris Argyris (1957), who inferred a climate existed for hiring only "right types," and by Douglas McGregor (1960), who presented the thought that the fairness with which managers treated subordinates yielded a "managerial climate." In both cases, the climate was, as in Lewin and colleagues, inferred and unmeasured.

As is their wont, psychologists who became interested in the climate construct proceeded to develop what they thought were measures of it. Somewhat paradoxically, these focused on the leadership and job attributes that were the hypothetical causes of climate rather than the measurement of climate itself. This approach to measurement of climate has for the most part continued to this day with inferences being made about climate based on the facets measured. Thus, early measures had leadership behaviors as one of the facets measured, job attributes as another one, social-interpersonal relationships as a third, and characteristics of the reward system as a fourth, but the nature of the climate being assessed was left unspecified (for early reviews see Campbell, Dunnette, Lawler, & Weick, 1970; Forehand & Gilmer, 1964; Hellriegel & Slocum, 1974; James & Jones, 1974). What was left unspecified and unmeasured was whether the climate created was a social climate, a fairness climate, a right type

climate, or some other alternative. Schneider et al. (2011) have indicated that the result was the measurement of what might broadly be conceptualized as a climate for well-being, one focused on the practices and procedures employees experience at work that tend to be associated with feeling good and worthwhile in the work place. In what follows, this will be referred to as the molar approach to the measurement of climate, one focused generically on facets or dimensions of organizational practices associated with positive employee experiences at work.

Given this molar conceptual and measurement approach to climate, validity studies using such measures produced highly variable results at best. Thus, regardless of whether the construct was assessed at the individual or unit-organizational level of analysis (more on this issue later), validity studies were swimming in ambiguous waters because there was no clear conceptual connection made between the climate being assessed and the outcomes of interest. For example, no one measure of climate could be expected to relate validly to turnover, productivity, and effort; yet that is what was attempted.

Schneider (1975) did a review of the then-existing climate literature and reached the conclusion that if climate was to demonstrate validity against outcomes, then the climate measured needed to focus on the outcome or outcomes of interest. He proposed that climate adopt a "climate for something" position, focusing the assessment of the facets or dimensions of climate on the outcome or outcomes of interest, such as climate for turnover, climate for productivity, or climate for effort. Early applications of this thinking indeed produced validity against, for example, customer satisfaction via a climate for service (Schneider, Parkington, & Buxton, 1980) and against ratings of factory safety behaviors via a climate for safety (Zohar, 1980). Moreover, research on these

and other strategic outcomes has continued to prove effective (Schneider, Macey, Lee, & Young, 2009).

Readers might have some questions about how these newer, strategically focused climate measures differed from the molar climate measures. As an example, here is what would be a typical molar climate item followed by the strategically focused version of the item: "My supervisor says a good word whenever he sees a job well done" versus "My supervisor says a good word whenever he sees a job done according to the safety rules" (Zohar, 2000, p. 591). With regard to service climate, one could consider the following example: "How would you rate the recognition and rewards employees receive for their work here?" versus "How would you rate the recognition and rewards employees receive here for the delivery of superior work and service?" (Schneider, White, & Paul, 1998, p. 154). In addition, a more recent focus of climate research has been on organizational processes. Thus, again moving away from the molar model of climate, empirical validity has been demonstrated for the assessment of process constructs as well as outcome constructs. For example, there has been recent research on justice climate (e.g., Li & Cropanzano, 2009; Naumann & Bennett, 2000), ethical climate (e.g., Martin & Cullen, 2006), and industrial relations climate (e.g., Dastmalchian, 2008) in which the facets or dimensions of interest in the measurement of climate are targeted to the organizational process of interest.

In summary, a major conceptual and empirical advance in climate research was the change from an unspecified molar climate to a more focused strategic or process climate. This change yielded more focused conceptual thinking about the climate of interest (e.g., Schneider et al., 1998; Zohar, 2000) and resulted in the items used for assessment having an explicit focus on the strategic outcome (safety, service) or process (ethics, justice) of interest. The development of this more focused approach also resulted in the climate construct being more available to practitioners because it literally focused on important organizational processes and outcomes and indicated specific actions that might be taken in organizations to enhance performance in those areas. In contrast to the more molar everything-but–the-kitchen-sink approach of the early work, this focused approach yielded more targeted efforts at change.

Resolution of the Job Satisfaction—Organizational Climate Confusion

At the same time that researchers were wrestling with the focus of organizational climate, an allied conceptual issue concerned the link between the older job satisfaction construct and the newer organizational climate construct. Indeed, Robert M. Guion (1973) argued (a) that climate is old satisfaction wine in a new bottle and (b) that unless there was 100% agreement in climate perceptions in a unit-organization, then there was no climate there. In this section we deal with the former issue and in the next section with agreement and levels of analysis issues.

The climate-is-satisfaction argument made by Guion is similar to the one recently made by David A. Harrison, Daniel A. Newman, and Philip L. Roth (2006). Harrison and co-authors claim to demonstrate that various measures of individual attitudinal constructs such as job satisfaction, employee engagement, and organizational commitment are so strongly correlated that they are actually measuring the same construct. But that is like saying that because height and weight are strongly correlated (they are correlated .70) they measure the same thing and, therefore, that the resultant measures of each have the same implications. But one would not wish to

purchase clothes based just on height or just on weight. Similarly, one would not wish to attempt to improve service climate by attending to the same organizational practices that would improve job satisfaction.

In any case, William R. LaFollette and Henry P. Sims (1975) and Schneider and Robert A. Snyder (1975) showed early on that satisfaction was not the same as climate by demonstrating that classical dimensions of job satisfaction were at best moderately related to what were becoming classical dimensions of organizational climate. This was apparently (at least partially) a function of the fact that climate items were relatively pure in their descriptions of external characteristics (like those presented earlier), while job satisfaction items were more evaluative and personal in their focus and/or confounded the descriptive with the evaluative. For example, the classic job satisfaction measure of Patricia Cain Smith, Lorne M. Kendall, and Charles L. Hulin (1969) asks respondents to describe their leaders by asking if they are "impolite," "tactful," and "annoying,"—clearly evaluative items. It should be noted that this measure is paradoxically called the Job Descriptive Index or JDI.

Climate items are appropriately more descriptive of the context and not of feelings about the context, the internal evaluation of those experiences, or the ways in which the context treats an individual. Thus, the JDI scale for assessing satisfaction with supervision contains the following descriptive items as well as the earlier presented affective items: "asks my advice," "tells me where I stand," and "leaves me on my own." In this frame of reference, these are neither satisfaction items (they are not affective) nor climate items (they describe the context only insofar as it relates to the respondent, i.e., "me," "my"). When these descriptive items are presented in the same survey with the same directions

as those for affective items and studied at the individual level of analysis, there will be, of course, high correlations among them. Separating out the descriptive from the evaluative is difficult, but to conclude that they are assessing the same thing would be erroneous.

It follows that one way to distinguish satisfaction from climate is to write climate items that are less personal and affective in tone and more descriptive of the setting. Most job satisfaction questionnaires combine both kinds of items and are framed for respondents as asking for their opinions. If one defines climate as the policies, practices and procedures, and the behaviors that get rewarded, supported, and expected in a setting (Ostroff et al., 2003; Schneider & Reichers, 1983; Schneider et al., 1998), then climate surveys must provide a response set that asks respondents not for their opinions but for their objective reports on what happens in the setting (Schneider & White, 2004).

In summary, we must be clear that this chapter is conceptually and empirically distinguishing job satisfaction and research on it from organizational climate and research on it, with both being seen as important avenues for organizational research. The point is not that one is better than the other, but that they serve different purposes for both understanding and practice. One example of the differing purposes between the two that has not been discussed is that those researchers interested in job satisfaction are usually interested in the individual and their experiences in the organization, whereas organizational climate researchers are more focused on the totality of the policies, practices, and procedures and the behaviors that get rewarded, supported, and expected throughout the organization or organizational subunit. A series of papers and monographs in the mid-1970s through mid-1980s framed the issue of levels of analysis well

and provided some meaningful approaches to resolving what has come to be called the level of analysis problem, the aggregation problem, or as this chapter refers to it—the aggravation problem. The progress made in that area is the next achievement highlighted.

Resolution of Levels of Analysis Issues, Both Conceptually and Statistically

The shift toward strategic and process foci for research on climate and the distinction of climate from job satisfaction brought to a head the issue of levels of analysis in climate research. In brief, the issue is whether climate is an individual experience construct and/or one that assesses unit-organizational attributes. Although the earliest thinking about climate was at the unit (Lewin et al., 1939; McGregor, 1960) or organizational level of analysis (Argyris, 1957), early quantitative assessment attempts by psychologists trained in the design of measures of individual differences resulted in organizational climate research using individual respondents as the unit of analysis when the theory being used was often at the unit or organizational level of analysis (Jones & James, 1979). In other words, there was confusion between the level of the theory and the level of data and its analysis.

The "problem" was that researchers were not clear about whether they were conceptualizing organizational climate as an individual differences variable representing individual experiences or as an attribute of the setting being described via the perceptions of those in the setting. In his review of the literature, William H. Glick (1985) put the issue this way: "The conceptual morass that grew out of attempts to understand organizational climate was criticized by Guion (1973) who emphasized the unit of theory problem in organizational climate research. Was organizational climate to

be conceptualized as an individual or an organizational attribute?" (p. 601). For Glick, the unit of theory for organizational climate research was the organization (or subunit), not the individual. Glick succinctly argued that unless (a) climate survey items assessed organizational functioning, (b) the data were aggregated to the organizational level of analysis, and (c) the climate measurement was focused on important organizational outcomes, then climate research was no different than other individual-level attitudinal research. Glick's (1985) argument is correct. In addition, when such climate data are aggregated and those data are shared across respondents (more on this later) in a unit or organization, the shared data constitute an attribute of the setting as tangible and real for respondents as any other attribute like size, technology, and/or structure.

The proposal that climate can be assessed in ways that make it an attribute of a setting and not an attribute of those doing the perceiving is different from the conceptual and empirical support for such a proposal. Karlene H. Roberts, Hulin, and Denise M. Rousseau (1978) were perhaps the first to grapple effectively with the levels of analysis issues in industrial-organizational psychology (IOP) and related fields. With several examples, they showed that traditional topics of interest in IOP would benefit from being studied at more than the individual level of analysis. For example, they suggested that the numerous studies of employee turnover in organizations might be usefully conceptualized and carried out as studies of turnover rates in units and/or organizations and that evaluations of training programs in organizations might not only study those trained versus those not trained, but also the impact of training on unit and/or organizational effectiveness. As another example, they cite the research conducted by Smith (1977) who showed that attendance in work units during a

Chicago blizzard was predictable based on aggregated unit job satisfaction data, the suggestion of course being that employee attitudes in the aggregate might be useful data for understanding differences in unit absenteeism rates. To readers of this chapter, it may be hard to believe that such proposals might be considered "radical," but indeed they were.

Building on the Roberts et al. (1978) monograph, Rousseau (1985) further delineated levels issues in research including discussion of alternative ways of conceptualizing and assessing levels differences, both within and between levels. In fact, the mid-1980s might be called the "age of levels" with a series of papers appearing that later become critical to progress on both conceptualizing levels issues, including cross-levels issues, and providing the quantitative foundation for aggregating individuals' observations into aggregate unit and organizational data. In addition to Rousseau's (1985) influential paper, Schneider (1985) did an *Annual Review of Psychology* chapter on organizational behavior that revolved around levels issues, especially levels issues in climate and culture. Of great importance at this same time was the breakthrough book by Fred Dansereau, Joseph A. Alutto, and Francis J. Yammarino (1984) in which they outlined, gave examples of, and presented algorithms for evaluating the degree to which a set of data from persons in a unit might be thought to represent that unit. The Dansereau and colleagues procedure (sometimes referred to as WABA—within and between analysis), yielded statistics indicating (a) within-group agreement, and (b) in many ways the equivalent of an analysis of variance (ANOVA) across groups, indicating variability across groups as well (see Yammarino & Dansereau, Chapter 4, for details). In a similar vein, Lawrence R. James, Robert G. Demaree, and Gerrit Wolf (1984) presented a formula for calculating within-group agreement (r_{WG}), an index that concerned each group separately and contrasted the absolute levels of agreement in the group to a null hypothesis of no agreement. By the early 1990s, there was sufficient meaningful work on data aggregation to permit Katherine J. Klein, Fred Dansereau, and Rosalie J. Hall (1994) to present their clear exposition of the different conceptual models underlying such aggregation, providing a firm foundation for both the conceptual and empirical group and organizational level climate research to follow (see Bliese, 2000; Chan, 1998; LeBreton & Senter, 2008).

With these demonstrations of the fact that climate is both conceptually and practically a unit and/or organizational attribute, climate became a useful lens through which to view human interventions in the work place that would produce unit and organizational effects, not just individual effects. Thus, despite the early empirical research on climate being focused on individuals, organizational management is now concerned with unit and organizational performance—and climate has entered that world, especially through the work on organizational change (Burke, 2008).

Within-Group Agreement Itself as a Topic of Theory and Research

In the past decade, there has been recognition that the level of agreement about climate in a unit or organization is an interesting variable in its own right. This has contributed to the development of research on what has come to be called "climate strength." This line of research is based on thinking in psychology about situational strength (Mischel, 1976), organizational culture research on culture strength (Martin, 2002), and observations by Chan (1998) that the dispersion of data within a unit may be important in and of itself. The logic is that the less agreement there is within a unit, the less strength that

unit's climate will have for understanding the behavior of unit members. There is now evidence that when climate strength is weak, the relationship between the climate of interest (e.g., service—Schneider, Salvaggio, & Subirats, 2002, or safety—Zohar & Luria, 2005) and the associated outcomes (e.g., customer satisfaction, accident rates) is also weak; thus, strength appears to have moderating effects on the relationships of interest. This clearly implies that the consistency of the message sent to employees in organizations via practices, policies and procedures, and the behaviors that get rewarded, supported, and expected is important. That is, if employees are receiving inconsistent messages about the importance, for example, of a strategic outcome such as safe behavior, then their behavior will also likely be inconsistent and as a result, safety will suffer.

Although the primary approach to studying climate strength has been to investigate its role as a moderator of the relationship between climate and outcomes, the literature has expanded to include the study of climate strength as a predictor or outcome variable. For instance, Colquitt, Noe, and Jackson (2002) not only examined procedural justice climate strength as a moderator of the relationship between procedural justice climate and team outcomes (performance, absenteeism), they also studied several predictors of climate strength itself. They found that team size and team diversity (in particular, age diversity) were negatively related to procedural justice climate strength (i.e., bigger and more diverse teams had weaker climates). In another example of research in this area, Zohar and Luria (2005) examined climate strength at two levels of analysis: the group and the organization. They found that organizational climate strength was positively related to group climate strength and that this relationship was stronger when organizational routinization-formalization was high. They also showed that organizational

routinization-formalization was a significant negative predictor of the variability in group climates across an organization (a form of organizational climate strength). Although the research literature on climate strength is still developing, studies like these have contributed to important progress in the area, and future developments on this topic are likely to occur. Obvious practical implications of research on climate strength are also intriguing, and more of this topic will be discussed later in this chapter.

Increased Complexity in Mediated and Moderated Effects Involving Climate

The major goal of early climate research was to demonstrate the relationship between climate and organizational outcomes. Having established this, a recent achievement of the field has been to incorporate more complex mediated and moderated effects involving climate in both theory and research, like the example of climate strength just presented. This increased complexity in thinking is in-line with the augmentation stage of concept development as outlined by Arnon E. Reichers and Schneider (1990)—when the main effects have been explored it is time for exploration of aligned effects. Three key developments are highlighted in this section: climate as a mediator, mediators of climate-outcome relationships, and moderators of climate-outcome relationships.

One direction researchers have taken in moving beyond the climate-outcome relationship is to show how the effects of other variables on outcomes are mediated by climate. One of the earliest examples of climate research along these lines was Schneider and colleagues (1998). In addition to demonstrating that service climate predicted customer perceptions of service quality, they studied two foundation issues (work facilitation and internal service), which they conceptualized

as contextual factors that are necessary but not sufficient causes of service climate. In other words, the foundation issues were not expected to directly impact customers' experiences of service quality, but instead were shown to have indirect effects through their relationships with service climate. Other examples of this approach include Marisa Salanova, Sonia Agut, and José M. Peiró's (2005) research revealing that engagement in work units was indirectly related to customer satisfaction through its effects on service climate, and J. Craig Wallace, Eric Popp, and Scott Mondore's (2006) research showing that the effects of organizational support and management–employee relations on work group accident rates were fully mediated by safety climate.

In our view, the most important application of this approach is likely in the area of leadership. That is, despite the earliest research on climate being tied to issues of leadership (e.g., Lewin et al., 1939; Fleishman, 1953; McGregor, 1960), the role of leadership in the development of organizational climate has been relatively understudied (Kozlowski & Doherty, 1989; Zohar & Tenne-Gazit, 2008). There have been attempts by Schneider and his colleagues to address this gap in the research literature (e.g., Ehrhart, 2004; Mayer, Nishii, Schneider, & Goldstein, 2007; Schneider, Ehrhart, Mayer, Saltz, & Niles-Jolly, 2005), as have other climate researchers in recent years (e.g., Dragoni, 2005; Zohar & Tenne-Gazit, 2008). Given the unique role that leaders play in the creation and maintenance of organizational climate, researchers should continue to conceptualize and study this role in more depth, for there is both conceptual meat and practical value in understanding the leader as a major source of the policies, practices, and procedures and the behaviors that get rewarded, supported, and expected in work settings.

Another direction climate researchers have taken using the mediator lens is to examine variables that may explain the relationship between climate and outcome variables. Research in this vein attempts to better explain the mechanisms by which climate has its effects. Relative to the research described above involving climate as the mediator, there are markedly fewer studies of mediators of the climate-outcome relationship. Of the studies along these lines, the primary approach has been to examine the behavior of employees as the mediator, with the idea being that climate does not affect outcomes unless employees respond to that climate through their behavior. Schneider et al. (2005) applied this thinking to their research on service climate, showing that customer-oriented organizational citizenship behavior fully mediated the relationship between service climate and customer satisfaction in grocery store departments. Andrew Neal and Mark A. Griffin (2006) took a similar approach with safety climate, using a longitudinal design to show a cross-level relationship between group-level safety climate and individual-level safety motivation and safety behavior, and separately, a relationship between aggregated safety behavior and accidents. Although studies such as these have increased understanding of how climate has its effects on outcomes, more research examining a broader variety of mediators of the climate–outcome relationship is needed.

In addition to the mediation approaches, research has moved beyond direct relationships between climate and outcomes to examine moderators of those relationships. The goal of this line of research has been to uncover variables that help researchers understand when climate will be more or less strongly related to outcomes or, in some cases, when it will not be related to outcomes at all! In service climate research, Joerg Dietz, S. Douglas Pugh, and Jack W. Wiley (2004) and David M. Mayer, Mark G. Ehrhart, and Schneider (2009) have shown

that the relationship between service climate and customer satisfaction was stronger when customer contact was higher, such that service climate has a significantly weaker impact when employee face-to-face contact with customers in service delivery is limited. Mayer et al. (2009) also found that intangibility of the product as well as service employee interdependence served as additional moderators, such that stronger relationships between service climate and customer satisfaction were found when intangibility and interdependence were higher. Along similar lines, but in the arena of safety climate, David Hofmann and Barbara Mark (2006) found that complexity of patients' condition in a hospital served as a moderator of the effects of safety climate on outcomes. Specifically, safety climate had a stronger negative effect on both nurse back injuries and medication errors as the complexity of patients' conditions increased. Such studies reveal the maturation of research on organizational climate and a deepening in the understanding of the complexities of how and when climate will have its strongest impact on organizational outcomes.

Summarizing Achievements to Date

Forty years of intensive thinking and research have yielded some knowledge about what organizational climate is, how to assess it, how to index it in units (groups, organizations), and how to know when the climate being assessed is likely to have the consequences hoped for in outcomes. This formal study of organizational climate in anything like its present form (surveys of practices, procedures, and rewarded behaviors) began in earnest in the mid to late 1960s. The satisfaction versus climate issue emerged in the 1970s, the strategic focus for research emerged in the 1980s as did the levels issues, and the 1990s saw firm resolution of these with a quite impressive spread of climate research to not only tangible outcomes of

organizations (customer satisfaction, accidents), but also organizational processes as well (justice, ethics). Progress has continued through the first decade of the 21st century with increasing complexity in the study of climate in a number of directions, including climate strength, and mediators and moderators involving climate as a central construct. Nevertheless, it is not time to be sanguine, for several conceptual and empirical issues still requiring work will be delineated in the second half of the chapter.

THE ROAD AHEAD IN CLIMATE THEORY AND RESEARCH

Despite the progress that has been made in the study of climate, there remain several unresolved issues in the climate literature. Some of these have been around from the earliest days of climate research, such as confusion about the definition of climate, the lack of integration between molar and focused perspectives on climate, and the lack of resolution between the study of organizational climate and psychological climate. Other issues have developed more recently, such as the failure to articulate differences between strategic climates and process climates and the lack of integration of the literatures on organizational climate and organizational culture. Each of these will be discussed in turn.

Confusion About the Definition and Operationalization of Climate

This confusion was hinted at earlier when it was noted that the early work on climate by Lewin et al. (1939), Argyris (1957), and McGregor (1960) suggested that a climate existed when certain practices occurred. So climate for them was not the practices themselves, but what the practices resulted in. Yet earlier climate was

defined as the policies, practices, and procedures and the behaviors that get rewarded, supported, and expected rather than what those yield. The dilemma is that it is difficult to measure climate and easier to measure what yields climate. One resolution to this dilemma is to indicate that climate is the practices and procedures, and the meaning attached to them, as proposed by James and his colleagues (e.g., James, James, & Ashe, 1990). But if that meaning is only inferred and not measured, then has significant progress in the definition and measurement of climate been made? Some progress has been made because the dimensions or facets of practices and procedures that likely yield meaning with regard to specific climates (for service, for justice) have been assessed, but designing items for climate surveys that more directly capture the meaning attributed to

practices and procedures that to now is only inferred would be better.

For example, in Table 3.1 the items used by Zohar (2000) have been reproduced to assess safety climate. The items all refer to what the leader does with regard to safety with the clear inference that these leader behaviors create a climate for safety. But climate for safety is not measured directly. In future research on organizational climate, the climate or climates of interest might be directly assessed. In the case of the Zohar measure, the following items might be added:

- My supervisor has created an atmosphere that promotes behaving safely.
- My supervisor does things that keep the importance of working safely on the top of our heads.
- The sense around here is that working safely is really important.

Table 3.1   Safety Climate Items

• My supervisor says a good word whenever he or she sees a job done according to the safety rules.
• My supervisor seriously considers any worker's suggestions for improving safety.
• My supervisor approaches workers during work to discuss safety issues.
• My supervisor gets annoyed with any worker ignoring safety rules, even minor rules.
• My supervisor watches more often when a worker has violated some safety rule.
• As long as there is no accident, my supervisor doesn't care how the work is done (R).
• Whenever pressure builds up, my supervisor wants us to work faster, rather than by the rules (R).
• My supervisor pays less attention to safety problems than most other supervisors in this company (R).
• My supervisor keeps track of only major safety problems and overlooks routine problems (R).
• As long as work remains on schedule, my supervisor doesn't care how this has been achieved (R).

SOURCE: From Zohar, D. (2000). A group level model of safety climate: Testing the effect of group climate on microaccidents in manufacturing jobs. *Journal of Applied Psychology, 85,* 587–596. © American Psychological Association. Reprinted with permission.

NOTE: The letter *R* after an item indicates that it was reverse-scored so that a low score is positive.

Obviously, these three items might be added to any strategic or process-focused climate survey by simply altering the wording to "get at" the specific climate of interest (e.g., climate for service, fairness climate, and ethical climate). Organizational climate would then be defined as the policies, practices, and procedures and the behaviors that get rewarded, supported, and expected in a work setting and the meaning those imply for the setting's members (Schneider et al., 2011). Climate is then both what employees observe happening to them and around them and the meaning in the form of the climate or climates that what they experience connotes. Climate can exist without specific reference to the leader or supervisor, as pointed out in the last of the proposed items. The more specific the explication of practice or behavior in the items used, the more likely consistency in the meaning survey respondents attach to those practices is achieved. Research can test this proposal. For sure, the more specification of practice or behavior in the items, the more useful they will be in practice as a basis for interventions (because of their very specificity).

Integration of the Molar (Generic) and Molecular (Focused) Climate Paradigms

Earlier, considerable time has been spent summarizing a major achievement or advancement in climate research in the form of focused strategic and process climates such as safety, service, fairness, and ethics. But research on the more generic organizational climate persists with its molar focus on a plethora of dimensions or facets of climate. For example, Michael Patterson et al. (2005) began their research within the competing values framework with 19 hypothesized dimensions of climate—but this was reduced to "only" 17 dimensions as the research unfolded.

The history of the molar climate approach can best be summarized by the term *climate for well-being*. If one explores the various dimensions of climate that have emerged (for reviews see Campbell et al., 1970; Carr, Schmidt, Ford, & DeShon, 2003; James & James, 1989), it becomes clear that what emerges are facets of practices and procedures that occur in organizations that are related to employees having positive experiences at work. Thus, the dimensions that emerge have to do with role stress and lack of harmony, job challenge and autonomy, leadership support and facilitation, and work group cooperation, friendliness and warmth (James & James, 1989))—all factors that can impact the experiences of well-being employees have from working in a setting. Indeed, in their review, Michael J. Burke, Chester C. Borucki, and Amy E. Hurley (1992) concluded that the research on climate with respect to employees might be summarized by the term *concern for employees*. The question then becomes whether such molar research is still relevant.

Molar research is relevant because the concern for employees or the climate for well-being assessed provides a foundation for and is a facilitator of more outcome-focused climates. It has become clear that to the extent that employees sense that the company in which they work has created for them a climate that reveals concern for employees, the more willingly employees will engage in the strategically focused behaviors the company desires from them (Macey, Schneider, Barbera, & Young, 2009). For example, in the Schneider et al. (1998) article discussed previously, the authors presented the idea that in bank branches where work is generically facilitated through training, empowerment, and resources, a climate for service is more likely to be able to be created. That is, they proposed that unless the basics were there—training, resources, and empowerment—the more specific practices

and procedures put in place to promote a service climate would not take. They provided evidence that their path model had validity going from work facilitators to a service climate to customer satisfaction.

It is proposed that molar climates provide a foundation on which more focused climates can be built, not that the molar climates cause the focused climates. Therefore, attention in organizations to basic human experiences at work—interpersonal relationships, empowerment, training, and other resources—provide a foundation upon which a climate for strategic and process success can be built. In short, the reviews of the dimensions of climate that emerged in the early research might still be relevant (although perhaps not 19 dimensions worth!). One possibility is to adopt the proposal by Cheri Ostroff and colleagues (2003) that there are three overall dimensions of climate (affective, cognitive, and instrumental) that encompass 12 more specific facets and use those as a basis for building a more complete molar-focused framework for thinking about and studying organizational climate. In addition, Mathis Schulte, Cheri Ostroff, Svetlana Shmulyian, and Angelo Kinicki (2009) state that not all these subdimensions need to be high to support the focused climate, but instead it is likely that the shape or configuration of the dimensions in combination is what matters most.

Resolution of the Psychological Climate—Organizational Climate Paradox

In 1974, James and Jones proposed that individual perceptions of the work setting studied at the individual level of analysis should be called "psychological climate," while aggregated perceptions should be called "organizational climate." The paradox is that when the very same items are used for both assessments it does not make conceptual

sense to have them kept at the individual level of analysis. They do not make sense at the individual level of analysis because they do not represent the individual's psychological experience as implied by the term psychological climate. Psychological climate items should refer to psychological experiences and then be retained at the individual level of analysis. Returning to Ostroff and colleagues' (2003) typology of the instrumental, affective, and cognitive dimensions of climate, the affective dimension would most clearly represent psychological climate.

The paradox is that if one captures peoples' individual psychological experiences with items designed to assess psychological climate then one is very close to the satisfaction construct, as Guion (1973) suggested. Indeed, research over the years has shown significant and robust relationships between satisfaction and climate at the individual level of analysis (James & Tetrick, 1986; for a review see James et al., 2008), and this stands in contrast to the modest relationships between satisfaction and climate at the aggregate levels of analysis (LaFollette & Sims, 1975; Schneider & Snyder, 1975). Our conclusion is that if people wish to continue research on psychological climate that they run the risk of being trapped by the finding that such individual level assessments will be strongly related to job satisfaction measures making it difficult to (a) untangle the results and (b) know where to take action to make desired changes (Harrison, Price, Gavin & Florey, 2002). So if there are significant individual differences within a unit in climate perceptions (a requirement for psychological climate to be a viable construct), and those correlate strongly with job satisfaction measures, then the implications for change are not clear, meaning the constructs themselves are not distinguishable. The conclusion is that psychological climate as a stand-alone construct has limited usefulness for both

research and practice and that the term organizational climate should be reserved for climate in the aggregate within and across units and organizations.

Lack of Integration of Strategic and Process Climate Research

The focus on strategic and process climates is an achievement in climate research, but the fact that these two approaches have not been integrated either conceptually or empirically is an issue that requires research attention. Building on the earlier discussion presented on the integration of molar and molecular climates, it seems clear to us that process climates (fairness, ethics) can serve as a foundation for the more strategic-oriented and tangible (easily assessable) climates (service, safety) organizations wish to achieve. Such research does not yet exist, but this chapter is not the first to propose that it should exist (Kuenzi & Schminke, 2009).

Further, multiple strategic and process climates should also be simultaneously conceptualized and studied. For example, in hospitals both patient satisfaction and safety are key issues (Hofmann & Mark, 2006), suggesting that the study of both safety climate and service climate across units within

hospitals or across hospitals might be studied simultaneously. If one added to this logic the thought that in these units employees also experience a climate of fairness and an ethical climate, this yields a multiple process climates—multiple strategic climates model; a proposal that makes much intuitive sense. If one added still the issue of a molar climate for well-being, then the model shown in Figure 3.1 emerges.

Data for such a model would have great theoretical and practical value. The theoretical value would be in capturing many of the simultaneous climate experiences employees have that they use as they think through where their efforts and competencies are required and whether they are being treated in ways that would motivate them to behave as they are being asked to behave by the strategic climates they observe and experience. From a practice vantage point, such data would reveal potential targets of action in the molar climate and process climates that require attention prior to expecting the more strategic climates to have their intended effects. It is important to recall the point made earlier that a molar climate is not the cause of the strategic climates—rather it provides a foundation on which such strategic climates might be built.

Failure to Integrate the Literatures on Organizational Climate and Culture

Researchers in organizational climate are only partially responsible for the failure to integrate the climate and culture literatures since the researchers in organizational culture have also not been proponents of such integration. The two literatures represent more than semantic differences with, in the extreme, differences in the issues conceptualized and studied and the methods used to study them (Reichers & Schneider, 1990). For example, climate researchers focus on practices, procedures, and behaviors either
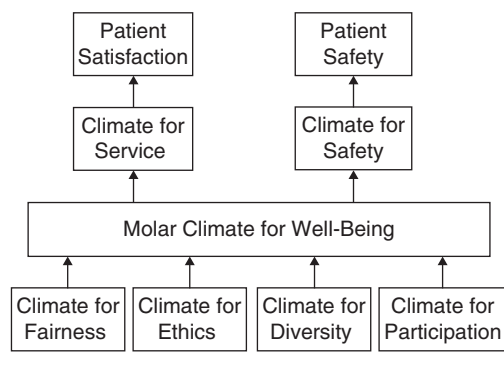

Figure 3.1   Mapping of Molar Climate, Process Climates, and Strategic Climates: An Example for a Hospital Settings

directed at providing employees a climate for well-being or a strategic or process climate; the focus is almost always on what can be directly observed and experienced. Culture research on the other hand has been continuously more macro (ethereal) in focus, targeting the values, beliefs, and mores of the context as well as the myths and stories used to transmit those values and beliefs, especially through socialization practices (Louis, 1990; Trice & Beyer, 1993).

Methodologically, the differences have also, in the extreme, been great, with culture scholars emphasizing qualitative case studies and climate scholars using survey methods. More recently these differences have been less severe with much of the current research under the culture label being accomplished via survey methods (e.g., Ashkanasy, Broadfoot, & Falkus, 2000; Gillespie, Denison, Haaland, Smerek, & Neale, 2008). As noted elsewhere (Schneider et al., 2011) these so-called culture inventories not only violate some strong arguments against the use of surveys (e.g., Schein, 2004; Trice & Beyer, 1993), but also fail to directly assess values and beliefs, myths and stories, and socialization practices, thus looking more like climate surveys than culture surveys. There are, of course, exceptions. These include the Organizational Culture Profile survey of Charles A. O'Reilly, Jennifer Chatman and David F. Caldwell (1991), which directly assesses company values through the reports of incumbent employees. In addition, the Organizational Culture Inventory (Cooke & Rousseau, 1988; Cooke & Szumal, 2000) asks employees to report on the strength of local expectations to adhere to norms of various kinds. For example, to assess the affiliative norm, respondents report on the expectations to be friendly, cooperative, and sensitive to the satisfaction of their work group members. In this measure, practices and procedures are not assessed, but, using our earlier language, processes (affiliation) are assessed. Given this increased use of surveys by culture researchers and the rich literature that supports culture-relevant concepts, it is time for a rapprochement in theory and research for organizational climate and culture.

The so-called "climcult" model borrows a bit from each and has the following elements (Schneider et al., 2011):

- a global climate or culture for well-being;
- strategic foci with regard to policies, practices, procedures, and behaviors that are rewarded, supported, and expected;
- process foci with regard to policies, practices, procedures, and behaviors that get rewarded, supported, and expected;
- socialization practices by which values and beliefs for strategy and process are transmitted; and
- the myths and stories used for transmitting those same values and beliefs.

An integrated climcult framework for thinking and research would not only provide a rich tapestry of the ways people both observe and experience their work place in the aggregate, but also identify some keys to the triggers or drivers of what people observe and experience, especially via the focus on socialization practices and the easily transmitted myths and stories that exist in organizations. Returning again to the Zohar (2000) items shown in Table 3.1 and discussed previously, the following items should be added to that measure to capture more fully the culture construct as well:

- Safe behavior is preached to newcomers by my supervisor from the moment they are hired.
- My supervisor's safety emphasis produces a strong belief that safety is highly valued by this company.
- People here tell stories about how unsafe behavior has resulted in terrible consequences for other employees and the company.

Readers can see how by adding the more direct climate-like assessments suggested earlier and these more culture-relevant items here, the assessment of the climcult for safety becomes quite rich and real—and open to an increasingly large number of potential interventions to produce changes in actual safety behavior.

Summarizing the Road Ahead

In the summary of the first section on accomplishments it was noted that it is not time to be sanguine; this section on the road ahead certainly reinforces that notion. The meaning people attach to the practices and behavior they were asked to describe has not been measured well, the more molar climate research has not been integrated with the focused climate research well, the literature on the different types of focused climates (strategic and process) have not been integrated well, and the work on organizational climate has not been integrated with the work on organizational culture well. But it is not time to be depressed either! It is time to continue to conceptualize and study these issues and the other issues that readers will find defined throughout the rest of this handbook.

APPLYING CLIMATE THEORY AND RESEARCH IN PRACTICE

Arguably, sustained business performance has always been seen as just as contingent on strategy as it is on execution. Getting everyone on the same page is essential if the people and other resources of the organization are to be used to best advantage. Not surprisingly, the executive sees alignment of strategy and the execution of it as a necessity, and his or her challenge is to create conditions so that the behaviors within the organization that create competitive advantage are sustained (Macey et al., 2009). The organizational climate construct thinking is the key to this alignment, as it embraces the very mechanisms by which such alignment can occur and speaks directly to why strategy and climate (especially as expanded to the climcult model) are one and the same when thought of as the drivers of execution (Weick, 1985). Following the logic of Figure 3.1, one can see that a focus on process issues (fairness, ethics) through practices and behaviors (climate) as well as socialization and stories (culture) can produce a sense of employee well-being (climate) by demonstrating that the organization values people (culture). These, in turn, provide a foundation on which to build strategic climates and, as has been learned from Karl E. Weick (1985) and Edgar Schein (2004), it is to what organizations pay attention that indicates to employees what the strategy really is.

It is relevant to management practice, especially when climate has a strategic focus. As shown in Figure 3.1, however, effectiveness requires more than just a strategic focus, for such a focus can only be built on a strong foundation. Perhaps the recent focus on climate strength described earlier has then the most practical implications for management. This research reveals the importance of taking a multipronged and multilevel approach in organizations to communicate the climate of interest. The research indicates that unless the message is sent and received by unit members so that they share their experiences, then the likelihood that the outcome of interest will be obtained is significantly reduced. In short, half-hearted attempts at sending a message will fail. David Bowen and Cheri Ostroff (2004) have astutely suggested that the greater the degree to which human resource practices in organizations (selection, performance appraisal, incentives, leadership, and so forth) uniformly promote a particular strategic focus, the more likely that the focus will be achieved.

Resolution by academics of some of the gnawing-levels issues in research also has great practical implications because the focus of research can be at the level(s) where managers think: units and the organization as a whole. This plea for more research on leadership as a cause of climate echoes Schein's (2004) argument that it is to what leaders pay attention in their actions that is the great communicator in organizations. The extension of that logic is that the outcome of leader actions in the way of what might be called "climcult" is the really great communicator because it pervades the activities and actions of all—especially when it is strong. That is, leaders easily grasp the importance of communication, but what they want are organizations (units, groups, or whatever) in which the very practices and outcomes they so painstakingly reinforce become self-sustaining. Arguably, the notion of a self-sustaining climate is what the practitioner hopes to capture through a proxy of consensus when measured by within group agreement. After all, it is not the consensus that matters per se, but rather the fact that individuals within the unit behave (and therefore model) the practices and procedures that leaders enact as important. As Schneider and Reichers (1983) argued, the climate emerges (and is reinforced) through everyday social interaction by which people come to share their experiences and the strategic meaning thereof.

Beyond the power inherent in the group climate, there is a sense of precision that is inherent in the notion of strategic climate and clear specification of the climate(s) of interest. Easily missed in the academic issue of measurement is the idea that the very wording of items used in questionnaires signals to the members of the organization the kinds of issues that management evaluates—and thus cares about. One extension of this thinking is that the more specific the explication of practice or behavior, the more likely it is that a common meaning and interpretation of climate is achieved. So, when researchers ask survey respondents to rate the effectiveness of practices that target interaction with customers, they are talking to a specific climate that may have a more shared meaning than when they speak to practices that may directly or indirectly benefit customer welfare. Thus, the dual problem of climate as measured and climate as shared meaning is addressed in practice when researchers design more specific measures that tap the specific practices and behaviors management wishes to encourage.

On a final note, experience shows that what executives want to measure (and perhaps successfully do measure) is not only the current state of climate, but also the direction in which it is moving. Put in other words, the interpretation of climate that matters may not be where it is at as much as the direction in which it is moving. This reflects the commonsense interpretation that executives sense when things change or have changed to some noticeable level, whether based on their own anecdotal observation or based on even more formal quantitative measures. In practice, change often eludes measurement because it is the impression of change that drives the executive's interest in issues of strategy, culture, or alignment. The question, "How can we measure change, or should we?" cannot be addressed in this chapter, but it can acknowledge that there is much to be gained in bridging the science-practice gap by aligning the climate research agenda with the questions that sponsors ask.

CONCLUSION

As noted by Marlbeth Kuenzi and Marshal Schminke (2009), research interest in the topic of organizational climate has increased dramatically since 2000, relative to the prior decade. This interest has been encouraging,

especially for a construct once thought to be dead (Schneider, 1985). Although much has been accomplished and many issues have been resolved, there is still much work to be done. As researchers grapple with the work yet to be done that has been highlighted here, the biggest challenge may be to translate their findings to practitioners to ensure that climate is not only a variable of conceptual interest to researchers, but also one that offers insight and practical competitive advantage to organizations.

REFERENCES

Argyris, C. (1957). Some problems in conceptualizing organizational climate: A case study of a bank. *Administrative Science Quarterly, 2,* 501–520.

Ashkanasy, N. M., Broadfoot, L. E., & Falkus, S. (2000). Questionnaire measures of organizational culture. In N. M. Ashkanasy, C. P. M. Wilderom, & M. F. Peterson (Eds.), *Handbook of organizational culture and climate* (pp. 131–146). Thousand Oaks, CA: Sage.

Bliese, P. D. (2000). Within-group agreement, non-independence, and reliability: Implications for data aggregation and analyses. In K. J. Klein & S. W. J. Kozlowski (Eds.), *Multilevel theory, research and methods in organizations: Foundations, extensions, and new directions* (pp. 349–381). San Francisco: Jossey-Bass.

Bowen, D. E., & Ostroff, C. (2004). Understanding HRM–firm performance linkages: The role of the "strength" of the HRM system. *Academy of Management Review*, 29, 203–221.

Burke, M. J., Borucki, C., & Hurley, A. (1992). Reconceptualizing psychological climate in a retail service environment: A multiple stakeholder perspective. *Journal of Applied Psychology, 77,* 717–729.

Burke, W. W. (2008). *Organization change: Theory and practice* (2nd ed.). Thousand Oaks, CA: Sage.

Campbell, J. P., Dunnette, M. D., Lawler, E. E., III, & Weick, K. E. (1970). *Managerial behavior, performance, and effectiveness.* New York: McGraw-Hill.

Carr, J. Z., Schmidt, A. M., Ford, J. K., & DeShon, R. P. (2003). Climate perceptions matter: A meta-analytic path analysis relating molar climate, cognitive and affective states and individual level work outcomes. *Journal of Applied Psychology, 88,* 605–619.

Chan, D. (1998). Functional relations among constructs in the same content domain at different levels of analysis: A typology of composition models. *Journal of Applied Psychology, 83,* 234–246.

Colquitt, J. A., Noe, R. A., & Jackson, C. L. (2002). Justice in teams: Antecedents and consequences of procedural justice climate. *Personnel Psychology, 58,* 83–109.

Cooke, R. A., & Rousseau, D. M. (1988). Behavioral norms and expectations: A quantitative approach to the assessment of organizational culture. *Group and Organization Studies, 13,* 245–273.

Cooke, R. A., & Szumal, J. L. (2000). Using the organizational culture inventory to understand the operating couture of organizations. In N. M. Ashkanasy, C. P. M. Wilderom, & M. F. Peterson (Eds.), *Handbook of organizational culture and climate* (pp. 147–162). Thousand Oaks, CA: Sage.

Dansereau, F., Alutto, J., & Yammarino, F. (1984). *Theory testing in organizational behavior: The varient approach*. Englewood Cliffs, NJ: Prentice Hall.

Dastmalchian, A. (2008). Industrial relations climate. In P. Blyton, N. Bacon, J. Fiorito, & E. Heery (Eds.), *Sage handbook of industrial relations* (pp. 548–571). Thousand Oaks, CA: Sage.

Dietz, J., Pugh, S. D., & Wiley, J. W. (2004). Service climate effects on customer attitudes: An examination of boundary conditions. *Academy of Management Journal, 47,* 81–92.

Dragoni, L. (2005). Understanding the emergence of state goal orientation in organizational work groups: The role of leadership and multi-level climate perceptions. *Journal of Applied Psychology, 90,* 1084–1095.

Ehrhart, M. G. (2004). Leadership and procedural justice climate as antecedents of unit-level organizational citizenship behavior. *Personnel Psychology, 57,* 61–94.

Fleishman, E. A. (1953). Leadership climate, human relations training and supervisory behavior. *Personnel Psychology, 6,* 205–222.

Forehand, G. A., & Gilmer, B. V. H. (1964). Environmental variation in studies of organizational behavior. *Psychological Bulletin, 62,* 361–382.

Gillespie, M. A., Denison, D. R., Haaland, S., Smerek, R., & Neale, W. S. (2008). Linking organizational culture and customer satisfaction: Results from two companies in different industries. *European Journal of Work and Organizational Psychology, 17,* 112–132.

Glick, W. H. (1985). Conceptualizing and measuring organizational and psychological climate: Pitfalls of multilevel research. *Academy of Management Review, 10,* 601–610.

Guion, R. M. (1973). A note on organizational climate. *Organizational Behavior and Human Performance, 9,* 120–125.

Harrison, D. A., Newman, D. A., & Roth, P. L. (2006). How important are job attitudes? Meta-analytic comparisons of integrative behavioral outcomes and time sequences. *Academy of Management Journal, 40,* 305–325.

Harrison, D. A., Price, K. H., Gavin, J. H., & Florey, A. T. (2002). Time, teams, and task performance: Changing effects of surface- and deep-level diversity on group functioning. *Academy of Management Journal, 45,* 1029–1045.

Hellriegel, D., & Slocum, J. W., Jr. (1974). Organizational climate: Measures, research, and contingencies. *Academy of Management Journal, 17,* 255–280.

Hofmann, D. A., & Mark, B. (2006). An investigation of the relationship between safety climate and medication errors as well as other nurse and patient outcomes. *Personnel Psychology, 59,* 847–869.

James, L. A., & James, L. R. (1989). Integrating work environment perceptions: Explorations into the measurement of meaning. *Journal of Applied Psychology, 74,* 739–751.

James, L. R., Choi, C. C., Ko, C. H. E., McNeil, P. K., Minton, M. K., Wright, M. A., & Kim, K. (2008). Organizational and psychological climate: A review of theory and research. *European Journal of Work and Organizational Psychology, 17,* 5–32.

James, L. R., Demaree, R. G., & Wolf, G. (1984). Estimating within-group inter-rater reliability with and without response bias. *Journal of Applied Psychology, 69,* 85–98.

James, L. R., James, L. A., & Ashe, D. K. (1990). The meaning of organizations: The role of cognition and values. In B. Schneider (Ed.), *Organizational climate and culture* (pp. 40–84). San Francisco: Jossey-Bass.

James, L. R., & Jones, A. P. (1974). Organizational climate: A review of theory and research. *Psychological Bulletin, 81,* 1096–1112.

James, L. R., & Tetrick, L. E. (1986). Confirmatory analytic tests of three causal models relating job perceptions to job satisfaction. *Journal of Applied Psychology, 71,* 77–82.

Jones, A. P., & James, L. R. (1979). Psychological climate: Dimensions and relationships of individual and aggregated work environment perceptions. *Organizational Behavior and Human Performance, 23,* 201–250.

Klein, K. J., Dansereau, F., & Hall, R. J. (1994). Levels issues in theory development, data collection, and analysis. *Academy of Management Review, 19,* 195–229.

Kozlowski, S. W. J., & Doherty, M. L. (1989). An integration of climate and leadership: Examination of a neglected issue. *Journal of Applied Psychology, 74,* 546–553.

Kuenzi, M., & Schminke, M. (2009). Assembling fragments into a lens: A review, critique, and proposed research agenda for the organizational work climate literature. *Journal of Management, 35,* 634–717.

LaFollette, W. R., & Sims, H. P., Jr. (1975). Is satisfaction redundant with climate? *Organizational Behavior and Human Performance, 10,* 118–144.

LeBreton, J. M., & Senter, J. L. (2008). Answers to twenty questions about inter-rater reliability and interrater agreement. *Organizational Research Methods, 11,* 815–852.

Lewin, K., Lippitt, R., & White, R. K. (1939). Patterns of aggressive behavior in experimentally created "social climates." *Journal of Social Psychology, 10,* 271–299.

Li, A., & Cropanzano, R. (2009). Fairness at the group level: Justice climate and intraunit justice climate. *Journal of Management, 35,* 564–599.

Louis, M. (1990). Acculturation in the work place: Newcomers as lay ethnographers. In B. Schneider (Ed.), *Organizational climate and culture* (pp. 85–129). San Francisco: Jossey-Bass.

Macey, W. H., Schneider, B., Barbera, K. M., & Young, S. A. (2009). *Employee engagement: Tools for analysis, practice, and competitive advantage.* Chichester, UK: Wiley-Blackwell.

Martin, J. (2002). *Organizational culture: Mapping the terrain.* Thousand Oaks, CA: Sage.

Martin, K. D., & Cullen, J. B. (2006). Continuities and extensions of ethical climate theory: A meta-analytic review. *Journal of Business Ethics, 69,* 175–194.

Mayer, D. M., Ehrhart, M. G., & Schneider, B. (2009). Service attribute boundary conditions of the service climate—customer satisfaction link. *Academy of Management Journal, 52,* 1034–1050.

Mayer, D. M., Nishii, L. H., Schneider, B., & Goldstein, H. W. (2007). The precursors and products of justice climates: Group leader antecedents and employee attitudinal consequences. *Personnel Psychology, 60,* 929–963.

McGregor, D. M. (1960). *The human side of enterprise.* New York: McGraw-Hill.

Mischel, W. (1976). Towards a cognitive social model learning reconceptualization of personality. In N. S. Endler & D. Magnusson (Eds.), *Interactional psychology and personality* (pp. 166–207). New York: Wiley.

Naumann, S. E., & Bennett, N. (2000). A case for procedural justice climate: Development and test of a multilevel model. *Academy of Management Journal, 43,* 881–889.

Neal, A., & Griffin, M. A. (2006). A study of the lagged relationships among safety climate, safety motivation, safety behavior, and accidents at the individual and group levels. *Journal of Applied Psychology, 91,* 946–953.

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

Ostroff, C. (1993). The effects of climate and personal influences on individual behavior and attitudes in organizations. *Organizational Behavior and Human Decision Processes, 56,* 56–90.

Ostroff, C., Kinicki, A. J., & Tamkins, M. M. (2003). Organizational culture and climate. In W. C. Borman, D. R. Ilgen, & R. J. Klimoski (Eds.), *Handbook of psychology: Vol. 12. I/O psychology* (pp. 565–593). New York: Wiley.

Patterson, M. G., West, M. A., Shackleton, V. J., Dawson, J. F., Lawthom, R., Maitlis, S., Robinson, D. L., & Wallace, A. M. (2005). Validating the organizational climate measure: Links to managerial practices, productivity and innovation. *Journal of Organizational Behavior, 26,* 379–408.

Reichers, A. E., & Schneider, B. (1990). Climate and culture: An evolution of constructs. In B. Schneider (Ed.), *Organizational climate and culture* (pp. 5–39). San Francisco: Jossey-Bass.

Roberts, K. H., Hulin, C. L., & Rousseau, D. M. (1978). *Developing an interdisciplinary science of organizations.* San Francisco: Jossey-Bass.

Rousseau, D. (1985). Issues of level in organizational research: Multilevel and cross-level perspectives. In L. L. Cummings & B. M. Staw (Eds.), *Research in organizational behavior* (Vol. 7, pp. 1–37). Greenwich, CT: JAI press.

Salanova, M., Agut, S., & Peiró, J. M. (2005). Linking organizational resources and work engagement to employee performance and customer loyalty: The mediation of service climate. *Journal of Applied Psychology, 90,* 1217–1227.

Schein, E. H. (2004). *Organizational culture and leadership* (3rd ed.). San Francisco: Jossey-Bass.

Schneider, B. (1975). Organizational climates: An essay. *Personnel Psychology, 28,* 447–479.

Schneider B. (1985). Organizational behavior. *Annual Review of Psychology, 36,* 573–611.

Schneider, B., Ehrhart, M. G., & Macey, W. A. (2011). Perspectives on organizational climate and culture. In S. Zedeck. (Ed.), *Handbook of industrial and organizational psychology* (pp. 373–414). Washington, DC: APA.

Schneider, B., Ehrhart, M. G., Mayer, D. M., Saltz, J. L., & Niles-Jolly, K. (2005). Understanding organization—customer links in service settings. *Academy of Management Journal, 48,* 1017–1032.

Schneider, B., Macey, W. H., Lee, W., & Young, S. A. (2009). Organizational service climate drivers of the American Customer Satisfaction Index (ACSI) and financial and market performance. *Journal of Service Research, 12,* 3–14.

Schneider, B., Parkington, J. P., & Buxton, V. M. (1980). Employee and customer perceptions of service in banks. *Administrative Science Quarterly, 25,* 252–267.

Schneider, B., & Reichers, A. E. (1983). On the etiology of climates. *Personnel Psychology, 36,* 19–39.

Schneider, B., Salvaggio, A. N., & Subirats, M. (2002). Climate strength: A new direction for climate research. *Journal of Applied Psychology*, 87, 220–229.

Schneider, B., & Snyder, R. A. (1975). Some relationships between job satisfaction and organizational climate. *Journal of Applied Psychology, 60,* 318–328.

Schneider, B., & White, S. S. (2004). *Service quality: Research perspectives*. Thousand Oaks, CA: Sage.

Schneider, B., White, S. S., & Paul, M. C. (1998). Linking service climate and customer perceptions of service quality: Test of a causal model. *Journal of Applied Psychology, 83,* 150–163.

Schulte, M., Ostroff, C., Shmulyian, S., & Kinicki, A. (2009). Organizational climate configurations: Relationships to collective attitudes, customer satisfaction, and financial performance. *Journal of Applied Psychology, 94,* 618–634.

Smith, F. J. (1977). Work attitudes as a predictor of attendance on a specific day. *Journal of Applied Psychology, 62,* 16–19.

Smith, P. C., Kendall, L. M., & Hulin, C. L. (1969). *The measurement of satisfaction in work and retirement*. Chicago: Rand-McNally.

Trice, H. M., & Beyer, J. M. (1993). *The cultures of work organizations*. Englewood Cliffs, NJ: Prentice Hall.

Wallace, J. C., Popp, E., & Mondore, S. (2006). Safety climate as a mediator between foundation climates and occupational accidents: A group-level investigation. *Journal of Applied Psychology, 91,* 681–688.

Weick, K. E. (1985). The significance of corporate culture. In P. J. Frost, L. F. Moore, M. R. Louis, C. C. Lundberg, & J. Martin (Eds.), *Organizational culture* (pp. 381–390). Beverly Hills, CA: Sage.

Zohar, D. (1980). Safety climate in industrial organizations: Theoretical and applied implications. *Journal of Applied Psychology, 65,* 96–102.

Zohar, D. (2000). A group level model of safety climate: Testing the effect of group climate on microaccidents in manufacturing jobs. *Journal of Applied Psychology, 85,* 587–596.

Zohar, D., & Luria, G. (2005). A multi-level model of safety climate: Cross-level relationships between organization and group-level climates. *Journal of Applied Psychology, 90,* 616–628.

Zohar, D., & Tenne-Gazit, O. (2008). Transformational leadership and group interaction as climate antecedents: A social network analysis. *Journal of Applied Psychology, 93,* 744–757.

Multilevel Issues in Organizational Culture and Climate Research

Francis J. Yammarino and Fred Dansereau

Multilevel issues have a long history in research on organizational culture and climate (e.g., Chao, 2000; Dansereau & Alutto, 1990; Glick, 1985, 1988; James, Joyce, & Slocum, 1988). Scholars in the organizational sciences in general have noted the importance of clearly specifying the levels of analysis at which phenomena are expected to exist theoretically, as well as the critical nature of ensuring that the measurement of constructs and data analytic techniques correspond to the asserted levels of analysis so that inference drawing is not misleading or artifactual (e.g., Dansereau, Alutto, & Yammarino, 1984; Yammarino & Dansereau, 2009; Yammarino, Dionne, Chun, & Dansereau, 2005). As such, theory building (conceptualization) and theory testing (methodology) in organizational culture and climate work can be advanced by including multiple levels of analysis in theory development and hypothesis generation, assessments and measurement, data analysis, and inference drawing.

In this chapter, extending prior work in this realm, multilevel issues related to theory building and theory testing are articulated. For multilevel conceptualization, the role of levels of analysis, units of analysis, multilevel specifications, and level changes and stability across time in the formulation of theories, constructs, and relationships are explored. For multilevel methodology, keeping the technical treatment to a minimum, multilevel methods and data analyses related to assessment and measurement, aggregation, and quantitative and qualitative approaches are explored. Based on a targeted review of the literature, classic and contemporary examples are provided throughout the text as well as in the tables to inform the discussion of these multilevel conceptual and methodological issues. Finally, this chapter discusses the implications of these multilevel issues and multiple levels of analysis for the

recent literature (from 2000 to 2009) as well as future theory building and theory testing in organizational culture and climate research.

MULTILEVEL CONCEPTUALIZATION IN ORGANIZATIONAL CULTURE AND CLIMATE

In terms of theory building, organizational culture and climate are inherently multilevel in nature, involving theories, models, concepts, constructs, dimensions, aspects, relationships, and processes that encompass multiple levels of analysis. As such, a consideration of various multilevel issues—levels of analysis (entities), units of analysis (wholes and parts), multilevel specifications (emergent, level specific, and cross level), and level changes, stability, and transformations across time—is useful to better formulate these theoretical notions. Following established work in this realm (see Ashkanasy, Wilderom, & Peterson, 2000), individual differences in perceptions of culture, climate, and values as well as group-team climate, organizational culture, and country-society cultural values are considered as exemplars.

Levels of Analysis (Entities)

Levels of analysis are the entities or objects of study. Entities are typically arranged in hierarchical order such that higher levels (e.g., organizations and societies) include lower levels (e.g., individuals and groups), and lower levels are embedded within higher levels (e.g., Miller, 1978). Four key levels of analysis of human beings are relevant in the realm of culture and climate (e.g., Ashkanasy, Wilderom, & Peterson, 2000).

First, individuals (independent human beings) allow for the exploration of individual differences (e.g., individual differences in perceptions of culture, climate, and values; Chao, 2000; James et al., 1988). Second, groups (workgroups and teams) comprise a collection of individuals who are interdependent (e.g., group-team climate; Schein, 1985, 1992) and interact on a face-to-face or virtual (not colocated) basis with one another. Third, organizations are clusters of individuals that are larger than groups and whose members are interdependent based on a hierarchical structuring or a set of common or shared expectations (e.g., organizational culture; Chao, 2000; Glick, 1985). Fourth, societies or countries are collectives of individuals, groups, and/or organizations that share a common history, heritage, and set of values (e.g., country-society cultural values; Hofstede, 1980, 2001; House, Hanges, Javidan, Dorfman, & Gupta, 2004) that can be political, cultural, economic, or familial in nature.

These four levels of analysis represent different perspectives on the human beings who constitute the entities of focus for culture and climate work. They can be thought of as different lenses through which human beings can be observed. For example, a focus on individuals provides a psychological perspective, whereas one on groups offers a social psychological perspective. For organizations, often a sociological perspective is provided; an anthropological perspective is often taken on societies and countries (see also Ashkanasy & Jackson, 2002).

Units of Analysis

There are three alternatives to consider for each level of analysis. Various sciences (e.g., Dansereau et al., 1984; Miller, 1978) distinguish conceptually between two different (relevant) views of any level of analysis—wholes and parts (e.g., viewing the entire group as a whole or in terms of

its interdependent parts). The third view (i.e., independent) indicates that the focal entities are not relevant, yet other entities are plausible and should be considered (e.g., recognizing that groups may not be relevant but individuals may well be).

A wholes view is defined as a focus between entities but not within them; differences between entities are viewed as valid, and differences within entities are viewed as error (random) (Dansereau et al., 1984; Yammarino & Dansereau, 2009). This perspective can be viewed as a between-units case in which members of a unit are homogeneous, the whole unit is of importance, entities display similarity among members, and relationships among members of units with respect to constructs of a theory are positive (e.g., Schein's [1985, 1992] view of team-group climates; Glick's [1985] view of organizational cultures).

A parts view is defined as a focus within entities but not between them; differences within entities are valid, and differences between entities are erroneous (Dansereau et al., 1984; Yammarino & Dansereau, 2009). This perspective can be viewed as a within-units case, also known as a "frog pond" effect in which members of a unit are heterogeneous, a member's position relative to other members is of importance, entities display complementarity among members, and relationships among members of units with respect to constructs of a theory are negative (e.g., leader–member exchange [LMX] in-group vs. out-group climates, Dansereau & Alutto, 1990; functional area subcultures, Katz & Kahn, 1978).

Various authors indicate that effects also may not be evidenced at a focal level (Dansereau et al., 1984; Miller, 1978). In this case of independence (e.g., Yammarino & Dansereau, 2009), two possibilities for a focal level are a focus both between and within entities, or error between and within entities. In these cases, the focal level of

analysis does not clarify understanding of the constructs, variables, or phenomena of interest; instead, other levels should be considered. The members of a unit are independent (i.e., free of the unit's influence), and relationships among members of units with respect to constructs of a theory are independent (e.g., James et al.'s [1988] view that individual perceptions of climate matter and not groups or organizations).

Single-Level Formulations

These key notions are summarized and illustrated in Table 4.1, using several generally well-known examples from both classic and contemporary literatures (see also Ashkanasy et al., 2000) for the four primary levels of analysis (individual, group-team, organization, country-society), viewed in terms of wholes (homogeneity) and parts (heterogeneity). Some of these single-level formulations for the culture and climate realm are briefly highlighted.

In particular, at the individual level, a focus in the literature is on perceptions of climate, culture, and cultural values from both a wholes perspective (see Chao, 2000; Schneider, 1987) and a parts perspective (e.g., Dansereau & Alutto,1990, discuss Levi-Strauss's universalistic within-person bits). At the group-team level, with a literature focus on group-team climate, both wholes (e.g., Schein, 1985, 1992) and parts (e.g., Dansereau and Alutto, 1990, discuss LMX in-group and out-group climates) perspectives are identifiable. Likewise, at the organizational level, with a focus in the literature on organizational culture, both wholes (e.g., Chao, 2000; Glick, 1985) and parts (e.g., Katz & Kahn, 1978; Peterson & Smith, 2000) views are illustrated. Finally, at the country-society level, when considering cultural values in the literature, both wholes (e.g., Hofstede, 1980, 2001) and parts (e.g., House et al., 2004) views can be identified.

Table 4.1.   Single-Level Views of Culture and Climate

Level (Entities)	Key Notions	Classic-Contemporary Examples
Individual	*Perceptions of Climate, Culture, and Cultural Values*	
Wholes	Individual differences: Individuals have different and stable perceptions over time.	Chao (2000): culture at individual level; James, Joyce, & Slocum (1988); Schneider (1987); Schneider, Goldstein, & Smith (1995)
Parts	Intra-individual differences: Individuals perceptions change over time.	Levi-Strauss's universalistic within-person bits (see Dansereau & Alutto, 1990)
Group-Team	*Group-Team Climate*	
Wholes	Groups-teams have homogeneous yet different climates.	Schein (1985, 1992)
Parts	Groups-teams have heterogeneous climates.	LMX in- versus out-group climates (see Dansereau & Alutto, 1990)
Organization	*Organizational Culture*	
Wholes	Organizations have homogeneous yet different cultures.	Chao (2000): culture at collective level; Glick (1985); James et al. (1988)
Parts	Organizations have heterogeneous cultures.	Katz & Kahn (1978): functional area subcultures; Peterson & Smith (2000): events
Country-Society	*Cultural Values*	
Wholes	Countries-societies have homogeneous yet different values.	Chao (2000): culture at collective level; aspects of House, Hanges, Javidan, Dorfman, & Gupta (2004) and Hofstede (1980, 2001)
Parts	Countries-societies have heterogeneous values.	Aspects of House et al. (2004) and Hofstede (1980, 2001)

Multiple-Level Formulations

In addition to viewing levels of analysis separately, another key issue is multiple levels of analysis. Assuming only one level of analysis or choosing only one level without consideration of other levels can either mask effects or indicate effects when none exist (Dansereau et al., 1984; Miller, 1978; Yammarino & Dansereau, 2009). Given the embeddedness of levels, multiple levels should be considered in combination, and multilevel effects should be identified. The focus here is on three general types of multiple-level formulations—level-specific, emergent, and cross-level formulations.

Relationships among constructs may be hypothesized to hold at a lower level (e.g., individual) but not at a higher level (e.g., group; Yammarino & Dansereau, 2009). This possibility may be discussed as a discontinuity thesis (Miller, 1978), as level-specific formulations (Dansereau et al., 1984; Miller, 1978), or empirically as disaggregated, individual, or level-specific effects (Pedhazur, 1982; Robinson, 1950). In these cases, the higher level of analysis is not relevant for understanding the theoretical constructs (e.g., psychological climate at the individual level for James et al., 1988).

In particular, wholes at a lower level may not aggregate or manifest themselves at a higher level (independent). This level-specific wholes formulation means that members are homogeneous with respect to the constructs of interest in all lower-level entities (e.g., groups) and that higher-level entities (e.g., organizations) are not relevant (e.g., group climate at the group level for Schein, 1985). In addition, parts at a lower level may not aggregate or manifest themselves at a higher level (independent). This level-specific parts formulation means that members are heterogeneous with respect to the constructs of interest in all lower-level entities (e.g., groups), and higher-level entities (e.g., organizations) are not relevant (e.g., LMX in-group vs. out-group climate at the group level).

In contrast, relationships among constructs may not be asserted at a lower level but are hypothesized to manifest themselves at a higher level of analysis (Yammarino & Dansereau, 2009). This possibility may also be discussed as a type of discontinuity thesis (Miller, 1978), as emergent formulations that hold at a higher level (e.g., group) after not being asserted or found to hold at a lower level (e.g., individual; Dansereau et al., 1984; Miller, 1978), empirically as a higher-level effects that do not disaggregate, or as emergent effects (Miller, 1978; Robinson, 1950). In these cases, the lower level of analysis is not relevant for understanding the theoretical constructs (e.g., organizational climate at the organization level for Glick, 1985).

In particular, for an emergent wholes formulation, constructs are expected to hold at a higher (e.g., group) level where members are homogeneous with respect to the constructs after not having been expected or observed at a lower level (independent; e.g., group climate at the group level for Schein, 1985). For an emergent parts formulation, constructs are expected to hold at a higher (e.g., group) level where members are heterogeneous with respect to the constructs after not having been expected or observed at a lower level (independent; e.g., LMX in-group vs. out-group climate at the group level).

Relationships among constructs also may be hypothesized to hold at higher (e.g., organization) and lower (e.g., group) levels of analysis (Yammarino & Dansereau, 2009). This possibility may be discussed as a homology thesis (Miller, 1978), empirically as aggregated or ecological effects (Pedhazur, 1982; Robinson, 1950), and as a cross-level explanation (Behling, 1978; Dansereau et al., 1984; Miller, 1978). Cross-level formulations

(theories, propositions, and hypotheses) are statements about relationships among variables that are likely to hold equally well at a number of levels of analysis; they specify patterns of relationships replicated across levels of analysis. Models of this type are uniquely powerful and parsimonious because the same effect is manifested at more than one level of analysis. By way of illustration, some Global Leadership and Organizational Behavior Effectiveness (GLOBE) dimensions are at individual and organization levels, and others at organization and country levels (House et al., 2004).

In particular, wholes at a lower level can aggregate or manifest themselves as wholes at a higher level. This cross-level wholes formulation means that members are homogeneous with respect to the constructs of interest in all entities (e.g., groups and organizations or organizations and countries) at both levels of analysis, but that the entities differ from one another (e.g., some GLOBE dimensions at organization and country levels for House et al., 2004). Wholes at a lower level can aggregate or manifest themselves as parts at a higher level. This cross-level parts formulation means that members are homogeneous with respect to the constructs of interest in all the lower-level entities (e.g., groups) and that these differ from one another; in all higher-level entities (e.g., organizations), however, there is heterogeneity because members within the entities differ from one another (functional area subcultures for Katz & Kahn, 1978).

These key notions are summarized and illustrated in Table 4.2, using generally well-known examples from both classic and contemporary literatures (also see Ashkanasy et al., 2000), for the three general types of multiple levels of analysis formulations. To simplify the presentation, the focus in the table is limited to level-specific, emergent, and cross-level wholes formulations of culture, climate, and cultural values. The parts-based analogues of these formulations, which are generally absent from and difficult to identify in the literature, are ignored. Some of these multiple-level formulations in the culture and climate realm are highlighted briefly.

For example, psychological climate can be viewed as a level-specific wholes formulation at the individual level (e.g., James et al., 1988), whereas organizational climate can be seen as a level-specific wholes formulation at the organizational level (e.g., Glick, 1985). In contrast, Edgar Schein's (1985, 1992) view of culture and leadership can be viewed as an emergent formulation that begins at the group-team level, while the GLOBE project (House et al., 2004) identifies several dimensions of culture that are emergent at the country/society level. In terms of cross-level formulations, Schneider's ASA model (1987; Schneider, Goldstein, & Smith, 1995) can be viewed as an individual–organization formulation, whereas additional dimensions from the GLOBE project (House et al., 2004) can be seen as organization–country and individual–organization–country formulations.

Levels (Entities) Over Time

Another relevant multilevel issue for the culture and climate realm is the theoretical specification of potentially changing variables, developing phenomena, and shifting levels of analysis (entities) across time (Bluedorn, 2000; Granrose, Huang, & Reigadas, 2000; Hatch, 2000; Markus, 2000; Michela & Burke, 2000; Sathe & Davidson, 2000). Although history can reinforce culture and climate, levels of analysis can change or shift over time, and these changes may be easier to conceptualize and observe in times of disruptions, such as mergers and acquisitions, start of a new CEO, change in policy, or a new start-up.

Table 4.2.   Multiple-Level Views of Culture and Climate

Lower Level	Higher Level	Classic-Contemporary Examples
Level Specific		
Individual	Independent	Psychological climate: James, Joyce, & Slocum (1988); attraction-selection-attrition (ASA) aspects of Schneider (1987) and Schneider, Goldstein, & Smith (1995)
Group-team	Independent	Schein (1985, 1992)
Organization	Independent	Glick (1985)
Country-society	Independent	House, Hanges, Javidan, Dorfman, & Gupta (2004): Global Leadership and Organizational Behavior Effectiveness (GLOBE) aspects
Emergent		
Independent	Individual	Schneider et al. (1995); James et al. (1988)
Independent	Group-team	Schein (1985, 1992)
Independent	Organization	Glick (1985, 1988): organizational climate; Peterson & Castro (2006): GLOBE aspects
Independent	Country-society	House et al. (2004): GLOBE aspects
Cross Level		
Individual	Group-team	Schein (1985, 1992)
Individual	Organization	Organizational climate: James et al. (1988); ASA aspects of Schneider (1987) and Schneider et al. (1995); Dickson, Resnick, & Hanges (2006) and Hanges & Dickson (2006): GLOBE aspects
Individual	Country-society	House et al. (2004): GLOBE aspects
Group-team	Organization	Riley (1983); Jones (1983)
Organization	Country-society	Dansereau & Alutto (1990); House et al. (2004): GLOBE aspects

Although culture and climate should be viewed as longitudinal if one is to fully understand relevant variables and entities (see Ashkanasy et al., 2000), and despite the fact that quite a bit has been written about changing variables, constructs, or processes

across time (e.g., Chan, 1998b), relatively little has been written about changing entities (levels of analysis) across time (for exceptions, see Dansereau et al., 1984; Dansereau, Yammarino, & Kohles, 1999; Yammarino & Dansereau, 2009).

Dansereau et al. (1999) consider plausible units of analysis (wholes, parts, independence) at two time points, resulting in a matrix for understanding changes or stability in levels of analysis across time. They define, describe, and illustrate (in their Table 1, p. 348) the following for entities across time periods, which will be summarized here:

- stable conditions (wholes, parts, lower-level independent units, and null across time);
- changes that move the focus up from a lower level to a higher level (transformation upward from parts to wholes, and level change upward from independent units to wholes or to parts);
- changes that move the focus down from a higher level to a lower level (transformation downward from wholes to parts and level change downward from wholes or from parts to independent units); and
- changes that indicate the beginning or end of a level (emergents from null or nothing to wholes, parts, or independent units; and "ends" from wholes, parts, or independent units to null or nothing).

Although not employed to date, this framework for understanding change and stability in entities across time can be applied to culture and climate phenomena and can be extended to include more levels, more time periods, and various intervals of time (e.g., months, years, decades, and generations) to engender theory building in this realm (also see Bluedorn, 2000).

Use of Multilevel Conceptualization

To summarize and use these multilevel conceptualization notions for enhanced theory building in the realm of organizational culture and climate, then, scholars might operate as follows in their work:

- Specify the level(s) of analysis (individual, group-team, organization, country-society) and, if plausible, the units of analysis (wholes or parts) for each concept, construct, variable, relationship, and process in the theory, model, or framework of focus.
- Specify the multilevel formulation (level-specific, emergent, cross-level formulation) and, if plausible, in terms of wholes and parts for each concept, construct, variable, relationship, and process in the theory, model, or framework of focus.
- Specify the stability, change, or transformation of entities (individual, group-team, organization, country/society) across time, beyond stability or change in each concept, construct, variable, relationship, and process in the theory, model, or framework of focus.
- Use levels of analysis and these various multilevel notions to specify boundary conditions on theories, models, or frameworks of focus as well as boundary conditions on the concepts, constructs, variables, and relationships within them as appropriate.

These multilevel notions can enhance theoretical grounding, clarify potential conceptual confounds, and suggest specific methodological requirements (e.g., operationalizations, measurements) derived from theory and conceptualization in work on organizational culture and climae.

MULTILEVEL METHODOLOGY IN ORGANIZATIONAL CULTURE AND CLIMATE

In terms of theory testing, because organizational culture and climate are inherently multilevel, to empirically assess, measure, and test these notions, multilevel methods and analytic tools (both quantitative and qualitative) are required. Many of the analytic

techniques require knowledge of advanced procedures, statistics, and sophisticated computer programs. Although their details are beyond the scope of this chapter, relevant quantitative and qualitative multilevel methods for research in the realm of organizational culture and climate are described here and summarized in Table 4.3. In addition, references are provided for those interested in obtaining advanced knowledge about these methods. In particular, this chapter explores multilevel methods, assessments, and data analyses related to measurement, aggregation, and quantitative approaches (e.g., r_{wg}, HLM [hierarchical linear models], WABA [within and between analysis], simulation) as well as qualitative approaches (e.g., grounded theory, processes, and observations).

Measurement, Aggregation, and Quantitative Approaches

In multilevel research on organizational culture and climate, higher-level variables of focus are, at times, operationalized and measured at a lower level of analysis, then aggregated to the higher level (see Ashkanasy et al., 2000). Often, for various types of these composition models (see Chan, 1998a), justification for aggregation is provided as well. Classic examples of this operationalization–aggregation approach from the literature include, for instance, the connections among psychological, team, and organizational climate (James et al., 2008; Schneider, Ehrhart, & Macey, in press) and the connections between individual and collective (higher-level) culture (Chao, 2000; Dansereau & Yammarino, 2006; Van den Berg & Wilderom, 2004).

Even if operationalizations are intended for and implemented at a particular level of analysis, there is no guarantee that the resulting data will actually occur at that level. For example, measurement items written for group- or team-level assessments may actually operate at the individual level of analysis. Individual-targeted items may actually operate at the group or team level of analysis. Items designed to tap different levels of analysis may ultimately operate at the same (a common) level, and matters can become even more complicated

Table 4.3.   Multilevel Methods in Culture and Climate

Methodological Issue	Quantitative Approach	Qualitative Approach
Complex systems change	Simulation	Grounded theory and process methods
Levels change	WABA and simulation	
Variables change	LGM, SEM, and RCM (HLM, event analysis)	
Emergent processes	Network analysis, ICCs, AD, and r_{wg}	
Cultural processes		Anthropological methods

Note: WABA = within and between analysis; LGM = latent growth models; SEM = structural equation models; RCM = random coefficient models; HLM = hierarchical linear models; AD = average deviation; ICC = Intra-class correlation

when multiple scales and multiple levels are involved (see, e.g., Dansereau et al., 1984; Dansereau & Yammarino, 2006; Schriesheim, Castro, Zhou, & Yammarino, 2001; Yammarino, 1990). As such, justification for the level of measurement based on theory and conceptualization, as well as methodologically via various aggregation procedures, is needed.

Justification for aggregation is often provided using various procedures (e.g., intra-class correlation [ICC], r_{wg}, $r_{wg(j)}$, and the average deviation [AD], described later in this chapter) and criteria or at least rules of thumb (Bliese, 2000; James, Demaree, & Wolf, 1984, 1993). These procedures allow an assessment of the degree to which there is interdependence or agreement within a unit or units regarding culture and climate, but limit inferences to either the lower (individual) level or the aggregate (collective or higher) level expressed in terms of a wholes perspective. As such, these aggregation approaches are based on a homology assumption that involves similarity across levels of analysis.

In terms of measurement and aggregation, ICC is an indicator of the proportion of higher-level (e.g., group-level) variance in a focal variable and is viewed as a reliability index (see Bliese, 2000). ICC(1) is the proportion of variance in a focal variable accounted for by higher-level (e.g., group) membership or, technically, the correlation between two randomly drawn lower-level entities (e.g., individuals) from a single randomly drawn higher-level entity (e.g., group). ICC(2) is the reliability of higher-level (e.g., group) mean scores and is a function of ICC(1) and the entity (e.g., group) size. Significant ICC(1) values indicate a lower-level dependency in the data. High ICC(2) values indicate reliable between-entities (e.g., group) differences, and both indicators together can be used to support aggregation to, and further analyses at, the higher level of analysis.

In contrast, r_{wg} and $r_{wg(j)}$ (James et al., 1984, 1993, 2008) are viewed as agreement indices—specifically, as within-unit (e.g., group) interrater agreement indices. The r_{wg} index is typically used for single items (or scales), whereas $r_{wg(j)}$ is often used for multi-item measures. In general, both indices are a comparison of observed variance in a unit (e.g., group) on a measure to the variance that would be expected if the members of the unit responded randomly.

Another alternative is AD (Burke & Dunlap, 2002; Burke, Finkelstein, & Dusig, 1999), the average deviation index for estimating interrater agreement (actually, disagreement) for judges' ratings of one target on one occasion. Specifically, this measure is the average absolute deviation of an item's rating relative to the mean of an item (AD_M) or the median of an item (AD_{Md}). The AD index is similar to r_{wg}, as both involve the sum of squared deviations.

Beyond measurement, in terms of overall quantitative approaches for testing, hierarchical linear modeling (HLM; Bryk & Raudenbush, 1992; Hofmann, Griffin, & Gavin, 2000; Raudenbush & Bryk, 2002) can be considered. HLM is a procedure and program within the general class of random coefficient models (RCM; see Hox, 2002; Snijders & Bosker, 1999). These models allow the assessment of the degree to which, for example, higher-level independent culture or climate variables relate to lower-level dependent variables, for example, individual subordinate performance or team-based leadership. HLM and RCM permit the separation of lower-level (e.g., individual) and higher-level (e.g., group or organization) effects.

However, as Bryk and Raudenbush (1992) note, it is useful to estimate one-way ANOVA (analysis of variance) models and effects before using HLM. The latter approach requires both within- and between-cell (group) variation data, particularly for

the (lower-level) dependent variable, for the modeling approach to work correctly. HLM ignores parts and assumes that the focus is mainly on the lower level and that within-group (unit) scores represent individual-level effects independent of the groups (units). HLM then provides estimates of the effects of higher-level independent variables that do not vary within groups (units) on a dependent variable at the lower level.

In addition, WABA is an analytic–inferential technique based on the levels of analysis conceptualization approach employed here (see Dansereau et al., 1984; Dansereau, Cho, & Yammarino, 2006; Dansereau & Yammarino, 2000, 2006; Yammarino, 1998; Yammarino & Dansereau, 2009; Yammarino & Markham, 1992). WABA is an extension of W. S. Robinson's (1950) work and compatible with the work of E. J. Pedhazur (1982). It integrates various correlational, ANOVA, and ANCOVA (analysis of covariance) procedures to assess both variation and covariation in variables within and between entities and across levels. WABA is not an aggregation approach per se, as it permits emergent effects (i.e., those at a higher level after not inferring effects at a lower level). Moreover, although approaches such as RCM and HLM assume that levels of analysis are known and ignore parts, WABA permits tests of assumptions about any number of levels of analysis of interest. Specifically, it accounts for parts (as well as wholes) and tests for changes in levels across time.

Unlike ICC, r_{wg}, $r_{wg(j)}$, and AD, WABA is able to distinguish among parts and wholes alternatives at both the aggregate (collective or higher) level and lower level (see Tables 4.1 and 4.2 for conceptual examples that can be assessed empirically with WABA). Bliese (2000) prefers the use of ICC(1) and possibly ICC(2) rather than eta squared (η^2) and eta (η) as in WABA, but there is a direct link among all these indicators (see Dansereau & Yammarino, 2006, for

a proof). Likewise, because r_{wg} and $r_{wg(j)}$ are indicators of agreement within each group separately, the use of these indicators alone is insufficient. Instead, their significance and some indictor of between-group variance such as WABA or the ANOVA must also be considered.

In a different vein, multilevel network approaches (Madhavan, 2003; Moldoveanu, Baum, & Rowley, 2003; Walker, 2003) permit the identification of climate or culture networks at different levels of analysis that may develop in a setting. Network analysis is mainly an inductive approach that analyzes nominations or evaluations of individuals by other individuals to construct a within-group picture or network of the individuals involved. This same nomination procedure can be used at higher levels of analysis to construct a picture of other types of networks (e.g., teams or higher-level entities). For example, in a network perspective on organizational culture, M. Kilduff and K. G. Corley (2000) discuss group- and organization-level networks. In multilevel network approaches in general, there is no initial or a priori specification of levels of analysis (entities). In addition, a series of simplifying assumptions is made to derive a network based on one or more variables.

Other quantitative techniques, including multilevel latent growth models (MLLGM; see Chan, 1998b, 2005; Cortina, Pant, & Smith-Darden, 2005; Grimm & McArdle, 2005) and multilevel structural equation models (MLSEM; Hox, 2002; Muthén, 1994; Muthén & Muthén, 2007), are additional approaches to consider for organizational culture and climate research. Latent growth modeling assumes that the same levels of analysis hold across time periods and then examines the various mathematical functions that can explain variable changes across time. This approach permits representation and assessment of the relationships among climate and culture constructs in terms of intra-individual changes across time and, potentially, variable changes

at higher levels across time, thereby permitting the incorporation of multiple levels of analysis. Likewise, structural equation modeling, via its multilevel component, permits modeling and testing of cross- and higher-level effects at different levels of analysis and for different units (e.g., groups) and multiple groups (units).

Similarly, multilevel event history analysis and multilevel survival analysis (Dronkers & Hox, 2006; Hox, 2002; Snijders, 2006; Snijders & Bosker, 1999) permit examination of how events at a higher level relate to changes across time at a lower level. Similar to HLM and other, more general RCM techniques, this approach typically relies on comparable assumptions, procedures, and plausible inferences at multiple levels of analysis. A key difference is that the dependent variable—that is, the outcome or event—is binary in nature; either it occurs, or it does not occur. This type of multilevel approach might be useful for determining whether a particular type of culture or climate occurs based on a number of higher- and lower-level effects.

Another useful tool for culture and climate research is multilevel dynamic computational modeling or simulation (Black, Oliver, & Paris, 2009; Dionne & Dionne, 2009; Markham, 2002; Seitz & Hulin, 2002). Dynamic computational modeling and simulations of various types are useful for determining complex nonlinear relationships among various traits, behaviors, properties, environmental characteristics, and levels of analysis. For example, S. D. Dionne and P. J. Dionne (2009) have developed a computational model for a levels-of-analysis-based comparison of theoretical notions involving three different levels of analysis. These approaches permit the generation of alternative multilevel formulations of climate and culture and the evaluation of what logically results from these alternative models. Moreover, the modeling of the emergence of climate and culture at different levels across time periods and the modeling of transformations from one level of analysis to another for climate and culture processes as well as the outcomes across time are permitted via these approaches.

Qualitative and Process Approaches

In terms of qualitative methodologies, multilevel grounded theory method (Berson, Avolio, & Kahai, 2003) and various process approaches (Jelinek, 2003, 2006; Mackenzie, 2004, 2006) permit a focus on how dynamic climate and culture processes unfold over time across all levels and how elements shift among and across levels. Grounded theory begins with something concrete and contextual (such as a detailed case narrative or a variety of historical documents); then it describes and reveals underlying explanations for theoretically interesting questions that arise. Focused, in-depth data and the back-and-forth movement between data and theory are used. After beginning with some ideas of interest, theoretical ideas are developed, and eventually, theory is generated as data are obtained.

The emphases in the grounded theory and process approaches tend to be on theory development and identification of dynamic processes and forces that lead to activities. Although qualitative in nature, these inductive and process-oriented approaches are often used with various quantitative techniques to provide a possible multilevel triangulation of the results from both qualitative and quantitative methods (examples include Berson et al., 2003; Jelinek, 2003, 2006; Mackenzie, 2004, 2006). In this way, by combining induction and deduction for process and levels specification, a richer understanding of climate and culture at multiple levels of analysis can be gained.

Moreover, multilevel anthropological approaches, including various types of

participant and nonparticipant observation methods (see Reeves-Ellington, 2004, 2007, 2009), are other qualitatively oriented means for understanding culture and climate in terms of levels of analysis. More specifically, anthropological ethnographic field research includes full, partial, and non-participant observation as well as action research (Reeves-Ellington, 2004, 2007, 2009). All of these approaches generally use an emic perspective or an "insider's point of view" of that society or country and can employ interviews and questionnaires to collect data in addition to observations.

The anthropological approaches permit the development of rich concepts that capture climate and culture at multiple levels of analysis in various contexts and settings. The uniqueness of these multilevel methods is that data are gathered in the field by trained observers who are immersed in the social and physical context and may be either full-participant, partially participant, or nonparticipant observers of the key processes and activities as they unfold. Best known perhaps from cultural anthropology studies (see Ashkanasy & Jackson, 2002), these qualitative methods also can be useful in the organizational sciences for multilevel studies of culture and climate (for an example, see Tyrrell, 2000).

Overall, the qualitative approaches (grounded theory, process-oriented, and anthropological) can be used to address specific multilevel issues in organizational culture and climate. To gain knowledge about culture, subcultures, and climates requires sifting through the richness of various settings to understand numerous aspects and dimensions of each element, such as rites, symbols, language, gestures, physical setting, artifacts, networks, myths, sagas, legends, and folktales. In particular, with these qualitative approaches, it seems possible to provide a deeper explanation of how multiple levels may simultaneously underlie some aspects of culture at a higher level, while also identifying lower-level subcultures and possibly climates as well that operate at an even lower level of analysis. For example, the culture of an organization may actually reflect the culture of a society, and/or the climate of a group may actually be an adaption of the climate of a functional area. As such, going beyond traditional grounded theory and anthropological work, multilevel qualitative approaches would foster theorizing, data collection, and comparative analysis within and across cases as well as within and across levels of analysis to better understand the organizational culture and climate realm.

Use of Multilevel Methodology

Many quantitative and qualitative methods options based on various multilevel conceptualizations have been developed. To summarize and use these multilevel methodological notions and approaches (see Table 4.3) for enhanced theory testing in the realm of organizational culture and climate, scholars might operate as follows in their work:

- If climate, culture, and their outcomes are posited to emerge as a part of changes in a complex set of system dynamics at all levels, scholars might use a multilevel grounded theory approach, process approaches, and multilevel simulation.
- If changes in levels are posited to emerge from or in conjunction with culture and climate processes and constructs, scholars might use WABA and multilevel simulation.
- If changes in variables at the same or higher levels are posited to result in increases or decreases in climate and culture variables, scholars might use multilevel latent growth models and MLSEM as well as multilevel event history analysis and RCM-HLM.

- If emergent processes are posited to exist within entities for culture and climate, scholars might use multilevel network analysis, ICCs, AD, and r_{wg}.
- If higher-level cultural processes are posited—along with the interplay of various climate and culture dimensions—to result in certain outcomes, scholars might use anthropological methods and approaches.

IMPLICATIONS OF MULTILEVEL ISSUES FOR ORGANIZATIONAL CULTURE AND CLIMATE

Multilevel Issues in the Contemporary Literature

To capture and illustrate these various notions further, from the contemporary literature on organizational culture and climate (2000 to 2009), 43 publications have been identified and then examined in terms of the multilevel conceptual and methodological issues that have been discussed in this chapter. These generally well-known publications from the recent literature included review-type articles, major conceptualizations, meta-analyses, and all chapters from the first edition of the *Handbook of Organizational Culture and Climate* (Ashkanasy, Wilderom, & Peterson, 2000) are summarized in Table 4.4.

For each publication, the general topic area of focus and the interpretation of the multilevel theory building and/or theory testing issues that are addressed by the authors have been noted. As shown in the table and as framed in the discussion here, the presentation of multilevel conceptualization and methodological issues in the organizational culture and climate literature is quite diverse. Although several of the publications focus primarily on a single level of analysis (e.g., Beyer, Hannah, & Milton, 2000; Carr, Schmidt, Ford, & DeShon, 2003; Helms Mills & Mills, 2000;

Major, 2000; Peterson & Smith, 2000; Rafaeli & Worline, 2000; Soeters, 2000; Virtanen, 2000; Weber, 2000; Zammuto, Gifford, & Goodman, 2000), the focal level varies from individuals to organizations to other types of collectives to countries. These entities are viewed generally from a wholes perspective.

Several other publications involve multiple levels of analysis in at least five combinations:

- Individuals–groups-teams (e.g., Ashkanasy, Broadfoot, & Falkus, 2000; Ashkanasy & Jackson, 2002; James et al., 2008; Kuenzi & Schminke, 2009)
- Individuals–organizations (e.g., Ashkanasy, Broadfoot, et al., 2000; Ashkanasy & Jackson, 2002; D'Amato & Burke, 2008; Dastmalchian, 2008; Gunz, 2000; James et al., 2008; Kuenzi & Schminke, 2009; Markus, 2000; Schneider, Bowen, Ehrhart, & Holocomb, 2000; Stackman, Pinder, & Connor, 2000; Wilderom, Glunk, & Maslowski, 2000; Wiley & Brooks, 2000)
- Individuals–collectives (e.g., Ashkanasy & Jackson, 2002; Chao, 2000; Kuenzi & Schminke, 2009; Lehman, Chiu, & Schaller, 2004; Ostroff, Kinicki, & Tamkins, 2003; Schneider et al., in press)
- Organizations–countries (e.g., Brannen & Kleinberg, 2000; Hofstede & Peterson, 2000; Rose, Kahle, & Shoham, 2000; Sagiv & Schwartz, 2000)
- Individuals–organizations–countries (e.g., Burke, Chan-Serafin, Salvador, Smith, & Sarpy, 2008; Dansereau & Yammarino, 2006; Dickson, Aditya, & Chokkar, 2000)

These multiple-level entities are viewed primarily from emergent wholes and cross-level wholes perspectives.

Still other publications address measurement, consensus or agreement, and aggregation issues from a multilevel perspective (e.g., Ashkanasy, Broadfoot, et al., 2000; Cooke & Szumal, 2000; Dansereau & Yammarino, 2006; James et al., 2008; Kuenzi & Schminke, 2009; Payne, 2000;

Table 4.4   Multilevel Issues in Organizational Culture and Climate Literature

Authors	Topic	Levels-Multilevel Issue
Ashkanasy, Broadfoot, & Falkus (2000)	Organizational culture questionnaires	Individual-level measures and aggregation-agreement
Ashkanasy & Jackson (2002)	Organizational culture and climate	Individual- (primarily) and higher-level and/or multilevel views of the concepts
Beyer, Hannah, & Milton (2000)	Organizational culture and attachments	Individual-level concepts
Bluedorn (2000)	Time and culture	Multilevel view of time
Brannen & Kleinberg (2000)	Japanese management and organizational culture	National- and organizational-level connections
Burke, Chan-Serafin, Salvador, Smith, & Sarpy (2008)	Transfer of training and culture and climate	National culture and organizational climate influences on transfer of training to work contexts
Carr, Schmidt, Ford, & DeShon (2003)	Workplace climate	Individual-level climate perceptions affect individual-level work outcomes
Chao (2000)	Culture as a multilevel construct	Culture at individual and collective levels
Cooke & Szumal (2000)	Operating organizational cultures inventory	Aggregated measures from individuals
D'Amato & Burke (2008)	Psychological and organizational climate	Climate at individual and organizational levels
Dansereau & Yammarino (2006)	Global Leadership and Organizational Behavior Effectiveness (GLOBE) culture dimensions and relationships	Multilevel perspective on culture
Dastmalchian (2008)	Industrial relations climate	Individual-level perceptions about labor-management relations aggregated to organization level
Dickson, Aditya, & Chokkar (2000)	Cross-cultural organizational culture	Organizational-, industry-, and country-level influences on individual perceptions
Granrose, Huang, & Reigadas (2000)	Chinese national and organizational cultures	Organizational-level change within a country

Authors	Topic	Levels-Multilevel Issue
Gunz (2000)	Organizational culture and careers	Careers at individual and organizational levels
Hatch (2000)	Cultural dynamics and change	Organizational-level phenomena
Helms Mills & Mills (2000)	Interpretive perspective on culture and gendering	Organizational-level phenomena
Hofstede & Peterson (2000)	National values and organizational practices	Organizational- and country-level differences
James et al. (2008)	Organizational and psychological climate	Organizational climate as within-group aggregates of psychological climate and distinct from organizational culture
Kilduff & Corley (2000)	Network perspective on organizational culture	Group- and organizational-level networks
Kuenzi & Schminke (2009)	Organizational work climates	Individual-, unit-, and collective-level facet-specific climates (e.g., service, safety, ethics, justice, involvement)
Lehman, Chiu, & Schaller (2004)	Psychology and culture	Individual-level influences on collectives and collective-level influences on individuals
Major (2000)	Newcomer socialization into organization cultures	Individual-level processes
Markus (2000)	Reproduction of organizational cultural	Individual- to organizational-level processes
Michela & Burke (2000)	Organizational culture and climate transformations for total quality management (TQM) and innovation	Organizational-level processes
Ostroff, Kinicki, & Tamkins (2003)	Organizational culture and climate	Multilevel model of emergence of aggregate-level climate and culture from individual-level climate
Payne (2000)	Climate and culture measures overlap	Consensus-agreement of measures from individuals
Peterson & Smith (2000)	Interpretation and symbols within cultures	Within-organization events

(Continued)

Table 4.4 (*Continued*)

Authors	Topic	Levels-Multilevel Issue
Rafaeli & Worline (2000)	Symbols in organizational culture	Collective-level concepts
Rose, Kahle, & Shoham (2000)	Social values perspective on organizational culture	Country-level influences on organizational level
Sagiv & Schwartz (2000)	National culture and values	Country-level influences on organizational level
Sathe & Davidson (2000)	Organizational cultural change	Multilevel view of culture change
Schneider, Bowen, Ehrhart, & Holocomb (2000)	Climate for service	Individual perceptions aggregated to organizational level
Schneider, Ehrhart, & Macey (in press)	Organizational climate and culture	Organizational-level conceptualizations and individual-level perceptions aggregated to collective level
Soeters (2000)	Uniformed organizational cultures	Organizational-level view of military and quasi-military occupations
Stackman, Pinder, & Connor (2000)	Values perspective on organizational culture	Values are individual- (and not organizational-) level concepts
Tyrrell (2000)	Culture and communities	Collective- (community-) level concepts
Van den Berg & Wilderom (2004)	Organizational culture	Organizational culture dimensions as aggregates of individual- and team-level measures
Virtanen (2000)	Organizational culture, climate, and commitment	Individual-level concepts
Weber (2000)	Cultural fit in mergers and acquisitions	Top management teams as level of analysis
Wilderom, Glunk, & Maslowski (2000)	Organizational culture and performance	Multilevel analysis of individual perceptions and organizational-level variables
Wiley & Brooks (2000)	High-performance organizational climate	Individual perceptions to organization level
Zammuto, Gifford, & Goodman (2000)	Competing values and organizational culture	Organizational-level ideologies

Note: Levels-related summary of the organizational culture and climate literature is based on Ashkanasy, Wilderom, and Peterson (2000) chapters and on review-type and meta-analysis articles, 2000 to 2009.

Ostroff et al., 2003; Schneider et al., 2008; Van den Berg & Wilderom, 2004). Thus, although there appears to be some awareness of several theory building and/or theory testing multilevel issues in a portion of the extant culture and climate literature, there remain many multilevel conceptualization and methodological issues, as developed here, that require fuller understanding and should be addressed in future work.

Implications for Future Theory Building, Theory Testing, and Practice

Addressing multilevel issues in theory building in the organizational culture and climate realm (with the conceptualization shown in Tables 4.1 and 4.2) will help overcome the notion of "what theory is not" and enhance the internal consistency, logic, clarity, novelty, and contribution of forthcoming theory—all key dimensions of "good" theory. In essence, for theory to advance in this realm, multiple levels of analysis must be fully accounted for in formulations and conceptualizations. This notion holds regardless of one's preferred or primary theoretical perspective— be it psychological, social psychological, sociological, or anthropological—and the focal level of analysis—individual, group, organization, or society.

Both the psychological tradition in the climate literature and the anthropological tradition in the culture literature can be enhanced with a consideration of additional perspectives and levels of analysis. So, too, can one's perspective on values, symbols, actions, cognitions, emotions, meanings, and contexts—these are all important constructs in the culture and climate literatures. Multiple higher levels, beyond the individual level, can also provide the basis for various mediators and moderators of, and boundary conditions on, theoretical formulations of

culture and climate. In this realm, as in most areas of the organizational sciences, theory is ahead of data. Nevertheless, to provide better multilevel tests of ideas, these notions need to be formulated in a testable multilevel fashion.

Incorporation of multilevel issues into theory testing (using the methodologies shown in Table 4.3) in the organizational culture and climate realm will help address "poor" methods and data and will enhance internal logics, sampling, data collection, statistical analyses, and drawing of inferences—all key dimensions of "good" methods. This notion holds regardless of one's preferred or primary methodological perspective (quantitative or qualitative) and/or philosophical orientation (phenomenological, positivistic, postmodern, or otherwise).

A broader multilevel perspective also can facilitate the triangulation of results and inferences from alternative methodological approaches and help bridge differing perspectives from alternative philosophical positions. As such, regardless of the approach and perspective employed, the processes of assessment, measurement, and observation, broadly defined, need to be conducted with multiple levels of analysis in mind, always cognizant of the appropriate referents (entities). Likewise, sampling and observing of entities must be viewed in a multilevel way, recognizing that it is insufficient to consider only individuals or only one's preferred (focal) level of analysis. Additional methods, assessments, observations, and data analysis can then proceed in a multilevel fashion, employing one or more of the methodologies and techniques highlighted in this chapter.

Alignment of theory building (conceptualization that includes explicit levels-of-analysis specifications) with theory testing (methodology that explicitly incorporates levels of analysis in approaches, assessment and measurement, and data analysis) must have a multilevel focus. Conceptualization

without levels of analysis is incomplete; methodology without levels of analysis is incomprehensible.

In addition, based on knowledge gained from the alignment of theory building and theory testing, multilevel issues in managerial practice can be derived and become critical. For example, in terms of organizational strategy, organizational culture and climate play a key role in helping the alignment of strategy per se with the execution and implementation of strategy at multiple levels. A managerial philosophy that includes business ethics and fairness, a socialization process that incorporates the stories and values of the organization, and a human resources management approach that includes employee input—all are part of the multilevel connection between strategy, culture, and climate that includes individuals, groups-teams, and the entire organization.

Perhaps the key driver of these alignments is leadership, another multilevel phenomenon. Leadership articulates, influences, and reinforces organizational values, philosophy, culture, and climate at multiple levels. Moreover, leadership in and of the organization is responsible for articulating, designing, implementing, and managing changes in general and changes in culture and climate in particular. Organizational culture and climate play an important role in organizational transformations from minor changes in policies and procedures to major changes such as downsizing and mergers and acquisitions (including managing the clash of cultures). The difficulty of changing culture and climate occurs when one does not have a clear understanding of the level that underlies what one sees. If all levels of analysis are involved, then leadership change actions need to take place at all levels of analysis. But if change is limited to only the collective level, for example, then collective-level leadership change actions alone may work.

In brief, the success of organizational change efforts depends on the levels of analysis involved. Changing organizational culture and climate depends on the alignment of the type and degree of change with the correct level(s); for example, total quality management (TQM) policies with the group-team, service orientation with the organization, and skills training and development with the individual. Moreover, both climate and culture play complimentary roles in these change efforts. So if culture at multiple levels focuses more on what is valued, climate at multiple levels may focus more on what is rewarded and how (see Schneider et al., 1995, 2000, in press). From a multilevel level perspective, there may be some cases in which the way what is valued (culture) is rewarded (climate) varies within the larger collective (e.g., functional area or entire organization), and in other cases, what is rewarded (climate) may be the same across all groups, teams, and functional areas.

In summary, the following brief recommendations for conducting future multilevel research and practice in the realm of organizational culture and climate are offered (see also Table 4.4 for examples):

- In terms of culture and climate theory building, one should define the relevant levels of analysis for the associated concepts, constructs, variables, and relationships; provide a theoretical justification for these decisions; and specify the boundary conditions, including and based on levels of analysis, for these parameters as well.
- In terms of culture and climate theory testing, one should employ observations and assessments and construct measures at the same level of analysis depicted in the theory, models, and hypotheses. If this is not feasible, one should employ appropriate aggregation techniques and justify the use of these techniques. In addition, one should permit the conceptualization

to determine the appropriate multilevel method and technique to be used for the entities of interest.

- The alignment of multilevel theory building and theory testing permits the consideration of a multilevel focus in managerial practice issues regarding culture and climate. Policies, procedures, practices, changes, innovations, development, and so forth must be designed, implemented, monitored, and managed at the level(s) at which they are determined to operate.

CONCLUSION

In the realm of organizational culture and climate, given the embeddedness of levels of analysis, multiple levels need to be considered in combination, and multilevel effects need to be identified. As such, theory building (conceptualization) without a multilevel focus is clearly incomplete and thus can be viewed as atheoretical. To overcome this deficiency, it seems critical, in terms of each single level, to specify the level and units of analysis for each variable, relationship, and process of interest in the study of culture and climate. In terms of multiple levels, it is important in culture and climate studies to specify whether such variables, relationships, and processes are level-specific, emergent, or cross-level in nature.

Likewise, theory testing (methodology) without a multilevel focus is obviously incomprehensible and thus can be viewed as nonmethodological. To address this concern in the culture and climate realm, readers should refer to the work of Fred Dansereau et al. (2006), who present a multilevel testing approach for these issues (which is summarized in their Figure 1, p. 540). In brief, beginning with a focal level of analysis, they offer a step-by-step prescription for multilevel testing of effects asserted to operate at single or multiple levels of analysis. Their approach is readily adaptable to the study of individual perceptions of climate, culture, and cultural values, group and team climate, organizational culture, and societal and country cultural values.

Overall, in this chapter, via classic and contemporary literatures, a number of multilevel issues have been articulated and illustrated in an effort to enhance theory building and theory testing for organizational culture and climate work. Hopefully, current and future organizational culture and climate scholars, regardless of their theoretical or methodological preference, will find these multilevel notions useful for their work in this important realm in the organizational sciences.

REFERENCES

Ashkanasy, N. M., Broadfoot, L., & Falkus, S. (2000). Questionnaire measures of organizational culture. In N. M. Ashkanasy, C. P. M. Wilderom, & M. F. Peterson (Eds.), *Handbook of organizational culture and climate* (pp. 131–146). Thousand Oaks, CA: Sage.

Ashkanasy, N. M., & Jackson, C. R. A. (2002). Organizational culture and climate. In N. Anderson, D. S. Ones, H. K. Sinangil, & C. Viswesvaran (Eds.), *Handbook of industrial, work and organizational psychology: Vol. 2. Organizational psychology* (pp. 398–415). London: Sage.

Ashkanasy, N. M., Wilderom, C. P. M., & Peterson, M. F. (Eds.) (2000). *Handbook of organizational culture and climate.* Thousand Oaks, CA: Sage.

Behling, O. (1978). Some problems in the philosophy of science of organizations. *Academy of Management Review, 3,* 193–201.

Berson, Y., Avolio, B. J., & Kahai, S. (2003). Level specification: Using triangulation in a grounded theory approach to construct validation. In F. Dansereau & F. J. Yammarino (Eds.), *Research in multi-level issues: Vol. 2. Multi-level issues in organizational behavior and strategy* (pp. 85–112). Oxford, UK: Elsevier.

Beyer, J. M., Hannah, D. R., & Milton, L. P. (2000). Ties that bind: Culture and attachments in organizations. In N. M. Ashkanasy, C. P. M. Wilderom, & M. F. Peterson (Eds.), *Handbook of organizational culture and climate* (pp. 323–338). Thousand Oaks, CA: Sage.

Black, J. A., Oliver, R. L., & Paris, L. D. (2009). Comparing simulation results of leadership style impacts on emergent versus specific task outcomes and required simulation model components. In F. J. Yammarino & F. Dansereau (Eds.), *Research in multi-level issues, Vol. 8: Multi-level issues in organizational behavior and leadership* (pp. 271–299). Bingley, UK: Emerald.

Bliese, P. D. (2000). Within-group agreement, non-independence, and reliability: Implications for data aggregation and analysis. In K. J. Klein & S. W. Kozlowski (Eds.), *Multilevel theory, research, and methods in organizations: Foundations, extensions and new directions* (pp. 349–381). San Francisco: Jossey-Bass.

Bluedorn, A. C. (2000). Time and organizational culture. In N. M. Ashkanasy, C. P. M. Wilderom, & M. F. Peterson (Eds.), *Handbook of organizational culture and climate* (pp. 117–128). Thousand Oaks, CA: Sage.

Brannen, M. Y., & Kleinberg, J. (2000). Images of Japanese management and the development of organizational culture theory. In N. M. Ashkanasy, C. P. M. Wilderom, & M. F. Peterson (Eds.), *Handbook of organizational culture and climate* (pp. 387–400). Thousand Oaks, CA: Sage.

Bryk, A. S., & Raudenbush, S. W. (1992). *Hierarchical linear models.* Newbury Park, CA: Sage.

Burke, M. J., Chan-Serafin, S., Salvador, R., Smith, A., & Sarpy, S. A. (2008). The role of national culture and organizational climate in safety training effectiveness. *European Journal of Work and Organizational Psychology, 17,* 133–152.

Burke, M. J., & Dunlap, W. P. (2002). Estimating interrater agreement with the average deviation index: A user's guide. *Organizational Research Methods, 5,* 159–172.

Burke, M. J., Finkelstein, L. M., & Dusig, M. S. (1999). On average deviation indices for estimating interrater agreement. *Organizational Research Methods, 2,* 49–68.

Carr, J. Z., Schmidt, A. M., Ford, J. K., & DeShon, R. P. (2003). Climate perceptions matter: A meta-analytic path analysis relating molar climate, cognitive and affective states, and individual level work outcomes. *Journal of Applied Psychology, 88,* 605–619.

Chan, D. (1998a). Functional relations among constructs in the same content domain at different levels of analysis: A typology of composition models. *Journal of Applied Psychology, 83,* 234–246.

Chan, D. (1998b). The conceptualization of change over time: An integrative approach incorporating longitudinal means and covariance structures analysis (LMACS) and multiple indicator latent growth modeling (MLGM). *Organizational Research Methods, 1,* 421–483.

Chan, D. (2005). Multivariate latent growth modeling: Issues on preliminary data analyses. In F. Dansereau & F. J. Yammarino (Eds.), *Research in multi-level issues, Vol. 4: Multi-level issues in strategy and methods* (pp. 319–334). Oxford, UK: Elsevier.

Chao, G. T. (2000). Multilevel issues and culture: An integrative view. In K. J. Klein & S. W. J. Kozlowski (Eds.), *Multilevel theory, research, and methods in organizations: Foundations, extensions, and new directions* (pp. 308–346). San Francisco: Jossey-Bass.

Cooke, R. A., & Szumal, J. L. (2000). Using the organizational culture inventory to understand the operating cultures of organizations. In N. M. Ashkanasy, C. P. M. Wilderom, & M. F. Peterson (Eds.), *Handbook of organizational culture and climate* (pp. 147–162). Thousand Oaks, CA: Sage.

Cortina, K. S., Pant, H. A., & Smith-Darden, J. (2005). Multivariate latent growth models: Reading the covariance matrix for multi-level interpretations. In F. Dansereau & F. J. Yammarino (Eds.), *Research in multi-level issues: Vol. 4. Multi-level issues in strategy and methods* (pp. 277–318). Oxford, UK: Elsevier.

D'Amato, A., & Burke, M. J. (2008). Psychological and organizational climate research: Contrasting perspectives and research traditions. *European Journal of Work and Organizational Psychology, 17,* 1–4.

Dansereau, F., & Alutto, J. A. (1990). Level-of-analysis issues in climate and culture research. In B. Schneider (Ed.), *Organizational climate and culture* (pp. 193–236). San Francisco: Jossey-Bass.

Dansereau, F., Alutto, J. A., & Yammarino, F. J. (1984). *Theory testing in organizational behavior: The varient approach*. Englewood Cliffs, NJ: Prentice Hall.

Dansereau, F., Cho, J., & Yammarino, F. J. (2006). Avoiding the "fallacy of the wrong level": A within and between analysis (WABA) approach. *Group and Organization Management, 31,* 536–577.

Dansereau, F., & Yammarino, F. J. (2000). Within and between analysis: The varient paradigm as an underlying approach to theory building and testing. In K. J. Klein & S. W. J. Kozlowski (Eds.), *Multilevel theory, research, and methods in organizations: Foundations, extensions, and new directions* (pp. 425–466). San Francisco: Jossey-Bass.

Dansereau, F., & Yammarino, F. J. (2006). Is more discussion about levels of analysis really necessary? When is such discussion sufficient? *Leadership Quarterly, 17,* 537–552.

Dansereau, F., Yammarino, F. J., & Kohles, J. (1999). Multiple levels of analysis from a longitudinal perspective: Some implications for theory building. *Academy of Management Review, 24,* 346–357.

Dastmalchian, A. (2008). Industrial relations climate. In P. Blyton, E. Heery, N. Bacon, & J. Fiorito (Eds.), *Handbook of industrial relations* (pp. 548–571). London: Sage.

Dickson, M. W., Aditya, R. M., & Chokkar, J. S. (2000). Definition and interpretation in cross-cultural organizational culture research: Some pointers from the GLOBE research program. In N. M. Ashkanasy, C. P. M. Wilderom, & M. F. Peterson (Eds.), *Handbook of organizational culture and climate* (pp. 447–464). Thousand Oaks, CA: Sage.

Dickson, M. W., Resnick, C. J., & Hanges, P. J. (2006). Systematic variation in organizationally-shared cognitive prototypes of effective leadership based on organizational form. *Leadership Quarterly, 17,* 487–505.

Dionne, S. D., & Dionne, P. J. (2009). A levels-based leadership simulation: Insights regarding group decision optimization. In F. J. Yammarino & F. Dansereau (Eds.), *Research in multi-level issues: Vol. 8. Multi-level issues in organizational behavior and leadership* (pp. 227–270). Bingley, UK: Emerald.

Dronkers, J., & Hox, J. (2006). The importance of the common family background for the similarity of divorce risks of siblings: A multi-level event history analysis. In F. J. Yammarino & F. Dansereau (Eds.), *Research in multi-level issues: Vol. 5. Multi-level issues in social systems* (pp. 217–238). Oxford, UK: Elsevier.

Glick, W. (1985). Conceptualizing and measuring organizational and psychological climate: Pitfalls in multilevel research. *Academy of Management Review, 10,* 601–616.

Glick, W. (1988). Response: Organizations are not central tendencies: Shadowboxing in the dark, round 2. *Academy of Management Review, 13,* 133–137.

Granrose, C. S., Huang, Q., & Reigadas, E. (2000). Changing organizational cultures in Chinese firms. In N. M. Ashkanasy, C. P. M. Wilderom, & M. F. Peterson (Eds.), *Handbook of organizational culture and climate* (pp. 483–496). Thousand Oaks, CA: Sage.

Grimm, K. J., & McArdle, J. J. (2005). A note on the computer generation of mean and covariance expectations in latent growth curve analysis. In F. Dansereau & F. J. Yammarino (Eds.), *Research in multi-level issues: Vol. 4. Multi-level issues in strategy and methods* (pp. 335–364). Oxford, UK: Elsevier.

Gunz, H. (2000). Organizational cultures and careers. In N. M. Ashkanasy, C. P. M. Wilderom, & M. F. Peterson (Eds.), *Handbook of organizational culture and climate* (pp. 369–384). Thousand Oaks, CA: Sage.

Hanges, P. J., & Dickson, M. W. (2006). Agitation over aggregation: Clarifying the development of and the nature of the GLOBE scales. *Leadership Quarterly, 17,* 522–536.

Hatch, M. J. (2000). The cultural dynamics of organizing and change. In N. M. Ashkanasy, C. P. M. Wilderom, & M. F. Peterson (Eds.), *Handbook of organizational culture and climate* (pp. 245–260). Thousand Oaks, CA: Sage.

Helms Mills, J. C. H., & Mills, A. J. (2000). Rules, sensemaking, formative contexts, and discourse in the gendering of organizational culture. In N. M. Ashkanasy, C. P. M. Wilderom, & M. F. Peterson (Eds.), *Handbook of organizational culture and climate* (pp. 55–70). Thousand Oaks, CA: Sage.

Hofmann, D. A., Griffin, M. A., & Gavin, M. B. (2000). The application of hierarchical linear modeling to organizational research. In K. J. Klein & S. W. J. Kozlowski (Eds.), *Multi-level theory, research, and methods in organizations: Foundations, extensions, and new directions* (pp. 467–511). San Francisco: Jossey-Bass.

Hofstede, G. (1980). *Culture's consequences: International differences in work-related values.* Beverly Hills, CA: Sage.

Hofstede, G. (2001). *Culture's consequences: International differences in work-related values* (2nd ed.). Thousand Oaks, CA: Sage.

Hofstede, G., & Peterson, M. F. (2000). Culture: National values and organizational practices. In N. M. Ashkanasy, C. P. M. Wilderom, & M. F. Peterson (Eds.), *Handbook of organizational culture and climate* (pp. 401–416). Thousand Oaks, CA: Sage.

House, R. J., Hanges, P. J., Javidan, M., Dorfman, P. W., & Gupta, V. (Eds.). (2004). *Culture, leadership, and organizations: The GLOBE study of 62 societies.* Thousand Oaks, CA: Sage.

Hox, J. J. (2002). *Multi-level analysis: Techniques and applications*. Mahwah, NJ: Lawrence Erlbaum.

James, L. R., Choi, C. C., Ko, C. H. E., McNeil, P. K., Minton, M. K., Wright, M. A., & Kim, K. (2008). Organizational and psychological climate: A review of theory and research. *European Journal of Work and Organizational Psychology, 17,* 5–32.

James, L. R., Demaree, R. G., & Wolf, G. (1984). Estimating within-group interrater reliability with and without response bias. *Journal of Applied Psychology, 69,* 85–98.

James, L. R., Demaree, R. G., & Wolf, G. (1993). r_{wg}: An assessment of within-group interrater agreement. *Journal of Applied Psychology, 78,* 306–309.

James, L. R., Joyce, W. F., & Slocum, J. W. (1988). Comment: Organizations do not cognize. *Academy of Management Review, 13,* 129–132.

Jelinek, M. (2003). Enacting the future: A time- and levels-based view of strategic change. In F. Dansereau & F. J. Yammarino (Eds.), *Research in multi-level issues: Vol. 2. Multi-level issues in organizational behavior and strategy* (pp. 303–349). Oxford, UK: Elsevier.

Jelinek, M. (2006). Industry–university intellectual property dynamics as a multi-level phenomenon. In F. J. Yammarino & F. Dansereau (Eds.), *Research in multi-level issues: Vol. 5. Multi-level issues in social systems* (pp. 259–299). Oxford, UK: Elsevier.

Jones, G. R. (1983). Transaction costs, property rights, and organizational culture: An exchange perspective. *Administrative Science Quarterly, 28,* 454–467.

Katz, D., & Kahn, R. L. (1978). *The social psychology of organizations* (2nd ed.). New York: Wiley.

Kilduff, M., & Corley, K.G. (2000). Organizational culture from a network perspective. In N. M. Ashkanasy, C. P. M. Wilderom, & M. F. Peterson (Eds.), *Handbook of organizational culture and climate* (pp. 211–221). Thousand Oaks, CA: Sage.

Kuenzi, M., & Schminke, M. (2009). Assembling fragments into a lens: A review, critique, and proposed research agenda for the organizational work climate literature. *Journal of Management, 35,* 634–717.

Lehman, D. R., Chiu, C., & Schaller, M. (2004). Psychology and culture. *Annual Review of Psychology, 55,* 689–714.

Mackenzie, K. D. (2004). The process approach to multi-level organizational behavior. In F. J. Yammarino & F. Dansereau (Eds.), *Research in multi-level issues: Vol. 3. Multi-level issues in organizational behavior and processes* (pp. 347–417). Oxford, UK: Elsevier.

Mackenzie, K. D. (2006). The LAMPE theory of organizational leadership. In F. J. Yammarino & F. Dansereau (Eds.), *Research in multi-level issues: Vol. 5. Multi-level issues in social systems* (pp. 345–428). Oxford, UK: Elsevier.

Madhavan, R. (2003). Network evolution as a multi-level phenomenon. In F. Dansereau & F. J. Yammarino (Eds.), *Research in multi-level issues: Vol. 2. Multi-level issues in organizational behavior and strategy* (pp. 265–273). Oxford, UK: Elsevier.

Major, D. A. (2000). Effective newcomer socialization into high performance organizational cultures. In N. M. Ashkanasy, C. P. M. Wilderom, & M. F. Peterson (Eds.), *Handbook of organizational culture and climate* (pp. 355–368). Thousand Oaks, CA: Sage.

Markham, S. E. (2002). Multi-level simulation analysis issues: Four themes. In F. J. Yammarino & F. Dansereau (Eds.), *Research in multi-level issues: Vol. 1. The many faces of multi-level issues* (pp. 387–396). Oxford, UK: Elsevier.

Markus, K. A. (2000). Twelve testable assertions about cultural dynamics and the reproduction of organizational change. In N. M. Ashkanasy, C. P. M. Wilderom, & M. F. Peterson (Eds.), *Handbook of organizational culture and climate* (pp. 297–308). Thousand Oaks, CA: Sage.

Michela, J. L., & Burke, W. W. (2000). Organizational culture and climate in transformations for quality and innovation. In N. M. Ashkanasy, C. P. M. Wilderom, & M. F. Peterson (Eds.), *Handbook of organizational culture and climate* (pp. 225–244). Thousand Oaks, CA: Sage.

Miller, J. G. (1978). *Living systems*. New York: McGraw-Hill.

Moldoveanu, M. C., Baum, J. A. C., & Rowley, T. J. (2003). Information regimes, information strategies and the evolution of interfirm network typologies. In F. Dansereau & F. J. Yammarino (Eds.), *Research in multi-level issues: Vol. 2. Multi-level issues in organizational behavior and strategy* (pp. 221–264). Oxford, UK: Elsevier.

Muthén, B. O. (1994). Multilevel covariance structure analysis. *Multilevel Modeling* [Special issue of *Sociological Methods and Research*], 22, 376–398.

Muthén, L. K., & Muthén, B. O. (2007). *Mplus user's guide* (5th ed.). Los Angeles: Muthén & Muthén.

Ostroff, C., Kinicki, A. J., & Tamkins, M. M. (2003). Organizational culture and climate. In W. C. Borman, D. R. Ilgen, & R. J. Klimoski (Eds.), *Handbook of psychology: Vol. 12. Industrial/organizational psychology* (pp. 565–593). New York: Wiley.

Payne, R. L. (2000). Climate and culture: How close can they get? In N. M. Ashkanasy, C. P. M. Wilderom, & M. F. Peterson (Eds.), *Handbook of organizational culture and climate* (pp. 163–176). Thousand Oaks, CA: Sage.

Pedhazur, E. J. (1982). *Multiple regression in behavioral research*. New York: Holt, Rinehart, & Winston.

Peterson, M. F., & Castro, S. (2006). Measurement metrics at aggregate levels of analysis: Implications for organizational culture research and the GLOBE project. *Leadership Quarterly, 17,* 506–521.

Peterson, M. F., & Smith, P. (2000). Sources of meaning, organizations, and culture: Making sense of organizational events. In N. M. Ashkanasy, C. P. M. Wilderom, & M. F. Peterson (Eds.), *Handbook of organizational culture and climate* (pp. 101–116). Thousand Oaks, CA: Sage.

Rafaeli, A., & Worline, M. (2000). Symbols in organizational culture. In N. M. Ashkanasy, C. P. M. Wilderom, & M. F. Peterson (Eds.), *Handbook of organizational culture and climate* (pp. 71–84). Thousand Oaks, CA: Sage.

Raudenbush, S. W., & Bryk, A. S. (2002). *Hierarchical linear models: Applications and data analysis methods* (2nd ed.). Thousand Oaks, CA: Sage.

Reeves-Ellington, R. E. (2004). Trustscapes and distrustscapes: A multi-level approach for understanding stability and change. In F. J. Yammarino & F. Dansereau (Eds.), *Research in multi-level issues: Vol. 3. Multi-level issues in organizational behavior and processes* (pp. 91–148). Oxford, UK: Elsevier.

Reeves-Ellington, R. E. (2007). Timescapes: A multi-level approach for understanding time use in complex organizations. In F. Dansereau & F. J. Yammarino (Eds.), *Research in multi-level issues: Vol. 6. Multi-level issues in organizations and time* (pp. 259–316). Oxford, UK: Elsevier.

Reeves-Ellington, R. E. (2009). Enviroscapes: A multi-level contextual approach to organizational leadership. In F. J. Yammarino & F. Dansereau (Eds.), *Research in multi-level issues, Vol. 8: Multi-level issues in organizational behavior and leadership* (pp. 337–420). Bingley, UK: Emerald.

Riley, P. (1983). A structurationist account of political climate. *Administrative Science Quarterly, 28,* 414–437.

Robinson, W. S. (1950). Ecological correlations and the behavior of individuals. *American Sociological Review, 15,* 351–357.

Rose, G. M., Kahle, L. R., & Shoham, A. (2000). Role relaxation and organizational culture. In N. M. Ashkanasy, C. P. M. Wilderom, & M. F. Peterson (Eds.), *Handbook of organizational culture and climate* (pp. 437–446). Thousand Oaks, CA: Sage.

Sagiv, L., & Schwartz, S. H. (2000). A new look at national culture: Illustrative applications to role stress and managerial behavior. In N. M. Ashkanasy, C. P. M. Wilderom, & M. F. Peterson (Eds.), *Handbook of organizational culture and climate* (pp. 417–436). Thousand Oaks, CA: Sage.

Sathe, V., & Davidson, E. J. (2000). Toward a new conceptualization of culture change. In N. M. Ashkanasy, C. P. M. Wilderom, & M. F. Peterson (Eds.), *Handbook of organizational culture and climate* (pp. 279–296). Thousand Oaks, CA: Sage.

Schein, E. (1985). *Organizational culture and leadership*. San Francisco: Jossey-Bass.

Schein, E. (1992). *Organizational culture and leadership* (2nd ed.). San Francisco: Jossey-Bass.

Schneider, B. (1987). The people make the place. *Personnel Psychology, 40,* 437–453.

Schneider, B., Bowen, D. E., Ehrhart, M. G., & Holocomb, K. M. (2000). The climate for service. In N. M. Ashkanasy, C. P. M. Wilderom, & M. F. Peterson (Eds.), *Handbook of organizational culture and climate* (pp. 21–36). Thousand Oaks, CA: Sage.

Schneider, B., Ehrhart, M. G., & Macey, W. A. (in press). Perspectives on organizational climate and culture. In S. Zedeck (Ed.), *Handbook of I/O psychology*. Washington, DC: American Psychological Association.

Schneider, B., Goldstein, H. W., & Smith, D. B. (1995). The ASA framework: An update. *Personnel Psychology, 48,* 747–773.

Schriesheim, C. A., Castro, S. L., Zhou, X. T., & Yammarino, F. J. (2001). The folly of theorizing "A" but testing "B": A selective level-of-analysis review of the field and a detailed leader-member exchange illustration. *Leadership Quarterly, 12,* 515–551.

Seitz, S. T., & Hulin, C. (2002). Multi-level simulation analysis: The dynamics of HIV/AIDS. In F. J. Yammarino & F. Dansereau (Eds.), *Research in multi-level issues: Vol. 1. The many faces of multi-level issues* (pp. 353–380). Oxford, UK: Elsevier.

Snijders, T. A. B. (2006). Multi-level event history analysis for a sibling design: The choice of predictor variables. In F. J. Yammarino & F. Dansereau (Eds.), *Research in multi-level issues, Vol. 5: Multi-level issues in social systems* (pp. 243–251). Oxford, UK: Elsevier.

Snijders, T. A. B., & Bosker, R. J. (1999). *Multi-level analysis: An introduction to basic and advanced multi-level modeling*. London: Sage.

Soeters, J. L. (2000). Culture in uniformed organizations. In N. M. Ashkanasy, C. P. M. Wilderom, & M. F. Peterson (Eds.), *Handbook of organizational culture and climate* (pp. 465–481). Thousand Oaks, CA: Sage.

Stackman, R. W., Pinder, C. C., & Connor, P. E. (2000). Values lost: Redirecting research on values in the workplace. In N. M. Ashkanasy, C. P. M. Wilderom, & M. F. Peterson (Eds.), *Handbook of organizational culture and climate* (pp. 37–54). Thousand Oaks, CA: Sage.

Tyrrell, M. W. D. (2000). Hunting and gathering in the early silicon age: Cyberspace, jobs, and the reformulation of organizational culture. In N. M. Ashkanasy, C. P. M. Wilderom, & M. F. Peterson (Eds.), *Handbook of organizational culture and climate* (pp. 85–100). Thousand Oaks, CA: Sage.

Van den Berg, P. T., & Wilderom, C. P. M. (2004). Defining, measuring, and comparing organizational cultures. *Applied Psychology: An International Review, 53,* 570–582.

Virtanen, T. (2000). Commitment and the study of organizational climate and culture. In N. M. Ashkanasy, C. P. M. Wilderom, & M. F. Peterson (Eds.), *Handbook of organizational culture and climate* (pp. 339–354). Thousand Oaks, CA: Sage.

Walker, G. (2003). Network structure, content and evolution. In F. Dansereau & F. J. Yammarino (Eds.), *Research in multi-level issues: Vol. 2. Multi-level issues in organizational behavior and strategy* (pp. 275–285). Oxford, UK: Elsevier.

Weber, Y. (2000). Measuring cultural fit in mergers and acquisitions. In N. M. Ashkanasy, C. P. M. Wilderom, & M. F. Peterson (Eds.), *Handbook of organizational culture and climate* (pp. 309–320). Thousand Oaks, CA: Sage.

Wilderom, C. P. M., Glunk, U., & Maslowski, R. (2000). Organizational culture as a predictor of organizational performance. In N. M. Ashkanasy, C. P. M. Wilderom, & M. F. Peterson (Eds.), *Handbook of organizational culture and climate* (pp. 193–210). Thousand Oaks, CA: Sage.

Wiley, J. W., & Brooks, S. (2000). The high performance organizational climate: How workers describe top performing units. In N. M. Ashkanasy, C. P. M. Wilderom, & M. F. Peterson (Eds.), *Handbook of organizational culture and climate* (pp. 177–192). Thousand Oaks, CA: Sage.

Yammarino, F.J. (1990). Individual- and group-directed leader behavior descriptions. *Educational and Psychological Measurement, 50,* 739–759.

Yammarino, F. J. (1998). Multivariate aspects of the varient/WABA approach: A discussion and leadership illustration. *Leadership Quarterly, 9,* 203–227.

Yammarino, F. J., & Dansereau, F. (2009). A new kind of OB (organizational behavior). In F. J. Yammarino & F. Dansereau (Eds.), *Research in multi-level issues: Vol. 8. Multi-level issues in organizational behavior and leadership* (pp. 13–60). Bingley, UK: Emerald.

Yammarino, F. J., Dionne, S. D., Chun, J. U., & Dansereau, F. (2005). Leadership and levels of analysis: A state-of-the-science review. *Leadership Quarterly, 16,* 879–919.

Yammarino, F. J., & Markham, S. E. (1992). On the application of within and between analysis: Are absence and affect really group-based phenomena? *Journal of Applied Psychology, 77,* 168–176 (correction, *77,* 426).

Zammuto, R. F., Gifford, B., & Goodman, E. (2000). Managerial ideologies, organizational culture and the outcomes of innovation: A competing values perspective. In N. M. Ashkanasy, C. P. M. Wilderom, & M. F. Peterson (Eds.), *Handbook of organizational culture and climate* (pp. 261–278). Thousand Oaks, CA: Sage.

Part II

TOWARD POSITIVE WORK CULTURES AND CLIMATES

Toward Positive Work Cultures and Climates

Celeste P. M. Wilderom

The authors of the chapters in Part II have all explicitly emphasized the "positive" within a work culture and climate. This set of five *Handbook* chapters explores the rationale for the aim to reach a positive state of organizing affairs; overall, they emphasize a positive organizational "regime" in which most people in the working world are assumed to do well.

Moreover, the chapters in Part II refer to individuals as the basic building blocks of each organized setting. Their key assumption is that if each and every individual within an organizational culture and climate is treated as positively as possible, better contributions from those people ensue that, in turn, may spur others to offer the organization and its stakeholders their best. Furthermore, these chapters collectively suggest that the investments required to create and maintain a positive organizing culture and climate are far less than the benefits organizations may derive. Hence, effective organizing implies a well-managed positive culture and climate. The chapters in this section imply that a particular positive-organizational mindset should be adopted by its key actors. If the positive mindsets of key actors are explicitly translated into positive behavior, and included all-round (i.e., including socially-emotionally) intelligent behavior, these key actors may help to cause a work culture and climate in which all employees can thrive.

Most of these chapters go a step further: to propose that not only employees but also the other stakeholders will benefit if a positive culture and climate has become an organization-wide regime (see especially Chapter 7 by Vacharkulksemsuk, Sekerka, & Fredrickson). Thus, external clients, suppliers, stockholders, and so forth could be positively affected by highly positive functioning organizations or organizational units. In other words, it is assumed that the various business actors that an organizational unit is dealing with will also be positively affected if positive thinking, experiencing, and acting are the norm. This norm of positively charged organizing is often criticized as being utopian. The norm is not. Sloppy practices—derived from that norm, however—may run that risk.

Utopian behavior is not common in the business world as we know it; we all know

many organizations in which many people have had many negative experiences. Take, for instance, cases where people got promoted, not because of the quality of their work, but for reasons other than the formally espoused or commonly applied ones. The feeling of injustice that such promotions tend to invoke within and among bystander employees is something many employees have experienced. One's response to such negative emotion often determines one's subsequent organizational behavior. Employee responses to negative organizational treatment may include (a) revolt against such an unjustifiable action (i.e., fight), (b) leaving the organizational unit in which they are experiencing that sense of injustice (i.e., flight), or (c) imitate the sort of organizational behaviors that they initially felt bad about (i.e., mimic or join the "bad club"). In addition to those three types of radical responses, employees with (similar and other) negative organizational experiences may become cynical as a result— that is, their attitudes toward the organized setting get more or less resigned—they will just do their 9 to 5 job (perhaps even less) and not do their best to help their "misbehaving" organizational unit to thrive. Gradually, they become more focused on nonorganizational, parochial, or self-interests that are likely to take energy away from doing "good" within their organizational unit. In other words, organizationally induced negative work experiences may take away positive, organizationally directed energy. Leaving the organization is often not an option (e.g., due to private reasons), revolting is often deemed unwise, and many employees do not want to behave in a way whereby they themselves inflict negative organizational experiences on others, given they did not like experiencing that behavior in the first place. As a result, employees who are not treated fairly or positively and who, as a consequence, would be expected to revolt, leave, or join the ranks of people who evoke negative emotions but

who are deterred in whatever way from doing so, may instead develop a cynical mindset at work. In other words, they act neither negatively nor positively toward other organizational members-stakeholders, and they simply "get by," as reflected in their mediocre level of productivity and their ditto sense of work engagement.

Many key business figures do not seem to be aware of such organizational dynamics. If they were, they would perhaps embrace the positive-mindset norm more quickly, if only out of concern for their business. In the last chapter of this section, Teresa M. Cardador and Deborah E. Rupp note the "paucity of work on how organizational culture influences employees' personal experiences of work." Their chapter specifically deals with employees' sense of declining meaningfulness of their work. According to Cardador and Rupp, negative work experiences that often manifest within (the prevailing!) market and bureaucratic organizational cultures and climates of today's typical workplace undermine the potential of both organizations and individuals to blossom. They conclude that to address this issue, the many cultural elements of any given work group would need to be made consistent or coherent, something that is very difficult to manage given the various pressures typically impinging upon work units. Yet managers do affect or shape employee sensemaking. As a result, any manager's (business) priorities, decisions, and behaviors have a great deal of influence on the way the employees experience the culture and climate of their work settings. In practice, this strong effect of managers on employees' experience of organizational culture and climate is, in my view, often underrated. Hence, at this point in time, there are not many managers who are being taught or coached in how they—through every single act—can build and maintain a positive organizational culture and climate. This is largely because it is only fairly recently

that researchers are starting to explore the potentially great business benefits positive work cultures and climates can offer.

In most work and organizational cultures and climates, the positive-culture norm entails positive member-supporting rites, symbols, practices, values, assumptions, and other elements that influence work experiences for every individual employee. In the absence of an explicit positive culture and climate norm, it is much more likely that decisions are being taken that plague or pinch the people involved. In a work culture and climate that is not explicitly positive, one is not inclined to talk openly about potential or past negative employee experiences; such voicing behavior tends to be tabooed. In most (neutral or negative) work settings-cultures, there is a lack of will or skill (or custom-habit) to talk to a colleague about something he or she is about to do or has already done that may have a negative ripple effect on (at least some of) the people or practices involved. Yet in organization cultures and climates where positive work experiences of individual employees constitute an absolute norm, it is less difficult to offer what is elsewhere seen as unsolicited advice to a colleague.

Take the example of the explicitly built-in positive dynamics in the Gaylord Palms' convention hotel in Orlando, Florida, as described and analyzed by Robert C. Ford, Celeste P. M. Wilderom, and John Caparella (2008), where an emphasis was placed on positive "cultural content over culture strength" (p. 154). The "founder's beliefs, organizational mission and goals, core work values . . . and most of its translations into practices or typical employee experiences" are decidedly positive (Ford et al., 2008, pp. 154–157). In this hotel's positive culture, it is, for example, literally written on the wall (and not merely written on the wall) that "leaders actively solicit employee feedback and input" (Ford et al., 2008, p. 156). Also

"regular employee discussion of Gaylord's core work values (at least once per month at departmental meetings)" is the norm, as is "employee self-disclosure of mistakes as a valued behavior" (Ford et al., 2008, p. 156). These positive-culture dynamics led to the idea that many more positive employee practices and experiences need to be written up, shared, applied, and measured before more employees may feel more often positively energized by their immediate and/ or wider work environments and, in turn, may act in ways that are decidedly more positively received by others with whom they work. In the preface to this *Handbook,* Edgar Schein puts the task ahead quite aptly as follows: "the growing concern with positive psychology and positive climates and cultures only begins to make sense if we can specify just what kind of behavior we are looking for that can be defined as 'positive.'"

The largely intangible nature of culture as well as the noncognitive ways in which culture is felt or gets experienced by employees makes the topic of cultural content both difficult and complex. However, the good news is that many advances are now being made by researchers who are focusing on emotions in the workplace. If some of those researchers were to branch out into organizational culture (or perhaps first to work climate), the notion of positively felt cultures and climates may become more academically alive.

Individuals throughout all sorts of organizations have deep-seated personal beliefs about how to treat other people. Despite high levels of communality assumed present in all organizations, in most contemporary organizations, it remains difficult to approach a colleague who does not seem to adhere to the collectively agreed upon rules of conduct. Some people may even argue that others do not have the right to comment on the behavior of colleagues since all individuals must be fully autonomous in how they conduct themselves. Yet in organizational cultures and climates

in which the positive is elevated as a norm, one is supposed to speak to one's colleague when it looks like this person is straying away from this norm. This of course deviates from the hyperindividualist idea that people are purely individually responsible for their behavior at all times, even within collective work contexts. Hence, developing a work culture and climate that is positive in its veins, behavior, and output is very difficult in practice; efforts to improve a culture and climate that has a negative content might even be more challenging.

It is this challenge that the authors of this part's chapters push forward—albeit, each in their own way. No single chapter speaks about this huge switching-to-the-positive-gear task directly. Each chapter assumes that individual behavior can make a positive difference to an organizational work setting. Some behavior may imprint positivity on collective work settings. This type of impact might be called a contribution to a positive collective regime. Moreover, each organizational unit might be seen as having either a positive or a negative net effect on both its contextual environments and the individual employees involved. This net effect is obviously not easily measured, especially when using methods that accountants would agree with.

The qualitative effects of culture and climate in an organized group or unit might be either clearly positive (as, e.g., in most neighborhood-watch groups) or be clearly negative (as in firms filing for Chapter 11). Many organizations have cultures and climates that can be typified as in between—that is, no absolute positive or absolute negative effects on employees and other stakeholders can be ascertained. In fact, most organized contexts fall into this so-so category. In these contexts, new, viable directions and higher productivity levels could be unleashed by pushing more explicitly for positively cultured work

settings. In terms of reaching the desired effect, one does not need to be a seasoned consultant to note that when feeling the pulse of the organization on the work floor, the degree of positivity found on the lowest hierarchical level might predict the degree of positivity, vitality, innovation, and/or growth and autonomous sustainability the organization is easily capable of. If there is one thing this set of *Handbook* chapters tells me, it is that new research needs to focus on the pertinent question: How do collective work entities develop a set of shared norms, values, assumptions, expectations, and so forth that emphasize and model (more) positive ways of working together?

At the moment, very few authors are known specialists on the subarea of organizational culture and climate change, despite it being a topic of increasing societal relevance. In the first *Handbook,* Andrew Pettigrew (2000, p. xv) demanded more research attention on the topic of organizational culture and climate change; yet to date, it remains difficult to find scholars with a focus on this specific topic from a positive organizational scholarship perspective. In the first edition of the *Handbook,* Schein (2000) also stated that desirable work norms and assumptions come about by "building upon what is working (rather) than obsess(ing) about what is not working. It is easier to evolve culture than to change it" (p. xxix). Moreover, Schein wrote (quite profoundly),

> Articulating new visions and new values is a waste of time if these are not calibrating against existing assumptions and values. When such assessments are made, it is usually found that there are elements in the culture that can be used positively to create new ways of working that are more effective, and that is far preferable than to "changing" the culture. (p. xxix)

According to Schein, the term *culture change* should be banned, at least in part

because it suggests the possibility of swift change in large organizations that are in need of significantly more vitality or health. Thus, if researchers were to ditch the by now widespread culture change term, they would need a replacement catch phrase for those who would like to move extant organized settings into higher gear. Positive work culture and climate might perhaps replace the overly neutral and functionalistic term culture change, especially now that support for positive organizational scholarships in various management research areas is gaining academic legitimacy.

Having outlined some overall thoughts on the need to work toward positive work cultures and climates, I summarize as follows the contributions of the five chapters in this part of the *Handbook*.

The chapter by Charmine E. J. Härtel and Neal M. Ashkanasy (Chapter 6) cites a range of (culture- and climate-based) evidence supporting the assumption that a positive work environment is beneficial for individuals operating within it and, by means of contagion, for the individuals who come in contact with such contexts (such as individual customers who can feel it if the back office of a store or restaurant is a very healthy or positive one, or clients in business-to-business settings who are operated by highly effective lean teams). They discuss affective experiences and responses and point to various new avenues for future research work in the positive-work-environment direction.

In Chapter 7, Tanya Vacharkulksemsuk, Leslie E. Sekerka, and Barbara L. Fredrickson argue that instead of seeing individual workers as mere resources, stressing positive emotions within organizations enables interactive strength and, consequently, high productivity. They pitch their chapter as a theory-building one. It evolves around the idea of transformative cooperation. It is based upon the so-called broaden-and-build theory of positive emotions. This is a fairly

new theory, proposed by the senior author of Chapter 7 to explain second-order or deep change within individuals engaged in an organized work setting. Such collaborative intelligence occurs through reciprocation of positive intra-individual phenomena, as felt by encouragement and gratitude, identity expansion, intrapsychological flexibility, cognitive broadening, or more meaningful reframing of played roles (at the various organizing levels and life sectors) and so on. In this same chapter, the authors apply their ideas to "greening" organized settings. Moreover, they call for more research on understanding how to effectively address and draw strength from negative emotions.

Following Chapter 7, Philip C. Gibbs and Cary L. Cooper (Chapter 8) argue that climate perceptions matter. They document the rise of the so-called organizational wellness programs proposed to maintain or enhance physical and mental well-being of employees. They then illustrate how a leading multinational pharmaceutical firm has been promoting a positive, high-performance focus throughout their 66,000-employee context. Furthermore, they discuss how, despite (and perhaps thanks to) the economic downturn, the active promotion of positive work climates may need to be treated as an investment at a business level. The case is made for much more business-administrative research on justifications of any associated program costs. Indeed, if such evidence were to be found, the theory that work-climate perceptions matter financially might also receive more substantiation. This in turn would fuel radically different ways of managing companies and associated management-education models.

In Chapter 9, Nina Keith and Michael Frese argue that practitioners ought to take better advantage of errors within work settings. When errors are systematically and openly spoken about in a collective work setting, one may describe the culture and

climate as an error management culture. They cite evidence for the idea that an error management culture (i.e., first-order change) is even able to predict organizational performance. They base their propositions not only on action regulation theory, but also on learning and innovation theory. In addition, they put forward extensive and well-founded practical and new research implications. One such open question, for example, is what types of errors are most beneficial for collective learning. Another one is when would researchers and people say that something is an error, given that not all errors are objectively identifiable.

In the final chapter of Part II, Teresa M. Cardador and Deborah E. Rupp (Chapter 10) address the sense of meaningfulness employees may experience within various organizational cultures. Of the four types of organizational cultures they discuss, they see the market and bureaucratic types as negative cultures in the sense that they do not offer sufficient opportunities to meet the psychological needs of employees. The innovative and the supportive-type cultures on the other hand are deemed to offer significantly more opportunities for employee meaningfulness. The bad news is that in their estimation, there are far fewer of those innovative and supportive cultures than the market and bureaucratic ones.

The good news is that—as demonstrated by this part within the *Handbook*—more and more scholars are focusing on positive work cultures and climates. The result of such inquiry may lead to efforts that juxtapose the emerging insights onto organizing modes that are not geared to create employee meaningfulness.

Other than perceived employee meaningfulness, there are of course many more ingredients or dynamic elements of positive organizational cultures and climates, and these elements are likely to vary from one organized setting to another yet may lead to types of positive modes of organizational improvement or development. It is high time that researchers begin to examine the necessary distinctive elements (including the various types of dynamics) of working toward positive organizational or work cultures and climates. Naturally, the emergence, consequences, or dynamics of negative and neutral work cultures and climates are intriguing as well. In summary, this part suggests that if more working individuals in this world were to get and give more positive work experiences more often, the (working) world would become a better place. Hence, this new research tide—if executed well—could potentially fulfill the field with pride.

REFERENCES

Ford, R. C., Wilderom, C. P. M., & Caparella, J. (2008). Strategically crafting a customer-focused culture: An inductive case study. *Journal of Strategy and Management, 1*(2), 143–167.

Pettigrew, A. M. (2000). Foreword. In N. M. Ashkanasy, C. P. M. Wilderom, & M. F. Peterson. *Handbook of organizational culture and climate* (pp. xiii–xv). Thousand Oaks, CA: Sage.

Schein, E. H. (2000). Sense and nonsense about culture and climate. In N. M. Ashkanasy, C. P. M. Wilderom, & M. F. Peterson (Eds.), *Handbook of organizational culture and climate* (pp. xxiii–xxx). Thousand Oaks, CA: Sage.

Healthy Human Cultures as Positive Work Environments

Charmine E. J. Härtel and Neal M. Ashkanasy

For the purpose of this chapter, the metaphor of culture as a fossilification of human patterns of relating has been adopted. Thus, like a fossil record, culture contains within it the evolution of an organization. An analysis of organizational culture can, therefore, reveal what an organization's leaders enabled and disabled, going right back to the organization's earliest inception. What an analysis reveals includes the character of the organization's founder, the character of those the founder chose as advisors and decision makers, and the approach taken to deal with uncertainty and threat and with posterity (Schein, 2004). Consequently, a review of the findings of empirical investigations of organizational culture affords the opportunity to identify the foundational elements of *positive work environments* (PWEs), which is defined as social environments characterized by a positive emotional climate, social inclusion, and human flourishing (Sekerka & Fredrickson, 2008; see also Chapter 7 in this *Handbook* by Vacharkulksemsuk, Sekerka, & Fredrickson). This chapter, therefore, seizes this opportunity to showcase key insights provided by the study

of organizational culture, with particular attention given to the pivotal role that affective experiences and responses play. This journey demonstrates organizational culture as the basis upon which a PWE can emerge.

The distinction Cheri Ostroff, Angelo Kinicki, and Melinda Tamkins (2003) drew between the constructs of organizational culture and organizational climate is particularly relevant to this discussion of the relationship between organizational culture and PWEs. They noted that culture is the *why* of organizational behavior and that climate is the *what* of organizational culture (see Ostroff et al., 2003, p. 566). Adopting this line of reasoning for this discussion, this chapter considers PWEs as organizational climates possessing the *what* attributes of an organizational culture of subjective and objective well-being and positive organizational behavior. The enabling values, norms, and knowledge structures (derived from organizational philosophy and history of effectiveness) of organizational culture thus inform and precipitate PWEs.

In this chapter, the specific definition of organizational culture adopted is based on the three aspects of culture identified

by Daniel R. Denison (1996), namely the enduring and shared values attached to past organizational behavior; the conscious efforts of organizational leaders to impose shared norms for thinking, feeling, and behaving; and the learned knowledge structures of organizational members. Denison notes that these aspects holistically capture the deep structure of the organization's social environment, including dimensions of structure, support, risk, cohesiveness, and outcome orientation (see also Schneider, 1990).

Organizational climate refers to the collective conscious perceptions and descriptions employees have of their work environment (Schneider, 2000; Kuenzi & Schminke, 2009; see also Chapter 3 in this *Handbook* by Schneider, Ehrhart, & Macey). Such perceptions are influenced by individual characteristics, the shared structural characteristics of the organization, the exchange of an individual's interpretations of organizational events with others in the organization, and the organization's culture.

Returning to the metaphor of culture as the fossil record, climate can be seen as the consensus interpretation of that record. Accordingly, an understanding of the culture of PWEs requires consideration not only of the cultural constituents, but also of how people interpret the organization's culture (i.e., its organizational climate). It is now that affective experiences and responses come to the fore.

Although organizational culture and climate are distinctly different constructs (see Glisson et al., 2008; James et al., 2008), it is also clear that they are highly interrelated concepts that share a strong emotional undertone. In this respect, Neal M. Ashkanasy (2003) argued that organizational culture and climate exist as the highest level of a multilevel model of emotions in organizations, which begins with within-person variability of emotion; progresses though individual difference, interpersonal exchanges, and group interactions; and ends with emotions as a form of overarching organizational phenomenon, that Joseph De Rivera (1992) noted can be "palpably sensed" (p. 197).

The emotional side of organizational culture has been noted by Janice Beyer and David Niño (2001); Fineman (2001); Charmine E. J. Härtel, Hsu, and Boyle (2002); Hochschild (1983), van Maanen and Kunda (1989), and Anat Rafaeli and Sutton (1987, 1989), especially in the way in which culture dictates particular emotional display rules. Consistent with De Rivera, Ashkanasy (2003) argues further that organizational culture can determine the way organizational members experience emotions on a day-to-day basis. In this regard, Härtel (2008) identified emotions as central to a culture being healthy or toxic, with Ashkanasy and Catherine S. Daus (2002) making the case that emotions may be a key to what they refer to as a healthy organization. In the following sections of this chapter, this line of argument in terms of a PWE is continued.

THE CHARACTERISTICS OF PWES

The term PWE is used to refer to the contextual factors and work conditions associated with subjective and objective well-being and positive organizational behavior. Put simply, a PWE exists when the social and physical environment within which employees carry out their work supports human flourishing. As noted by Härtel (2008), one indicator that a PWE exists is "employees' perceptions of the workplace environment as positive, respectful, inclusive and psychologically safe; leaders and co-workers as trustworthy, fair and diversity open; and policies and decision-making as interactionally, procedurally and distributively just" (p. 999). Although the discussion of PWEs in this chapter is limited to employees' shared

perception (i.e., organizational climate) of subjective and objective well-being and positive organizational behavior, a PWE should also have objective indicators (e.g., neurological measures of well-being, health audits, and physical safety audits).

A key argument underlying the espousal of PWEs is that they are fundamental to organizational members' ability to perform to their full potential (McKeown, Bryant, & Raeder, 2009). In the remainder of this section, what is required for employees to perform to their full potential and a review of key studies demonstrating the link between the three primary characteristics of PWEs and important employee and organizational outcomes are considered.

Positive Organizational Climate

The first key characteristic of PWEs considered relates to the features of a positive organizational climate. Positive organizational climates are characterized by values such as openness, friendship, collaboration, encouragement, personal freedom, and trust, which tend to lead to elevated levels of employee cognitive and affective involvement with the organization (Glisson et al., 2008; Sekerka & Fredrickson, 2008; Shadur, Kienzle, & Rodwell, 1999). For example, in a study of employees in mental health services, Gregory A. Aarons and Angelina C. Sawitzky (2006) found that positive (i.e., constructive) organizational climates correlated with positive work outcomes, positive employee work attitudes, and lowered intentions to leave the organization. Similarly, Schulte, Ostroff, Shmulyian, and Kinicki (2009) reported that high-quality organizational climates are related to employee positive affect and intentions to stay with the organization.

Further evidence underscoring the impact of an organization-wide positive climate can be seen in Malcolm Patterson, Peter Warr, and Michael West's (2004) longitudinal study of manufacturing organizations. Patterson and his associates found that a positive organizational climate was correlated with company productivity through the mediating effect of employees' experienced affect. Likewise, Jeremy F. Dawson, Vicente González-Romá, Ann Davis, and West (2008) found that a climate of positive employee well-being was related to overall organizational performance. In addition, these authors found that the effect of a positive organizational climate was strongest when the climate was of moderate strength, suggesting a curvilinear relationship between the strength of the climate and its impact on overall organization performance. The trickle-down effect of a positive organizational climate is evident in these studies, illustrating that organization-level climate has a significant impact on individual and group-level outcomes.

This idea was further supported in Jennifer Z. Carr, Aaron M. Schmidt, J. Kevin Ford, and Richard P. DeShon's (2003) metareview of over 50 studies. Based on their findings, these authors concluded that the affective face of organizational climate was more strongly correlated with organizational members' psychological well-being and performance than the cognitive or instrumental elements of organizational climate. Specifically, they concluded that it was the affective elements of an organization's climate that had the strongest impact on employee's job satisfaction, commitment, and involvement with their organization (see also Shadur et al., 1999).

This idea is also consistent with Leslie E. Sekerka and Barbara L. Fredrickson's (2008) propositions that organizational members who share goals engender a positive climate, which serves, in turn, to increase organizational identification and to develop stronger relationships in the organization that then foster higher levels of organizational growth

and performance (see also Vacharkulksemsuk et al. in Chapter 7 of this *Handbook*).

Paradoxically, supporting the claim that PWEs are good for individuals and for organizations are the negative outcomes associated with negative organizational climates. For example, Ashkanasy and Gavin Nicholson (2003, p. 24) suggested that a "climate of fear" can impact the quality of leadership and communication occurring in organizations. Similarly, a recent study by Beatriz Sora, Amparo Caballer, José Peiró, and Hans de Witte (2009) showed that the organizational-level climate of insecurity served as a contextual stressor that impacted employees' affective reactions. Even more interestingly, the authors' results suggested that a climate of job insecurity impacted employees' job satisfaction and organizational commitment beyond that of individual-level feelings of job insecurity.

Social Inclusion

PWEs require employees to be mindful of how their beliefs and behaviors contribute to the work environment and accept and share responsibility in creating a workplace characterized by respect, trust, and dignity (Bakker & Schaufeli, 2008; Dutton & Ragins, 2007; McKeown et al., 2009). Therefore, the second key characteristic of PWEs considered is social inclusion.

According to Gerald Ferris et al. (1996), social exclusion in organizations "results in some individuals building a knowledge base and developing the skills" needed to succeed and others not (p. 27). Over and above the performance limitations posed by exclusion are its devastating emotional effects (Härtel & Panipucci, 2005; Hogg & Vaughan, 1998; Miller, 1998). In stark contrast, social inclusion is associated with valuing and embracing diversity of perspectives, knowledge, and mental and physical abilities. Therefore, PWEs are characterized by a diversity climate of openness, where strong organizational norms exist to view difference positively and as a source of learning and where diverse individuals' identity and affiliation needs are met (Härtel, 2004).

An Emotional Climate That Promotes Human Flourishing

The third key characteristic of PWEs considered is an emotional climate that provides the emotional experiences necessary for human flourishing. According to Fredrickson's (2001) broaden-and-build theory, "Experiences of positive emotions broaden people's momentary thought-action repertoires, which in turn serves to build their enduring personal resources, ranging from physical and intellectual resources to psychological resources" (p. 218). In a similar vein, other studies have linked positive emotions to greater sociability, improved social interactions (Burger & Caldwell, 2000; Cunningham, 1988; Isen, 1970), and closer friendships (Berry, Willingham, & Thayer, 2000).

However, negative emotions will always be a part of organizational life, just as they are a feature of life outside work. Negative emotions do not automatically equate to subsequent negative outcomes, just as positive emotions do not automatically equate to positive outcomes following the emotional experience. Indeed, negative emotions often provide important signals to people in regards to moral dilemmas and areas where learning is required. The ability to respond constructively to negative emotions, however, depends upon a number of other factors, including how frequently people are exposed to negative emotional experiences. Positive emotions play an important role in this, as they have the capacity to buffer the impact of negative emotions on people, to build psychological resiliency toward negative events (Tugade & Fredrickson, 2004),

and to promote the adoption of functional coping strategies (Härtel, 2008). Hence, an emotional climate that promotes human flourishing is one where positive emotional experiences outweigh negative emotional experiences.

Another feature of an emotional climate that provides the emotional experiences necessary for human flourishing is the absence of emotional game playing (cf. Härtel & Panipucci, 2005). In the quest to advance personal agendas, individuals may be tempted to use emotion management skills in inauthentic and destructive ways. For example, an employee may ingratiate him or herself to a superior with the aim of getting a better performance appraisal. Alternatively, an employee may use the emotional lever of the need to belong to coerce others into doing their work without due credit, ostracizing those who do not conform. Emotional game playing diminishes trust, creates inequities, and results in social exclusion and distress.

Charmine Härtel, Helen Gough, and Günter Härtel (2008) identified a number of other-directed emotion management skills that had destructive consequences. These included backstabbing, refusal to cooperate, and failing minimum civility. They also identified other-directed emotion management skills that have constructive consequences, including giving recognition, courtesy, helpfulness, conflict management, and optimism. In addition, Härtel et al. (2008) identified examples of self-directed emotion management skills that appear to contribute to constructive and destructive coping responses. Examples of self-directed emotion management skills with destructive coping consequences were worrying, negative affectivity, wishful thinking, and avoidance, whereas examples of self-directed emotion management skills with constructive coping consequences were problem-focused coping and not easily giving way to anger.

Emotional climate captures the pattern of emotional experience and interactions among coworkers (Härtel et al., 2006, 2008). As shown, it has important consequences for individual employees and the organization as a whole. Strong organizational norms for authentic emotional expression and the constructive use of emotion management skills are essential for the development and maintenance of an emotional climate that enables human flourishing (cf. Härtel & Panipucci, 2005).

Organization Culture and the Shaping of a PWE

Understanding the culture underpinning PWEs is essential to managers' ability to effectively monitor and manage their organization's social environment (Ashkanasy & Daus, 2002; Härtel, 2008). In line with this, this section of the chapter reviews the findings relating to culture to identify the cultural enablers of PWEs. This is done by considering the three aspects of organizational culture derived from Denison's (1996) definition of organizational culture, namely values in action, the shared norms leaders endeavor to enact among their employees, and employees' organizational knowledge structures.

Organization Values in Action as Enablers

One of the key organizational values in action that underscore PWEs is emphasizing individuals' strengths and viewing negative behaviors as an organizational problem (McKeown et al., 2009). Research shows that an emphasis on individuals' strengths rather than their weaknesses assists employees to enact their emotional labor requirements with fewer personal costs and reduces the presence of toxic emotions in the workplace (Avey, Wernsing, & Luthans, 2008;

Bakker & Schaufeli, 2008). Furthermore, organizational ownership of immediately addressing negative behaviors ensures that bullying practices do not become entrenched within an organization's culture (Agervold, 2007; Einarsen, 2000; McKeown et al., 2009).

A second and related enabling organizational value is the encouragement and appreciation of positive emotional display and behavior. Härtel et al. (2002) recognized the importance of this embedded aspect of culture in their development of a new dimension of culture that they labeled "organizational orientation to emotion" (p. 266). Relevant to this discussion of PWEs, they noted, "Cultures high in concern for employee emotional well-being should be characterized by a high level of organizational recognition for emotional labor, defined as the degree to which an organization acknowledges, addresses, legitimizes, rewards, or compensates the existence and demands of emotional labor" (Härtel et al., 2002, p. 266). This value in action has been empirically linked to lower workplace injury rates, buffering from work stress, increased job satisfaction, commitment and engagement, and decreased levels of absenteeism, job burnout, and turnover intention (George & Brief, 1992; Weick & Quinn, 1999).

A third enabler of PWEs is the lived organizational value of justice and fairness. Indeed, in keeping with equity theory's classic suggestion, a vast literature provides support that experiences of injustice and perceived inequities are sources of emotional distress (Adams, 1965). The antidote for perceived injustice is giving employees "autonomy to make decisions and openly voice their opinions without negative repercussions in a climate of respect with an emphasis on equal opportunity and organizational well-being" (McKeown et al., 2009, p. 235). When managers actively work at building a just and fair experience for all employees, they facilitate social inclusion (Jackson, May, & Whitney, 1995), positive workplace relationships, and constructive conflict management (Härtel, 2008).

Shared Norms as Enablers

Organizations need norms to encourage some behaviors to occur and others to cease above and beyond that which formal rules and policies can prescribe (Hogg & Vaughan, 1998). Whether norms are enabling depends upon whether they produce positive outcomes for individuals and groups in organizations or thwart them (Hogg & Vaughan, 1998; Jones et al., 1984).

Leaders also play an important role in the internalization of norms in employees, particularly as they are generally the vehicle through which an organization's values, policies, and practices are enacted (Burke, Sims, Lazzara, & Salas, 2007). This is achieved through two processes. First, through identification and idealization processes, followers can be compelled to adopt the standards of behavior of their leaders. Second, leaders can explicitly reinforce the norms governing follower's behavior patterns.

Organizations also tend to have norms relating to emotional processes, in particular, to how emotion-eliciting events are interpreted and subsequently responded to (Cherniss & Goleman, 2001; van Maanen & Kunda, 1989). Recent work has also highlighted how organization-wide culture instills certain emotions among organizational members, and this is most notable in negative examples, such as fear and organizational silence. Jennifer Kish-Gephart, James Detert, Linda Treviño, and Amy Edmondson (2009), for example, suggested that emotions such as fear are often learned through indirect experiences including observations and hearing of experiences from other organizational members and that this

socializes organizational members toward behaving and feeling in a certain way. In this respect, Marissa Edwards, Ashkanasy, and John Gardner (2009) proposed a model of discrete emotions as predictors of organizational members' decisions to speak up or to remain silent when confronted with instances of organizational wrongdoing. In their model, a climate of silence engenders anticipatory emotions that in turn determine voice or silence behavior. The embedding of emotional display rules in an organization's culture (e.g., suppressing the expression of anger in a hospital or encouraging expression of negative emotions in a debt collection agency) acts as social norms for the expression and management of emotions and include the role of the actors, the affective event, and the context in which it occurs (Hochschild, 1983; Morris & Feldman, 1996; Sutton, 1991; Tiedens, 2000; Triandis, 1994; Waldron & Krone, 1991). Deviation from the display rules is likely to result in negative social sanctions (Hutson-Comeaux & Kelly, 2002). As Härtel (2008) noted, "The regulatory power organizational culture has on emotional experiences and expressions effectively acts as an implicit control mechanism over employees" (p. 578). When such norms act as supportive coping mechanisms for employees in performing their roles, they are functional for both the individual and the organization. An important feature of beneficial emotion norms is authenticity—that is, when individuals are given the resources that enable them to feel the organizationally desired emotions authentically or are given the skills to express their authentic emotions in ways that are not detrimental to organizational goals, emotional labor becomes a positive rather than detrimental feature of employees' work.

According to evolutionary psychology and group researchers, the convergence of individual and group-level affect enhances coordination among group members, increasing the probability of group-task success that would otherwise be unachievable via individual efforts (Caporael, 1997; Smith & Crandell, 1984). A "healthy human" organizational culture, therefore, may serve, in part, to focus organizational members' feelings and expressions of emotions in the workplace in ways that facilitate achievement of organizationally desired goals.

Employees' Organizational Knowledge Structures as Enablers

The final point is that through interaction with and feedback from other organizational members and organizationally prescribed activities, employees gain, impart, and amalgamate knowledge. To what extent high quality collective learning occurs in organizations depends on a range of factors, most notably trust within the organization, positive social exchange, interdependent social networks, and the creation by leaders of a supportive environment for learning and sharing (Hannah & Lester, 2009; Yukl, 2009). Once people make meaning of the information they acquire within organizations and this becomes shared, a knowledge network has been created (Hannah & Lester, 2009). Such knowledge networks guide people's subsequent information gathering, interpretation, and sharing and may come to be reflected in tangible aspects of the organization such as its systems and procedures (Hannah & Lester, 2009).

Knowledge networks that are based on accurate information gathering, equity in sharing and access, authentic reflection, ethical decision making, integrity, and accountability encourage all organizational members to take responsibility for ensuring a PWE.

At this point, one may ask if the values, norms, and knowledge structures that have been delineated in this chapter do in fact lead to positive affective outcomes, why do not organizations develop and enact them

as a matter of course? There are a range of reasons for this. These are the two primary ones: (1) the pull of self-interest over other interest and (2) performance management systems that marginalize the role of employee behavior in organizational culture creation and maintenance.

The pull of self-interest. Much psychological research documents the negative effects on group performance and well-being when self-interest takes precedence over the good of the greater. The tragedy-of-the-commons dilemma well illustrates this phenomenon. In this dilemma, the good of the individual is pitted against the good of the greater. Two examples of tragedy-of-the-commons dilemmas reveal the challenge.

Example 1: A local council opens a pasture for the use of all ranchers. The pasture can easily sustain one cow each for each of the ranchers and then a few more. Some ranchers, therefore, decide to put two cattle each on the pasture to maximize their gains. Other ranchers seeing this also want the benefit of two cattle on the land. The self-interest quickly escalates, and the threshold for sustainable grazing is soon exceeded.

Example 2: The individual payoff in convenience and luxury from the use of fossil fuels is generally greater for individuals and nations than the payoff from rationing their use and developing alternative sustainable energy sources. This is particularly so given that the contributing factors to climate change are complex and multifarious, producing delayed, unpredictable, and far-reaching effects, often far from the locations and causes of origin, temporally and geographically (Härtel & Pearman, 2010).

In a tragedy-of-the-commons dilemma, achieving positive behavioral change—even when the evidence is present to warrant such change—is difficult because the personal accountability for effects becomes more difficult to anticipate, to substantiate, and to manage decreases as the number of unaccountable people goes up (Härtel & Pearman, 2010). Further, as social trap theory (Platt, 1973) notes, where the immediate reward for selfish behavior is positive, individuals are likely to choose it even though in the long-run it is negative for the greater good. Applying these findings to the organizational context, one can see a plethora of scarce resources where tragedy-of-the-commons dilemma situations are likely to arise. For example, promotion opportunities tend to be a scarce resource within organizations, with more people wanting promotions than promotion opportunities exist. The tragedy-of-the-commons dilemma posed by this is likely to be unrecognized by the leaders of organizations and, even if it is, the managerial responses to it are unlikely to fully consider the associated affective experiences and behavioral responses that can play out among employees based on short-term self-interest. This is in large part because management practices have focused on the tangible and nonsocial aspects of doing work, which segues to the second and related reason why organizations do not automatically develop and enact the values, norms, and knowledge structures that have been identified as underpinning PWEs.

Marginalization in performance management systems. A key organizational tool for communicating to employees what work they are to do, how they are to do that work,

and what quality their work should be is the performance management system (i.e., the attitudes and behaviors that are counted, rewarded, and punished). Notably absent or marginalized in such systems is attention to how employees' attitudes and behaviors in the workplace impact the ability of others to perform and to enjoy their work in the short and long term. The reason for the lack of attention given to these qualities in performance management systems likely reflects the widespread finding of managerial reluctance to deal with conflict and negative emotional responses (e.g., yelling, crying; see Bernadin & Villanova, 2005; Curtis, Harvey, & Davden, 2005) and the focus on cost cutting rather than on mutual investment (cf. Tsui & Wu, 2005).

This is further exacerbated by the failure to recognize that some employees, in their pursuit of high performance evaluations, will engage in behaviors that undermine trust and the fair recognition of others' work (Bourguignon & Chiapello, 2005; Hochwarter, Ferris, Zinko, Arnell, & James, 2007). When the performance management system does not include assessment of how employees' attitudes and behaviors support or undermine the ability of other employees to perform to their potential, to be fairly recognized for their work, and to enjoy their work, performance evaluations are likely to provoke "greedy" behavior rather than behaviors that might help create and maintain the type of organizational culture necessary for PWEs.

Organizational Climate and the Shaping of a PWE

Earlier, positive organizational climates were defined as the collective perception that the work environment is as follows:

- inclusive and open to diversity;
- enabling of human flourishing;

- respectful with an emphasis on equal opportunity, integrity, and authentic and constructive conflict management;
- described as a supportive environment for learning and sharing;
- characterized by ethical decision making, positive workplace relationships, and trust;
- described as a place where positive emotional experiences outweigh negative emotional experiences and individuals express their authentic emotions in ways that are not detrimental to organizational goals;
- characterized as a place where attention is given to accurate information gathering, equity in sharing, and access and authentic reflection; and
- characterized as an organization in which all members are accountable and take responsibility for ensuring a PWE.

Although organizational climate is typically considered a relatively stable or trait-like characteristic of an organization, this chapter argues that the strong and clear presence of affective elements in the features of a positive organizational climate makes its fragility apparent. The importance of this observation can further be seen by reframing the construct of organizational climate as the aggregate measure of peoples' perceptions over time, thereby raising the interesting idea of a between-climate and within-climate distinction.

Just as Cynthia Fisher and Chris Noble (2004) extended understanding of individual affective experiences by separating the concept into between-person and within-person levels of analysis, this chapter argues that understanding of the concept of organizational climate can be advanced by separating discussions of it into between-organizational climate characteristics (the average, or trait-like, component of climate) and within-organizational climate characteristics (i.e., the variation in perceived organization characteristics over time). From this perspective, the pattern making up the relatively stable

organizational trait of affective climate can be shown to consist of moment-to-moment fluctuations in experienced affective climate across time. Accordingly, it is expected that there are fluctuations in the valence and intensity of affective climate that correspond with the changes in valence and intensity of experienced emotions. Graphically illustrating this pattern as sine waves (see Figure 6.1), the possibility of peaks and valleys becomes evident—these peaks and valleys could be thought of as positive and negative affective climate events. PWE would be expected to have a positive affective climate as measured at both the between- and within- organizational climate levels.

From a conceptual level, the question could be asked, why do individuals' perceptions of their organizations' climates vary over time, especially given that an organization's culture is relatively stable. There are a number of explanations for this. First, although an organization's culture may predispose employees to adopt more positive or optimistic interpretations of events occurring within the organization, it does not preclude a negative organizational event from occurring or a negative perception of the organization emanating from that event. To illustrate, one can take the case of a construction firm with an organizational culture that authentically values ethical behavior. Its hiring practices are aimed at recruiting and selecting such leaders; however, despite taking all foreseeable measures to hire such leaders, one of its recent senior executive hires has featured in a high profile TV documentary on a failed housing development where dozens of potential first home owners were left without a house while the executive escaped any repercussions—despite questions about his culpability. Despite the organization's culture and the preexisting positive organizational climate, the gravity of the wrongdoing and the status and power of the senior executive within the organization has an immediate and negative impact on employees' perceptions of the organizational climate. This hypothetical example demonstrates how a single organizational event can change employees' perceptions of the organization's climate. Examples of other such triggering events include the introduction of new performance standards, geographical relocation of senior management, shooting of an employee by an enraged customer, a failed product line, changes in the national industrial relations regulatory framework, and entry of a new competitor in the market.
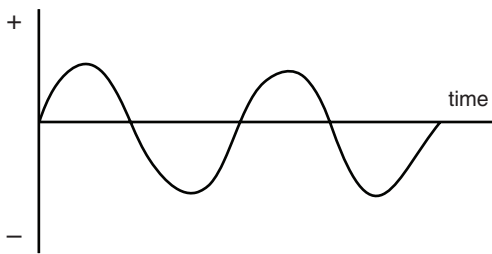
Another reason why individuals' perceptions of their organization's climate would vary over time is that individuals themselves change. Not only do organizational members not only turn over, but also their life circumstances change. An example of the demographics of an organization provides a simple picture of this (e.g., proportion of workers in different age groups, proportion of workers with dependents, proportions of women and men, proportions of workers from different ethnic groups). In effect, changing people raises the possibility of changing perceptions.

Another factor previously identified as affecting climate perceptions is the shared structural characteristics of the organization. A simple change, such as a renovation in one part of the organization, can

Figure 6.1   Graphical Illustration of Moment-to-Moment Fluctuations in Affective Climate Across Time

evoke conflict and subsequent negative climate perceptions. Even when the structural characteristics remain the same, changes in the nature of an organization's workforce can change the shared perceptions of these. For example, research by Ayoko and Härtel (2003) revealed that different perspectives on space and its use were associated with destructive conflict in diverse work teams. This research indicates the possibility of structural characteristics viewed as positive by formerly homogeneous workgroups later being viewed as negative as the workgroup becomes diverse.

Just like the consensus interpretation of the fossil record dramatically shifted with Charles Darwin's (1909) *Origin of Species*, so too can organizational climate change without an antecedent change in organizational culture. When this happens, if an organization works hard to return to its formerly positive organizational climate, it may be able to do so. If the organization does not make this effort, the climate change event is likely to change patterns of relating, which over time will become fossilized into a new culture for the organization.

CONCLUSION

In reviewing empirical investigations of organizational culture, it is clear that affective experiences and responses play a pivotal role in the cultural foundation of PWEs. This conclusion corresponds with affective events theory (AET; Weiss & Cropanzano, 1996), which posits that people's behavior and performance at work are likely to be affected by the way they feel from moment to moment. According to AET, workplace conditions determine the occurrence of discrete affective events, which lead, in turn, to affective responses in workers, such as moods and emotions.

Organizational culture is one element of the work environment that determines the types and frequencies of affective events at work and their emotional consequences and subsequent effects on the actions of organizational members (Ashkanasy, Härtel, & Daus, 2002). Organizational culture can thus be seen to effectively institutionalize expectations of how employees are expected to feel and what emotions they are expected to express as part of their organizational roles. Moreover, as noted by Härtel (2008, p. 584), "Culture fulfils both an emotional need for the individual, while simultaneously functioning as a regulatory tool of emotions."

Notwithstanding the foregoing conclusion, few studies have been conducted to examine how organization-level factors shape and are, in turn, shaped by affective processes at the individual and group levels of analyses. In particular, with respect to research on organizational culture, the link between affect and culture is not well explored. Researchers should consider how culture can be shaped by individual- and group-level affect and consider the affective exchanges inherent in organizational interactions (Härtel et al., 2008). An important driver of this research agenda should be the need to better understand how organizational culture fosters or constrains the development of PWEs. Key questions include the following: What elements of organizational culture enable or prevent human flourishing? When these elements are in place, do they translate into shared perceptions of a PWE? What is the effect of the within-organization climate characteristics (i.e., variation in perceptions over time) on the development and maintenance of PWEs? What creates within-organizational climate variation? What is the relationship between the within-organizational climate characteristics and between-organizational climate characteristics (i.e.,

"average" organization climate)? Can within-organization climate variation lead to changes in organization culture? And what organizational practices enable the *what* attributes (organizational climate) of an organizational culture of subjective and objective well-being and positive organizational behavior?

The need for studies on the connection between organizational culture, organizational climate, and PWEs is clear. Indeed, enough is known to make it not only a scholarly imperative, but a moral and economic imperative. Human sustainability is at stake.

REFERENCES

Aarons, G. A. & Sawitzky, A. C. (2006). Organizational climate partially mediates the effect of culture and work attitudes and staff turnover in mental health services. *Administration and Policy in Mental Health Services Research, 33,* 289–301.

Adams, J. S. (1965). Inequity in social exchange. *Advances in Experimental Social Psychology, 62,* 335–343.

Agervold, M. (2007). Bullying at work: A discussion of definitions and prevalence, based on an empirical study. *Scandinavian Journal of Psychology, 48,* 161–172.

Ashkanasy, N. M. (2003). Emotions in organizations: A multi-level perspective. In F. J. Yammarino & F. Dansereau (Eds.), *Multi-level issues in organizational behavior and processes* (Vol. 2, pp. 9–54). Oxford, UK: Elsevier/JAI Press.

Ashkanasy, N. M., & Daus, C. S. (2002). Emotion in the workplace: The new challenge for managers. *Academy of Management Executive, 16* (1), 76–86.

Ashkanasy, N. M., Härtel, C. E. J., & Daus, C. S. (2002). Diversity and emotion: The new frontiers in organizational behavior research. *Journal of Management, 28,* 307–338.

Ashkanasy, N. M. & Nicholson, G. J. (2003). Climate of fear in organizational settings: Construct definition, measurement, and a test of theory. *Australian Journal of Psychology, 55,* 24–29.

Avey, J. B., Wernsing, T. S., & Luthans, F. (2008). Can positive employees help positive organizational change? Impact of psychological capital and emotions on relevant attitudes and behaviors. *The Journal of Applied Behavioral Science, 44,* 48–70.

Ayoko, O. B., & Härtel, C. E. J. (2003). The role of space as both a conflict trigger and a conflict control mechanism in culturally heterogeneous workgroups. *Applied Psychology: An International Review, 52,* 383–412.

Bakker, A., & Schaufeli, I. (2008). Positive organizational behavior: Engaged employees in flourishing organizations. *Journal of Organizational Behavior, 29,* 147–154.

Bernadin, H. J., & Villanova, P. (2005). Research streams in rater self-efficacy. *Group & Organization Management, 30,* 61–88.

Berry, D. S., Willingham, J. K., & Thayer, C. A. (2000). Affect and personality as predictors of conflict and closeness in young adults' friendships. *Journal of Research in Personality, 34,* 84–107.

Beyer, J., & Niño, D. (2001). Culture as a source, expression, and reinforcer of emotions in organizations. In R. L. Payne & C. L. Cooper (Eds.), *Emotions at work: Theory, research, and applications for management* (pp. 173–197). Chichester, UK: Wiley.

Bourguignon, A., & Chiapello, E. (2005). The role of criticism in the dynamics of performance evaluation systems. *Critical Perspectives on Accounting, 16,* 665–700.

Burger, J. M., & Caldwell, D. F. (2000). Personality, social activities, job-search behavior and interview success: Distinguishing between PANAS trait positive affect and NEO extraversion. *Motivation and Emotion, 24,* 51–62.

Burke, C. S., Sims, D. E., Lazzara, E. H. & Salas, E. (2007). Trust in leadership: A multi-level review and integration. *Leadership Quarterly, 18,* 606–632.

Caporael, L. R. (1997). The evolution of truly social cognition: The core configurations model. *Personality and Social Psychology Review, 1,* 276–298.

Carr, J. Z., Schmidt, A. M., Ford, J. K., & DeShon, R. S. (2003). Climate perceptions matter: A meta-analytic path analysis relating molar climate, cognitive and affective states, and individual level work outcomes. *Journal of Applied Psychology, 88,* 605–619.

Cherniss C., & Goleman, D. (2001). *The emotionally intelligent workplace.* San Francisco: Jossey-Bass.

Cunningham, M. R. (1988). Does happiness mean friendliness? Induced mood and heterosexual self-disclosure. *Personality and Social Psychology Bulletin, 14,* 283–297.

Curtis, A. B., Harvey, R. D., & Davden, D. (2005). Sources of political distortions in performance appraisals. *Group & Organization Management, 30,* 42–60.

Darwin, C. (1909). The origin of species (C. W. Eliot, Ed.). New York: Collier.

Dawson. J. F., González-Romá, V., Davis, A., & West, M. A. (2008). Organizational climate and climate strength in UK hospitals. *European Journal of Work and Organizational Psychology, 17,* 89–111.

Denison, D. R. (1996). What is the difference between organizational culture and organizational climate? A native's point of view on a decade of paradigm wars. *Academy of Management Review, 21,* 619–654.

De Rivera, J. (1992). Emotional climate: Social structure and emotional dynamics. *International Review of Studies of Emotion, 2,* 197–218.

Dutton, J., & Ragins, B. R. (2007). *Exploring positive relationships at work: Building a theoretical and research foundation.* Mahwah, NJ: Lawrence Erlbaum.

Edwards, M. S., Ashkanasy, N. M., & Gardner, J. (2009). Deciding to speak up or to remain silent following observed wrongdoing: The role of discrete emotions and climate of silence. In J. Greenberg, M. S. Edwards, & C. T. Brinsfield (Eds.), *Voice and silence in organizations* (pp. 83–110). Bingley, UK: Emerald Group.

Einarsen, S. (2000). Harassment and bullying at work: A review of the Scandinavian approach. *Aggression and Violent Behavior, 5,* 379–401.

Ferris, G. R., Frink, D. D., Galang, M. C., Zhou, J., Kacmar, K. M., & Howard, J. L. (1996). Perceptions of organizational politics: Prediction, stress-related implications and outcomes. *Human Relations, 49,* 233–266.

Fineman, S. (2001). Emotions and organizational control. In R. L. Payne & C. L. Cooper (Eds.), *Emotions at work: Theory, research, and applications for management* (pp. 219–240). Chichester, UK: Wiley.

Fisher, C. D., & Noble, C. S. (2004). A within-person examination of correlates of performance and emotions while working. *Human Performance, 17,* 145–168.

Fredrickson, B. L. (2001). The role of positive emotions in positive psychology: The broaden-and-build theory of positive emotions. *American Psychologist, 56,* 218–226.

George, J. M., & Brief, A. P. (1992). Feeling good—doing good: A conceptual analysis of the mood at work—organizational spontaneity relationship. *Psychological Bulletin, 112,* 310–329.

Glisson, J., Landsverk, J., Schoenwald, S., Kelleher, K., Hoagwood, K. E., Mayberg, S. et al. (2008). Assessing the organizational social context (OSC) of mental health services: Implications for research and practice. *Administration and Policy in Mental Health and Mental Health Services Research, 35,* 98–113.

Hannah, S. T., & Lester, P. B. (2009). A multilevel approach to building and leading learning organizations. *Leadership Quarterly, 20,* 34–48.

Härtel, C. E. J. (2004). Towards a multicultural world: Identifying work systems, practices and employee attitudes that embrace diversity. *Australian Journal of Management, 29,* 189–200.

Härtel, C. E. J. (2008). How to build a healthy emotional culture and avoid a toxic culture. In C. L. Cooper & N. M. Ashkanasy (Eds.), *Research companion to emotion in organizations* (pp. 575–588). Cheltenham, UK: Edwin Elgar.

Härtel, C. E. J., Gough, H., & Härtel, G. F. (2006). Service providers' use of emotional competencies and perceived workgroup emotional climate to predict customer and provider satisfaction with service encounters. *International Journal of Work Organisation and Emotion, 1,* 232–254.

Härtel, C. E. J., Gough, H., & Härtel, G. F. (2008). Work-group emotional climate, emotion management skills, and service attitudes and performance. *Asia Pacific Journal of Human Resources, 46,* 21–37.

Härtel, C. E. J., Hsu, A. C. F., & Boyle, M. (2002). A conceptual examination of the causal sequences of emotional labor, emotional dissonance and emotional exhaustion: The argument for the role of contextual and provider characteristics. In N. M. Ashkanasy, C. E. J. Härtel, & W. J. Zerbe (Eds.), *Managing emotions in the workplace* (pp. 251–275). Armonk, NY: M.E. Sharpe.

Härtel, C. E. J., & Panipucci, D. (2005). Emotional game playing and poor team norms: The implications for work teams. In C. A. Schriesheim & L. Neider (Eds.), *Research in management* (Vol. 4, pp. 133–144). Greenwich, CT: Information Age.

Härtel, C. E. J., & Pearman, G. I. (2010). Understanding and responding to the climate change issue: Towards a whole-of-science research agenda. *Journal of Management and Organization, 16,* 16–47.

Hochschild, A. R. (1983). *The managed heart: Commercialization of human feeling.* Berkeley: University of California Press.

Hochwarter, W. A., Ferris, G. R., Zinko, R., Arnell, B., & James, M. (2007). Reputation as a moderator of political behavior-work outcomes relationships: A two-study investigation with convergent results. *Journal of Applied Psychology, 92,* 567–576.

Hogg, M. A., & Vaughan, G. M. (1998). *Social psychology* (2nd ed.). New York: Prentice Hall.

Hutson-Comeaux, S. L., & Kelly J. R. (2002). Gender stereotypes and emotional reactions: How we judge an emotion as valid. *Sex Roles, 47,* 1–10.

Isen, A. M. (1970). Success, failure, attention, and reactions to others: The warm glow of success. *Journal of Personality and Social Psychology, 25,* 294–301.

Jackson, S. E., May, K. E., & Whitney, K. (1995). Understanding the dynamics of diversity in decision making teams. In R. A. Guzzo & E. Salas (Eds.), *Team effectiveness and decision making organizations* (pp. 204–261). San Francisco: Jossey-Bass.

James, L. R., Choi, C. C., Ko, C. H. E., McNeil, P. K., Minton, M. K., Wright, M. A., et al. (2008). Organizational and psychological climate: A review of theory and research. *European Journal of Work and Organizational Psychology, 17,* 5–32.

Jones, E. E., Farina, A., Hastorf, A. H., Markus, H., Miller, D. T., Scott, R. A., & French, R. S. (1984). *Social Stigma: The psychology of marked relationships.* New York: Freeman and Co.

Kish-Gephart, J. J., Detert, J. R., Treviño, L. K., & Edmondson, A. C. (2009). Silenced by fear: The nature, sources, and consequences of fear at work. In B. M. Staw & A. P. Brief (Eds.), *Research in organizational behavior* (Vol. 29, pp. 163–193). Oxford, UK: Elsevier Science/JAI Press.

Kuenzi, M., & Schminke, M. (2009). Assembling fragments into a lens: A review, critique, and proposed research agenda for the organizational work climate literature. *Journal of Management, 35,* 634–717.

McKeown, T., Bryant, M., & Raeder, L. (2009). Building positive responses to bullying: Establishing the framework. In C. E. J. Härtel, N. M. Ashkanasy, & W. J. Zerbe, *Research on emotion in organizations* (Vol. 5, pp. 227–243). Bingley, UK: Emerald Group.

Miller, F. A. (1998). Strategic culture change: The door to achieving high performance and inclusion. *Public Personnel Management, 27,* 151–160.

Morris, J. A., & Feldman, D. C. (1996). The dimensions, antecedents and consequences of emotional labor. *Academy of Management Review, 21,* 986–1010.

Ostroff, C., Kinicki, A. J., & Tamkins, M. M. (2003). Organizational culture and climate. In W. C. Borman, D. R. Ilgen, R. J. Klimoski, & I. Weiner (Eds.), *Handbook of psychology* (pp. 565–593). Chichester, UK: Wiley.

Patterson, M., Warr, P., & West, M. (2004). Organizational climate and company productivity: The role of employee affect and employee level. *Journal of Occupational and Organizational Psychology, 77,* 193–216.

Platt, J. (1973). Social traps. *American Psychologist, 28,* 641–65.

Rafaeli, A., & Sutton, R. I. (1987). Expression of emotion as part of the work role. *Academy of Management Review, 12,* 23–37.

Rafaeli, A., & Sutton, R. I. (1989). The expression of emotion in organizational life. In. L. L. Cummings & B. M. Staw (Eds.), *Research in organizational behavior* (Vol. 11, pp. 1–42). Greenwich, CT: JAI Press.

Schein, E. H. (2004). *Organizational culture and leadership* (3rd ed.). San Francisco: Jossey-Bass.

Schneider, B. 1990. The climate for service: An application of the climate construct. In B. Schneider (Ed.), *Organizational climate and culture* (pp. 383–412). San Francisco: Jossey-Bass.

Schneider, B. (2000). The psychology of organizations. In N. M. Ashkanasy, C. Wilderom, & M. F. Peterson (Eds.), *Handbook of organizational culture and climate* (pp. xvii–xxi). Thousand Oaks, CA: Sage.

Schulte, M., Ostroff, C., Shmulyian, S., & Kinicki, A. (2009). Organizational climate configurations: Relationships to collective attitudes, customer satisfaction, and financial performance. *Journal of Applied Psychology, 94,* 618–634.

Sekerka, L. E., & Fredrickson, B. L. (2008). Establishing positive emotional climates to advance organizational transformation. In N. M. Ashkanasy & C. L. Cooper (Eds.), *Research companion to emotion in organizations* (pp. 531–545). Cheltenham, UK: Edward Elgar.

Shadur, M. A., Kienzle, R., & Rodwell, J. J. (1999). The relationship between organizational climate and employee perceptions of involvement: The importance of support. *Group & Organization Management, 24,* 479–503.

Smith, K. K., & Crandell, S. D. (1984). Exploring collective emotion. *American Behavioral Scientist, 27,* 813–828.

Sora, B., Caballer, A., Peiró, J. M., & de Witte, H. (2009). Job insecurity climate's influence on employees' job attitudes: Evidence from two European countries. *European Journal of Work and Organizational Psychology, 18*, 125–147.

Sutton, R. I. (1991). Maintaining norms about expressed emotions: The case of bill collectors. *Administrative Science Quarterly, 36*, 245–268.

Tiedens, L. (2000). Powerful emotions: The vicious cycle of social status positions and emotions. In N. M. Ashkanasy, C. E. J. Härtel, & W. J. Zerbe (Eds.), *Emotions in the workplace: Research, theory, and practice* (pp. 71–81). Westport, CT: Quorum Books.

Triandis, H. C. (1994). Cultural syndromes and emotions. In S. Kitayama & H. R. Markus (Eds.), *Emotion and culture: Empirical studies of mutual influence* (pp. 51–87). Washington, DC: American Psychological Association.

Tsui, A. S., & Wu, J. B. (2005). The new employment relationship versus the mutual investment approach: Implications for human resource management. *Human Resource Management, 44,* 115–121.

Tugade, M. M., & Fredrickson B. L. (2004). Resilient individuals use positive emotions to bounce back from negative emotional experiences. *Journal of Personality and Social Psychology, 86,* 320–333.

van Maanen, J., & Kunda, G. (1989). "Real feelings": Emotional expression and organizational culture. In L. L. Cummings & B. A. Staw (Eds.), *Research in organizational behavior* (Vol. 11, pp. 43–103). Greenwich, CT: JAI Press.

Waldron, V. R., & Krone, K. J. (1991). The experience and expression of emotion in the workplace: A study of a corrections organization. *Management Communication Quarterly, 4,* 287–309.

Weick, K. E., & Quinn, R. E. (1999). Organizational change and development. *Annual Review of Psychology, 50,* 361–386.

Weiss, H. M., & Cropanzano, R. (1996). Affective events theory: A theoretical discussion of the structure, causes and consequences of affective experiences at work. In B. M. Staw & L. L. Cummings (Eds.), *Research in organizational behavior* (Vol. 18, pp. 1–74). Greenwich, CT: JAI Press.

Yukl, G. (2009). Leading organizational learning: Reflections on theory and research. *Leadership Quarterly, 20,* 49–53.

Establishing a Positive Emotional Climate to Create 21st-Century Organizational Change

TANYA VACHARKULKSEMSUK, LESLIE E. SEKERKA, AND BARBARA L. FREDRICKSON

Looking back on the 20th century, the vision of business has often been depicted by a self-interested, mechanistic manufacturing operation. Organizations that support this effort were designed to achieve efficient and effective production by people who were viewed merely as resources. Pictures from this period reflect factory smokestacks puffing away with dirty and dreary hues of grey shadows looming over the inhabiting workers. Today's vision and design of the organization has moved away from this picture, revealing an awareness of the human elements present in daily organizational life. Recognizing that people's emotions influence performance has created a demonstrable shift in organizational behavior, as theories used to describe and explain performance are moving to incorporate features that address this affective component. Researchers have been steadily making the move to show how employee decisions and actions are inextricably linked to emotions at the personal, interpersonal, and organizational levels (e.g., Dehler & Welsch, 1994; Elfenbein, 2007;

Hochschild, 1983). Although early American aphorisms, such as Benjamin Franklin's "time is money" (1748) still ring true in the minds of many, most managers today would also acknowledge that a good deal of their time is spent dealing with the emotional aspects of workplace enterprise.

With so much of life spent working with others, it is no surprise that the workplace becomes the foundation for a variety of experiences and social interactions that spur a multitude of emotional responses. One could think of the joy one feels when a project has been successfully completed, the gratitude one experiences when a mentor takes the time to guide and support him or her, the pride in being part of a productive team, or the enthusiasm experienced when starting a challenging and interesting new task. In recent years, positive psychologists and positive organizational scholars have been intrigued by the potential benefits that positive emotions have to offer employees. Their research has demonstrated how experiences that foster emotions such as interest, joy, pride, and appreciation

cultivate adaptive qualities that help people work together with interactive strength.

This chapter examines how the benefits of positive emotions serve as a mechanism to achieve *transformative cooperation,* contributing to an organization's process of dynamic change. It begins with an introduction to the concept of transformative cooperation and follows with the broaden-and-build theory of positive emotions (Fredrickson, 1998, 2001; 2009). This guides the theory-building effort to describe how transformative cooperation and positive emotional climates support deep change within individuals, organizations, and communities. After these propositions have been set forth, an exploration of how they can be applied to a salient issue in today's workplace—ecological sustainability—takes place.

TRANSFORMATIVE COOPERATION

In the context of an organizational setting, *transformation* is a fundamental shift in how people view, understand, interpret, or make use of their organization and their role within it. Aspects of the phenomenon are described by change management scholars, who refer to second-order, radical, or gamma change (e.g., Golembiewski, Billingsely, & Yeager, 1979). These labels depict change that goes to the very root of how people think about and define their organization and work. This is in contrast to first-order or alpha change, which incrementally focuses on resolving specific problems (Bartunek & Moch, 1987). *Cooperation,* also in the context of an organizational setting, can be viewed as an association of people who come together to produce output that provides those involved with something of value. It entails an engaged effort deemed worthwhile and meaningful by its participants. It is a collaborative endeavor where people work together to achieve mutual benefit as a result of their shared actions (Agnes & Laird, 1996).

These two terms combine to create a specific type of change and the means to achieve it: *transformative cooperation* (Sekerka & Fredrickson, 2008). This is an effort—initiated by people working together—to create a fundamental change in an organizational setting. People pool their knowledge, skills, and passion and collectively apply them toward the conceptualization and construction of a novel and dynamic vision for the future. It is not about correcting problems, but rather, it is a deliberate and continuous effort of originality toward the creation of new forms of organizing that provide shared value and mutual benefits for all involved. Because it is generative, transformative cooperation cannot be declared, ordered, or implemented via mandate. Transformative cooperation is a cooperative effort, and for it to be effectively considered an organization-wide actuality, efforts need to come from both bottom-up and top-down: Organizational members must have power to cocreate the new processes and practices, and leadership needs to model support for such initiatives and establish buy-in. As such, transformative cooperation is likely to happen first within small groups and units from the top and/or bottom before involving the entire organization. If transformative cooperation is to continue, new practices need to be integrated into ongoing daily operations, and shared power for operations must be continually endorsed.

To explore how transformative cooperation can be initiated and sustained, this chapter is interested in how the benefits of positive emotions can contribute to this process, starting at the individual level and working its way through small groups within an organization. How might the feelings of interest, appreciation, and gratitude support such an effort? How do positive emotions contribute to organizational strength and sustained development? This chapter argues that positive emotions stem from transformative cooperation in

the workplace, then broaden and build organizational identification and relational strength, thereby expanding individuals and, eventually, the entire organization. In this way, transformative cooperation is a type of deep change that stems from a positive psychological perspective.

BROADEN-AND-BUILD THEORY

The basis of this discussion stems from Barbara L. Fredrickson's (1998, 2001; 2009) broaden-and-build theory of positive emotions. The theory states that positive emotions (e.g., joy, interest, appreciation) function in the short term to broaden one's thought-action repertoire and thereby build one's cognitive, social, psychological, and/or physical resources over the long term.

The Broaden Effects

Positive emotions have been experimentally shown to broaden people's cognitions and behaviors, thereby suggesting causal effects of positive emotions. Carlos A. Estrada, Alice M. Isen, and Mark J. Young (1997) tested the effects of positive states on a wide range of cognitive outcomes, ranging from creativity puzzles to simulations of complex, life-or-death work situations. Their findings are supportive of the broaden features of Fredrickson's theory so that positive emotions produce patterns of notably unusual thought (Isen, Johnson, Mertz, & Robinson, 1985), flexibility and inclusion (Isen & Daubman, 1984), creativity (Isen, Daubman, & Nowicki, 1987), and receptivity to new information (Estrada et al., 1997). In addition, recent affective neuroscience research by Taylor W. Schmitz, Eve De Rosa, and Adam K. Anderson (2009) demonstrates the influence of positive affect on perceptual encoding processes that occur prior to higher-order thought processes. Positive states have been shown to promote perceptual

encoding of peripheral information, whereas negative states decrease the likelihood of this response capability. The broaden aspects of positive emotions also influence personally relevant behavior. For example, Fredrickson and Christine Branigan (2005) induced varied forms of emotions in people, followed with a separate task that asked participants to list all the things that they felt like doing right then, given their current emotional state. People induced to feel positive emotions listed more and more varied potential actions as compared to those feeling no emotions or feeling negative emotions.

At the interpersonal level, positive emotions have been associated with enhanced attention to others and reduced distinctions between the self and others. For example, when newly paired college roommates were studied, researchers found that those students who experienced more positive emotions reported a greater sense of "oneness" between themselves and their new roommate, moving to develop a more complex understanding of this person (Waugh & Fredrickson, 2006). Furthermore, induced positive emotions have been shown to increase trust between acquaintances (Dunn & Schweitzer, 2005) and may underlie the creation of several types of bonds and opportunities for interdependence (Cohn & Fredrickson, 2006; Gable, Reis, Impett, & Asher, 2004). Such experimental evidence demonstrates the many ways that positive emotions broaden people's mindsets, extending their capacity for ways to view oneself, others, and the social world.

The Build Effects

The build effects of positive emotions are perhaps shown most demonstratively outside laboratory conditions. Specifically, in the field of change management, both researchers and practitioners have examined positive emotions. Findings support the notion that, in contrast to negative emotions,

positive emotions have adaptive benefits that go beyond survival mechanisms, actually helping to bolster strength in organizational settings (Sekerka, Brumbaugh, Rosa, & Cooperrider, 2006). Importantly, for transformative cooperation, positive emotions signal both present-moment (Diener, Sandvik, & Pavot, 1991) and long-term optimal functioning (Fredrickson, 1998, 2000a).

The notion of positive emotions helping to build capacity reflects the fact that the benefits of positive emotions extend beyond simply feeling good at any given moment. The terms, as suggested by the theory's name, are corollary: broadening actually builds enduring personal resources. These resources can emerge in several different forms, including cognitive (e.g., expert knowledge, intellectual complexity), social (e.g., friendships, social support networks), psychological (e.g., resilience, optimism), and physical (e.g., health, longevity). Rather than merely signaling optimal functioning, they actually help to generate intrapersonal, interpersonal, and organizational growth.

Many correlational studies have emerged from organizational behavior suggesting that positive emotions do indeed build resources. Positive emotions have been linked with work achievement, high-quality social environments (Staw, Sutton, & Pelled, 1994), and creativity (Amabile, Barsade, Mueller, & Staw, 2005), and scholars continue to investigate how positive approaches are associated with enhanced satisfaction, motivation, and productivity (Martin, 2005). Moreover, positive emotions are associated with other beneficial outcomes, such as greater persistence, favorable reactions to others, and helping behaviors (Haidt, 2000).

Prospective studies have also linked the influence of a positive affective disposition to higher income and job satisfaction and less likelihood of unemployment in later years. Ed Diener, Carol Nickerson, Richard E. Lucas, and Ed Sandvik (2002) explain how positive mood is likely to be linked to motivational factors that help individuals anticipate success and become more willing to tackle challenges. For example, cheerful people might interpret obstacles or failures as temporary setbacks with external causes; hence, they are more likely to persevere. Positive affect is associated not only with greater work achievement, but also with having an extensive and high-quality social milieu. The positive emotional climates generated by enthusiastic "can-do" people are known to contribute to enhanced performance, with their presence increasing company sales and number of customers (George, 1998).

Experimental evidence of the build effect is now beginning to emerge from social psychological studies. In a recent study, Fredrickson, Michael A. Cohn, Kimberly A. Coffey, Jolynn Pek, and Sandra M. Finkel (2008) followed participants who were randomly assigned to either experience more positive emotional experiences (promoted via loving-kindness meditation workshops), or a control condition. Over 7 weeks of meditation sessions and 2 weeks afterward, participants in the loving-kindness meditation group reported feeling greater levels of mindfulness, acceptance of oneself, positive relations with others, better physical health, and less depression symptoms.

POSITIVE EMOTIONS IN THE WORKPLACE

Scientific management-based programs, characterized by the restructuring and engineering processes of strategic change, are typically reactions to dysfunction. However, generating enduring positive change in the workplace requires a transformational approach. Although both emotions and cognitions are integral components in successfully creating, accepting, and implementing transformation, this chapter views emotions—specifically positive emotions—as key resources to energize and sustain the process.

Because change dynamics depends upon the entire organization to make prolonged commitments, the emotional dimension of the workplace enterprise seems a more apt place to start (and later sustain) change.

Research to understand positive emotions has deepened understanding of the importance of affect in the workplace. Positive emotions are associated with helping individuals establish positive meaning in their job and organizational role (Wrzesniewski & Dutton, 2001) and to stimulate competence, achievement, involvement, significance, and social connection (Fredrickson, 2000a; Folkman, 1997; Ryff & Singer, 1998). When individuals support others to seek positive meaning in their work, bringing forward what

they value most, gratitude and enthusiasm tend to emerge. Generally speaking, positive emotions, in contrast to negative emotions, are related to high-quality team-member exchanges (Tse & Dasborough, 2008) and can stimulate cooperation in route to change (Sekerka et al., 2006). Furthermore, research by James B. Avey, Tara S. Wernsing, and Fred Luthans (2008) illustrates that psychological capital (e.g., optimism, hope, resilience) favorably impacts employees' attitudes and behaviors about organizational change, specifically through positive emotions.

Drawing on what has been described thus far, a theoretical model comprised of five main propositions is presented. These propositions serve as a springboard to extend the present understanding of how positive emotions influence organizational development and change (ODC). In general, this chapter argues that positive emotions are fueled by transformative cooperation (fostered through *strength-based inquiry*, described below) that contributes to a positive emotional climate, ultimately enabling the dynamic benefits of broaden-and-build effects of positive emotions (see Figure 7.1).
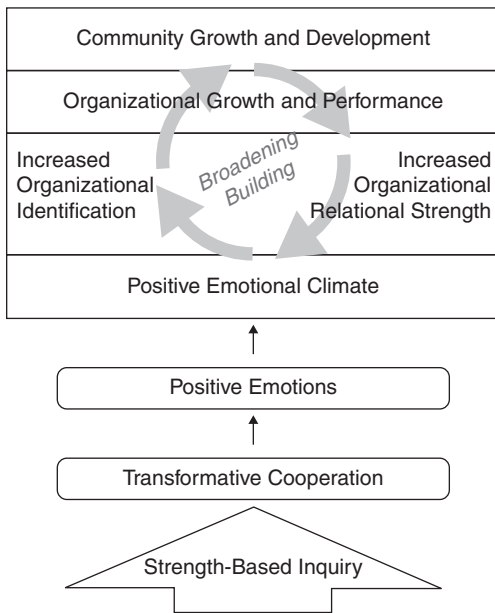
Figure 7.1   The Broaden-and-Build Effects of Positive Emotions Through Transformative Cooperation. By engaging in strength-based inquiry, transformative cooperation helps to fuel the beneficial effects of positive emotions at the individual, relational, organizational, and community levels.

Generating Transformative Cooperation

To foster transformative cooperation, research in change management emphasizes that the atmosphere should be a positive one. Shaul Fox, Yair Amichai-Hamburger, and Edward A. Evans (2001) describe the importance of transmitting information in aesthetically pleasing surroundings via a pleasant and intimate manner, in contrast to a formal, instructive, and cold manner that can manifest conflict between people's emotions and cognitions. In positive environments, one's emotions and cognitions coordinate such that when people feel good about what they are doing, they are more inclined to cooperate and engage in action.

Getting involved and feeling like one's voice is being heard is one example (Sekerka & Goosby Smith, 2003), or becoming curious and engaged in something of interest (Sekerka, 2008; Kashdan, Rose, & Fincham, 2004) is another example. To jumpstart and sustain the sequential benefits of positive emotions spurred from an ODC process, successful impacts at both the individual and collective levels are essential.

Strength-based inquiry[1] is a useful pathway to transformative cooperation. Looking at what people value most—what gives life to employees' work experience—emboldens collectively experienced positive emotions that support personal and organizational growth. Through a variety of collaborative exercises, strength-based ODC techniques are designed to encourage people to share positive memories through stories, testimonials, and discussions that outline what they appreciate about their work life. An *appreciative inquiry* (AI) summit is an example of how to create a positive emotionally charged event that, when followed by the implementation of practices that support ongoing positive interactions, can become a sustained practice (Cooperrider & Srivastva, 1999). Appreciative inquiry is an example of strength-based inquiry, a process where people look at the best of their organization and themselves as the focal point for change. Rather than looking at problems and the symptoms of dysfunction, researchers use questions that help individuals and collectives look at what contributes to their success, well-being, and thriving as the catalyst for growth and development.

As employees engage in strength-based inquiry, appreciative dialogues occur in pairs, small groups, and in organization-wide forums, weaving together every level, function, and stakeholder into the process. As people work together to highlight, observe, and define their organization's positive core, they identify what is most valued.

In this manner, employees cooperatively develop new strategies to design their shared vision for the future, a process referred to as *socially constructing reality* (Gergen, 2001). Once the ideal vision is imagined, participants ascertain what needs to be done and how they can work together to achieve it. Building from existing assets, deemed as the positive core of their personal and collective strengths, employees begin a process of self-directed organizing (Cooperrider & Whitney, 2001). Together, such actions have also been shown to produce immediate positive psychophysiological changes in participants, including a reduction in negative affect, lowered heart rate, and favorable changes in heart rate variability (Sekerka & McCraty, 2004).

Throughout this process, employees align themselves in new and unique ways by forming groups and taking on new roles and functions. They rally around shared strengths, generating positive energy via interest and emotions such as enthusiasm, appreciation, and hope. As a result of this effort, new organizational relationships emerge. The act of working on a collective effort (using positive experiences as levers for ODC) supports the creative thinking necessary for envisaging an innovative future. This process is explicit, establishes joint ownership or buy-in from the outset, and initiates transformative cooperation. Notably, this process has been conducted with favorable results in thousands of organizations, of all types and forms, ranging from the U.S. Navy and the U.S. Environmental Protection Agency to a variety of corporations including Green Mountain Coffee, Roadway Express, and Canadian Tire (visit http://appreciativeinquiry.case.edu for more detail on this).

When people work in a strength-based inquiry intervention, the process of transformative cooperation generates a positive emotional climate. From here, workplace routines can change by linking newly created

action steps to strategy, embedding a focus on positive change into employees' objectives and goals. Given the distinct social origins of positive emotions and general trend that people experience them when interacting with others (e.g., Vittengl & Holt, 2000; Watson, Clark, McIntyre, & Hamaker, 1992), it is no surprise that people feel good when working together to tap and create organizational value. As positively charged discovery continues, a cascade of ideas stimulates more activity and innovation. Once transformative cooperation is initiated, it is expected that it will continue to generate positive experiences within the organization as it builds capacity through inclusion and empowerment. This is expressed as follows:

> Proposition 1: Through strength-based inquiry, employees who work together to achieve transformative cooperation will experience positive emotions that contribute to a positive emotional climate.

As described earlier, positive emotions broaden one's scope of attention and habitual modes of thinking and acting. In addition, positive emotions influence how people see themselves, broadening the scope of self-perception to include close others (Waugh & Fredrickson, 2006). As the distinguishing line between the self and others becomes blurred and harder to delineate, people can begin to internally adopt the characteristics of others, viewing the other person as acceptable or part of their own repertoire. To the extent that people view their coworkers or organization as a part of themselves—in other words, experience *organizational identification*—resource allocation can then be perceived as shared ownership rather than individual property.

The inclusion of others in how people see themselves offers people a wider perspective of how they can view the world. With this wider perspective, employees are better able to focus on others with appreciation and build trust; this built trust then promotes increased ease within a social context. Conversely, when people focus on differences and problems, negative emotions may be elevated and an us-versus-them mindset that can build resentments (Gilmore, Shea, & Useem, 1997). This is typically followed by blaming and finger-pointing as people try to target the causes of their problems (Sekerka, Zolin, & Goosby Smith, 2009). A positive approach using strength-based inquiry can help facilitate reframing as an expansion of identity, augmenting prior assumptions and perspectives. To evoke transformative cooperation, people need to view themselves and others in a more flexible manner. Both the organization and employees' roles need to be recast with new meaning.

For example, perhaps managers frame events from a political perspective, where resources are scarce and competition is fierce. They can use current organizational strengths as a catalyst to shift this framework of understanding by crafting alternative starting assumptions. Beliefs associated with competition and self-interest can fall away as people learn about and choose to value shared achievement and become willing to truly share the benefits of success with others. The cognitive broadening that positive emotions trigger is expected to contribute to this process, bringing a wider view into focus, one that is more inclusive and represents a more cooperative stance.

Given that positive emotions contribute to an expansion of self-concept, experiences associated with gratitude, appreciation, and other positive emotions are expected to increase organizational identification (Dutton & Dukerich, 1991; Dutton, Dukerich, & Harquail, 1994). As employees engage in positive experiences that call for their participation in cocreating what it means to be at work, they will see themselves more closely aligned with their organization. This is expressed as follows:

Proposition 2: A positive emotional climate in organizations will contribute to an increase in organizational identification.

Moving beyond the short-term broaden effects of positive emotions, this chapter argues that positive emotions also build capacity in organizations. More specifically, they serve to help enhance bonds and connections between people in an organization, referred throughout this chapter as *organizational relational strength*. As described earlier, assets accrued during positive emotional states are durable and outlast the transient states that led to their acquisition. People who regularly experience positive emotions are not stagnant. Instead, they continually grow toward further optimal functioning (Fredrickson, 2003; Fredrickson & Joiner, 2002). This chapter suggests that this same principle holds true when using strength-based approaches to instill transformative cooperation. When feelings of appreciation are cultivated, employees forge teams, coalitions, and opportunity circles, working together to stimulate ideas, achieve shared goals, and foster ongoing learning (Neville, 2008).

Evidence suggests that people induced to feel positive emotions become more helpful to others than those in neutral emotional states. Such findings have been demonstrated in social psychological experiments (Isen, 1987) as well as by research conducted in workplace settings (George, 1998). This phenomenon occurs because people experiencing positive emotions tend to be more flexible, creative, empathic, compassionate, and respectful of others. But being helpful not only springs from positive emotional states—it can also produce them. For example, those who give help may feel proud of their actions, and this experience not only creates a momentary boost in self-esteem, but also can prompt people to envisage future achievements in similar domains (Fredrickson, 2000b). Thus, to the extent that helping others instills positive emotions, it may motivate people to help again in the future.

Research in social psychology also suggests that there is a robust reciprocal association between the positive emotion gratitude and social support, which serves to improve organizational relational strength. Just as the person who gives help experiences positive emotions, the one who receives it is also likely to feel gratitude. Gratitude not only feels good, but also produces a myriad of beneficial social outcomes (Algoe & Haidt, 2009; Algoe, Haidt, & Gable, 2008; McCullough, Kilpatrick, Emmons, & Larson, 2001). Gratitude motivates and reinforces social actions in both the giver and receiver of help by inspiring positive action. Research shows that grateful people often feel the urge to "give back" to those who have helped them or to "pay it forward" to others. Thus, there is a reciprocal nature of good deeds: As the act of giving thanks or acknowledgment rewards the help-givers, this gratitude then reinforces the positive action and makes people feel appreciated.

Taking this information together, this chapter suggests that when organizations continue to cultivate a positive emotional climate, they will benefit from an increase in the strength of people's relationships. This is expressed as follows:

Proposition 3: A positive emotional climate in organizations will contribute to an increase in organizational relational strength.

Positive emotions can spread throughout organizations, among members, and to customers, as illustrated by the reverberation of appreciation and gratitude. The effects of experiencing positive emotions can accumulate, compound, and, ultimately, serve to strengthen the collective. Furthermore, they promote constructive interpersonal engagement and encourage trust, which

predicts effective and integrative negotiations (Anderson & Thompson, 2004), and the desire to contribute to the effectiveness of one's organization (Fredrickson, 2000b). Such findings suggest a relationship between positive emotions and their capacity-building potential within workplace settings, particularly via organizational identification and relational strength. This gives the sense of the broaden-and-build effects, reflecting the longitudinal macro outcomes associated with earlier positive emotional experiences and the meaningful interpersonal encounters that resulted from them.

A range of empirical evidence supports this prediction, albeit indirectly. For instance, researchers at the Gallup Organization frequently examine links between employee engagement and favorable business outcomes, such as employee turnover, customer loyalty, net sales, and financial revenues (Fleming, 2000a, 2000b; Harter, 2000). Also, because leaders often drive how employees feel within an organization, emotions expressed from the "top" can truly make a difference in the organization's climate. Hakan Ozcelik, Nancy Langton, and Howard Aldrich (2008) have shown that leadership practices that encourage and cultivate a positive emotional climate also contribute to higher revenue and growth for the organization.

Given that positive emotions contribute to organizational identification and relational strength, this adds value to the organization by increasing relational expansion, which in turn increases social capital. The presence of these resources together can contribute to growth and favorable performance outcomes, an antecedent for organizational effectiveness. This expectation is expressed as follows:

> Proposition 4: An increase in organizational identification and relational strength will contribute to organizational growth and performance.

As transformative cooperation continues to be reinforced by positive emotions, organizations that benefit from this type of positive environment will see the benefits extend outward to the community. With sustained positive emotional climates that foster relational strength and growth, more people are expected to become included in the organization as part of the larger whole (Barros & Cooperrider, 2000). More specifically, the claim is that positive emotions energize new organizational forms that emerge from transformative cooperation, which set the stage for growth and development that can move outward into the community. The overarching implication is that the positive emotions of employees' momentary experiences can be both long-range indicators and generators of optimal organizational functioning. Once initiated, and as cycles of transformative cooperation continue, positive emotional experiences in the workplace will help generate outcomes that make an impact at the community level. This expectation is stated as follows:

> Proposition 5: An increase in organizational growth and performance will contribute to the community's growth and development.

An underlying assumption is that organizations are uniquely positioned to help build a better society. Moreover, employees need to be encouraged to consider and evaluate the organization's broader impact and to work collectively to identify opportunities where they can make a favorable influence on the community as part of their operations. A climate of moral sensitivity, for example, encourages empathy, or the feeling of deep concern for society and the environment (Baucus, Norton, Baucus, & Human, 2008). Similarly, a climate of positive emotions in the workplace encourages empathy, sensitivity, and care (Arnaud & Sekerka, 2010), qualities needed for an organization to rally behind broader impacts on the

community. Below, these ideas for how positive emotional climates can create organizational change by mapping our propositions to achieving sustainable enterprise, a salient issue in today's workplace, are applied.

AN APPLICATION: POSITIVELY GREEN

Today's organizational leaders are experiencing pressure to consider corporate social responsibility (CSR) as a part of their business model. As CSR becomes an expected way of doing business, organizations will have to address a myriad of ecological, social, and economic concerns (Adams, Frost, & Webber, 2004). This means going beyond the sole purpose of a firm as creating wealth for shareholders. Increasingly, the goal is to conduct business in such a way that addresses fairness to people and the planet in alignment with ensuring profitable performance. The ecological dimension of CSR entails discussion about the "greening" of industry, which refers to ecologically driven business practices. Although such efforts can be profit enhancing, this chapter suggests that the motives for environmental sustainability must go beyond the establishment of energy savings and efforts to advance underdeveloped green consumer markets. The term *sustainable enterprise* is used here to refer to organizations that choose to go beyond compliance demands to responsibly ensure the safety, care, and protection of the planet as they work to achieve their economic goals. As leaders consider this challenge, how might the benefits of positive emotions help to create and support such a fundamental shift in the way that business is conducted?

The cornerstone to sustainable enterprise is innovation (Arnaud & Sekerka, 2010). Those willing to make greening their mission will need to gather information, seek out solutions, and creatively generate new concepts and ideas. To prompt a fundamental shift in the way organizations view business, they will need to use their relational assets as levers for creating value and building more capacity. It is, therefore, expected that sustainable development will require management to set aside their traditional win-lose survivalist modalities. For a more generative approach, businesses will have to make a collective shift from "greed is good" to "green is good." This calls for the use of change management techniques that foster development rather than impose incremental fixes to immediate problems. Transformational cooperation will be essential if leaders hope to dislodge their current underlying assumptions so that truly novel views, innovations, and synergy can emerge around sustainable enterprise.

When the purpose of an organization incorporates values that transcend self-interest, people sense that they are part of a much larger mission. In terms of sustainable enterprise, shareholder interests need to be complemented by a sincere regard and respect for the planet. Here, profit does not take precedence over ecological concerns; rather, stakeholder interests are valued in terms of what is created and how work is accomplished. As argued by John A. Parnell (2008), efforts to develop and incorporate ecologically minded practices and processes in how business is conducted on a daily basis require actions and strategies that target the sustainability of the natural environment as part of an organization's overall purpose. Similar to how positive emotions can increase self–other overlap, organizations ocommitted to the concept of "doing well and doing good" tend to have a relationship with the planet and her resources as they move toward achieving their mission (Friedland, 2009). To the extent that

people view other people and the planet as an extension of themselves, responsibility toward them is likely to be adopted. This shift and broadened identity will be essential if global resources are to be viewed as a collective responsibility for all to preserve and maintain.

As for longer-term implications, how might the cultivation of positive emotional climates yield sustainable enterprise? Prior research has shown that when a positive workplace environment is linked with mobilization (in this case, for sustainable development), those engaged often experience a transformation to assume an activist identity (Meyer, 2006). Sally Russell and Andrew Griffiths (2008) integrated environmental psychology and management to consider how issues of ownership and organizational identification relate to the emotionality of pro-environmental organizational behavior. The research reflects that when people are supported and become actively interested in and enthusiastic about actions that protect the environment, positive emotions are further complemented by a determination to direct attention toward goal-directed behaviors (Arnaud & Sekerka, 2010). This type of dedicated involvement promotes further discovery, underwriting people's commitment toward continued engagement in the shared activity. Positive affective experiences can help fuel the necessary creativity and sustained inquiry that can help ensure a prolonged focus on sustainable enterprise.

As employees work to develop new methods, technologies, and processes that support sustainability in practice, there will undoubtedly be numerous challenges and obstacles to overcome. Positive emotions, with their durable benefits, can help people to rebound from inevitable challenges in times of difficulty. This illustrates the link between positive emotions and their role in helping to transform individuals to become more resilient

and socially integrated over time. Such benefits are ideally suited toward developing organizations that want to become verdant in their business practices. A commitment to go green means that organizational relational strength will contribute to the organization's growth and performance over time, regardless of setbacks that may temporarily hinder progression.

The incremental nature of transformational cooperation is resourced by positive emotions, which energize a more holistic stance. Key to this effort is that there is a respect for values that go beyond the self, which can be actualized through empathy—feeling the feelings of others. But sustainable enterprise will only work when the commitment to it is continually renewed. Thus, partnerships need to be forged between the employees and their organizations and between organizations and their institutional stakeholders. As this cycle of value-creation is established, individuals, small groups and units, organizations, institutions, and governments can be transformed into more environmentally minded entities that work in collaboration with one another. In so doing, people and the organizations that they represent can become more aware and respectful of one another. If sustainable enterprise becomes a shared goal with mutual benefits for all engaged, the positive emotional climates that stem from them will instill a reflexive process that continues to reaffirm and favorably endorse the ongoing effort. In this way, the organizational identification and relational strength built up over time can continue to fuel the development that can extend out to the global community.

A Word About the Negative

To potentially achieve such robust outcomes, the cultivation and extension of positive emotions in the workplace must

not only be supported, but also how to effectively address and draw strength from negative emotions must be understood. As P. Alex Linley, Stephen Joseph, Susan Harrington, and Alex M. Wood (2006) note, if positive psychology and its specialized disciplines hope to achieve long-term success, the integration of disorder and dysfunction with achievement, aspirations, and performance needs examination. For instance, Michele M. Tugade and Fredrickson (2004, 2007) showed that resilient individuals do not ignore negative emotions—they certainly report fear and sadness in stressful situations (e.g., after the 9/11 attacks). But interestingly, resilient people are better able to find positive meaning within adversity to cultivate positive emotions as well. Similarly, Jeff T. Larsen, Scott H. Hemenover, Catherine J. Norris, and John T. Cacioppo (2003) acknowledge the ability to manage, grapple with, and work through both positive and negative affective events (rather than simply reducing the negative) as a human strength.

A quick overview of positivity ratio studies also nicely illustrates the value of negative emotions. In a positivity ratio, the number of positive moments constitutes the numerator, and the number of negative moments is plugged in as the denominator. Notably, across various studies, no ratios have a denominator of zero. Such a state would likely be associated with mania, rather than with a healthy, balanced experience. Instead, high ratios of people's experience of positive-to-negative emotions are associated with doing well, whereas low positive ratios (lower than 1:1) are associated with doing poorly. For example, positive-to-negative ratios greater than 3:1 in daily life predict one's overall subjective well-being (Fredrickson & Losada, 2005), 4:1 relates to optimal states of mind (Schwartz et al., 2002), 5:1

to profitable and well-regarded business teams (Losada, 1999), and 6:1 are linked with more stable relationships (Gottman, 1994).

The typical worker in today's generation is no exception to the benefits of a high positivity ratio. Yet given the global recession—a time of negative outlooks, uncertainty, and unwanted change—many business people may be experiencing ratios well below 1:1. Organizational leaders can use the fuel from negative emotions to ignite employees' impetus for change and meaningfully boost their organization's positivity ratio by both cultivating positive emotions and encouraging a positive emotional climate. Perhaps most importantly, positivity ratios do not need to be cast as just a final destination point or as a goal to achieve. Rather, the latest research suggests that they are a way to generate and fuel positive movement. Positive emotions associated with strength-based inquiry are expected to help motivate employees to develop new processes and practices that can continue to evolve.

CONCLUSION

Conceptualizing modern-day organizations and the work that people do for a living is next to impossible without considering the influence of emotions. This chapter has explained how this human element, found in every workplace, can be a powerful mechanism for positive change. The research prompted by positive psychologists and positive organizational scholars to date suggests that a focus on the mechanistic operations and one-time fixes to drive production is not enough to promote the systemic and dynamic processes needed for organizations in the 21st century. Instead, a climate characterized by positive emotions can create organizational change

by fostering organizational identification and relational strength, thereby spurring and sustaining a cycle of broaden-and-build effects. Finally, although this chapter highlights ecological sustainability as a current issue, it is just one of many applications for the next generation of researchers, practitioners, leaders, and employees to consider in exploring the benefits of experiencing positive emotions.

NOTES

1. Strength in this chapter generally refers to positive strong points of the organization, its members, and constituent stakeholders. As such, strength-based inquiry is a change process to promote discovery in the positive things that the organization, employees, and affiliates do well. This is different from culture strength per se, which is more about how strong the organization's policies and practices are (e.g., recognized and consistent), which enables work to be accomplished. Although strength is used slightly differently within each of these terminologies (i.e., strength-based inquiry versus culture strength), it is possible to conceptualize a synthesis of the two to arrive at *strength-based culture*, which is a culture that cocreates and supports practices and policies based on the positive things (e.g., assets and capacities) an organization and its constituents do well. The details of a strength-based culture are not discussed in this chapter; that said, broadly speaking, it can be argued that strength-based inquiry ultimately cultivates a positive strength-based culture.

REFERENCES

Adams, C., Frost, G., & Webber, W. (2004). Triple bottom line: A review of the literature. In A. Henriques & J. Richardson (Eds.), *The triple bottom line—Does it all add up?* (pp. 17–25). Sterling, VA: Earthscan.

Agnes, M., & Laird, C. (1996). *Webster's new world dictionary and thesaurus.* New York: Macmillan.

Algoe, S. B., & Haidt, J. (2009). Witnessing excellence in action: The "other-praising" emotions of elevation, gratitude, and admiration. *Journal of Positive Psychology, 4,* 105–127.

Algoe, S. B., Haidt, J., & Gable, S. L. (2008). Beyond reciprocity: Gratitude and relationships in everyday life. *Emotion, 8,* 425–429.

Amabile, T. M., Barsade, S. G., Mueller, J. S., & Staw, B. M. (2005). Affect and creativity at work. *Administrative Science Quarterly, 50,* 367–403.

Anderson, C., & Thompson, L. (2004). Affect from the top down: How powerful individuals' positive affect shapes negotiations. *Organizational Behavior and Human Decision Processes, 95,* 125–139.

Arnaud, A., & Sekerka, L.E. (2010). Positively ethical: The establishment of innovation in support of sustainability. *International Journal of Sustainable Strategic Management, 2,* 121–137.

Avey, J., Wernsing, T., & Luthans, F. (2008). Can positive employees help positive organizational change? Impact of psychological capital and emotions on relevant attitudes and behaviors. *Journal of Applied Behavioral Science, 44,* 48–70.

Barros, I. O., & Cooperrider, D. L. (2000). A story of nutrimental in Brazil: How wholeness, appreciation, and inquiry bring out the best in human organization. *Organizational Development Journal, 18,* 22–29.

Bartunek, J., & Moch, M. (1987). First order, second order and third order change and OD interventions. *Journal of Applied Behavioral Science, 23,* 483–500.

Baucus, M. S., Norton, W. I., Jr., Baucus, D. A, & Human, S. E. (2008). Fostering creativity and innovation without encouraging unethical behavior. *Journal of Business Ethics, 81,* 97–115.

Cohn, M. A., & Fredrickson, B. L. (2006). Beyond the moment, beyond the self: Shared ground between selective investment theory and the broaden-and-build theory of positive emotions. *Psychological Inquiry, 17,* 39–44.

Cooperrider, D. L., & Srivastva, S. (1999). Appreciative inquiry in organizational life. In S. Srivastva & D. L. Cooperrider (Eds.), *Appreciative management and leadership: The power of positive thought and action in organization* (Rev. ed., pp. 401–441). Cleveland, OH: Lakeshore Communications.

Cooperrider, D. L., & Whitney, D. (2001). A positive revolution in change. In D. L. Cooperrider, P. Sorenson, D. Whitney, & T. Yeager (Eds.), *Appreciative inquiry: An emerging direction for organization development* (pp. 9–29). Champaign, IL: Stipes.

Dehler, G. E., & Welsch, M. A. (1994). Spirituality and organizational transformation: Implications for the new management paradigm. *Journal of Managerial Psychology, 9,* 17–27.

Diener, E., Nickerson, C., Lucas, R. E., & Sandvik, E. (2002). Dispositional affect and job outcomes. *Social Indicators Research, 59,* 229–259.

Diener, E., Sandvik, E., & Pavot, W. (1991). Happiness is the frequency, not the intensity, of positive versus negative affect. In F. Strack (Ed.), *Subjective well-being: An interdisciplinary perspective* (pp. 119–139). Oxford, UK: Pergamon Press.

Dunn, J., & Schweitzer, M. (2005). Feeling and believing: The influence of emotion on trust. *Journal of Personality and Social Psychology, 88,* 736–748.

Dutton, J. E., & Dukerich, J. M. (1991). Keeping an eye on the mirror: Image and identity in organizational adaptation. *Academy of Management Journal, 34,* 517–554.

Dutton, J. E., Dukerich, J. M., & Harquail, C. V. (1994). Organizational images and member identification. *Administrative Science Quarterly, 39,* 239–263.

Elfenbein, H. A. (2007). Chapter 7: Emotion in organizations. *The Academy of Management Annals, 1,* 315—386

Estrada, C. A., Isen, A. M., & Young, M. J. (1997). Positive affect facilitates integration of information and decreases anchoring in reasoning among physicians. *Organizational Behavior and Human Decision Processes, 72,* 117–135.

Fleming, J. H. (2000a). Relating employee engagement and customer loyalty to business outcomes in the financial services industry. *Gallup Research Journal, 3,* 91–101.

Fleming, J. H. (2000b). Relating employee engagement and customer loyalty to business outcomes in the retail industry. *Gallup Research Journal, 3,* 103–115.

Folkman, S. (1997). Positive psychological states and coping with severe stress. *Social Science Medicine, 45,* 1207–1221.

Fox, S., Amichai-Hamburger, Y., & Evans, E. A. (2001). The power of emotional appeals in promoting organizational change programs. *The Academy of Management Executive, 15,* 84–93.

Franklin, B., & Hall, D. (1748). *Advice to a young tradesman, written by an old one.* Philadelphia: New-Printing-Office.

Fredrickson, B. L. (1998). What good are positive emotions? *Review of General Psychology, 2,* 300–319.

Fredrickson, B. L. (2000a). Cultivating positive emotions to optimize health and well-being. Target article in *Prevention and Treatment, 3.* Available at http://journals.apa.org/prevention

Fredrickson, B. L. (2000b). Why positive emotions matter in organizations: Lessons from the broaden-and-build model. *Positive Psychology and Its Implications for the Psychologist-Manager* [Special issue of *Psychologist-Manager's Journal*], *4,* 131–142.

Fredrickson, B. L. (2001). The role of positive emotions in positive psychology: The broaden-and-build theory of positive emotions. *American Psychologist, 56,* 218–226.

Fredrickson, B. L. (2003). The value of positive emotions. *American Scientist, 91,* 330–335.

Fredrickson, B. L. (2009). *Positivity: Groundbreaking research reveals how to embrace the hidden strength of positive emotions, overcome negativity, and thrive.* New York: Crown.

Fredrickson, B. L., & Branigan, C. (2005). Positive emotions broaden the scope of attention and thought-action repertoires. *Cognition and Emotion, 19,* 313–332.

Fredrickson, B. L., Cohn, M. A., Coffey, K. A., Pek, J., & Finkel, S. M. (2008). Open hearts build lives: Positive emotions, induced through loving-kindness meditation, build consequential personal resources. *Journal of Personality and Social Psychology, 95,* 1045–1062.

Fredrickson, B. L., & Joiner, J. (2002). Positive emotions trigger upward spirals toward emotional well-being. *Psychological Science, 13,* 172–175.

Fredrickson, B. L., & Losada, M. F. (2005). Positive affect and the complex dynamics of human flourishing. *American Psychologist, 60,* 678–686.

Friedland, J. (2009). *Doing well and good: The human face of the new capitalism.* Charlotte, NC: Information Age Publishing.

Gable, S. L., Reis, H. T., Impett, E. A., & Asher, E. R. (2004). What do you do when things go right? The intrapersonal and interpersonal benefits of sharing positive events. *Journal of Personality and Social Psychology, 87,* 228–45.

George, J. M. (1998). Salesperson and mood at work: Implications for helping customers. *Journal of Personal Selling and Sales Management, 17,* 23–30.

Gergen, K. J. (2001). Psychological science in a postmodern context. *American Psychologist, 56,* 803–813.

Gilmore, T. N., Shea, G. P., & Useem, M. (1997). Side effects of corporate cultural transformations. *Journal of Applied Behavioral Science, 33,* 174–190.

Golembiewski, R. T., Billingsely, K., & Yeager, S. (1979). Measuring change and persistence in human affairs: Types of change generated by OD designs. *Journal of Applied Behavioral Science, 1,* 143–155.

Gottman, J. M. (1994). *What predicts divorce: The relationship between marital processes & marital outcomes.* New York: Lawrence Erlbaum.

Haidt, J. (2000). The positive emotion of elevation. *Prevention and Treatment, 3.* Available at http://journals.apa.org/prevention

Harter, J. (2000). The linkage of employee perception to outcomes in a retail environment: Cause and effect? *Gallup Research Journal, 3,* 25–38.

Hochschild, A. R. (1983). *The managed heart: Commercialization of human feeling.* Berkeley: University of California Press.

Isen, A. M. (1987). Positive affect, cognitive processes, and social behavior. *Advances in Experimental Social Psychology, 20,* 203–253.

Isen, A. M., & Daubman, K. A. (1984). The influence of affect on categorization. *Journal of Personality and Social Psychology, 47,* 1206–1217.

Isen, A. M., Daubman, K. A., & Nowicki, G. P. (1987). Positive affect facilitates creative problem solving. *Journal of Personality and Social Psychology, 52,* 1122–1131.

Isen, A. M., Johnson, M. M. S., Mertz, E., & Robinson, G. F. (1985). The influence of positive affect on the unusualness of word associations. *Journal of Personality and Social Psychology, 48,* 1413–1426.

Kashdan, T. B., Rose, P., & Fincham, F. D. (2004). Curiosity and exploration: Facilitating positive subjective experiences and personal growth opportunities. *Journal of Personality Assessment, 82,* 291–305.

Larsen, J. T., Hemenover, S. H., Norris, C. J., & Cacioppo, J. T. (2003). Turning adversity to advantage: On the virtues of coactivation of positive and negative emotions. In L. G. Aspinwall & U. M. Staudinger (Eds.) *A psychology of human strengths: Fundamental questions and future directions for a positive psychology* (pp. 211–225). Washington, DC: American Psychological Association.

Linley, P. A., Joseph, S., Harrington, S., & Wood, A. M. (2006). Positive psychology: Past, present, and (possible) future. *Journal of Positive Psychology, 1,* 3–16.

Losada, M. (1999). The complex dynamics of high performance teams. *Mathematical and Computer Modeling, 30,* 179–192.

Martin, A. J. (2005). The role of positive psychology in enhancing satisfaction, motivation, and productivity in the workplace. *Journal of Organizational Behavior Management, 24,* 111–131.

McCullough, M. E., Kilpatrick, S. D., Emmons, R. A., & Larson, D. B. (2001). Is gratitude a moral affect? *Psychological Bulletin, 127,* 249–266.

Meyer, R. (2006, August). The sustainability of social movements: Emotion and instrumentality in two logics of collective action. Paper presented at the American Sociological Association Annual Meeting, Montreal, Quebec, Canada.

Neville, M. (2008). Positive deviance on the ethical continuum: Green Mountain coffee as a case study in conscientious capitalism, *Business and Society Review, 113, 555–576.*

Ozcelik, H., Langton, N., & Aldrich, H. (2008). Doing well and doing good: The relationship between leadership practices that facilitate a positive emotional climate and organizational performance. *Journal of Managerial Psychology, 23,* 186–203.

Parnell, J. A. (2008). Sustainable strategic management: Construct, parameters, research directions. *International Journal of Sustainable Strategic Management, 1,* 35–45.

Russell, S., & Griffiths, A. (2008). The role of emotions in driving workplace pro-environmental behaviors. In W. J. Zerbe, C. E. J. Härtel, & N. M. Ashkanasy (Eds.), *Research on emotion in organizations: Emotions, ethics and decision-making* (pp. 83–107). Bingley, UK: Emerald Group.

Ryff, C. D., & Singer, B. (1998). The contours of positive human health. *Psychological Inquiry, 9,* 1–28.

Schmitz, T. W., De Rosa, E., & Anderson, A. K. (2009). Opposing influences of affective state valence on visual cortical encoding. *Journal of Neuroscience, 3,* 7199–7207.

Schwartz, R. M., Reynolds, C. F., III, Thase, M. E., Frank, E., Fasiczka, A. L., & Haaga, D. A. F. (2002). Optimal and normal affect balance in psychotherapy of major depression: Evaluation of the balanced states of mind model. *Behavioral and Cognitive Psychotherapy, 30,* 439–450.

Sekerka, L. E. (March, 2008). Are managers curious about ethics? A process to prepare managers for moral agency. Paper presented at the Western Academy of Management Annual Meeting, Oakland, CA.

Sekerka, L. E., Brumbaugh, A., Rosa, J., & Cooperrider, D. (2006). Comparing appreciative inquiry to a diagnostic technique in organizational change: The moderating effects of gender. *International Journal of Organization Theory and Behavior, 9,* 449–489.

Sekerka, L. E., & Fredrickson, B. L. (2008). Establishing positive emotional climates to advance organizational transformation. In N. M. Ashkanasy & C. L. Cooper (Eds.), *Research companion to emotion in organizations* (pp. 531–545). Cheltenham, UK: Edward Elgar.

Sekerka, L. E., & Goosby Smith, J. (2003, August). Appreciative change processes in groups: Impacts on emotion and well-being. Paper presented at the American Psychological Association Annual Meeting, Toronto, Canada.

Sekerka, L. E., & McCraty, R. (2004). Understanding the psychophysiology of appreciation in the workplace. In D. Cooperrider & M. Avital (Eds.), *Constructive discourse and human organization: Advances in appreciative inquiry* (pp. 217–239). Oxford, UK: Elsevier Science.

Sekerka, L. E., Zolin, R., & Goosby Smith, J. (2009). Careful what you ask for: How inquiry strategy influences readiness mode. *Organizational Management Journal, 6,* 106–122.

Staw, B. M., Sutton, R. I., & Pelled, H. (1994). Employee positive emotion and favorable outcomes at the workplace. *Organization Science, 5,* 51–72.

Tse, H., & Dasborough, M. (2008). A study of exchange and emotions in team member relationships. *Group & Organization Management, 33,* 194–215.

Tugade, M. M., & Fredrickson, B. L. (2004). Resilient individuals use positive emotions to bounce back from negative emotional experiences. *Journal of Personality and Social Psychology, 86,* 320–333.

Tugade, M. M., & Fredrickson, B. L. (2007). Regulation of positive emotions: Emotion regulation strategies that promote resilience. *Journal of Happiness Studies, 8, 311*–333.

Vittengl, J. R., & Holt, C. S. (2000). Getting acquainted: The relationship of self-disclosure and social attraction to positive affect. *Journal of Social and Personal Relationships, 17,* 53–66.

Watson, D., Clark, L. A., McIntyre, C. W., & Hamaker, S. (1992). Affect, personality, and social activity. *Journal of Personality and Social Psychology, 63,* 1011–1025.

Waugh, C. E., & Fredrickson, B. L. (2006). Nice to know you: Positive emotions, self-other overlap, and complex understanding in the formation of a new relationship. *The Journal of Positive Psychology, 1,* 93–106.

Wrzesniewski, A., & Dutton, J. E. (2001). Crafting a job: Revisioning employees as active crafters of their work. *Academy of Management Review, 26,* 179–201.

Fostering a Positive Organizational Culture and Climate in an Economic Downturn

Philip C. Gibbs and Cary L. Cooper

Within the last 10 years or so, there appears to be a growing number of organizations that have started to provide and implement some form of organizational wellness program (OWP) that attempts to target and help promote a positive organizational climate through encouraging good healthy practices and positive work attitudes and behaviors. Organizational culture and climate research has helped highlight the importance of employees' perceptions toward their work environments. It has been well documented that organizational climate can influence employees' subsequent motivations, attitudes, and behaviors at both an organizational and an individual level. However, with the current economic climate being arguably the worst in over 60 years, a number of questions have been raised about how organizations can help develop and sustain a positive organizational climate during this difficult period.

One key aspect of a culture's impact on work outcomes such as well-being and performance is the mediating role of cognitive and affective states. In line with this, this chapter attempts to draw upon a recent body of literature from Fred Luthans and his colleagues (Luthans, 2002a) on developing and managing positive psychological states, known as positive organizational behavior (POB). By doing so, this chapter argues that now more than ever organizations should be investing more in wellness-type programs that promote and foster a positive organizational climate to demonstrate that organizations are both committed to and care about their employees.

This chapter begins by briefly reviewing the organizational climate and culture literature, highlighting the importance of employee's perceptions and how these are often mediated by their cognitive and affective states. Next, the rise of OWPs, which attempt to promote a healthy and positive work environment, is described and a practical example in the form of an international case study is provided. Following this, some of the negative consequences brought about by the recent economic downturn and how these may impede on any attempts to promote positive work environments are acknowledged. To respond to these

concerns, this chapter goes on to draw on some of the promising findings within the POB literature and examines if focusing on positive psychological states could help organizations counter any negative effects by managing and developing employees' hope, optimism, self-efficacy, and resilience. Finally, some of the concerns and limitations of positive approaches are discussed, before concluding with some speculative comments about the future.

ORGANIZATIONAL CULTURE AND CLIMATE

The notion of organizational culture and climate is one that has fascinated researchers within the field of psychology and organizational behavior for over half a century (Baltes, Zhdanova, & Parker, 2009). Much of this time and energy has been invested into understanding how certain aspects of the working environment can influence and affect a range of important outcomes (Carr, Schmidt, Ford, & DeShon, 2003). Over the years, a variety of empirical research has attributed organizational climate and culture to a number of outcomes, at both an organizational and individual level, such as customer satisfaction (Schneider, Salavaggio, & Subirats, 2002), turnover and absenteeism (Steel, Shane & Kennedy, 1990), job satisfaction (Schulte, Ostroff, Shmulyian, & Kinicki, 2009), motivation (Hackman & Oldham, 1980), organizational citizenship behaviors (D'Amato & Zijlstra, 2008), performance (Abramis, 1994), and well-being (Martin, 2008).

However, there is still some confusion regarding the various terms and definitions used to describe and conceptualize organizational climate and culture (Parker et al, 2003). Edgar Schein (1990) described *organizational culture* as a concept that captures the beliefs and values within an organization, whereas Charles Glisson and Lawrence James (2002) describe it as the organizational expectations and norms by which employees behave and do things. *Climate*, on the other hand, is considered to be only a surface manifestation of an organization's culture, whereby the values and beliefs of employees are manifested into the various organizational structures, processes, and systems that guide collective behaviors. As a consequence, it is these behaviors that are measured through employee's perceptions of their organizational climate, as they lend themselves to more direct observations and measurements (Schein, 1990). Climate is a concept commonly regarded as people's perceptions of their work environment and is believed to be a critical determinant for work behavior (Baltes et al, 2009; Kopelman, Brief, & Guzzo, 1990; Rousseau, 1988). Lawrence James and Allan Jones (1974) were among the first to use the term *psychological climate*, which refers to the meaning individuals attribute to their work environment such as their job, pay, leaders, colleagues, fair treatment, and opportunities for development and promotion. Climate is nearly always measured and assessed at an individual level through implementing some form of employee climate or attitudinal survey (Ryan, Horvath, Ployhart, Schmitt, & Slade, 2000). Depending on the unit required for analysis (i.e., team, department, or organizational level), individual or psychological climate perceptions are then aggregated collectively, and the mean is used to represent the specific unit under investigation (James et al., 2008).

It is generally accepted that organizational climate refers to the collective or shared perceptions of employees toward their organization (Zohar & Luria 2005). More specifically, it is defined as the shared perceptions of the various policies, procedures, and practices that occur both formally and informally within an organization (Reichers & Schneider, 1990). Dov Zohar

(2000) described how organizational polices illustrate the strategic goals of organizations and the means to which these goals are to be accomplished. Conversely, *procedures* are said to depict the degree of action required to attaining these goals, while *practices* refer to the delivery of both policies and procedures usually through management (Zohar, 2000). In summary, both culture and climate can be considered concepts that influence employees' attitudes at work.

Carr et al. (2003) explained how traditionally early climate research tended to focus on broader global and overall perceptions of employees toward their organization. They referred to this as *adopting molar* models of climate. Mathis Schulte et al. (2009) highlighted how this was often theoretically underpinned by Kurt Lewin's (1935, 1951) assumption that employees will often generate consistent cognitive representations when perceiving an organization or a particular situation as a whole. Benjamin Schneider (2000) described how the focus then shifted toward a climate for something by highlighting more specific climate dimensions that focused on particular organizational facets. Zohar (2003) explains how organizations often have an array of goals and various means of accomplishing them, with senior managers often developing policies and procedures that emphasize and reflect different core organizational facets such as employee safety and customer service.

Evidence soon started to emerge that by focusing on more specific organizational facets, climate perceptions could be a better way to assess or predict specific outcomes and behaviors (D'Amato & Zijlstra, 2008). For example Clint Strahan, Barry Watson, and Alexia Lennonb (2008) found that mapping a specific climate for organizational safety and occupational stress predicted specific safety behavior in terms of work-related driver fatigue. Some researchers appear to favor this approach, arguing that general models of organizational climate and culture are no longer needed (D'Amato & Zijlstra, 2008). However, some researchers still favor the traditional approach. Schulte et al. (2009) stated that focusing on specific climate dimensions could be "limiting because it underestimates the importance of investigating the total social-psychological situation" (p. 618). They draw attention to previous research that has contended that grouping and clustering climate factors together and considering them as a whole will lead to more theoretically sound and meaningful results (Johns, 2006; Rousseau & Fried, 2001). As a result, they suggest that climate research should pay more attention to the context of the organizational behavior by considering multiple climate factors clustered together as a configuration rather than by viewing them independently (Schulte et al., 2009).

Either way, organizational culture and climate can be considered to be multilevel or multifaceted concepts, which have been explored at various levels including the individual, group, and organizational level (Baltes et al., 2009). A variety of studies have attempted to examine and operationalize climate, proposing different architectures and underlying structures of the shared perceptions, attitudes, and emotions toward the organizational climate (for a recent review, see James et al., 2008). Consequently a wide range of climate dimensions have been identified (James & Jones, 1974; Ostroff et al., 2003; Pritchard & Karasick, 1973), including a range of higher order constructs or classifications (Carr et al., 2003; James & Jones, 1974, 1976; Ostroff, 1993).

CLIMATE PERCEPTIONS MATTER

Organizational culture and climate are both considered to be important concepts that influence employees' attitudes and behaviors (Baltes et al., 2009). James et al. (2008)

stated that an important feature of culture and climate research is that it is the only field within organizational research that is able to simultaneously examine employees' perceptions of their jobs, managers, teams, and attributes of their organization. As a result, organizational culture and climate research is fairly unique, as it is able to identify and make sense of a range of characteristics and latent relationships that other domains of inquiry may overlook.

A prominent feature within organizational climate and culture research is that employees' perceptions of their work environments are mediated by cognitive and affective states (Carr et al., 2003). Richard Kopelman et al. (1990) suggested that climate affects a number of important, salient organizational outcomes and behaviors (e.g., citizenship and performance) through the mediating effect of employees' cognitive and affective states (e.g., job satisfaction and commitment). They found support for this and concluded that different affective and cognitive states related to different climate dimensions and outcomes. Jennifer Carr et al. (2003) were among the first to offer empirical support for this relationship. They performed an extensive literature search to develop a theoretical and path analytic model of climate and then tested its impact on cognitive and affective states and individual level outcomes. They adopted Cheri Ostroff's (1993) taxonomy of climate to categorize the diverse range of climate perceptions and dimensions presented within the literature. Ostroff believed that climate and personality are analogous to one another, so she put forward a model that could specify similar dimensions between personality and climate attributes. The proposed model included 12 climate and personal orientation dimensions, which were grouped under three higher-order facets: affective, cognitive, and instrumental. The affective facet referred to the level of social and interpersonal relationships at work, while the cognitive facet referred to the level of self-knowledge and psychological involvement with work activities. Finally, the instrumental facet referred to the level of task involvement. Carr et al. (2003) findings offered empirical support for the hypothetical construct that cognitive and affective states did mediate the organizational climate's impact on a number of important outcomes. They concluded that attitudes do play an important role in the relationship between the work environment and individual level outcomes such as job performance, psychological well-being, and withdrawal behaviors.

Models such as these assume that evaluative perceptions toward the work environment will evoke certain feelings, beliefs, and expectations, which then drive individual behavior (Parker et al., 2003). James et al. (2008) believed that how employees derive meaning from their work environment is a salient component for these mediating cognitions. They went on to describe that the meaning employees apply to attributes of their work environment are known as *phenomenological experiences*, where previously stored cognitive representations and experiences are used to interpret attributes from their work environment. Cognitive and affective states, therefore, play an important role between how the organizational climate impacts significant outcomes such as performance and well-being.

However, in recent times, it has become particularly notable that discovering the essence and effects of more positive perceptions of employees attributes toward their work environment may be more important than focusing on negative ones (Quick & Quick 2004; Rego & Cunha, 2007). Similarly, Peter Warr (2006) argued that the majority of research exploring well-being outcomes has tended to focus on job satisfaction, even though well-being can be viewed as more than just how satisfied

or dissatisfied people are with their job. Consequently, there is a case that organizations should be focusing on a range of other mediating cognitive and affective states and not just limiting these to job satisfaction and commitment.

THE RISE OF OWPS

Anat Drach-Zahavy (2008) observed that organizations are increasingly paying more attention to diagnosing and improving the issues that undermine the health of the organization. Evidence of this can be seen by the growing number of organizations providing in-house occupational health services and the implementation of OWP. Richard Wolfe, Donald Parker, and Nancy Napier (1994) described OWPs as services that organizations provide either onsite or offsite that endeavor to reduce or correct health-related problems and to promote good health behaviors across the organization. Manfred Kets de Vries (2001) described the influence of *Fortune Magazine's* annual list of the 100 best companies to work for and how many companies strive to meet their criteria (refer to Levering & Moskowitz, 1998). They described organizations that had the most positive features as *authentizotic organizations*, meaning organizations that are viewed as reliable and trustworthy and that are considered to fulfill important aspects of people's lives. In line with this, Christopher Parker et al. (2003) examined the relationship between psychological climate and a number of individual-level outcomes including well-being. They found that climate perceptions had stronger relationships with job satisfaction and well-being than with performance and motivation outcomes.

Organizations believed that such programs will ultimately help target and promote good healthy practices and positive work behaviors, potentially controlling absence rates and health care costs across

their organizations (Parks & Steelman, 2008). Research has helped reinforce this notion—for instance, Parker et al. (2003) found that a positive psychological climate is strongly linked to employees' attitudes toward their work environment and ultimately to psychological well-being, performance, and motivation. James et al. (2008) stated, "Personal values serve as latent indicators of what it is about environments that is significant to individuals, because it is the attainment of what is personally valued that determines one's welfare in a work environment-that is one's sense of organizational well-being" (p. 8). It is generally accepted that being at work, and in a good positive work environment, can provide a number of positive experiences for individuals such as social interaction, support, status, personal development, and, of course, economic stability (Blustein, 2006; Cooper, Field, Goswami, Jenkins, & Sahakian, 2009). Similarly, research has also shown that individuals who are unemployed or who have recently lost their jobs are more susceptible to mental health problems such as anxiety and depression (Blustein, 2008; Lucas, Clark, Georgellis, & Diener, 2004).

ASTRAZENECA (AZ): A CASE STUDY

A useful case study of the value of OWP can be found in the multinational pharmaceutical company, AZ. AZ is considered to be one of the world's leading pharmaceutical companies, employs over 66,000 people worldwide (58% in Europe, 27% in the Americas, and 15% in Asia, Africa, and Australasia), and has their corporate office based in London, United Kingdom (AstraZeneca Key Facts, 2008). As with all pharmaceutical firms, their entire global business is focused fundamentally on generating profit, and their continued existence is achieved through improving human health and well-being. In terms of the well-being

of their employees, the organization significantly shows a clear, discernible interest in emphasizing positive methods and approaches. It is currently attempting to shift focus away from those that are predominantly negatively oriented (which tends to measure the number of ill-health occurrences in a team, function, or organization, focusing exclusively on symptoms). Instead, they wish to focus more on promoting and improving the good health and well-being of employees (Gibbs et al., 2008).

In line with this, one of AZ's main strategic priorities, set by the board of directors in February 2006, directly concerned the positive development of their "people" (AstraZeneca Our People, 2009). It set out key objectives to enable the fostering of a performance-driven culture by promoting and supporting staff to both deliver and become their best, in both professional and health terms, through the following:

- providing an environment in which people feel positive and enthusiastic, with a clear understanding of the company's goals and their role in achieving them;
- effectively managing and developing all AZ's talent;
- improving leadership capability to enhance effective decision making; and
- creating a culture in which people are held accountable not only for what they accomplish, but also for how they get there. (AstraZeneca Our People, 2009)

Corresponding with this emerging people-centric emphasis on well-being, an initiative instigated by the department of AZ Global Safety, Health and Environment (AZSHE) stated their awareness of and dedication to the fact that the very success of the company is entirely dependent on the well-being of its own employees:

> Promoting wellbeing is a sound business ideal. If we are to expect people's continued energy and commitment at work we must provide the right environment, in which people feel positive and enthusiastic about what they are doing, have a clear sense of purpose, confidence in their ability to meet the challenges, and pride in their individual contribution to the company's success.
>
> Actions that effectively promote wellbeing lead to a more healthy, energized work environment and increased effectiveness. The dynamic and positive working environment this encourages helps us to attract, develop and retain top talent, and reduces the impact of ill-health. (Taken from AZSHE internal definitions, private document)

As part of this vision, the AZSHE introduced an objective to develop and finance a company-wide strategic tool for assessing the organizational well-being of the firm. They announced the development of a rigorously scientific and statistically-based Global Well-being Indicator (GWI), which was launched in 2008 and designed specifically to assess employee perceptions toward their working environment (Gibbs et al., 2008). This objective is part of a long-term initiative to help monitor and report on the organization-wide perceptions of the company. The justification behind this initiative functions on the assumption that such efforts will lead to higher levels of employee commitment and energy, which will yield an enhanced competitive advantage within their industry. They believe that a diagnostic model of well-being should be able to help identify what types of practices should be occurring in the organization and lead to the emergence of a dialogue regarding best practice that can be established with other firms. Most significantly though, it demonstrates awareness of the inherent complexities to the subject and a positive focus throughout the company. In an attempt to measure employee attitudes

and behaviors, the company administers global surveys every 2 years, and Ryan et al. (2000) report how this is a relatively common practice within large organizations such as this.

As highlighted already, organizational climate or attitudinal surveys are often viewed as surface level indicators of an organization's underlying perceived relationship with its employees and work environment (Ryan et al., 2000). A significant amount of research associated with climate surveys and important outcome measures exists, but traditionally, when attempting to gauge well-being, most of the focus has been toward issues that can be directly associated with perceptions of job satisfaction (Baltes, et al., 2009; Warr, 2007). Organizational surveys are typically composed of a generic set of questions and statements that typically require a tick-box preference response, on Likert-type scales from "strongly agree" through "neutral" to "strongly disagree." Researchers tend to group survey questions together under hypothesized factors or dimensions, and these often reflect the various policies, procedures, and practices that occur within organizations, both formally and informally (Reichers & Schineider, 1990). Employee perceptions toward these organizational climate variables have been explored in some depth, and there are a number of dimensions and hierarchical models that have been proposed in the literature (James et al., 2008). In practice, however, these are explored by conducting simplistic trend analysis of specified attitude categories and then fed back to organizations through identifying the top 10 and bottom 10 attitudes for employees as a whole. Subsequently, many organizations tend to focus their efforts and resources on improving negative attitudes and ignore promoting positive attitudes. Unsurprisingly (as is the case with many social science issues), much like climate, no agreement currently exists as to how many factors or, indeed, which factors are required to adequately describe organizational well-being (Warr, 2006, 2007). However, research has demonstrated that organizational climate is an important predictor of health-related outcomes (Wilson, DeJoy, Vandenberg, Richardson, & McGrath, 2004). Kizzy Parks and Lisa Steelman (2008) point out that there is a belief among organizations that initiatives like the AZ example, which attempts to diagnose and promote organizational well-being, will in turn provoke more positive attitudes toward the organization and result in a number of benefits. Equally, as Heather Zoller (2004) highlighted, simply promoting or implementing some form of OWP could help demonstrate to employees that the organization is committed to and cares about them. However, these types of programs and initiatives, which endeavor to reduce or minimize health-related problems and to promote and improve good health and well-being behaviors of employees, are now under threat.

REPERCUSSIONS OF THE ECONOMIC DOWNTURN

As a result of the economic downturn, a number of organizations are being forced to scrutinize their costs and expenditures, making a number of organizational changes and cutbacks to stay competitive. Consequently, some organizations have had to downsize and make a number of lay-offs that result in extra pressure, strain, and guilt on the remaining employees, also known as *survivor syndrome* (Luthans, Vogelgesang, & Lester, 2006). Today's workplace, therefore, has become a much more insecure and riskier place for employees (Miller, 2007). Research into organizational change, particularly during a downturn, has identified it as a key source of stress at work and linked

it to a number of negative consequences on individual health (Biron, Cooper, & Bond, 2008; Faragher, Cooper, & Cartwright, 2004; Schabracq & Cooper, 1998). Alessia D'Amato and Fred Zijlstra (2008) highlight how a decline in employee well-being is often assessed by feelings of burnout. Burnout has been associated with a number of negative behavioral consequences (including drug and alcoholism consumption) and with a number of physical and psychological consequences, such as sleep deprivation and depression (Quick & Quick, 2004).

One concern is that although organizations are attempting to survive these turbulent times, organizational well-being programs and the services that provide support (e.g., employee assistance programs) will get sidelined or will cease altogether. P. Miller, D. Whynes, and A. Reid (2000) discussed how it is often difficult for in-house occupational health services to justify their existence, as it is hard to demonstrate the economic return on investment. They explain that although it is relatively straightforward to demonstrate the input costs of such services, it is far more difficult when attempting to calculate their output benefits and, consequently, their cost effectiveness. Parks and Steelman (2008) describe the importance of calculating the costs of illness-related absenteeism within organizations and how this has been one of the main justifications for implementing wellness-type programs. The financial costs of absenteeism and the negative consequences on organizational effectiveness have been fairly well documented within the literature (for a more detailed review see Dar & Johns, 2008). Nevertheless, as Miller, P. Rossiter, and D. Nuttall (2002) point out, large multinational companies (such as the AZ example) often depend on more specific evaluation data that show the value of occupational health services, especially when presented with increasing pressure to control costs. Consequently, the traditional human capital approach to justifying such services through their cost reductions in terms of sickness absence is not enough, as occupational health services and OWPs do more than simple absence management.

Another concern is that absenteeism may not be a reliable indicator of the true financial costs of health on organizations. One argument for this is that because of the increase of job insecurity and uncertainty about the future, employees may feel less able to take sick leave and instead choose to work while sick, a term recently coined as *presenteeism* (Dew, Keefe, & Small, 2005). Caverly, Cunningham, and MacGregor (2007) examined the relationship between presenteeism and absenteeism on employee health and on a number of organizational outcomes within a Canadian public service organization soon after a restructuring. Results indicated that presenteeism actually appeared to be a better predictor of health than absenteeism. They subsequently concluded, "Wellness-related policies and programs to improve employee health and productivity, if effective, might have a greater impact on presenteeism than on absenteeism" (Caverly et al., 2007, p. 318). Consequently, given the current economic climate, organizations may find that although they have relatively low absenteeism rates, they may have a higher rate of presenteeism and its hidden costs (Caverly et al., 2007).

So downsizing and cutting such services and programs during this downturn could be more detrimental to organizations than they may realize. Instead, as Miller et al. (2002) argue, more should be done to explore the wider benefits of such services and programs and to evaluate their effectiveness. This means going beyond simply calculating the costs to organizations in terms of sickness absence to calculating the benefits of fostering a good healthy work environment. So the question remains: How can organizations continue to foster and facilitate healthy work

environments in an effort to protect and support employees and to provide them with the resources they need when organizations are trying to protect themselves and survive in a turbulent marketplace?

When attempting to assess and promote a healthy work environment, it is fair to say that most researchers and practitioners focus on understanding, diagnosing, and correcting what is wrong as opposed to promoting what is right. For instance, D'Amato and Zijlstra (2008) stated that although research has shown that employee well-being is greatly influenced by a number of work-related factors, when researchers attempt to assess the impact of these upon well-being, much like climate and culture research, they tend to focus only on the negative impacts of the work environment and characteristics of the individual. In the last 10 years, however, a more positivistic movement has emerged that has attempted to address this imbalance by calling for a focus on more positive and holistic orientations to research and practice. These have included the positive psychology, positive organizational scholarship (POS), and POB movements (Quick, Cooper, Gibbs, Little, & Nelson, 2010). Collectively, these movements have criticized scholars and practitioners for placing too much emphasis on predominantly negative-orientated perspectives and approaches and for largely ignoring positive ones. POB specifically focuses on the field of organizational behavior and management and, because of this specific nature, lends itself to research within the field of organizational culture and climate.

THE POB LENS

POB is a complementary extension of the positive psychology and the POS movements

(Luthans & Youssef, 2007). Positive psychology was the first of these movements to surface as attempts were made to redirect psychological research in a more positive direction. It was initiated by Martin Seligman and colleagues in the late 1990s and is often referred to as "an umbrella term for the study of positive emotions, characteristics, processes and institutions that assist both individuals and organizations to thrive" (Seligman & Csikszentmihalyi, 2000, p. 410). POS was conceptualized later by Kim Cameron and colleagues, and like positive psychology also accentuates the positive (Cameron, Dutton, & Quinn, 2003). However, POS incorporates and draws upon a broader range of perspectives and theories (not just psychological) in identifying the exceptional human strengths and organizational performance within all the social and organizational sciences (Dutton & Glynn, 2008). Subsequently, POB draws upon both of these movements as points of distinction within the field of organizational behavior and management (Nelson & Cooper, 2007). They attempt to draw attention to relatively unique positive constructs that are state-like and impact performance (Luthans, 2002a). POS is often referred to as "the study and application of positively orientated human resource strengths and psychological capacities that can be measured, developed, and effectively managed for performance improvement in today's workplace" (Luthans, 2002b, p. 59).

In line with this definition, a number of criteria were established to determine what constructs ought to be included as part of the POB movement, which included (a) they must be positive and grounded in theory, (b) they must be "state like" and consequently open to development and change, (c) they must be valid in measurement, and (d) they must be relatively unique to the field of organizational behavior and management (Luthans, 2002a; 2002b; Luthans, Youssef, & Avolio, 2007).

Adopting these criteria, Luthans and his colleagues went on to develop a tool called psychological capital, also known as PsyCap (Luthans & Youssef, 2004). PsyCap is considered a higher-order construct consisting of four positive state-like psychological constructs: hope, self-efficacy, optimism, and resilience (Avey, Wernsing, & Luthans, 2008). Hope is a concept underpinned by the work of Charles Snyder, Lori Irving, and John Anderson (1991), who described it as a positive motivational state. They believed it had two distinct components, the first being the strength of will to direct energy toward realistic goals (agency), and the second being the ability to generate alternate routes to achieve desired outcomes if they get blocked in some way (pathways). Self-efficacy is grounded in Albert Bandura's (1997) social learning theory and is referred to as how people come to estimate their ability to tackle, take on, and master specific tasks and goals. Luthans, Bruce Avolio, James Avey, and Steven Norman (2007) apply this to the context of work, and like hope, it has several components: goals, agency, and pathways. These are described as the confidence in an individual's ability to reach a desired effect or outcome (goal); the necessary will, motivation, or desire to accomplish and pursue a particular goal (agency); and the ability to consider alternate or even multiple routes to achieve them (pathways; Luthans et al., 2007).

Optimism is generally referred to the tendency to think that good things will happen, while the tendency to think bad things will happen is referred to as pessimism (Carver & Scheier, 2002). As a construct within PsyCap, optimism is underpinned by both Christopher Peterson's (2000) notion of *flexible optimism* and with Schneider's (2001) notion of *realistic optimism*. Flexible optimism is believed to be when individuals are able to manage and adapt their level of optimism to a situation.

The authors argue that an optimistic style is not always appropriate; thus, on occasion, a more pessimistic style may be more suitable. Luthans et al. (2007) explain this as when an individual is able to select the appropriate style (optimism or pessimism) needed when presented with a difficulty out of his or her control, and the individual attempts to correctively evaluate the situation. However, they argue that on occasion these styles may be unrealistic, as they are based on people's subjective attributions and perceptions. Consequently, they also draw on Schneider's (2001) notion of realistic optimism, as people will at times need to have a level of self-discipline and consider factors beyond just their own subjective attributions and perceptions. Finally, *resilience* is a concept underpinned by Ann Masten and Marie Reed's (2002) clinical psychology perspective, which describes it as when individuals are able to positively adapt when presented with a significant adversary or particularly challenging circumstances. Luthans and colleagues refer this as "bouncing back"; however, they also extended this definition to include having the determination to go beyond what is simply necessary (Avolio & Luthans, 2006). Again, like all the PsyCap concepts, resilience is considered to be a psychological resource that can be measured and developed to predict positive outcomes.

Luthans et al. (2007) explained that in contrast to traits (which are relatively fixed and stable over time), states are malleable and momentary. For this reason, they describe the PsyCap as being state-like—that is, each of the four positive psychological constructs described above is open to change and development, unlike trait-like constructs such as the Big Five personality traits (Barrick & Mount, 1991). As a result, they view these as four positive psychological resources that collectively make up PsyCap. Luthans et al.

(2007) subsequently went on to define this as "an individual's positive psychological state of development" that is characterized by the following:

(1) Having the confidence (self-efficacy) to take on and put in the necessary effort to succeed at challenging tasks; (2) making a positive attribution (optimism) about succeeding now and in the future; (3) persevering toward goals and, when necessary, redirecting paths to goals (hope) in order to succeed; and (4) when beset by problems and adversary, sustaining and bouncing back and even beyond (resilience) to attain success. (p. 3).

As a result, the POB lens offers a more positive orientation and the empirical means to assess and measure employee's cognitive states, thus helping appraise the work environment and determine how employees behave. These collective psychological capacities and human resource strengths, or PsyCap, can be viewed as proxies for the type of work behaviors found in a positive organizational climate (Luthans & Avolio, 2009).

PROMOTING POBS

In the relatively short period of time that POB has been around, it has managed to distinguish itself within the field of organizational behavior and management by providing a number of promising findings. Some of these findings seem particularly useful, considering some of the issues employees and organizations are now facing as a result of the current economic downturn. For instance Kenneth Cole, Anne Daly, and Anita Mak (2009) recently explored the mediating role of PsyCap between labor market status (employed or unemployed) and well-being. They recognize the negative impacts of unemployment on people's well-being and offer an integrated theory of unemployment from both economic and psychological perspectives. They believe

that PsyCap could help break what they describe as the negative unemployment-well-being cycle, where employees with more positive levels of PsyCap have healthier attitudes toward work and are more motivated to seek other forms of employment. The results identified significant relationships between labor market status and well-being, highlighting that employees who were in employment had higher well-being and that employees with higher well-being were more likely to be employed. They also found that psychological well-being partially mediated unemployment's impact on well-being, as employees with higher levels of PsyCap also had higher levels of well-being, which assists them reentering the labor market. Their research offers some support that an individual's PsyCap can mediate the impact of unemployment in well-being and help facilitate reemployment.

Avey, Wernsing, and Luthans (2008) also investigated the impact of PsyCap in relation to organizational change. They reflect on the impacts of organizational downsizing as a result of the turbulent socioeconomic conditions and explore the idea that PsyCap could help maintain a more positive organizational climate during this period of change. They highlighted how the main body of research into organizational change has tended to be dominated by the various obstacles and consequences of employees' resistance to change. They argue that employees' overall PsyCap can help drive positive emotions and thus help maintain a positive climate during organizational change. Results indicated that the employees' positive resources (i.e., their PsyCap) were directly related to positive emotions and desirable outcomes in terms of positive attitudes (e.g., engagement) and behaviors (e.g., organizational citizenship). In other words, employees who had more positive levels of PsyCap and positive emotions were more likely to view organizational change favorably and less likely to have negative reactions. Importantly, they conclude that

these results offer more support for the role of mediating cognitions, stating that "employees' psychological beliefs, expectancies, and appraisals (i.e., hope, efficacy, optimism, resilience, or PsyCap) may be a good potential source of positive emotions and subsequent employee attitudes and behaviors related to positive organizational change" (p. 65).

Similarly, Luthans, Norman, Avolio, and Avey (2008) investigated the effects of fostering a supportive organizational climate on employee performance and the mediating role of PsyCap. They recognize how organizations have had to increasingly reengineer themselves, cutting costs and downsizing the number of employees in order to survive and stay competitive. Consequently, they emphasize the importance of fostering a supportive organizational climate to counteract the negative consequences of downsizing, while enhancing employee performance and attitudes. They also propose that PsyCap will be an important mediator for this relationship. Results identified that supportive organizational climate was positively related to employee performance, while PsyCap played an important role by mediating the relationship between supportive organizational climate and employee performance. PsyCap appeared to positively impact the work attitudes of employees (i.e., satisfaction and commitment) and their performance. They concluded that investing in, managing, and developing employees' PsyCap could be a new approach to help counter the negative consequences of downsizing and could promote a positive organizational climate. They also believe that it can help provide organizations with the added competitive advantage they need in today's global marketplace.

DOWNSIDES TO POB

Although on face value the quest for unlocking positive human resource strengths and psychological capacities to improve organizational performance may seem rather seductive, there are some critical points to consider. First, Stephen Fineman (2006) argued that positive and negative experiences should not be separated, as they can be seen as two opposing sides of the same continuum and thus mutually informative. To make positive appraisals, people must experience negative emotions and vice versa, and it is this interaction that helps derive meaningful experiences and emotions. Fineman further explains that "hope can [not only] give strength, but also shut one's receptiveness to different possibilities (blind hope)" (p. 275). Consequently, there is an argument to be made that negative and positive emotions and experiences cannot be easily separated, and thus both need to be considered collectively when attempting to understand important outcomes.

Similarly, there is an argument that by focusing solely on desirable positive states and emotions, this approach could isolate and exploit some employees who do not fit this positive mould (Fineman, 2006). For instance, not all employees necessarily feel the need to be happy and positive at work to be productive and good at their job. Fineman (2006) suggests that although a positive lens may have good intentions, it could be misused by senior managers as a form of control and exploitation. Consequently, organizations have to be careful that by promoting positive workplaces they do not exclude or stigmatize employees who do not fit within this positivistic framework.

Finally, some scholars have posed the following question: Are more recent movements that accentuate the positive actually that different from movements that have accentuated the negative (Held, 2004)? For instance, are such efforts simply relabeling or rebranding negative orientated phenomena to give the impression they are more positive? Indeed, Luthans and Avolio (2009) even stated there is a "need to inquire whether positive organizational behavior is simply old wine in a new bottle?" (p. 292).

Taking everything into account, however, the POB lens may enable a more in-depth and empirical level of inquiry, which can help organizations to manage and develop employees' psychological states to facilitate a positive organizational climate. This is particularly relevant considering the recent economic downturn. In line with this, the field of POB appears to lend itself quite nicely to field of organizational culture and climate. Although the concept of POB insinuates an organizational level of analysis, much like the concept of organizational climate, it is measured at an individual level. Similarly, both POB and organizational culture and climate research highlight the importance of cognitive and affective states, as they often mediate climate's impact upon important work outcomes. Finally, both of these domains of research attempt to understand how employees come to perceive their work in an attempt to understand and modify their subsequent behaviors.

Therefore, POB offers another complementary way to mobilize and manage positive psychological capacities and human resource strengths to achieve desirable organizational outcomes such as performance. Considering the difficulties organizations are facing now, PsyCap offers a new approach and new way of thinking that is needed in today's marketplace. Given the positive state-like nature of these resources, it enables organizations to focus on the development and promotion of positive work behaviors rather than just reduce and illuminate negative ones. However, organizations need to be careful not to completely ignore and separate the value of negative experiences and states and not misuse positive resources as a form of control and exploitation.

FUTURE DIRECTIONS

It is fairly apparent that OWPs and initiatives, which endeavor to reduce or minimize health-related problems and promote and improve good health and well-being behaviors, need to be more holistic and transparent in terms of their associated business outcomes. As highlighted by the AstraZeneca case study, many organizations are attempting to move away from illness to wellness through fostering a positive work climate. Consequently, traditional diagnostics and indicators used to assess organizational health, although valuable, may be overly negative and limiting. Demonstrating the value and benefits of wellness and getting investment at a business level is clearly a significant challenge, but one that is progressively being addressed.

There are now a number of more positive orientated diagnostic tools available and a growing empirical evidence base demonstrating how wellness can benefit businesses and justify any associated program costs. For instance, a recent report undertaken by PricewaterhouseCoopers (2008) outlined a business rationale for wellness programs based on 55 individual case studies within the United Kingdom. Their findings have helped highlight how wellness programs can be associated with a variety of business improvements, including sickness absence, staff turnover, accident and injury rates, employee satisfaction, resource allocation, company profile, productivity, competitiveness, and profitability. One example taken from a company within the financial services industry demonstrated that wellness programs can be linked to business outcomes. Over 3,000 employees participated in the OWP, which consisted of a stress management, counseling, and healthy living program. The findings were successfully attributed to a range of important outcomes, including a reduction in stress-related absence, employee turnover, and smoking, as well as improved productivity. From a financial perspective, it was estimated that the costs saved in absence alone equated to £250,000 (PricewaterhouseCoopers, 2008).

Similarly, Punam Keller, Donald Lehmann, and Katherine Milligan (2009) performed a meta-analysis investigating the effectiveness of corporate wellness programs. In total, 50 different programs were examined and categorized into six health issue groups: fitness, nutrition and weight, blood pressure and stress, substance abuse, smoking, and safety. The results revealed that the effectiveness of the wellness programs depended on the number of employees in the program and the size of company, as well as the characteristics of employees themselves. For instance, the effectiveness of smoking programs (e.g., smoking classes) were more effective as number of employees involved increased and in groups in which there was a greater percentage of women. Consequently, the authors concluded that there are a number of opportunities whereby organizations can efficiently adapt and tailor organizational wellness-type programs that can benefit the business.

CONCLUSION

Overall, it is fair to say this worldwide recession has had a profound impact on the health and well-being, not only of individuals, but also of organizations themselves. There has been significant downsizing, outsourcing, delayering, mergers, and major restructurings in many developed and developing countries throughout the world, which has meant that there are fewer people in many workplaces, and these people are feeling more insecure and are even more overloaded that ever before (Cooper et al., 2009). How human resources are managed is more important now than it was during the boom times. How a livable organizational climate is created and how cultural values that support and enhance well-being among employees are sustained is critical in the coming 5 to 10 years, if organizations are to get the kind of commitment, motivation, and performance they will need in this highly competitive, global marketplace. Research appears to be increasingly showing that concentrating on the negative and adopting a glass-half-empty mentality is not the way to move forward. Instead, the new wave of research work on positive psychology and POB needs to be embraced to get the most of employees in a much reduced (and still reducing) organizational workforce, and this means adopting a new and innovative strategy. As the British social reformer of the mid-19th century, John Ruskin, once wrote: "In order that people may be happy in their work, these three things are needed: they must be fit for it, they must not do too much of it, and they must have a sense of success in it." This is the challenge.

REFERENCES

Abramis, D. J. (1994). Work role ambiguity, job satisfaction, and job performance: Meta-analysis and review. *Psychological Reports, 75,* 1411–1433.

AstraZeneca Key Facts. (2009). Retrieved July 10, 2009, from http://www.astrazeneca.com/article/11155.aspx

AstraZeneca Our People. (2009). Retrieved July 21, 2009, from http://www.astrazeneca.com/article/511596.aspx

Avey, J. B., Wernsing, T. S., & Luthans, F. (2008). Can positive employees help positive organizational change? Impact of psychological capital and emotions on relevant attitudes and behaviors. *Journal of Applied Behavioral Science, 44,* 48–70.

Avolio, B. J., & Luthans, F. (2006). *The high impact leader: Moments matter for accelerating authentic leadership development.* New York: McGraw-Hill.

Baltes, B. B., Zhdanova, L. S., & Parker, C. P. (2009). Psychological climate: A comparison of organizational and individual level referents. *Human Relations, 62,* 669–700.

Bandura, A. (1997). *Self-efficacy: The exercise of control.* New York: Freeman.

Barrick, M. R., & Mount, M. K. (1991). The Big Five personality dimensions and job performance: A meta-analysis. *Personnel Psychology, 44,* 1–26.

Biron, C., Cooper, C. L., & Bond, F. W. (2008). Mediators and moderators of organizational interventions to prevent occupational stress. In S. Cartwright & C. L. Cooper (Eds.), *Oxford handbook of organizational well-being* (pp. 441–465). Oxford, UK: Oxford University Press.

Blustein, D. L. (2006) *The psychology of working: A new perspective for career development, counseling, and public policy.* Mahwah, NJ: Erlbaum.

Blustein, D. L. (2008). The role of work in psychological health and well-being: A conceptual, historical, and public policy perspective. *American Psychologist, 63*(4), 228–240.

Cameron, K., Dutton, J., & Quinn, R. (2003). *Positive organizational scholarship: Foundations of a new discipline.* San Francisco: Berrett-Koehler.

Carr, J. Z., Schmidt, A. M., Ford, J. E., & DeShon, R. P. (2003). Climate perceptions matter: A meta-analytic path analysis relating molar climate, cognitive and affective states, and individual level work outcomes. *Journal of Applied Psychology, 88,* 605–619.

Carver, C. S., & Scheier, M. S. (2002). Optimism. In C. R. Snyder & S. J. Lopez (Eds.), *Handbook of positive psychology* (pp. 231–243). Oxford, UK: Oxford University Press.

Caverly, N., Cunningham, J. B., & MacGregor, J. N. (2007). *Journal of Management Studies, 44*(2), 304–319.

Cole, K., Daly, A., & Mak, A. (2009). Good for the soul: The relationship between work, wellbeing and psychological capital. *The Journal of Socio-Economics, 38,* 464–474.

Cooper, C. L., Field, J., Goswami, U., Jenkins, R., & Sahakian, B. J. (2009). *Mental capital and mental well-being.* Oxford: Wiley-Blackwell.

Dar, W., & Johns, G. (2008). Work, strain, health, and absenteeism: A meta-analysis. *Journal of Occupational Health Psychology, 13*(4), 293–318.

Dew, K., Keefe, V., & Small, K. (2005). "Choosing" to work when sick: Workplace presenteeism. *Social Science & Medicine, 60,* 2273–2282.

D'Amato, A., & Zijlstra, F. R. H. (2008). Psychological climate and individual factors as antecedents of work outcomes. *European Journal of Work and Organizational Psychology, 17*(1), 33–54.

Drach-Zahavy, A. (2008). Workplace health friendliness: A cross-level model for predicting workers' health. *Journal of Occupational Health Psychology, 13*(3), 197–213.

Dutton, J. E., & Glynn, M. (2008). Positive organizational scholarship. In C. Cooper & J. Barling (Eds.), *Handbook of organizational behavior* (pp. 693–712). Thousand Oaks, CA: Sage.

Faragher, E. B., Cooper, C. L., & Cartwright, S. (2004). A shortened stress evaluation tool (ASSET). *Stress and Health, 20,* 189–201.

Fineman, S. (2006). On being positive: Concerns and counterpoints. *Academy of Management Review, 31,* 270–291.

Gibbs, P. C., Teasdale, E., Staley, J., Connelly, S., Wood, A., & Cooper, C. L. (2008). *PAR&D global well-being diagnostic indicator report,* Lancaster University. Unpublished manuscript.

Glisson, C., & James, L. R. (2002). The cross-level effects of culture and climate in human service teams. *Journal of Organizational Behavior*, 23, 767—794.

Hackman, J. R., & Oldham, G. R. (1980). *Work redesign.* Reading, MA: Addison-Wesley.

Held, B. S. (2004). The negative side of positive psychology. *Journal of Applied Humanistics, 44*, 9–46.

James, L. R., Choi, C. C., Ko, E. C., McNeil, P. K., Minton, M. K., Wright, M. A., et al. (2008). Organizational and psychological climate: A review of theory and research. *European Journal of Work and Organizational Psychology, 17*(1), 5–32.

James, L. R., & Jones, L. P. (1974). Psychological climate: Dimensions and relationships of individual and aggregated work environment perceptions. *Organizations Behavior and Human Performance, 23*, 201–250.

James, L. R., & Jones, A. P. (1976). Organizational structure: A review of structural dimensions and their conceptual relationships with individual attitudes and behavior. *Organizational Behavior & Human Decision Processes, 16*, 74–113.

Johns, G. (2006). The essential impact of context on organizational behavior. *Academy of Management Review, 31*, 386–408.

Keller, P. A., Lehmann, D. R., & Milligan, K. J. (2009). Effectiveness of corporate well-being programs: A meta-analysis. *Journal of Macromarketing, 29*, 279–302.

Kets de Vries, M. F. R. (2001). Creating authentizotic organizations: Well-functioning individuals in vibrant companies. *Human Relations, 54*(1), 101–111.

Kopelman, R. E., Brief, A. P., & Guzzo, R. A. (1990). The role of climate and culture in productivity. In B. Schneider (Ed.), *Organizational climate and culture* (pp. 283–318). San Francisco: Jossey-Bass.

Levering, R., & Moskowitz, M. (1998). The 100 best companies to work for in America. *Fortune*, 26–35.

Lewin, K. (1935). *A dynamic theory of personality.* New York: McGraw-Hill.

Lewin, K. (1951). *Field theory in social science.* New York: Harper & Row.

Lucas, R. E., Clark, A. E., Georgellis, Y., & Diener, E. (2004). Unemployment alters the set-point for life satisfaction. *Psychological Science, 15*, 8–13.

Luthans, F. (2002a). The need for and meaning of positive organizational behavior. *Journal of Organizational Behavior, 23*, 695–706.

Luthans, F. (2002b). Positive organizational behavior: Developing and managing psychological strengths. *Academy of Management Executive, 16*, 57–72.

Luthans, F., & Avolio, B. J. (2009). The "point" of positive organizational behavior. *Journal of Organizational Behavior, 30*, 291–307.

Luthans, F., Avolio, B. J., Avey, J. B., & Norman, S. M. (2007). Positive psychological capital: Measurement and relationship with performance and satisfaction. *Personnel Psychology, 60*, 541–572.

Luthans, F., Norman, S. T., Avolio, B. J., & Avey, J. B. (2008). The mediating role of psychological capital in the supportive organizational climate-employee performance relationship. *Journal of Organizational Behavior, 29*, 219–238.

Luthans, R., Vogelgesang, G. R., & Lester, P. B. (2006). Developing the psychological capital of resiliency. *Human Resource Development Review, 5*(1), 25–44.

Luthans, F., & Youssef, C. M. (2004). Human, social, and now positive psychological capital management. *Organizational Dynamics, 33,* 143–160.

Luthans, F., & Youssef, C M. (2007). Emerging positive organizational behavior. *Journal of Management, 33*(3), 321–349.

Luthans, F., Youssef, C. M., & Avolio, B. J. (2007). Psychological capital: Developing the human competitive edge. Oxford, UK: Oxford University Press.

Martin, A. (2008). Service climate and employee well being in higher education. *Journal of Management & Organization, 14,* 155–167.

Masten, A. S., & Reed, M. G. J. (2002). Resilience in development. In C. R. Snyder & S. J. Lopez (Eds.), *Handbook of positive psychology* (pp. 74–88). Oxford, UK: Oxford University Press.

Miller, T. W. (2007). Trauma, change, and psychological health in the 21st century. *American Psychologist, 62,* 889–898.

Miller, P., Rossiter, P., & Nuttall, D. (2002). Demonstrating the economic value of occupational health services. *Journal of Occupational Medicine, 52*(8), 477–483.

Miller, P., Whynes, D., & Reid, A. (2000). An economic evaluation of occupational health. *Journal of Occupational Medicine, 50*(2), 159–163.

Nelson, D., & Cooper, C. L. (2007). *Positive organizational behavior.* Thousand Oaks, CA: Sage.

Ostroff, C. (1993). The effects of climate and personal influences on individual behavior and attitudes in organizations. *Organizational Behavior and Human Decision Processes, 56,* 56–90.

Ostroff, C., Kinicki, A. J., & Tamkins, M. M. (2003). Organizational climate and culture. In W. C. Borman, D. R. IIgen, & R. J. Klimoski (Eds.), *Comprehensive handbook of psychology, Volume 12: Industrial and organizational psychology* (pp. 365–402). Mahwah, NJ: Lawrence Erlbaum.

Parker, C. P., Baltes, B. B., Young, S. A., Huff, J., Altmann, R., LaCost, H., et al. (2003). Relationships between psychological climate perceptions and work outcomes: A meta-analytic review. *Journal of Organizational Behavior, 24,* 389–416.

Parks, K. M., & Steelman, L. A. (2008). Organizational wellness programs: A meta-analysis. *Journal of Occupational Health Psychology, 13*(1), 58–68.

Peterson, C. (2000). The future of optimism. *American Psychologist, 55,* 44–55.

PricewaterhouseCoopers. (2008). [PricewaterhouseCoopers research undertaken in 2008]. Unpublished data.

Pritchard, R. D., & Karasick, B. W. (1973). The effects of organizational climate on managerial job performance and job satisfaction. *Organizational Behavior & Human Decision Processes, 9,* 126–146.

Quick, J. C., Cooper, C. L., Gibbs, C. P., Little, L. M., & Nelson D. L. (2010). Positive organizational behavior at work. In G. P. Hodgkinson & J. K. Ford (Eds.), *International review of industrial and organizational psychology* (pp. 253–291). West Sussex, UK: Wiley-Blackwell.

Quick, J. C., & Quick, J. D. (2004). Healthy, happy, productive worker: A leadership challenge. *Organizational Dynamics, 33,* 329–337.

Rego, A., & Cunha, M. P. (2007). Authentizotic climates and employee happiness: Pathways to individual performance? *Journal of Business Research, 61,* 739–752.

Reichers, A. E., & Schneider, B. (1990). Climate and culture: An evolution of constructs. In B. Schneider (Ed.), *Organizational climate and culture* (pp. 5–39). San Francisco: Jossey-Bass.

Rousseau, D. M. (1988). The construction of climate in organizational research. In C. L. Cooper & I. Robertson (Eds.), *International review of industrial and organizational psychology* (pp. 139–158). New York: Wiley.

Rousseau, D. M., & Fried, Y. (2001). Location, location, location: Contextualizing organizational research. *Journal of Organizational Behavior, 22*, 1–13.

Ryan, A. M., Horvath, M., Ployhart, R. E., Schmitt, N., & Slade, L. A. (2000). Hypothesizing differential item functioning in global employee opinion surveys. *Personnel Psychology, 53*, 531–562.

Schabracq, M. J., & Cooper, C. L. (1998). Flexibility of labor, well-being, and stress. *International Journal of Stress Management, 4*, 259–274.

Schein, E. H. (1990). Organizational culture. *American Psychologist, 45*(2), 109–119.

Schneider, B. (2000). The psychological life of organizations. In N. M. Ashkanasy, C. P. M. Wilderom, & M. F. Peterson (Eds.), *Handbook of organizational culture and climate* (pp. xvii–xxi). Thousand Oaks, CA: Sage.

Schneider, S. I. (2001). In search of realistic optimism. *American Psychologist, 56*, 250–263.

Schneider, B., Salavaggio, A. N., & Subirats, M. (2002). Climate strength: A new direction for climate research. *Journal of Applied Psychology, 87*(2), 220–229.

Schulte, M., Ostroff, C., Shmulyian, S., & Kinicki, A. (2009). Organizational climate configurations: Relationships to collective attitudes, customer satisfaction, and financial performance. *Journal of Applied Psychology, 94*(3), 618–634.

Seligman, M. E. P., & Csikszentmihalyi, M. (2000). Positive psychology: An introduction. *American Psychologist, 55*, 5–14.

Snyder, C. R., Irving, L. M, & Anderson, J. R. (1991). Hope and health: Measuring the will and the ways. In C. R. Snyder & D. R. Forsyth (Eds.), *Handbook of social and clinical psychology* (pp. 285–305). Elmsford, NY: Pergamon.

Steel, R. P., Shane, G. S., & Kennedy, K. A. (1990). Effects of social-system factors on absenteeism, turnover, and job performance. *Journal of Business and Psychology, 4*, 423–430.

Strahan, C., Watson, B., & Lennonb, A. (2008). Can organizational safety climate and occupational stress predict work-related driver fatigue? *Transport Research, 11*, 418–426.

Warr, P. (2006). Differential activation of judgments in employee well-being. *Journal of Occupational and Organisational Psychology, 79*, 225–244.

Warr, P. (2007). *Work, happiness and unhappiness.* London: Psychology Press.

Wilson, M. G., DeJoy, D. M., Vandenberg, R. J., Richardson, H. A., & McGrath, A. L. (2004). Work characteristics and employee health and well-being: Test of a model of healthy work organization. *Journal of Occupational and Organizational Behavior, 77*, 565–588.

Wolfe, R., Parker, D., & Napier, N. (1994). Employee health management and organizational performance. *Journal of Applied Behavioral Science, 30*, 22–42.

Zohar, D (2000). A group-level model of safety climate: Testing the effect of group climate on microaccidents in manufacturing jobs. *Journal of Applied Psychology, 85*, 587–596.

Zohar, D. (2003). Safety climate: Conceptual and measurement issues. In J. C. Quick & L. E. Tetrick (Eds.), *Handbook of occupational health psychology* (pp. 123–142). Washington, DC: American Psychological Association.

Zohar, D., & Luria, G. (2005). A multilevel model of safety climate: Cross-level relationships between organization and group-level climates. *Journal of Applied Psychology, 90*, 616–628.

Zoller, H. M. (2004). Manufacturing health: Employee perspectives on problematic outcomes in a workplace health promotion initiative. *Western Journal of Communications, 68*, 278–301.

Enhancing Firm Performance and Innovativeness Through Error Management Culture

NINA KEITH AND MICHAEL FRESE

Errors and mistakes are a fundamental category of all human actions. Errors are the raw material of at least three effects. First, errors can lead to catastrophes. This chapter on error management culture will contribute to understanding how to make an organization a safe place to work in and how to deliver high quality products and services. Second, errors can lead to innovations and exploration. This chapter will show that errors and error management can help to increase innovations and exploration. Third, errors can lead to learning. This chapter argues that errors are better for learning than positive events. Including errors in the learning process makes learning more effective, particularly for transferring knowledge to difficult situations. Finally, error management culture is one important factor in understanding learning organizations.

Humans make errors every day and every hour. People make errors as they speak, as they interact with people, and as they pursue their everyday work activities. Cognitive theories such as bounded rationality (March & Simon, 1958), the influence

of biases and heuristics (Kahneman, Slovic, & Tversky, 1982), and the inherent limits of human information processing capacity (Kanfer & Ackerman, 1989; Norman & Bobrow, 1975; Reason, 1990) need not be discussed—all of these theories agree that humans need to take cognitive shortcuts to be effective actors in their environments. Most of the errors people make, such as typos or slips of the tongue, are harmless and can be corrected with ease. On the other extreme end, there are errors with severe consequences that may even culminate in catastrophes, such as airplane or nuclear power accidents or sending a major bank into bankruptcy. Still other errors may be annoying for those who have to deal with the consequences. In an organization, such errors may involve, for example, the loss of an important piece of information, a missed deadline, a poor hiring decision, or an email copied to the wrong person. A good recent example of how errors can lead to catastrophes is the recent banking crisis of 2008 to 2010, which was most likely the result of a combination of many errors and violations.

Most people tend to perceive errors as negative events because they associate errors with their negative consequences. However, it may pay off to conceptually differentiate errors from their consequences. This makes it possible to conceive of the following trajectory: Action → errors → consequences. To intervene at the first arrow is error prevention; to intervene at the second arrow is error management. Error prevention attempts to reduce the number of errors. Error management takes the errors as a given and attempts to control the negative error consequences. In other words, there is a chance to control the negative error consequences after an error has occurred. The major reason why organizations need to deal with error management is because errors will occur in every organization—and it helps to be able to control negative consequences and maybe even enhance the positive consequences after the error has occurred—in other words, after error prevention has failed.

This chapter develops the concept of error management culture (van Dyck, Frese, Baer, & Sonnentag, 2005). Every organization is confronted with errors; therefore, most organizations implicitly or explicitly adopt some shared practices and procedures of dealing with errors (i.e., develop a culture of dealing with errors), and this culture differs from organization to organization. A particular form of error culture—*error management culture*—is beneficial for firm outcomes such as performance, innovativeness, and safety. The conceptual background of error management culture is first described. Then empirical findings on outcomes of error management culture are reviewed, and the processes through which error management culture may exert its influence are discussed. In the final sections, practical recommendations from existing research are discussed and open questions that may be addressed in future research are identified.

CONCEPTUAL BACKGROUND: ERRORS, ERROR MANAGEMENT, AND ERROR MANAGEMENT CULTURE

Errors are generally defined as acts that involve an unintentional deviation from truth or accuracy (Gove, 1993). In the present context, this chapter is primarily concerned with *action errors*—that is, human errors that occur in goal-oriented behavior (Frese & Zapf, 1994). Many theories agree that action errors involve (a) unintended deviations from plans or goals that were (b) potentially avoidable (Reason, 1990; van Dyck et al., 2005; Zapf, Brodbeck, Frese, Peters, & Prümper, 1992; Zhao & Olivera, 2006). With regard to this definition's aspect of goal achievement, errors have a large overlap with *inefficiencies,* although inefficient actions may still reach the intended action goal. People usually have the additional standard of efficiency and of not wasting time; this standard is then not reached with inefficient actions.

Errors should be distinguished from *violations* because violations involve intended deviations from standards or norms (e.g., a deliberate deviation from safety protocols with the goal to save time), while errors involve unintended deviations from some standard. However, as James Reason (1995) notes, the relationship between errors and violations is complex for three reasons. First, violations are often done without a careful analysis of the potential effects of their violations; "Non-compliance takes perpetrators into areas of operation in which neither the physical regime nor the hazards are well understood" (p. 1715). One could think of speeding on a highway and the difficulties in calculating break time and stopping distances. A recent example includes bankers mixing "good" with substandard loans while not really understanding the consequences of a common mode response when trust is lost

in an economy (more on this later). Second, violations take the person into a region of greater risk—subsequent errors are then not so easily forgiven. Reason (1995) provides the example of railway men who were caught between vehicles while coupling or uncoupling. Being between them was not permitted when the train approached, and once they were between them, small errors (e.g., falling) led to serious accidents. Another example is Henry Paulson's error of pushing Lehman Brothers into bankruptcy in the beginning of the banking crisis—probably the result of both violations (based on personal enmity toward the CEO of Lehman Brothers) and errors that, in retrospect, have led to the deepening of the banking crisis in 2008.

Also, errors are not synonymous with *failures*. Failures refer to negative outcomes (i.e., lack of success) and may be the result of an error, although not every error necessarily leads to failure. For example, an error that is detected and corrected immediately or an error that occurs in a safe environment may not lead to a negative outcome. The same error may or may not lead to severe consequences, depending on the circumstances under which it occurs. For example, administering the wrong drug may or may not lead to adverse effects, depending on the particular drug involved and on the patient's health condition (Homsma, van Dyck, De Gilder, Koopman, & Elfring, 2009). Finally, although error refers to human error, failure is not necessarily due to human error (e.g., if caused by external chance factors; Zhao & Olivera, 2006).

A number of error taxonomies have been developed in the literature. For example, Reason (1990) differentiates slips, lapses, and mistakes. Slips and lapses are execution failures (i.e., errors in executing a plan) and often result from distractions or absentmindedness (e.g., a waiter may become distracted and forget a costumer's order). Mistakes, in contrast, result from inadequate planning, for example, due to incomplete knowledge about the matter

(e.g., a waiter may follow a wrong procedure in entering orders due to incorrect knowledge about the procedure). Jens Rasmussen (1982) distinguishes errors on three levels of performance depending on the level of familiarity of the task and on the conscious control that is exerted during task completion (i.e., skill-based, rule-based, and knowledge-based level, with Reason's slips and lapses resembling lower-level errors and mistakes resembling higher-level errors). A similar error taxonomy has been developed within the framework of action regulation theory (Frese & Zapf, 1994; Hofmann & Frese, in press). This theory distinguishes three levels of action regulation (i.e., sensorimotor, routinization, and intellectual level) as well as several action stages (e.g., development of goals and plans, execution-monitoring, and feedback processing) and describes respective types of errors (e.g., Zapf et al., 1992). Error taxonomies can be useful in distinguishing various types of errors and in pointing at possible causes of errors. Also, types of errors can differ with regard to error detection rates and error handling time (Zapf et al., 1992). Finally, types of errors may differ with regard to severity of error consequences and with regard to learning potential for individuals and organizations. For the present purpose, however, the distinction of types of errors is not elaborated on, but errors generally refer to those that occur in organizations (in a later section, the issue of types of errors and their learning potential will be discussed).

General strategies of how to deal with errors can be roughly classified in either error prevention or error management approaches (Frese, 1991, 1995), with reference to the above-mentioned trajectory, action → errors → consequences. The idea of *error prevention* implies that errors should be eliminated before they occur. Given the potential negative and even disastrous consequences of errors, organizations may be well advised to prevent errors in the first place (in fact, most organizations implicitly or explicitly attempt to prevent

errors). Yet, despite all efforts to prevent errors, some human fallibility will prevail, and it is impossible to eliminate errors completely (e.g., Reason, 1997; Zhao & Olivera, 2006). Also, a number of conditions prevalent in modern workplaces make errors ubiquitous. Frequent errors may be expected, for example, when workload is high and there is time pressure; when quick changes between tasks are necessary; when new things need to be learned about the task, the technology, or the customers; and when the coordination demands of a task are high (e.g., in project teams; Peters, 1987; Zapf et al., 1992). Finally, not every error can be prevented by training and developing people, as not every challenging and unexpected situation can be covered during training. Also, research has shown experts to make as many errors as novices (although the types of errors and error handling time tend to differ; Pruemper, Zapf, Brodbeck, & Frese, 1992). For these reasons, proponents of an error management approach argue that purely relying on error prevention has its limits. Rather, error prevention should be supplemented by strategies of error management, which are directed at effectively dealing with errors after they have occurred and—if possible—before negative consequences unfold (Frese, 1995; van Dyck et al., 2005). In other words, error prevention aims at avoiding errors, whereas error management aims not at avoiding errors per se but at reducing negative error consequences (Frese, 1991, 1995; Keith & Frese, 2005, 2008).

A typical example of an error management approach is the containment egg around nuclear power plants. The foremost concern in most nuclear power plants is to prevent operational errors in the first place. If, however, an error still occurs, the containment egg is supposed to reduce negative consequences of the error (i.e., a radiation leak into the environment). Another example is the undo function present in most modern software systems that, in many cases, allows users to get back to the state before the error occurred. One of the most successful applications of error management principles has been Crew Resource Management Training in the aviation industry (Helmreich & Merritt, 2000). In this program, the copilot is encouraged to talk about danger signals to the pilot, and the pilot is supposed to react with a protocol that was learned as part of the training. Two major points here are that the pilot is supposed to know that errors occur frequently and that he or she should not belittle or disbelieve copilots' comments nor those of other aircraft crew.

The usefulness of error management as a strategy has further been demonstrated within organizational training research. Error management focuses on what can be done after an error has occurred and assumes that people can learn from errors that have occurred. A number of studies have shown that a training method called error management training, which explicitly incorporates errors into training, leads to better individual performance than conventional training methods that focus on correct strategies and error avoidance (e.g., Chillarege, Nordstrom, & Williams, 2003; Frese et al., 1991; for a meta-analysis, see Keith & Frese, 2008).

The concept of error management culture applies the idea of error management to the organizational or unit level. The idea is that members of a unit (e.g., an organization) may share a system of norms and values as well as common practices and procedures (i.e., culture; House, Hanges, Javidan, Dorfman, & Gupta, 2004) that are directed at error management (van Dyck et al., 2005). Further, this approach argues that a positive error management culture leads to beneficial organizational outcomes such as high performance and innovativeness. In the next section, the concept of error management culture will be described in more detail and empirical findings on correlates and consequences of an error management culture will be reviewed.

ERROR MANAGEMENT CULTURE, LEARNING ORGANIZATION, PERFORMANCE, AND INNOVATIVENESS

Cathy van Dyck et al. (2005) introduced the concept of error management culture and investigated its effects on firm success in two independent samples. They derived a quantitative measure of error management culture that was based on items of the error orientation questionnaire (Rybowiak, Garst, Frese, & Batinic, 1999), a self-report measure that had originally been designed to assess individual attitudes toward errors at work. The new measure referred to common organizational practices with regard to errors that occur in the organization (see Table 9.1 for sample items). In one of the two samples, the researchers also conducted interviews with managers in which they asked them how they generally dealt with errors in the organization. From the interview transcriptions, several categories were developed that represented dimensions of how errors were handled in the particular organizations. Some examples of the categories and quotes from the interviews are also listed in Table 9.1.

This study surveyed managers of medium-sized firms across several lines of industry in the Netherlands (Sample 1) and in Germany (Sample 2) using a newly developed error management culture questionnaire along with a two-item self-report measure of relative firm success. Independent quantitative indexes of firm success were also used to measure objective firm performance. In both studies, error management culture positively predicted firm success. In Sample 2, this effect existed even after controlling for past performance—this means that changes in organizational performance were predicted by error management culture (data for past performance were not available for Sample 1).Based on these results, van Dyck et al. (2005) suggest that error management

approaches are beneficial for organizational success. They also calculated the utility according to which an effective improvement in error management culture of firms (of one standard deviation) may lead to an increase in firm profitability at about 20%. A particular strength of this study was that the relationship between error management culture and firm performance was demonstrated in two independent samples that differed in the degree of error intolerance (according to data from the Global Leadership and Organizational Behavior Effectiveness [GLOBE] study, Germany scores higher on error intolerance than the Netherlands, as recalculated by one of the authors of the data by House, et al., 2004). In another study, these effects were also found in China, where making errors may be related to losing face, a very different culture than the Netherlands and Germany (Wang, Hong, Frese, & Wick, 2010). At the intersection of the individual and the organizational culture, error management strategies employed by the owners of firms have been shown to be related to the success of the firm (Goebel, 1998). Because owners often determine the culture of an organization (Schein, 1987), they may also be the starting point at which organizational culture develops.

David Hofmann and Barbara Mark (2006) used parts of the van Dyck et al. (2005) measure of error management culture within a broader measure of safety climate in health care (see also Hughes, Chang, & Mark, 2009). Hofmann and Mark argued that the traditional view of safety climate, which primarily focuses on existence and adherence to safety protocols in an organization, should be broadened to also include an open and constructive way of dealing with errors (i.e., error management culture). In fact, in their sample of U.S. hospitals, the traditional safety climate measures and the items derived from the measure of error management culture

Table 9.1   Interview Quotes and Sample Items of the Error Management Culture Questionnaire

Dimension	Low (quotes from interviews)	High (quotes from interviews)	Sample items from questionnaire
Error management culture	But I don't want to discuss errors at great length. I indicated that this shouldn't happen again. And that was the end of it. In this organization, we don't talk about errors.	I try to create an open atmosphere and tell people they should inform me if they have made a mistake, so that we can do something about it. What we do is talk about it (…) and analyze what has to be done in order to prevent these errors in the future.	If something went wrong, people take the time to think it through. • Our errors point us at what we can improve. • If people are unable to continue their work after an error, they can rely on others. • When someone makes an error, (s)he shares it with others so that they don't make the same mistake.
Blame and punishment (reverse coded)	Well, I accept errors in the sense that when a person makes too many, they're fired.	When I first started as a supervisor, I used to get angry at people when they made a mistake. That is very easy and seems forceful. But […] it simply doesn't work. People will get frustrated, fearful, they will be less open about their mistakes, and, therefore, errors will be discovered later.	Not included in questionnaire.

overlapped so much that using a composite measure was justified (a somewhat surprising finding, given that traditional safety climate definitionally relates to *intentional violations* of safety rules, whereas error management culture refers to *unintentional errors*; this distinction will be discussed in a later section). The composite measure predicted a number of outcomes relevant to health care in the expected direction (e.g., reduced medication errors and nurse back injuries, higher patient and nurse satisfaction), particularly when more complex patient conditions were involved. These results, although not available for error management culture as a separate construct, seem to demonstrate the importance of a positive error management culture in health care settings—a setting in which errors can have severe consequences (Kohn, Corrigan, & Donaldson, 2000; see also Edmondson, 1996). This finding is not trivial given that, particularly in settings with potentially severe error consequences, organizations may run the risk of narrowly focusing on error prevention rather than on complementing error prevention with strategies of error management.

There are three overarching processes that may explain the aforementioned results. First, error management culture increases learning and helps to create a learning organization. Second, error management culture allows exploration and experimentation, and in doing so, it increases the degree of innovativeness of a firm. Third, error management culture reduces the chances of negative error consequences by providing more support and more efficiency when dealing with errors and reducing future errors. Each of these three issues will now be discussed in detail.

The Process of Learning

One line of research that deals with learning from errors involves the concept of organizational learning. For example, Ji-Yub Kim and Anne Miner (2007) investigated whether organizations can learn vicariously from errors of other organizations and identified that similarity of firms (i.e., same geographic market) effects learning (i.e., more learning occurred from failures or near failures of firms in the same geographic market). Sim Sitkin (1992) even suggests that failures may be more valuable for learning than successes. He argues that although successes and strategic persistence stimulated by successes may promote stability and short-term performance, there are also liabilities of success such as complacency, risk aversion, and decreased attention (cf. Audia, Locke, & Smith, 2000). Failures, in contrast, may instigate increased attention and experimentation, willingness to take risks, and, in turn, increased innovation and adaptability to changing circumstances. Wendy Joung, Beryl Hesketh, and Andrew Neal (2006) explicitly examined the question whether people learn more from positive cases than from error cases. In their study of firefighters, "story" training, and learning, the group that was confronted with failure stories showed higher levels of learning than those confronted with success stories.

Learning may be enhanced by errors because errors provide negative but informative feedback on what still needs to be learned or changed (Heimbeck, Frese, Sonnentag, & Keith, 2003; Ivancic & Hesketh, 1995-1996). Also, errors signify that something is wrong and needs to be changed, thereby provoking a readiness to try something new. In addition, errors trigger attention to what one is doing because "errors prompt learners to stop and think about the causes of the error" (Ivancic & Hesketh, 2000, p. 1968). There is now a reasonable amount of literature that shows that learning can be enhanced when people are allowed and encouraged to make errors during the learning process, as compared to an approach that focuses on correct solutions and prevents learners from making errors.

One major finding of this literature is that making errors during training is particularly effective for transfer to novel tasks that require the development of new solutions that were not covered during training (Keith & Frese, 2008). In other words, in well-known and predictable situations, a strategy that focuses on error prevention may be useful, whereas error management becomes important in situations with changing and challenging task demands. Although this research pertains to individual learning in structured training situations, it informs researchers that learning may be enhanced when people are allowed to make errors.

Error management culture allows errors to happen and encourages and allows individuals in the organization to learn. An organization that fosters an awareness of error occurrence and produces a high degree of communication about errors makes members ready to learn from errors individually and makes them attentive to possible error situations and adequate reactions. Conversely, it is likely that error communication is reduced if people are blamed or if there are other negative reactions to errors. In such cases, the most likely response to an error is not to communicate it but to find others to blame for the error (Homsma, van Dyck, De Gilder, Koopman, & Elfring, 2007), as was found in the interviews conducted by van Dyck et al. (2005). As a consequence, learning opportunities and secondary error prevention (i.e., preventing the same error in the future) are reduced for the individual who made the error as well as for other members of the organization. Finally, people may be more open to new strategies and changes rather then rigidly relying on routines that may be ineffective in a dynamic environment. In other words, errors may open up people to exploration and innovation—a process that will be discussed next.

The Process of Exploration and Innovation

Errors help to make people explore the environment in which an error occurred, at least in some circumstances (Dormann & Frese, 1994). Therefore, errors have the potential to stimulate learning and innovation in organizations. Conversely, experimentation and innovation are inherently linked with errors, as errors are an unavoidable consequence of experimentation (Sitkin, 1992).

A recent study investigated whether error management culture is related to innovativeness of firms (Frese et al., 2010). The authors argued that innovation, which involves the intentional introduction of new ideas, processes, or procedures (West & Farr, 1990), always implies the risk of failure (cf. Cannon & Edmondson, 2005; Sitkin, 1992). As a matter of fact, according to a study described in *The Economist*, as many as 5,000 ideas need to be processed to produce one innovative product or service that is successful in the marketplace ("Innovation: A Survey," 1999). The other ideas never turn into innovations—thus, they can be classified as errors. In other words, a huge number of errors need to be made in an organization before one good idea finally leads to a successful innovation. Therefore, innovations are more likely in firms that allow these errors to be made and do not punish or blame people when errors do occur. Firms that perceive errors to be a normal part of the developing process and that explicitly use previous errors to improve their ideas—firms with a strong error management culture— are more likely to have innovations.

Michael Frese et al. (2010) tested and found support for this hypothesis in a sample of small- to medium-sized firms from service and manufacturing industries in Germany. In particular, they found error management culture to be related to innovativeness

over and above a measure of participatory-psychological safety (Anderson & West, 1996; Edmondson, 1999). Participatory-psychological safety implies that "the team is safe for interpersonal risk taking" (Edmondson, 1999, p. 350) and that team members "are able to propose new ideas and problem solutions in a non-judgmental manner" (Anderson & West, 1998, p. 240). Psychological safety has been shown to be related to team learning behaviors and team learning (Edmondson, 1999; see also Cannon & Edmondson, 2001, 2005). A study on the interaction of firm psychological safety and innovation showed that under conditions of low psychological safety, the process innovations of firms actually lead to lower profitability, while high psychological safety leads to higher profitability than in the past (Baer & Frese, 2003).

Moreover, a recent meta-analysis has shown that psychological safety in teams is related to team innovativeness (Huelsheger, Anderson, & Salgado, 2009). However, this correlation is not as high as originally hypothesized, and the results are not generalizable to error management culture. Thus, there may be good reasons for refocusing efforts to error management culture and for developing a more detailed understanding of the differences between these two concepts. Participatory-psychological safety and error management culture are conceptually related in so far as an error management culture also implies nonjudgmental but constructive responses to errors, which will inevitably occur when proposing new ideas. Empirically, although there are high correlations between the two constructs, confirmatory factor analysis shows that these two concepts are distinct. Error management culture is important for innovation due to its explicit focus on reactions to errors and because it goes beyond the improvement of group processes (Frese et al., 2010). Therefore, error management culture should

have a more fundamental effect than psychological safety.

The Process of Avoiding Negative Error Consequences

Besides error communication, core aspects of error management are coordinated and effective error handling, as well as quick error detection and damage control. Errors that go undetected tend to develop into more severe error consequences than those that are detected quickly—consistent with the concept of latent failures (Reason, 1997). Quick error detection is, therefore, essential for the reduction of negative consequences. One can consider, for example, a calculation error that has been communicated to the department that requested the calculation. If the error is detected quickly and immediately reported to the department, it is more likely that this department has not yet used the wrong calculation and not yet made erroneous decisions as a result of the primary calculation error. It is important to note that quick error detection seems less likely in an organization that narrowly focuses on error prevention. If members of an organization become too confident in their error prevention approach and believe that they do not err, they will probably be less attentive to potential error situations and to feedback that signifies errors—with the consequence of impeded error detection. If, in contrast, members of an organization remain cautious about their fallibility, then error detection and quick responses to errors are more likely. Indirect evidence for this mechanism is provided by organizational research on the liabilities of success, showing that past success may actually be a negative predictor of future success in situations of dynamic changes (Audia et al., 2000). Furthermore, research has shown that error anticipation is related to vigilance and error detection (Zhao & Olivera, 2006).

Some of the above results may be understood with reference to Reason's concept of latent failures. Latent failures appear as a result of management practices and decisions that affect the development of local errors and violations. Reason (1995) discussed the role of errors in the development of large-scale accidents. For him, there are local errors and local triggers that interact with organizational defenses (Reason, 1995). Organizational error management culture can be thought of as a second line of defense. People can do something after an error has occurred. All too often, people assume that one cannot do anything once the error has occurred. Errors often have negative error consequences; however, error management culture helps people understand that there may even be some positive consequences of errors, such as learning from errors and developing new ideas as a result of an error.

Some of the positive effects of error management culture can also be related to Charles Perrow's (1984) concept of normal catastrophes, which relies on the two concepts of tight coupling and complex systems to understand how errors may lead to a catastrophe. Error management culture may lead to lower coupling and less complex interactions of subsystems because error management makes it possible that people think independently of each other and communicate their thoughts and because they will support each other in an error situation.

A case in point is Nick Leeson, who single-handedly brought down Barings Bank with a combination of errors and violations (Soane, Nicholson, & Audia, 1998). As a person, Leeson was very much afraid of making and admitting errors to others. The bank itself was clearly not a bank that promoted error management, although at the same time it was not well managed in terms of error prevention. In the beginning, Leeson made and hid small mistakes that he could have easily correct within a few days. However, after he became known as one of the best traders in the business, he seemed to think that he could never be seriously wrong; he took more and more unhedged risks that eventually did not bear out, in part because of the earthquake in Kobe, Japan, that affected Asian markets. Since he was accustomed to hiding his mistakes, he continued to do so and could, therefore, appear without a fault for a very long period—until the loss was so high that Barings Bank—one of the oldest and most profitable banks in England—had to declare bankruptcy (it was sold for 1 dollar to ING Bank after that). Error management culture would have dealt with these problems because people would have been more likely to communicate mistakes, rather than the culture making it necessary for them to hide them. Moreover, Leeson would have realized that he is fallible like everyone else, and making errors at times was to be expected.

In many ways, Leeson is a good case study to compare with the much bigger system of errors and mistakes that brought down the Western banking system in 2008—the latter situation was also a combination of errors and violations, though arguably on a much larger scale. The similarity with Leeson is most evident in the conviction of the banking industry that nothing could happen and that everything was under control (no mistakes will occur). It was the cultural attitude that all risks were manageable and managed well. Moreover, mistakes were not discussed and openly admitted. Finally, all sophisticated mathematical models of risks did not include psychological factors, the most important being the common mode error (Reason, 1990). This is an error that appears when diverse areas suddenly get unified by some common approach, for example, loss of trust in other banks and the difficult constructions of collateralized debt obligations.

SUMMARY AND PRACTICAL IMPLICATIONS

As organizations are confronted with errors, they implicitly or explicitly develop shared practices of dealing with errors. An error management culture is characterized by open communication about errors, sharing error knowledge, helping in errors situations, quick error detection and damage control, analyzing errors, and coordinated and effective error handling (van Dyck et al., 2005). Research that explicitly deals with the concept of error management culture is still in its beginnings. Yet available research shows error management culture to be related to favorable organizational outcomes such as performance, innovativeness, and safety. Based on the utility estimation provided by van Dyck et al. (2005), an improvement in error management culture of one standard deviation is associated with an increase in firm profit of approximately 20%. These results suggest that adopting an error management approach is worthwhile for organizations.

To adopt an error management approach, probably, is a deliberate choice to be made and needs to be actively pursued. Otherwise, it seems that the natural default, so to speak, is to stick to a failure-avoidance norm (Sitkin, 1992) and to be reluctant to openly communicate about errors (Cannon & Edmondson, 2001, 2005; Edmondson, 1996; Homsma et al., 2009; Hughes et al., 2009). In line with this reasoning, van Dyck et al. (2005) found in their interviews that managers from organizations low on error management culture were not motivated to provide an explanation for their negative views of errors. In contrast, managers from organizations high in error management culture tended to explicitly provide a rationale for their thinking, for example, "We try to be open and discuss errors because we believe

that is the only way to control damage" (van Dyck et al., p. 1234). It might be that the prevalent negative view of errors is a result of two common attributional biases known as *hindsight bias* (Fischhoff, 1975) and *fundamental attribution error* (Ross, 1977). The hindsight bias, or "I-knew-it-all-along" effect, describes the tendency to overestimate the likelihood of an event after it has happened. The *fundamental attribution error* refers to an overestimation of dispositional factors and underestimation of situational factor when describing and explaining social events. When an error occurs in an organization, these biases operate against developing understanding for the person who made the error (van Dyck et al., 2005): The hindsight bias makes people think that the person who made the error really should have known better; the fundamental attribution error makes people think that the error occurred due to some negative characteristics of the person (e.g., sloppiness, incompetence) rather than due to unfavorable environmental conditions. To promote an error management culture, organizations need to make explicit and repeated efforts to counter this tendency of negative reactions toward errors (cf. Cannon & Edmondson, 2005; van Dyck et al., 2005).

But how can organizations actually implement an error management culture? This is not an easy question to answer, given that changing culture is inherently difficult (Trice & Beyer, 1993). Based on observations in organizations, a first important step is to explicitly reflect on shared practices and procedures of dealing with errors in a given organization. Many organizations do not seem to have a vision or otherwise explicit treatment of the topic of errors in their organization—except in some cases—visions for an explicit zero-error goal of error prevention (van Dyck et al., 2005). As another starting point, leadership behavior is essential (cf. Cannon

& Edmondson, 2001, 2005). Ideally, managers across hierarchical levels should be role models in communicating openly about their own errors, thereby encouraging lower-level organizational members to do the same. By this means, they would also demonstrate that errors are normal (i.e., employees who err need not fear to be conceived as abnormal). Supervisors may also systematically incorporate error communication in their supervisory routines (e.g., discussing errors in weekly meetings or in developmental feedback sessions). Anecdotes suggest that some companies even throw a party after a failed project, thereby encouraging discussions of what went wrong and what lessons can be learned for the future (van Dyck et al., 2005). Other managers have established an error-of-the-month award with the goal to expose errors so they can be openly discussed in the firm (Cannon & Edmondson, 2001). These are just a few examples of how open error communication could be implemented in some organizations. In other organizations and under some circumstances, such prominent events may of course not be appropriate (e.g., if an error has led to serious injuries).

To promote an open communication about errors, supervisors should be careful not to blame but to respond constructively when a subordinate talks about an error. In one of the authors' informal interviews in a large German organization, an employee reported that his or her supervisor always asked who was guilty when he or she learned about a failed project. As a consequence, when an error occurred and was being discussed, the employees had to either blame themselves (if they were the culprit) or cast the blame on one of their colleagues to satisfy the supervisor's wish. Such a blaming supervisory style is probably not suitable for promoting communication about and learning form errors (cf. Edmondson, 1996). In line with this assumption, blaming was negatively related with error management

culture in the interviews by van Dyck et al. (2005). If anything, members of an organization who try to cover up errors should be punished, not those who openly admit to errors (cf. Cannon & Edmondson, 2005; Peters, 1987). In addition, a focus on blaming and punishment probably exhausts resources that are better allocated to quick reactions to and better analysis of errors to prevent similar errors in the future and to maximize long-term learning from errors.

Organizations should also consider ways in which errors can be integrated in their reward systems. This does not mean that errors are welcomed per se. Yet as outlined above, some errors are a natural part of exploration and experimentation and a part of modern workplaces. Also, error-free performance may in some cases be actually a sign of low aspiration levels or of low risk taking, which may not be in the best interests of the organization (Sitkin, 1992). For employees in an organization to discuss their errors openly, it is important that they do not fear negative consequences such as reduced career opportunities or the possibility of being fired. If promotions, bonuses, and other rewards in an organization are solely rewarded for error-free performance and if any error is punished, employees will most likely become reluctant to work on challenging projects, to take risks and initiative, to come up with new ideas, and to be open for innovations (Frese, Teng, & Wijnen, 1999; Sitkin, 1992). These dynamics should be considered when designing reward systems and career development programs in organizations (Cannon & Edmondson, 2005).

Generally speaking, discussing errors openly is an effortful and potentially risky behavior. Before openly discussing errors, therefore, employees most likely engage in some kind of cost–benefit analysis (Zhao & Olivera, 2006). Potential costs may include, for example, exclusion from career

opportunities or job loss or threats to one's personal image (e.g., reputation, rejection by others in the organization). On the other hand, potential benefits may include learning opportunities for the individual and for the work group or organization as a whole, and as a result, better performance and rewards in the future (Zhao & Olivera, 2006). To promote open error communication, organizations need not only seek to decrease perceived costs but also increase perceived benefits. For example, if an organization claims to be open to errors but never seems to draw any lessons from past errors (e.g., by changing error-prone procedures as suggested by an employee), employees may arrive at the conclusion that reporting and discussing an error does not pay off. Also, approaches to change error management culture should be aligned across levels of organizations to develop a full-fledged culture and to ultimately be effective. For example, lower-level supervisors' efforts to encourage open error communication in their work group cannot be successful if such behaviors are not in line with organizational level norms and values as expressed by management.

Evidently, there is much still to discover about the notion of an error management culture. In the meantime, there are a number of popular management books with many examples and cases that have also described error management culture (without referring to this concept explicitly). For example, Tom Peters (1987) has suggested that how one deals with errors is central for how one deals with the uncertainty around management issues and the chaotic environment in which one lives. He argues forcefully for a concept of "fast failure forward," which implies that one needs to test one's new ideas under potentially safe environmental conditions. The argument is that management initiatives will always carry a certain number of mistakes

and errors; therefore, it is useful to make them quickly and under conditions that are as safe as possible (e.g., test markets, small introduction instead of a complete national or international roll-out, and so forth). The arguments and suggestions by Peters (1987) are very much in line with the concept of error management culture.

Another book with a similar impetus talks primarily about how entrepreneurs and intrapreneurs can produce innovations (Matson, 1996). Matson points out how many errors people have to make to introduce a real innovation and how many errors lead entrepreneurs to the right product. In many ways, his emphasis (but not his examples) is similar to Peter's emphasis on making errors fast under as safe as possible conditions and the idea of using errors as an innovatory device in organizations and in product development. These books have been particularly important in opening up management to the potential positive effects of errors and the need to develop a better approach to dealing with the ubiquity of errors. Whenever people have become convinced that doing away with certain problems (such as stressors, errors, or crises) is impossible, the next practical step is to develop management strategies that deal with stressors, crises, and errors.

OPEN RESEARCH QUESTIONS

Error management in organizations can encompass various processes that may ultimately contribute to beneficial outcomes such as firm performance, innovation, and safety (e.g., social processes of group communication vs. cognitive learning from previous errors). Error management culture, as described by Van Dyck et al. (2005), comprises several partially overlapping and mutually influencing facets—namely, communicating about errors, sharing error

knowledge, helping in error situations, quick error detection and damage control, analyzing errors, and coordinated and effective error handling. These facets may translate into beneficial organizational outcomes via mediators that reduce negative error consequences (e.g., quick damage control) or that increase long-term positive consequences of errors (e.g., learning and innovation), or both. No study has empirically tested for effects of discrete processes or of facets that are more or less crucial for developing an error management culture. More likely than not, several mechanisms come into play and act in concert to benefit organizational outcomes. Communicating errors may be regarded as a precondition for other facets of error management culture to be effective. For example, if errors are not communicated, other members of the organization can neither help in handling the error nor can they learn from the error to prevent similar errors in the future or use the error to improve quality of products and services (van Dyck et al., 2005). Clearly, more research is needed to investigate what exactly drives the establishment, maintenance, and effects of an error management culture.

On a more microanalytical, psychological level, it would be interesting to disentangle the interplay between more cognitive- and/or knowledge-related mechanisms (e.g., What lessons do organizations actually draw from previous errors and how do these translate into knowledge that is helpful for future tasks?) and more emotional-motivational mechanisms (e.g., Does an error management culture result in employees being less fearful and less discouraged after an error?). Research on individual learning in error management training revealed that both the emotional and cognitive pathways were essential for performance: Both emotion control (i.e., the regulation of negative emotions in the face of errors and setbacks) and metacognition (i.e., the regulation of cognitions by planning, monitoring and evaluating one's task strategies) mediated effects of error management training on transfer performance as compared with an error avoidant training approach (Keith & Frese, 2005).

It is possible that controlling negative emotions sets the stage for cognitive learning to occur, as negative emotions drain attentional resources that could otherwise be devoted to solving the problem at hand (Kanfer & Ackerman, 1989). In a way, negative reactions to errors may serve as a secondary task that drains resources from the primary task. The person who committed the error needs not only to deal with the primary task of error consequences and quick error correction but also—as a secondary resource intensive task—to deal emotionally with negative feelings such as guilt, shame, and fear (Zhao & Olivera, 2006). An error management culture that discourages blaming and punishment may set the stage for effective error handling because employees need not be preoccupied with defensively ruminating on the error they made. A culture of blaming, in contrast, may paralyze employees after they make an error and hinder them from constructive task-oriented responses. In addition to not being ruminative and not being paralyzed, employees in an organization need to effectively communicate and coordinate error-handling efforts. Furthermore, for long-term learning, errors need to be analyzed, knowledge needs to be shared, and, where appropriate, changes need to be implemented. This notion of error management culture as not only including but also going beyond a mere climate of psychological safety is in line with the results by Frese et al. (2010), who found error management culture explains additional outcome variance over and above psychological safety. More research is needed to further substantiate such a mechanism.

Another open question is what types of errors are most beneficial for learning. Referring to the error taxonomies mentioned earlier, it may be argued that higher level errors (e.g., planning errors due to insufficient knowledge) offer more of an opportunity to learn than lower level errors (e.g., forgetting due to absentmindedness). Yet it may also be argued that any error types may contain useful information for organizations (Zhao & Olivera, 2006). For example, frequent lower level errors of the same kind (e.g., servers repeatedly writing down incorrect orders) may have a systematic source (e.g., the names of several menu items being too similar) that could be easily controlled (e.g., change names of menu items; Zhao & Olivera, 2006). After all, a major goal of human factors-engineering psychology is to identify error-prone system design. Another distinction of errors that has been made in the literature relates to the severity of consequences. For example, Sitkin (1992) argues that small losses are more beneficial because outcomes that are too threatening usually trigger negative and nonconstructive responses such as defensiveness. On the other hand, errors with minor consequences may not be taken seriously and be regarded as too insignificant to learn from (Baumard & Starbuck, 2005; Homsma et al., 2009). Empirically, it seems that the more severe the error consequences are the more learning occurs, probably because low-consequence errors do not signify a learning necessity (Homsma et al., 2009; Zakay, Ellis, & Shevalsky, 2004). It is possible that one important aspect of error management culture resides in the way seemingly small errors are treated—that is, whether every error—no matter how fatal or harmless the consequences—is taken seriously or whether only errors with apparent and severe consequences are taken seriously as a learning opportunity.

Clearly, more research is needed on the learning potential of different types of errors. A particular problem about relating learning potential to types of everyday errors in organizations, however, is the confoundedness of error characteristics. For example, the finding that errors of little negative consequences stimulate less learning (Homsma et al., 2009) may be in fact due to these errors being mostly lower level slips and lapses that are corrected more easily than higher level mistakes (Zapf et al., 1992). Similarly, it is possible that severity of error consequences is confounded with the complexity of social interactions involved in error correction. For example, an error that can be corrected by an individual is probably easier to correct than an error that requires the coordinated action of several persons and/or organizational units. Future research may strive to identify and to disentangle error characteristics that are most relevant to learning.

The concept of error management culture somewhat implicitly assumes that what constitutes an error (i.e., an unintended deviation from the goal that could have been avoided) is clearly and objectively identifiable. Although many errors that occur in work settings may be of this kind, other errors, for example, those involved in complex decision making, may not be as obvious. In fact, people may differ in error attributions, that is, in the evaluation whether a particular incident constitutes an error and what caused the error. Such error attributions can affect subsequent behavior (Homsma et al., 2007). In an organizational setting, for example, a supervisor and subordinate may disagree on whether a particular action of the subordinate constitutes an error or not. On the one hand, this subjectivity of errors may limit the applicability of the concept of error management culture in organizations. On the other hand, this problem of subjectivity may be reduced through error management culture because an error management culture implies

that people feel less obliged to be defensive (e.g., explain why their action did not constitute an error) but can focus on relevant aspects of the problem (e.g., lessons to be learned, irrespective of whether a particular incident should be called an error or not). Future research may investigate the extent of disagreement on error evaluations among actors in an organization and the potential effects of such disagreements depending on error management culture.

Future research may further elucidate the distinctiveness of the concept of error management culture from related concepts such as a climate of psychological safety (i.e., the extent to which a "team is safe for interpersonal risk taking"; Edmondson, 1999, p. 350), safety climate (i.e., shared perceptions of priority of safety; Zohar & Luria, 2005), and organizational learning culture. As described above, evidence indicates that error management culture goes beyond a climate of psychological safety in instigating innovativeness of firms (Frese et al., 2010). For safety climate, at least one study (Hofmann & Marks, 2006) indicates a substantial overlap between the two concepts. This is somewhat surprising because conceptually a safety climate refers to intentional violations whereas error management culture refers to unintentional errors. Also, common measures of safety climate do not refer to unintentional human errors (at least not explicitly) but rather focus on factors such as management and supervisory commitment to safety procedures as well as safety training (e.g., Christian, Bradley, Wallace, & Burke, 2009; Clarke, 2006; Evans, Glendon, & Creed, 2007; Neal & Griffin, 2006; Zohar & Luria, 2005). It is possible that in certain settings (such as health care), people tend to overlook the difference between errors and violations because of the strong motivation to avoid common negative consequences (such as health and life threatening effects on

patients). More generally, it may be that in high hazard sector organizations (e.g., health care, aviation), safety climate and error management culture overlap in some aspects (e.g., communication about and quick responses to safety hazards and to human errors)—at least based on the perceptions of survey respondents. In many other organizations, however, in which physical safety is less of an issue (e.g., retail, consulting firms, banks), safety climate and error management culture are probably semantically and empirically independent. In general, it is useful to consider errors and violations separately.

Error management culture may also overlap with the construct of organizational learning culture. Organizational learning is a popular but rather fuzzy construct that has been conceptualized very broadly since its introduction in the 1960s (Crossan, Lane, & White, 1999; Fiol & Lyles, 1985; Kozlowski, Chao, & Jensen, 2009). Operationalizations of learning culture include, for example, creation of continuous learning opportunities, encouragement of collaboration and team learning, and organizational systems to capture and share learning (e.g., Marsick & Watkins, 2003; Tracey, Tannenbaum, & Kavanagh, 1995). Whether error management culture overlaps with organizational learning culture is ultimately an empirical question. The two constructs probably overlap only partially, although it is hardly conceivable that an organization with a low learning culture will learn from errors and deal with them effectively (i.e., aspects of error management culture). Yet a high learning culture does not necessarily include effective communication about, and quick responding to, errors. Also, because the concept of error management culture is more specific than organizational learning culture, it offers clearer starting points for potential interventions in organizations.

Finally, the operational level of error management culture may further be clarified in future research. Error management culture has been introduced as a characteristic of organizations—that is, error management culture is expected to differ between organizations and these differences are thought to account for differences in organizational outcomes. There may, however, also be differences between subunits within larger organizations (e.g., error management cultures may differ in different departments of the same organization). Many of the existing studies have used perceptions of error management culture by managers or firm owners in medium-sized companies as predictors of organizational outcomes. Future research may measure error management culture in units within larger organizations (e.g., work groups and/or teams) and test for homogeneity of culture perceptions within these units (cf. van Dyck et al., 2005). Also, error management cultures of subunits within larger organizations may affect outcomes (e.g., team learning and performance). It is expected that both error management culture as an organizational characteristic and error management culture as a characteristic of units within organizations will lead to favorable organizational outcomes related to learning, performance, and innovation (i.e., a cross-level proposition; cf. Yammarino & Dansereau, Chapter 4 in this *Handbook*)—a proposition that remains to be tested empirically.

CONCLUSION

This chapter has developed the concept of error management culture, reviewed research on outcomes of error management culture, discussed several processes that may drive the effects of error management culture, and concluded that adopting an error management culture is worthwhile for organizations. On a final note, however, it is important to stress that error prevention and error management should not be considered mutually exclusive approaches to dealing with errors. That is, it is not advised to focus on error management at the expense of error prevention. Quite on the contrary; the two approaches should be regarded as complementary. As van Dyck et al. (2005) state, error prevention should serve as a first line of defense for high quality products and services as well as for safety in organizations. Error management comes into play as second line of defense, when error prevention strategies fail—which at some point they will because although any particular error may be difficult to predict, it is safe to predict that some error will occur at some time (Sitkin, 1992; van Dyck et al., 2005; Zhao & Olivera, 2006).

REFERENCES

Anderson, N., & West, M. A. (1996). The team climate inventory: Development of the TCI and its applications in teambuilding for innovativeness. *European Journal of Work and Organizational Psychology, 5*, 53–66.

Anderson, N. R., & West, M. A. (1998). Measuring climate for work group innovation: Development and validation of the team climate inventory. *Journal of Organizational Behavior, 19*, 235–258.

Audia, P. G., Locke, E. A., & Smith, K. G. (2000). The paradox of success: An archival and laboratory study of strategic persistence following radical environmental change. *Academy of Management Journal, 43,* 837–853.

Baer, M., & Frese, M. (2003). Innovation is not enough: Climates for initiative and psychological safety, process innovations, and firm performance. *Journal of Organizational Behavior, 24*, 45–68.

Baumard, P., & Starbuck, W. H. (2005). Learning from failures: Why it may not happen. *Long Range Planning, 38*, 281–298.

Cannon, M. D., & Edmondson, A. C. (2001). Confronting failure: Antecedents and consequences of shared beliefs about failure in organizational work groups. *Journal of Organizational Behavior, 22,* 161–177.

Cannon, M. D., & Edmondson, A. C. (2005). Failing to learn and learning to fail (intelligently): How great organizations put failure to work to innovate and improve. *Long Range Planning, 38, 299*–319.

Chillarege, K. A., Nordstrom, C. R., & Williams, K. B. (2003). Learning from mistakes: Error management training for mature learners. *Journal of Business and Psychology, 17,* 369–385.

Christian, M. S., Bradley, J. C., Wallace, C., & Burke, M. J. (2009). Workplace safety: A meta-analysis of the roles of person and situation factors. *Journal of Applied Psychology, 94*, 1103–1127.

Clarke, S. (2009). The relationship between safety climate and safety performance: A meta-analytic review. *Journal of Occupational Health Psychology, 11*, 315–327.

Crossan, M. M., Lane, H. W., & White, R. E. (1999). An organizational learning framework: From intuition to institution. *Academy of Management Review, 24,* 522–537.

Dormann, T., & Frese, M. (1994). Error training: Replication and the function of exploratory behavior. *International Journal of Human-Computer Interaction, 6*(4), 365–372.

Edmondson, A. (1996). Learning from mistakes is easier said than done: Group and organizational influences on the detection and correction of human error. *Journal of Applied Behavioral Science, 32*, 5–28.

Edmondson, A. (1999). Psychological safety and learning behavior in work teams. *Administrative Science Quarterly, 44,* 350–383.

Evans, B., Glendon, A. I., & Creed, P. A. (2007). Development and initial validation of an Aviation Safety Climate Scale. *Journal of Safety Research, 38*, 675–682.

Fiol, C. M., & Lyles, M. A. (1985). Organizational learning. *Academy of Management Review, 10*, 803–813.

Fischhoff, B. (1975). Hindsight ≠ foresight: The effect of outcome knowledge on judgment under uncertainty. *Journal of Experimental Psychology: Human Perception and Performance, 1*, 288–299.

Frese, M. (1991). Error management or error prevention: Two strategies to deal with errors in software design. In H.-J. Bullinger (Ed.), *Human aspects in computing: Design and use of interactive systems and work with terminals* (pp. 776–782). Amsterdam: Elsevier.

Frese, M. (1995). Error management in training: Conceptual and empirical results. In C. Zuccermaglio, S. Bagnara, & S. Stucky (Eds.), *Organizational learning and technological change* (pp. 112–124). Berlin: Springer-Verlag.

Frese, M., Brodbeck, F. C., Heinbokel, T., Mooser, C., Schleiffenbaum, E., & Thiemann, P. (1991). Errors in training computer skills: On the positive function of errors. *Human-Computer Interaction, 6*, 77–93.

Frese, M., Mertins, J. C., Hardt, J. V., Fischer, S., Flock, T., Schauder, J., et al. (2010). *Innovativeness of firms and organizational culture: The role of error management culture and pro-initiative climate.* Manuscript submitted for publication.

Frese, M., Teng, E., & Wijnen, C. J. D. (1999). Helping to improve suggestion systems: Predictors of giving suggestions in companies. *Journal of Organizational Behavior, 20*, 1139–1155.

Frese, M., & Zapf, D. (1994). Action as the core of work psychology: A German approach. In H. C. Triandis, M. D. Dunette, & L. M. Hough (Eds.), *Handbook of industrial and organizational psychology* (Vol. 4, pp. 271–340). Palo Alto, CA: Consulting Psychologists Press.

Goebel, S. (1998). Persoenlichkeit, Handlungsstrategien und Erfolg [Personality, action strategies, and success]. In M. Frese (Ed.), *Erfolgreiche Unternehmensgruender* [Successful start-ups] (pp. 99–122). Goettingen, Germany: Verlag fuer Angewandte Psychologie.

Gove, P. B. (Ed.). (1993). *Webster's third new international dictionary of the English language unabridged.* Köln, Germany: Könemann.

Heimbeck, D., Frese, M., Sonnentag, S., & Keith, N. (2003). Integrating errors into the training process: The function of error management instructions and the role of goal orientation. *Personnel Psychology, 56,* 333–362.

Helmreich, R. L., & Merritt, A. C. (2000). Safety and error management: The role of Crew Resource Management. In B. J. Hayward & A. R. Lowe (Eds.), *Aviation resource management* (pp. 107–119). Aldershot, UK: Ashgate.

Hofmann, D. A., & Frese, M. (in press). Errors, error taxonomies, error prevention and error management: Laying the groundwork for discussing errors in organizations. In D. A. Hofmann & M. Frese (Eds.), *Errors in organizations.* London: Taylor & Francis.

Hofmann, D. A., & Mark, B. A. (2006). An investigation of the relationship between safety climate and medication errors as well as other nurse and patient outcomes. *Personnel Psychology, 59,* 847–869.

Homsma, G. J., van Dyck, C., De Gilder, D., Koopman, P. L., & Elfring, T. (2007). Overcoming errors: A closer look at the attributional mechanism. *Journal of Business and Psychology, 21,* 559–583.

Homsma, G. J., van Dyck, C., De Gilder, D., Koopman, P. L., & Elfring, T. (2009). Learning from error: The influence of error incident characteristics. *Journal of Business Research, 62,* 115–122.

House, R. J., Hanges, P. J., Javidan, M., Dorman, P. W., & Gupta, V. (Eds.). (2004). *Cultures, leadership and organizations: A 62 nation GLOBE study.* Thousand Oaks, CA: Sage.

Huelsheger, U. R., Anderson, N. R., & Salgado, J. F. (2009). Team-level predictors of innovation at work: A comprehensive meta-analysis spanning three decades of research. *Journal of Applied Psychology, 94,* 1128–1145.

Hughes, L. C., Chang, Y., & Mark, B. A. (2009). Quality and strength of patient safety climate on medical-surgical units. *Health Care Management Review, 34,* 19–28.

Innovation: A survey. (1999, February 20th). *Economist,* 1–28.

Ivancic, K., & Hesketh, B. (1995-1996). Making the best of errors during training. *Training Research Journal, 1,* 103–125.

Ivancic, K., & Hesketh, B. (2000). Learning from errors in a driving simulation: Effects on driving skill and self-confidence. *Ergonomics, 43,* 1966–1984.

Joung, W., Hesketh, B., & Neal, A. (2006). Using "war stories" to train for adaptive performance: Is it better to learn from error or success? *Applied Psychology: An International Review, 55,* 282–302.

Kahneman, D., Slovic, P., & Tversky, A. (Eds.). (1982). *Judgment under uncertainty: Heuristics and biases.* Cambridge, MA: Cambridge University Press.

Kanfer, R., & Ackerman, P. L. (1989). Motivation and cognitive abilities: An integrative/aptitude-treatment interaction approach to skill acquisition [Monograph]. *Journal of Applied Psychology, 74,* 657–690.

Keith, N., & Frese, M. (2005). Self-regulation in error management training: Emotion control and metacognition as mediators of performance effects. *Journal of Applied Psychology, 90,* 677–691.

Keith, N., & Frese, M. (2008). Effectiveness of error management training: A meta-analysis. *Journal of Applied Psychology, 93,* 59–69.

Kim, J., & Miner, A. (2007). Vicarious learning from the failures and near-failures of others: Evidence from the U.S. commercial banking industry. *Academy of Management Journal, 50,* 687–714.

Kohn, L. T., Corrigan, J. M., & Donaldson, M. S. (Eds.). (2000). *To err is human: Building a safer health care system.* Washington, DC: National Academy Press.

Kozlowski, S. W. J., Chao, G. T., & Jensen, J. M. (2009). Building an infrastructure for organizational learning: A multilevel approach. In S. W. J. Kozlowski & E. Salas (Eds.), *Learning, training, and development in organizations.* New York: Taylor & Francis.

March, J., & Simon, H. A. (1958). *Organizations.* New York: Wiley.

Marsick, V. J., & Watkins, K. E. (2003). Demonstrating the value of an organization's learning culture: The dimension of the learning organization questionnaire. *Advances in Developing Human Resources, 5,* 132–151.

Matson, J. V. (1996). *Innovate or die: Personal perspective on the art of innovation.* Monroe, WI: Paradigm Press.

McGrath, R. G. (1999). Falling forward: Real options reasoning and entrepreneurial failure. *Academy of Management Review, 24,* 13–30.

Neal, A., & Griffin, M. (2006). A study of the lagged relationships among safety climate, safety motivation, safety behavior, and accidents at the individual and group levels. *Journal of Applied Psychology, 91,* 946–953.

Norman, D. A., & Bobrow, D. G. (1975). On data-limited and resource-limited processes. *Cognitive Psychology, 7,* 44–64.

Perrow, C. (1984). *Normal accidents: Living with high risk technologies.* New York: Cambridge University Press.

Peters, T. (1987). *Thriving on chaos: Handbook for management revolution.* New York: Harper & Row.

Pruemper, J., Zapf, D., Brodbeck, F. C., & Frese, M. (1992). Errors of novices and experts: Some surprising differences between novice and expert errors in computerized office work. *Behaviour and Information Technology, 11,* 319–328.

Rasmussen, J. (1982). Human errors: A taxonomy for describing human malfunction in industrial installations. *Journal of Occupational Accidents, 4,* 311–335.

Reason, J. (1990). *Human error.* Cambridge, UK: Cambridge University Press.

Reason, J. (1995). A systems approach to organizational error. *Ergonomics, 38,* 1708–1721.

Reason, J. (1997). *Managing the risks of organizational accidents.* Hampshire, UK: Ashgate.

Ross, L. (1977). The intuitive psychologist and his shortcomings: Distortions in the attribution process. In L. Berkowitz (Ed.), *Advances in experimental social psychology* (Vol. 10, pp. 173–220). New York: Academic Press.

Rybowiak, V., Garst, H., Frese, M., & Batinic, B. (1999). Error orientation questionnaire (EOQ): Reliability, validity, and different language equivalence. *Journal of Organizational Behavior, 20,* 527–547.

Schein, E. H. (1987). *Organizational culture and leadership*. San Francisco: Jossey-Bass.

Sitkin, S. B. (1992). Learning through failure. *Research in Organizational Behavior, 14,* 231–266.

Soane, E., Nicholson, N., & Audia, P. G. (1998). *Baring's Collapse: A case study*. London: London Business School.

Tracey, J. B., Tannenbaum, S. I., & Kavanagh, M. J. (1995). Applying trained skills on the job: The importance of the work environment. *Journal of Applied Psychology, 80,* 239–252.

Trice, H. M., & Beyer, J. M. (1993). *The cultures of work organizations*. Englewood Cliffs, NJ: Prentice Hall.

van Dyck, C., Frese, M., Baer, M., & Sonnentag, S. (2005). Organizational error management culture and its impact on performance: A two-study replication. *Journal of Applied Psychology, 90,* 1228–1240.

Wang, Z.-M., Hong, Z.-Q., Frese, M., & Wick, S. (2010). *Error management culture: Relationships with performance in China.* Zhejiang University, Department of Management. Manuscript in preparation.

West, M. A., & Farr, J. L. (1990). Innovation at work. In M. A. West & J. L. Farr (Eds.), *Innovation and creativity at work* (pp. 3–14). Chichester, UK: Wiley.

Zakay, D., Ellis, S., & Shevalsky, M. (2004). Outcome value and early warning indications as determinants of willingness to learn from experience. *Experimental Psychology, 51,* 150–157.

Zapf, D., Brodbeck, F. C., Frese, M., Peters, H., & Prümper, J. (1992). Errors in working with computers: A first validation of a taxonomy for observed errors in a field setting. *International Journal of Human-Computer Interaction, 4,* 311–339.

Zhao, B., & Olivera, F. (2006). Error reporting in organizations. *Academy of Management Review, 31,* 1012–1030.

Zohar, D., & Luria, C. (2005). A multilevel model of safety climate: Cross-level relationships between organization and group-level climates. *Journal of Applied Psychology, 90,* 616–628.

Organizational Culture, Multiple Needs, and the Meaningfulness of Work

M. Teresa Cardador and Deborah E. Rupp

In modern organizations, it is increasingly difficult to find managers not concerned with the development, maintenance, and/or change of organizational culture. An important reason for this is that an effective organizational culture has been identified as a major factor that differentiates extraordinarily successful firms from their competition (Berson, Oreg, & Dvir, 2008). Organizational culture has several definitions, but most converge on the notion of culture as the taken-for-granted, underlying assumptions, expectations, and definitions present in an organization (e.g., Schein, 2004; Schneider, Ehrhart, & Macey, in press). Organizational culture has often been referred to as the underlying glue that holds organizations together (Schein, 2004).

In line with this notion of culture, scholars have noted that culture shapes the meaning and interpretation that members attach to actions and experience in the organization (Peterson & Smith, 2000) and influences personal sensemaking within an organization (Weick, Sutcliff, & Obstfeld, 2005). Research has explored organizational culture as a correlate of organizational performance and competitive advantage (Sorenson, 2002) and has examined the ways in which culture is managed and changes over time (Kavanagh & Ashkanasy, 2006). Although some individual-level correlates of culture have been explored—for example, employee schema creation (Harris, 1994), participation and ownership (Fey & Denison, 2003), and organizational commitment (Baek-Kyoo & Taejo, 2009), there is a paucity of work on how organizational culture influences employees' personal experiences of work.

This chapter examines the relationship between organizational culture and employee experiences of work as meaningful. Meaningful work is defined as work that is considered by individuals to be, at a minimum, purposeful and significant (Pratt & Ashforth, 2003). When work is significant, it has importance to the individual and allows him or her to pursue goals that he or she cares about (Nord, Brief, Atieh, & Doherty, 1990). When work is purposeful, it has an obvious and consequential intent (Martin, 2000). Thus, for work to be meaningful, it has to be perceived by the individual as both personally important and

associated with outcomes of personal consequence (Chalofsky, 2003).

Though there is evidence that meaningful work has benefits for both workers and their organizations (Baumeister & Vohs, 2002; Wrzesniewski, 2003), scholars have noted that employee perceptions of work as meaningful are declining (e.g., Sennett, 1998). In response to this observation, scholars and practitioners alike have argued that organizations need to devote more attention to identifying opportunities to foster perceptions of meaningfulness among their employees (Pratt & Ashforth, 2003). This chapter focuses on theorizing about how organizational culture might contribute to employee meaningfulness.

As noted, the current organizational culture literature provides few clues as to how organizational culture and meaningful work might be linked. Similarly, the meaningful work literature provides little direct guidance as to how contextual factors—such as organizational culture—serve a sensemaking role to inform employee perceptions of work meaningfulness. The purpose of this chapter, therefore, is to draw from the existing organizational culture and meaningful work literatures to present a theoretical framework linking these two concepts. Although there is no research that has directly linked organizational culture and perceptions of meaningful work, this chapter draws on several theories that help to explain this relationship. Specifically, the chapter leverages the multiple needs model of organizational justice (Cropanzano, Byrne, Bobocel, & Rupp, 2001) to suggest mechanisms through which individuals derive meaningful work via their organizational culture. In doing so, the chapter attempts to answer the following question: Do certain types of organizational cultures more readily provide employees with opportunities to perceive their work as meaningful? In examining this, we make

propositions about how organizational culture (a group level phenomenon) shapes particular contextual elements (organizational practices), which in turn influence how employee needs are met in the organization and thus how employees come to realize meaningfulness in work.

The chapter begins with a brief review of the types of organizational culture and the main sources of work meaningfulness that have been identified through extant research. Then types of organizational culture that should be expected to meet various psychological needs and, consequently, foster employee meaningfulness are identified. Organizational cultures characterized by high innovation and support should be more likely than others to provide employees with opportunities to realize meaningful work; the implications of combining multiple cultural elements are described. An argument for why cultural consistency should be expected to influence the relationship between organizational culture and access to sources of work meaningfulness is presented. The chapter concludes with a summary of the theoretical and practical implications of the framework offered.

TYPES OF ORGANIZATIONAL CULTURE

The study of organizational culture stems from an anthropological base and typically focuses on trying to understand the deeply embedded assumptions and values of the organization (Kuenzi & Schminke, 2009). Organizational culture researchers have identified numerous dimensions of culture, including culture strength and congruence (Schein, 2004); internal versus external focus (Arnold & Capella, 1985); integration, differentiation, and fragmentation (Martin & Meyerson, 1988); and efficient versus inefficient (Wilkins & Ouchi, 1983). Some

have noted that the broad and inclusive nature of organizational culture necessitates the numerous dimensions offered (Cameron & Quinn, 2005). Nevertheless, organizational culture typologies have congregated around four recurring cultural types within which organizational scholars argue most organizations can be classified (Berson et al., 2008; Gregory, Harris, Armenakis, & Shook, 2009; Tsui, Zhang, Wang, Xin, & Wu, 2006).

Innovative cultures (also termed entrepreneurial or adhocracy) are characterized by a commitment to entrepreneurialism, experimentation, and being at the leading edge of new knowledge, products, and services. These organizations typically hold values that focus on adaptability, flexibility, creativity, and cutting-edge ideas (Song, Kim, & Kolb, 2009; Taylor, Levy, Boyacigiller, & Beechler, 2008). *Bureaucratic* organizational cultures (also referred to as hierarchy and rule oriented) are characterized by a high degree of formalization and structure and values related to maintaining efficient and reliable productivity (Zammuto, Gifford, & Goodman, 2000). As the name suggests, *market* organizational cultures (also referred to as competitive or results oriented) operate primarily through economic market mechanisms and the focus is on conducting transactions with others to create competitive advantage and enhance market share (Gregory et al., 2009). The core values associated with market cultures are competitiveness, productivity, and profit. Finally, *supportive* cultures (also termed clan or relationship oriented) are generally characterized by shared values and goals, cohesion, and a sense of "we-ness," leading some to observe that these sorts of organizations seem less like economic entities and more like extended families (Kwantes & Boglarsky, 2007; Richard, McMillan-Capehart, Bhuian, & Taylor, 2009). The core values associated with a supportive culture include employee empowerment, participation, and commitment to a human work environment.

Within any of these types of cultures, the degree to which organizational values align with organizational practices can vary (termed *consistency* or *congruence*, Martin, 1992; Gregory et. al., 2009). Similarly, these culture types are not necessarily independent, as organizations might contain elements of multiple cultural types (Van Maanen & Barley, 1985). Though these types of organizational cultures are considered the dominant cultural profiles, scholars have noted that among these types of cultures, bureaucratic and market cultures appear to be the most common (Cameron & Quinn, 2005). However, as will become evident later in the chapter, despite the prevalence of bureaucratic and market cultures, these may be the culture types least likely to provide employees with opportunities to meet their psychological needs and, consequently, derive meaningfulness from their work. Theoretical arguments for why the innovative and supportive culture types should be the cultural types most likely to foster perceptions of employee meaningfulness through work are presented. Before making this case, however, the main sources of work meaningfulness identified in previous research need to be highlighted.

ANTECEDENTS OF MEANINGFUL WORK

Work as a source of meaningfulness has been a topic of interest to organizational scholars and practitioners for some time. This interest has been spurred in part not only by the assumption that meaningful work is positively associated with employee motivation and performance (Roberson, 1990), but also by the belief that finding meaning within work is considered by many workers to be as, if not more, important than security and

pay (O'Brien, 1992). In fact, many theories equate optimal human functioning with the capacity for meaningful work (Baumeister & Vohs, 2002).

This review focuses on meaningful work as it has been examined in the organizational literature.[1] Research in this area has pointed to three primary antecedents of work meaningfulness: (1) meaningful work tasks, (2) meaningful relationships, and (3) furthering meaningful goals and values. Research on meaningful work tasks has shown that job characteristics associated with enhanced intrinsic motivation and self-determination are critical to employee experiences of meaningful work (e.g., Ryan & Deci, 2000). Intrinsically motivating activities are those that people do naturally and spontaneously when they are free to follow their inner interest (Deci & Ryan, 1987). Individuals are more likely to experience intrinsic motivation when they are afforded volition and agency and when personal needs in relationship to the social context are unconstrained (Gagné & Deci, 2005). Intrinsically motivating activities are experienced as enjoyable and interesting in part because they are self-directed and in part because one feels competence and relatedness in performing them.

Similarly, scholars of job and work design have shown that the job characteristics of skill variety, task identity, and task significance were most likely to influence a state of experienced meaningfulness (e.g., Fried & Ferris, 1987). Research has also provided evidence that additional features of the job such as autonomy, competence, enjoyment, and optimal levels of challenge were also critical for fostering meaningful work (Csikszentmihalyi, 2003; Deci & Ryan, 2000). The idea is that these task characteristics allow workers to more fully engage themselves in what they do (Kahn, 1990) and to experience greater "flow"[2] and authenticity through work (Waterman, 1993). Emphasis is placed on the internal enjoyment or interest that the individual expects to experience from a work-related task or activity. For example, personal expressiveness, personal engagement, and flow at work have all been linked to experienced meaningfulness (Macey & Schneider, 2008). Each of these concepts emphasizes the ways in which work is considered meaningful when work tasks foster certain types of employee experiences, such as person–organization fit (e.g., through personal expressiveness; Edwards, 2008), opportunities for expression of one's preferred self in task behaviors (e.g., through work engagement; Macey & Schneider, 2008), and the opportunity to satisfy the individual's context-specific needs (e.g., via work involvement; Schaufeli & Salanova, 2007).

This body of work has tended to focus primarily on individuals' connections to their work rather than on their connections with other individuals, leading some to suggest that such approaches to work meaningfulness fail to consider relational elements of meaningfulness (Schwartz, 2000). In response to this criticism, Jane Dutton and Emily Heaphy (2003) have theorized that work is more meaningful when employees develop positive and mutually reinforcing personal relationships at work. Research by Amy Wrzesniewski, Jane Dutton, and Gelaye Debebe (2003) highlight the importance of interpersonal interactions as a source of information regarding the value or significance of work. Through interpersonal cues, employees can determine if their work is meaningful or not. Moreover, social relationships serve as resources for personal recognition, attention, esteem, support, and acknowledgment (Hanley & Abell, 2002) and as a resource for personal growth and learning (Hall, 2004).

Work by Michael Pratt and Blake Ashforth (2003) and by William Kahn (1990) draws on social identity theory to suggest that meaningfulness can also stem from feelings

of social connectedness derived from group membership. According to social identity theory, people classify themselves into a multitude of social categories, one being related to their employing organization (Ashforth, Harrison & Corley, 2008). Social identities are derived from those social categories to which one feels a sense of belonging and self-definition (Haslam, Jetten, Postmes, & Haslam, 2009). Research focused on the antecedents of organizational identification has tended to emphasize characteristics such as organizational distinctiveness and outgroup salience, which distinguish the organization from other targets of identification (Ashforth & Mael, 1989; Hogg & Terry, 2000), and on characteristics such as organizational prestige, attractiveness, and sense of community that are likely to increase members' self-esteem (Ashforth et al., 2008) and help them to grasp the shared purpose of their work (Gagné & Deci, 2005; Pratt & Ashforth, 2003).

A third body of research suggests that an important source of work meaningfulness stems from the opportunity to further meaningful goals and values (Wrzesniewski, 2003). Goals and values are defined as the end states that people desire or feel that they have realized through working (Nord et al., 1990). This could refer to individual goals and values, such as personal development and self-expression (Waterman, 1993), or to collective goals and values, such as providing a high quality product, experiencing a sense of belongingness (Baumeister & Leary, 1995), or having a positive impact on others through work (Grant, 2007). When individuals feel positive about the personal or collective outcomes of their work, they are better able to perceive a relationship between what they do and with other valued ends (Baumeister & Wilson, 1996; Cardador, 2009). Thus, furthering personally relevant goals and values allows individuals to access important sources of development: (a)

development as an individual outcome or work as a means to develop and express oneself and/or (b) development as a collective or social process, whereby work is a means through which people relate to and impact others (Nord et al., 1990).

Taken together, this body of work suggests that perceptions of meaningfulness are fostered through meaningful work tasks, meaningful work relationships, and the sense that work is furthering meaningful goals and values. Although this research has not specifically looked at the role of organizational culture in fostering meaningfulness associated with these sources, it presumes that features of the organizational context can create the conditions under which individuals perceive work as meaningful. One of the ways this is thought to occur is through employee need satisfaction. Needs refer to innate tendencies considered fundamental to all humans (Deci & Ryan, 2000). Research linking meaningful work to need fulfillment presumes that meaningful work is experienced when people are able to satisfy their basic psychological needs as they pursue and attain valued outcomes (Baumeister & Vohs, 2002).[3]

Russell Cropanzano et al. (2001) have applied Kipling Williams's (1997) needs model to understand how employees make sense of their work environments. This model includes the interrelated needs of control, belongingness, and meaningful existence. Control needs involve the sense that one has mastery over one's social environment and over the course of events in one's life. Thus, control needs are similar to competence needs that reflect the need to feel capable of performing effectively (Ryan & Deci, 2000). Belongingness refers to the fundamental human need for connection with others as the essence of meaningfulness (Baumeister & Leary, 1995). Finally, the need for meaningful existence is satisfied when one has a moral purpose or a reason for being. This is similar to the need for purpose, or the sense

that actions and events are associated with the fulfillment of important goals and values (Baumeister & Wilson, 1996).

As the preceding review highlights, fulfillment of these needs can be linked to meaningfulness in work (Rupp, Williams, & Aguilera, 2010). For example, individuals experience meaningfulness when work fulfills needs for control by providing workers with a sense of agency or autonomy in work (Csikszentmihalyi, 2003). Workers experience work as meaningful when needs for belongingness are met through positive interpersonal connections with others, through the sense that membership is special and enriching (Dutton & Heaphy, 2003), or through the engendering of social exchange relationships (Cropanzano & Mitchell, 2005). Finally, most treatments of meaningful work include meaningful existence as a defining element of the experience (see Feldt, Kinnunen, & Mauno, 2000)—that is, work is thought to be more meaningful when it allows individuals to fulfill a social or moral purpose, or broader reason for being (Weiss, Skelley, Hall, & Haughey, 2003).

ORGANIZATIONAL CULTURE AND MEANINGFUL WORK

Thus far, four main types of organizational culture—innovative, bureaucratic, market, and supportive—have been presented and the experience of meaningfulness at work has been noted to stem from three main sources—meaningful work tasks, meaningful relationships, and opportunities to further meaningful goals and values. Work is perceived as meaningful in these ways when it contributes to the fulfillment of important human needs (i.e., control, belongingness, and meaningful existence). In this section, a theoretical framework that highlights how the four types of cultures should be expected to influence employee perceptions of meaningfulness

will be presented. The arguments are underpinned by the notion that different types of organizational cultures can be described in terms of their values, their approaches to employee management, and their leadership styles and that these three characteristics serve a sensemaking role as employees seek to navigate the organizational landscape (Peterson & Smith, 2000). Consistent with theories of sensemaking (Weick et al., 2005) and social information processing theory (Salancik & Pfeffer, 1978), these organizational elements influence how individuals attach meaning to what they experience at work. This chapter builds on this work to suggest that through these distinct organizational elements, different types of organizational cultures provide employees with differential opportunities to feel that their needs for control, belongingness, and meaningful existence are met. In turn, need fulfillment creates the conditions under which individuals come to experience meaningful work tasks, meaningful work relationships, and the sense that they are furthering important goals and values through their work. Figure 10.1 summarizes these relationships.

Innovative Organizational Cultures and Meaningful Work

As noted earlier, organizations characterized by innovative cultures are dynamic, entrepreneurial, and committed to innovation (Taylor et. al., 2008). Innovative organizational cultures foster employee creativity, risk taking, and employee growth and development (Gregory et al., 2009). Approaches to employee management foster employee risk taking, innovation, freedom, and uniqueness, and leaders are entrepreneurial, visionary, and innovative (Cameron & Quinn, 2005). Success is generally defined by the organization's ability to develop unique cutting-edge products or services, and by employees experiencing creativity and growth.
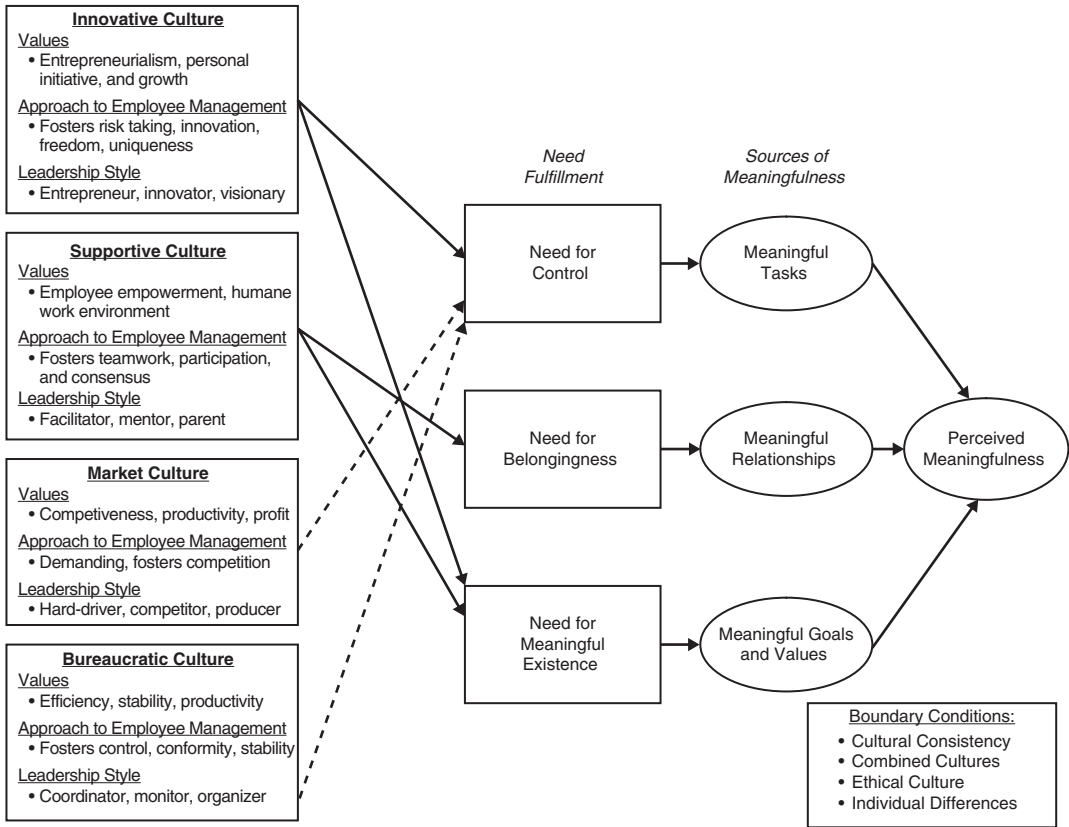
Figure 10.1 Organizational Culture, Multiple Needs, and Meaningfulness of Work Framework

WuXi AppTech provides an example of an organization with an innovative culture. A drug-research company based in China, WuXi PharmaTech (the parent company of AppTech) provides scientific outsourcing for research and development around the globe. Recognized as a top innovator, the company promotes a fast-paced, energetic, and dynamic working environment and employs people with a passion for quality. WuXi is known for valuing employee self-management and teamwork and encouraging employees to proactively take on responsibility.

As illustrated in Figure 10.1, this type of culture, through its focus on autonomy and responsibility, should be expected to maximize the fulfillment of employee needs for control and meaningful existence. In turn, fulfillment of these needs should be associated with perceptions that work tasks are meaningful and that one is furthering meaningful goals and values through work. There are several reasons for this. With respect to meaningful work tasks, the emphasis on freedom and creativity associated with organizational values and management practices in innovative organizations should be associated with structuring jobs to enhance intrinsic motivation—the desire to perform work for its own sake (Deci & Ryan, 2000)—and to allow employees opportunities to be

self-directed and autonomous in their work. These task characteristics allow workers to feel competence and control, which in turn allow them to feel more fully engaged in their work (e.g., Macey & Schneider, 2008). This also allows workers to experience entrepreneurial passion, where individuals experience enthusiasm, joy, and zeal stemming from the energetic pursuit of worthy, challenging, and uplifting work (Cardon, Vincent, Singh, & Drnovsek, 2009). Employee involvement practices associated with innovative organizations empower workers and encourage and reward employee skill acquisition (Lawler, Mohrman, & Benson, 2001). In other words, employees are given opportunities and resources to express their best potential through work (Gardner, Csikszentmihalyi, & Damon, 2001).

> Proposition 1a: Employees in innovative cultures will be likely to experience their work tasks as meaningful.

> Proposition 1b: Meaningfulness is derived from innovative cultures in part via the fulfillment of control needs.

Innovative organizational cultures should also provide employees with the sense that they are furthering important goals and values through work. Leader behaviors in innovative cultures are characterized by entrepreneurialism and vision, encouraging employees to strive to be the best in relationship to a particular product or service (Cameron & Quinn, 2005). For example, 3M leaders encourage employees to take pride in reaching their target goal of 25% annual revenue from new product sales. Employees take pride in reaching this goal and in the realization that their products and services are utilized by millions of people worldwide. This is in line with research that supports the notion that people can experience work as meaningful when they see that they are performing a meaningful

public and societal service (Colby, Sippola, & Phelps, 2001; Rupp et al., 2010). Thus, employees in innovative organizations can experience a sense of social contribution by providing products and services that are valued by the broader society (see Nord et al., 1990). In short, innovative organizational cultures help to foster what Pratt and Ashforth (2003) have referred to as "meaningfulness in working," whereby organizations tap into employees' desired identities by making the tasks one performs at work more purposeful and by helping employees to experience their work as tied to a broader set of personal and collective goals.

> Proposition 2a: Employees in innovative cultures will be likely to experience meaningful work through the sense that they are furthering important values and goals.

> Proposition 2b: Meaningfulness is derived from innovative cultures in part via the fulfillment of needs for meaningful existence.

Supportive Organizational Cultures and Meaningful Work

Supportive organizational cultures are characterized as friendly and personal places to work. These types of organizational cultures place high value on treating employees like extended family, fostering supportiveness and cohesion and encouraging employee teamwork and participation (Richard et al., 2009). The management practices of supportive cultures typically emphasize teamwork, employee participation, and consensus (Cameron & Quinn, 2005). In supportive organizations, attempts are often made to reduce status differences among employees and to foster more effective information sharing and communication within the company. Leaders act as facilitators, mentors, or parent figures, helping to create a family-like atmosphere where employee contributions

are recognized and appreciated (Kwantes & Boglarsky, 2007). Success is defined by employee cohesion and morale and by a concern for employees and customers.

Kingston Technology provides an example of a supportive organizational culture. Recognized 5 times by *Fortune* magazine as one of the 100 best companies to work for in the United States, Kingston Technology places high value on respectful, safe, and healthy employee and business relationships. Recognized for fairness and employee trust, Kingston Technology provides an environment where employees feel appreciated and valued, and where they experience a strong sense of organizational cohesion and commitment.

As illustrated in Figure 10.1, supportive organizational cultures should be expected to provide cues that allow employees to derive meaningfulness from their work. These types of organizational cultures are expected to provide work contexts that fulfill employee needs for belongingness and meaningful existence and thus provide relationships, goals, and values that are perceived as meaningful. This type of culture fosters positive, supportive, and trusting personal relationships among employees, which are an important source of recognition, esteem, and support (Dutton & Heaphy, 2003). Teamwork and employee participation build trust and encourage employees to view the organization as self-referential (Cheney, 1983), thus focusing employees beyond simply knowledge, skills, and abilities to a focus on the value of interpersonal relationships and a collective workplace identity (Pratt, 2000). As pointed out by Pratt and Ashforth (2003), in such settings, organizations influence the nature of employee relationships. This helps employees to experience meaning not in what they do at work, but through who they surround themselves with as part of their organizational membership.

Social exchange theory (Blau, 1964) also speaks directly to the relationships individuals form with their employing organization (and the various parties within the organization with whom employees interact). Whereas economic exchange relationship are short term, transactional, and quid pro quo in nature, social exchange relationships are richer and more long term in nature, involving the exchange of socioemotional resources and trust (Cropanzano & Rupp, 2008). Research has shown that organizational cultures that promote fairness and trust engender social exchange relationships that embody a source of meaningfulness for employees (Cropanzano, Prehar, & Chen, 2002).

Proposition 3a: Employees in organizations with supportive cultures will be likely to experience meaningful relationships.

Proposition 3b: Meaningfulness is derived from supportive cultures in part via the fulfillment of belongingness needs.

By shaping how employees relate both to one another and to the broader organization, supportive organizational cultures also provide employees with access to opportunities to further important values and goals through work. Leadership styles associated with mentoring and encouraging build employee trust and create a supportive environment, both of which help to build a strong sense of community at work. A sense of community stems from personal interactions among individuals in a group and occurs when individuals experience a sense of caring or oneness within the collective (Baumeister & Leary, 1995). When employees experience a sense of community at work, it often helps to transform organizational goals and values into personally endorsed goals and values (Gagné & Deci, 2005). This, in turn, provides employees with opportunities to realize a sense of shared purpose or a

common cause in which they can connect (Pratt & Ashforth, 2003). Moreover, supportive organization cultures allow members more opportunity for realizing similarity, creating deeper interpersonal bonds, and thus making organizational membership a more significant and worthwhile part of employees' lives. Feeling part of a valued collective with a shared purpose provides employees with the sense that important goals and values are being furthered through work (Nord et al., 1990).

> Proposition 4a: Employees in supportive cultures will be likely to experience meaningful work through the sense that they are furthering important values and goals.

> Proposition 4b: Meaningfulness is derived from supportive cultures in part via the fulfillment of needs for meaningful existence.

Bureaucratic and Market Cultures and the Suppression of Meaningful Work

Although bureaucratic and market organizational cultures should not be expected to be entirely devoid of opportunities for employees to experience meaningfulness, these types of organizational cultures are expected to be less likely than innovative or supportive cultures to catalyze meaningfulness.

Bureaucratic cultures. Bureaucratic organizational cultures are characterized by highly formalized rules and structures, with a strong focus on efficiency, stability, and predictability (Berson et al., 2008). Employee management practices foster control and stability and reward conformity (Gregory et al., 2009). Accordingly, leadership styles emphasize monitoring, organizing, and coordinating (Cameron & Quinn, 2005). The highly formalized, centralized, and rule-oriented features of this type of organizational culture will restrict employee access to meaningfulness.

In addition, the focus on stability and security over innovation and experimentation will make it harder for employees to feel that they have opportunities for personal growth and development through work. This suggestion is supported by research that shows that rules and structures that create performance obstacles for employees can erode the meaningfulness of even the most inspiring work (Zohar, 1999).

Bureaucratic organizational cultures are expected to restrict fulfillment of belongingness needs and thus access to meaningful relationships. Emphasis on conformity and uniformity over teamwork and participation provides fewer opportunities for employees to work collaboratively and thus provides fewer opportunities for employees to develop and maintain close, trust-based interpersonal relationships (Webber, 2008). Indeed, scholars have argued that highly formalized and centralized organizations limit the amount of trust and social exchange that can be derived between employees and employers and, as such, are more likely to catalyze perceptions of injustice (Ambrose & Schminke, 2003; Schminke, Cropanzano, & Rupp, 2002). Furthermore, leadership styles focused on coordination and monitoring are less likely to foster a sense of community or collective purpose among workers (Pratt & Ashforth, 2003).

With respect to accessing meaningful goals and values, this chapter posits that bureaucratic organizational cultures will limit opportunities for this source of meaningfulness as well. This prediction is in line with what other researchers have noted about how large and bureaucratic organizations inhibit employees' ability to fulfill needs for meaningful existence or to feel that the work they do is part of some larger purpose or whole (Elliott & Turnbull, 2003).

Market cultures. Similarly, employees in organizations with market cultures will

have more difficulty accessing important sources of meaningfulness than those in innovative and supportive cultures. Market organizational cultures are results and achievement oriented (Kwantes & Boglarsky, 2007). These organizations are demanding and competitive, and success is primarily defined in terms of market share (Ouchi, 1980). The employee management practices of organizations with market cultures place high demands on employees and foster individual competition, and leaders are typically hard-driving, competitive, and high producers (Cameron & Quinn 2005; Gregory et al., 2009).

The competitive, metric-oriented features of this type of culture pit employees against one another and make it difficult for employees to develop strong interpersonal relationships with coworkers or to experience a sense of community at work (Cardador, 2009). In addition, employees in these types of organizations find it more difficult to tie their work to a larger purpose or goal beyond profit making (Brickson, 2007). This is important because research suggests that organizations are more able to foster meaningfulness (Pratt & Ashforth, 2003) and individuals are more likely to experience meaningfulness (Wrzesniewski, 2003) when goals and values transcend economic survival and the creation of wealth. Although employees in organizations with market cultures may be able to experience some degree of meaningfulness through meaningful work tasks, meaningfulness from these sources may be harder to sustain in the absence of meaningful relationships and the sense that work is furthering important goals and values (Fritz & Helgeson, 1998).

> Proposition 5: Compared to employees in market or bureaucratic organizational cultures, employees in organizations with supportive and innovative organizational cultures will be more likely to perceive their work as meaningful.

ENABLING THE ORGANIZATIONAL CULTURE MEANINGFUL WORK LINKAGE

Up to this point, the case has been made that workers in innovative and supportive organizational cultures should be more likely than those in bureaucratic and market cultures to perceive meaningfulness through their work. This section moves away from these strict classifications and considers the role of combining cultures, cultural consistency, and ethical culture—a fifth cultural category that can be inherent to all cultural types discussed thus far.

The Role of Combined Cultures

Organizations can be, and most often are, characterized by many cultural elements (Trice & Beyer, 1993). For example, organizations may be both market oriented and innovative, characterized by strong competition, bottom-line orientation, and entrepreneurialism. Based on this observation, two specific propositions can be made. First, organizations that combine market or bureaucratic cultures with either innovative or supportive cultures will allow employees to access more sources of meaningfulness through work. Second, organizations characterized by elements of both innovative and supportive cultures may be best suited to fulfill the psychological needs of employees and create a work context they perceive as meaningful.

With reference to the first point, since innovative and supportive cultures are expected to provide employees with greater opportunities to access important sources of meaningfulness, when market or bureaucratic cultures incorporate these additional elements into their cultures, opportunities for meaningfulness are expected to be enhanced. For example, cultures characterized by a high degree of formalization and control

should be able to help employees access important sources of meaningfulness when they emphasize the collective identity and mutual concern characteristic of supportive organizations. Police departments provide an example. These types of organizations are hierarchical and characterized by a high level of formalization; however, within these structures, police officers also experience strong social relationships due to the communal orientation and a sense of brotherhood characteristic of police organizations (Soeters, 2000).

With respect to the second point—that organizations characterized by elements of both innovative and supportive cultures may be best suited to offer employees opportunities to experience meaningfulness through work—this should be the case because these types of organizations should be able to provide employees with access to a greater variety of sources of meaningfulness. This is likely to be the case because organizations with both these elements can satisfy individual needs for personal development and expressiveness (Waterman, 1993), as well as needs for affiliation and belongingness through work (Baumeister & Leary, 1995).

The benefits of having opportunities to fulfill both of these needs have been well established. For example, research related to several psychological constructs has shown that individuals find meaning and personal fulfillment through opportunities to simultaneously fulfill needs for personal development and needs for investment in, and acceptance by, social groups (Kelman, 2006). It is commonly acknowledged that both reflect basic human needs and that people need a balance of each to achieve optimal well-being (e.g., Leonard, 1997). Thus, consistent with the multiple needs theory of organizational justice (Cropanzano et al., 2001), the search for meaningfulness may be more attainable when individuals are able to meet needs for

personal development and social investment simultaneously (Elliott & Turnbull, 2003). This is similar to attaining what Marilynn Brewer (1991) has characterized as assimilation and differentiation, whereby individuals experience the psychological benefits of perceiving themselves to be both unique individuals and included in the peer group.

> Proposition 6: When market and bureaucratic organizational cultures are combined with elements of innovative or supportive organizational cultures, employees will be more likely to perceive work as meaningful.

The Role of Cultural Consistency

As scholars have noted, organizational cultures are not always characterized by consistency (e.g., Gregory et al., 2009). Cultural consistency reflects the degree to which aspects of the organization's culture are aligned or emphasized similarly in unique parts of the organization (Cameron & Quinn, 2005). Cultures lacking consistency are considered to be *differentiated,* while those characterized by high levels of cultural consensus, consistency, and clarity are thought to be *integrated* (Martin, 1992). Supportive and innovative cultures characterized by integration should provide more opportunities for employees to grasp the meaningfulness of their work, as compared to supportive and innovative cultures characterized by differentiation. In other words, cultural consistency should be an important boundary condition in the relationship between organizational culture and meaningful work.

Several features are characteristic of integrated organizational cultures. First, espoused values and deeply held assumptions are described as consensual among members of the culture. Second, these espoused values and assumptions are enacted consistently through practices (e.g., procedures, reward

systems) and organizational forms (e.g., rituals, stories, physical space). When these features are present, organizational members are better able to understand what to do and why it is worth doing (Weick et al., 2005). As members' cultural schemas become more similar, the information provided by the organization's culture becomes more clear and persuasive (Gregory et al., 2009). Thus, integrated cultural forms can more readily deal with "higher level, integrative, and universalistic sorts of concern" (Martin, 1992, p. 83), thus providing members with more clarity concerning the purpose and significance of their work. In doing so, they offer employees unifying interpretations for tasks, relationships, and goals that might otherwise seem unrelated and meaningless, and they help people to make sense of their own activities in relation to their goals and the organization's purpose. In short, cultural consistency makes it easier for members to grasp the purpose and significance of "what I do," "who I do it with," and "why I do it" (Cardador, 2009). When this occurs, opportunities to access sources of work meaningfulness should be increased.

At first glance, it may seem that making a case for both combining cultural elements and cultural consistency is contradictory. After all, is it not more difficult for organizations with multiple cultural elements to maintain cultural consistency throughout the organization? Although scholars have indeed acknowledged the difficulty of managing multiple cultural elements (Pratt & Corley, 2007), they have also suggested that when organizations are able to manage these multiple cultural elements effectively, they are better able to represent the multiple needs of their diverse stakeholders (Pratt & Corley, 2007). More specifically, research suggests that when organizations are able to effectively integrate diverse cultural elements, employees find it easier to have their needs fulfilled by their organization (Wang & Pratt, 2008).

Proposition 7: The higher the degree of organizational culture integration in innovative and supportive organizational cultures, the more likely employees are to perceive work as meaningful.

The Role of Ethical Culture

The concept of ethical organizational culture has received increased attention over the last decade. Among other factors, ethical cultures are characterized by a value- or mission-driven focus, process integrity, and a long-term focus (see Parboteeah, Martin, & Cullen, Chapter 33, in this *Handbook* for a more detailed review of this concept). Ethical cultures have also been described as characterized by goal clarity and transparency (Kaptein, 2008) and as connected to a larger community or higher purpose (Driscoll & McKee, 2007). An ethical organizational culture, particularly when it is congruent with formal systems, can powerfully influence the likelihood that employees will behave in ethical ways (Treviño, Weaver, & Reynolds, 2006)

When organizations are characterized by ethical cultures, meaningfulness perceptions should increase. Support for this comes from evidence that meaningful existence is related to ethics-based motives (Cropanzano et al., 2001). This notion is a key component of fairness theory (Folger & Cropanzano, 2001) and the deontic model (Cropanzano, Goldman, & Folger, 2003), both of which suggest that individuals have a strong aversion to injustice, whether or not they are the victims or identify with the victims in any way. Further, research shows that individuals derive meaningfulness from ethical organizations and retaliate against observed unethical acts (Kahneman, Knetsch, & Thaler, 1986; Rupp & Bell, 2010; Turillo, Folger, Lavelle, Umphress, & Gee, 2002). Specifically, individual perceptions of meaningfulness may

be influenced by how the organization treats other parties, both internal and external to the organization (Aguilera, Rupp, Williams, & Ganapathi, 2007; Greening & Turban, 2000; Skarlicki & Kulik, 2005). This is consistent with the arguments of Tanya Vacharkulksemsuk, Leslie E. Serkerka, and Barbara L. Fredrickson (Chapter 7, in this *Handbook*); when the organization's purpose transcends self-interest, people see that they are part of a larger, more meaningful whole.

Taken together, this work begins to suggest that when organizations combine ethical values with other cultural elements, employee perceptions of meaningfulness—particularly in association with the sense one's work is furthering meaningful goals and values—should be more likely. This should occur because these ethical organizational cultures facilitate employee fulfillment of needs for meaningful existence or for a moral reason for being.

> Proposition 8: When organizational cultures are imbued with the elements of ethical cultures, employees will be more likely to perceive work as meaningful.

DISCUSSION

This chapter has presented a theoretical framework explaining how and why different types of organizational cultures are expected to be associated with employee perceptions of meaningful work. This analysis integrated several theoretical perspectives to illustrate how organizational culture shapes particular contextual elements, which in turn influence employee need fulfillment and, consequently, perceptions of meaningfulness in work. Specifically, this chapter has presented a case for why and how employees in innovative and supportive organizational cultures (as compared to those in bureaucratic and market organizational cultures) should be expected to have more opportunities to fulfill

needs for control, belongingness, and meaningful existence and, thus, to perceive their work tasks, work relationships, and organizational goals-values as meaningful. It was further argued in this chapter that employees in market and bureaucratic organizational cultures should be more likely to experience meaningfulness when these cultures are combined with innovative and/or supportive elements. Moreover, employees in innovative and supportive organizational cultures will be more likely to grasp the meaningfulness of their work when organizational cultures are integrated (versus differentiated) and when organizations show broader concerns for ethics and justice.

Before describing the theoretical and practical implications of these observations, it is important to first highlight what these predictions do not imply. This chapter does not imply that workers in market and bureaucratic organizational cultures do not or cannot experience their work as satisfying, enjoyable, or interesting. Nor does this chapter claim that employees in these types of organizations never experience their work tasks, relationships, or goal attainment as meaningful. Rather, it is suggested that certain types of cultures—for example, innovative, supportive, ethical—may make sources of meaningfulness more readily accessible and attainable, such that employees in these types of organizations report higher levels of meaningfulness than their employee counterparts in organizations where the culture type makes these sources less readily available.

Having said this, the model presented in this chapter has theoretical implications for both the organizational culture and meaningful work literatures. In terms of its contribution to the organizational culture literature, the framework presented here provides an extension to this body of work by showing how organizational culture—through its defining elements—might influence employee need fulfillment and thus

employee experiences of meaningful work. Although scholars of organizational culture are beginning to link culture to important individual outcomes, this is the first work to link culture to employee meaningfulness. In doing so, we show how specific elements of culture—organizational values, approaches to employee management, and leadership styles—they might combine to influence employee perceptions of the meaningfulness of their work tasks, relationships, and goals.

In terms of the meaningful work literature, this examination builds on previous work in important ways. Although meaningful work has previously been linked to job tasks, relationships, and the goals and values furthered through one's work, extant research has not examined how the broader organizational context might shape employee perceptions of meaningfulness in work. This chapter provides an initial step in this direction by demonstrating how different organizational cultures might shape perceptions of meaningfulness, through the mechanism of employee need fulfillment. In doing so, this examination helps to move the conversation about sources of meaningfulness beyond individual dispositions, job design, and relationships and begins to articulate how broader structures—such as organizations—can shape the meaningfulness of work.

Integrating these two research streams is important as the meaningful work literature has generally failed to consider "macro" factors, such as the organization's role in shaping meaningful work, and the organizational culture literature has neglected to focus more on "micro" factors, such as culture's impact on the experiences of individual workers. A set of propositions to be tested in further research with the goal of furthering the understanding of the relationship between organizational culture and employee meaningfulness has been provided.

The ideas presented here have important practical implications as well. Although this chapter has argued that innovative and supportive organizational cultures may be better able to provide employees with opportunities to experience meaningfulness, it has also posited that organizations with market and bureaucratic cultures can foster employee meaningfulness by adding innovative, supportive, or ethical elements to their existing cultures. This is an important insight given that market and bureaucratic organizational cultures are still the most dominant types for most organizations (Cameron & Quinn, 2005). Combining cultural elements to enhance employee meaningfulness is consistent with what Michael Pratt and Peter Foreman (2000) have referred to as an aggregation strategy, whereby multiple elements of the organization can be emphasized and made compatible through a common value system.

However, in highlighting the importance of organizational culture consistency, this chapter also makes it clear that organizations should use caution when considering this type of aggregation strategy. If the different aspects of the organization's culture are not successfully integrated, employees may feel conflicted, disillusioned, and dissatisfied with both the organization and their work. This suggests that for organizations to foster meaningfulness, they need to pay attention not only to their organizational culture, but also to the consistency of cultural elements. As others have noted, accomplishing consistency of cultural elements is made difficult by the fact that organizations must often hold contradictory and paradoxical elements (Quinn, 1991). However, if organizations are able to foster greater coherence from various cultural elements, opportunities for employee meaningfulness may be enhanced. In contrast, when attempts to emphasize innovation and supportiveness are superficial or aimed primarily at impression management (Turnbull, 1999), organizations may find that employee meaningfulness is undermined rather than enhanced.

The need for cultural consistency also points to a strong role for organizational in leaders fostering employee meaningfulness. Leadership, particularly transformational leadership, helps to broaden and elevate the interests of employees by providing a vision and by generating acceptance and awareness of organizational values (Judge & Piccolo, 2004). In doing so, leadership is central to reinforcing the organization's cultural elements and, thus, to providing employees with cues and reinforcement concerning the purpose and significance of tasks, relationships, and the broader purpose of work.

Although the role of individuals in the theoretical framework is not explicitly addressed, it is worth mentioning that individual differences may form important boundary conditions to the process presented here. Consistent with Benjamin Schneider's (2008) attraction-selection-attrition hypothesis, it may be that individuals who have higher affiliation needs (McClelland, 1985) or a strong prosocial orientation (Van Lange, De Bruin, Otten, & Joireman, 1997) experience higher levels of meaningfulness in supportive cultures, while those with a strong learning orientation (Dweck & Leggett, 1988) may experience higher levels of meaningfulness in innovative cultures. It may also be the case that individuals with strong prosocial or affiliative tendencies will be more likely to seek and experience relational meaningfulness in any type of organizational culture, while those oriented toward personal expression and learning may seek and find task meaningfulness regardless of organizational culture type. Although this chapter proposes market cultures to be less fostering of employee meaningfulness, it may be that those high in competitiveness, achievement orientation, and the like might actually derive meaningfulness from such cultures. Further, it may be that those high in moral identity (Aquino & Reed, 2002), justice orientation (Liao & Rupp, 2005), or moral awareness (Butterfield, Treviño, & Weaver,

2000) might find their meaningful existence needs met via ethical cultures (e.g., Rupp et al., 2010). As such, individual differences present many potential boundary conditions that might impact the relationships inherent in this chapter's model.

It is important to note, however, that even if individuals are predisposed toward a certain set of values and work orientations, meaningfulness in conjunction with these values and orientations will not automatically occur. Consistent with trait activation theory (Tett & Burnett, 2003), for meaningfulness to be perceived, these values must be reinforced (and traits manifested) by the organization's culture. Without such organizational reinforcement, these traits are not activated and individuals may choose to leave the organization. Conversely, when person–organization fit is high, organizational emphasis on important core values and orientations may cause workers who are not already disposed to these views of work to develop them over time.

CONCLUSION

Although researchers have long understood that organizational culture shapes employee sensemaking by providing shared meaning about a collective experience of work, very little is known about how these shared cultural meanings translate to individual experiences of work. This chapter has examined the relationship between organizational culture and one such experience of work—employee meaningfulness. This chapter has linked current knowledge about how organizational culture shapes employee understandings of work with research on the different ways that employees experience meaningfulness in conjunction with need fulfillment. In doing so, it has constructed a theoretical framework that begins to explain how and why certain types of organizational cultures shape opportunities for employees to experience meaningful work.

NOTES

1. For multidisciplinary explorations of meaningfulness, see MOW International Research Team, 1987; Sverko and Vizek-Vidovic, 1995.

2. Flow is defined as an intense positive subjective state, whereby tasks are characterized by balance of the challenges posed by the task and the skills that the person brings to it (Csikszentmihalyi, 2003)

3. Although some researchers have taken an identity-based perspective, arguing that meaningful work is linked to an alignment between one's identity and one's work (Pratt & Ashforth, 2003), it is important to note that needs and identity are intertwined in such a way that individuals are likely to experience identity affirmation in domains, relationships, or contexts that support need satisfaction. Further, individual differences in identity may influence whether needs are satisfied or thwarted (Deci & Ryan, 2000).

REFERENCES

Aguilera, R. V., Rupp, D. E., Williams, C. A., & Ganapathi, J. (2007). Putting the S back in corporate social responsibility: A multilevel theory of social change in organizations. *Academy of Management Review, 32*(3), 836–863.

Ambrose, M. L., & Schminke, M. (2003). Organization structure as a moderator of the relationship between procedural justice, interactional justice, perceived organizational support, and supervisory trust. *Journal of Applied Psychology, 88*(2), 295–305.

Aquino, K., & Reed, A. II (2002). The self-importance of moral identity. *Journal of Personality and Social Psychology, 83,* 1423–1440.

Arnold, D. R. & Capella, L. M. (1985). Corporate culture and the marketing concept: A diagnostic instrument for utilities. *Public Utilities Fortnightly, 116*, 32–38.

Ashforth, B. E., Harrison, S. H., & Corley, K. G. (2008). Identification in organizations: An examination of four fundamental questions. *Journal of Management, 34*(3), 325–374.

Ashforth, B. E., & Mael, F. A. (1989). Social identity theory and the organization. *Academy of Management Review, 14*(1), 20–39.

Baek-Kyoo, J., & Taejo, L. (2009). The effects of organizational learning culture, perceived job complexity and proactive personality on organizational commitment and intrinsic motivation. *Journal of Leadership and Organization Studies, 16*(1), 48–60.

Baumeister, R. F., & Leary, M. R. (1995). The need to belong: Desire for interpersonal attachments as fundamental human motivation. *Psychological Bulletin, 117*(3), 497–530.

Baumeister, R. F., & Vohs, K. D. (2002). The pursuit of meaningfulness in life. In C. R. Snyder & S. J. Lopez (Eds.), *The handbook of positive psychology.* New York: Oxford University Press.

Baumeister, R. F., & Wilson, B. (1996). Life stories and the four needs for meaning. *Psychological Inquiry, 7*(4), 322–377.

Berson, Y., Oreg, S., & Dvir, T. (2008). CEO values, organizational culture and firm outcomes. *Journal of Organizational Behavior, 29,* 615–633.

Blau, P. (1964). *Exchange and power in social life*. New York: Wiley.

Brewer, M. B. (1991). The social self: On being the same and different at the same time. *Personality and Social Psychology Bulletin, 17*, 475–482.

Brickson, S. L. (2007). Organizational identity orientation: The genesis of the role of the firm and distinct forms of social value. *Academy of Management Review, 32*(3), 864–888.

Butterfield, K. D., Treviño, L. K., & Weaver, G. R. (2000). Moral awareness in business organizations: Influences of issue-related and social context factors. *Human Relations, 53*, 981–1018.

Cameron, K. S., & Quinn, R. E. (2005). *Diagnosing and changing organizational culture: Based on the competing values framework*. San Francisco: Jossey-Bass.

Cardador, M. T. (2009). Banking on meaningful work: How organizations and recipients shape the meaning of helping others through work. Doctoral Dissertation, University of Illinois.

Cardon, M. S., Vincent, J., Singh, J., & Drnovsek, M. (2009). The nature and experience of entrepreneurial passion. *Academy of Management Review, 34*(3), 511–532.

Chalofsky, N. (2003). An emerging construct of meaning of work. *Human Resource Development International, 6*(1), 69–83.

Cheney, G. (1983). The rhetoric of identification and the study of organizational communication. *Quarterly Journal of Speech, 69*, 143–158.

Colby, A., Sippola, L., & Phelps, E. (2001). Social responsibility and paid work in contemporary American life. In A. Rossi (Ed.), *Caring and doing for others: Social responsibility in the domains of family, work, and community* (pp. 349–399). Chicago: University of Chicago Press.

Cropanzano, R., Byrne, Z. S., Bobocel, D. R., & Rupp, D. E. (2001). Moral virtues, fairness heuristics, social entities, and other denizens of organizational justice. *Journal of Vocational Behavior, 58*(2), 164–209.

Cropanzano, R., Goldman, B., & Folger, R. (2003). Deontic justice: The role of moral principles in workplace fairness. *Journal of Organizational Behavior, 24*(8), 1019–1024.

Cropanzano, R., & Mitchell, M. S. (2005). Social exchange theory: An interdisciplinary review. *Journal of Management, 31*, 874–900.

Cropanzano, R., Prehar, C. A., & Chen, P. Y. (2002). Using social exchange theory to distinguish procedural from interactional justice. *Group & Organization Management, 27*(3), 324–352.

Cropanzano, R., & Rupp, D. E. (2008). Social exchange theory and organizational justice: Job performance, citizenship behaviors, multiple foci, and a historical integration of two literatures. In S. W. Gilliland, D. P. Skarlicki, & D. D. Steiner (Eds.), *Research in social issues in management: Justice, morality, and social responsibility* (pp. 63–99). Greenwich, CT: Information Age.

Csikszentmihalyi, M. (2003). *Good business: Leadership, flow and the making of meaning*. New York: Viking.

Deci, E. L., & Ryan, R. M. (1987). The support of autonomy and the control of behavior. *Journal of Personality and Social Psychology, 53*, 1024–1037.

Deci, E. L., & Ryan, R. M. (2000). The "what" and "why" of goal pursuits: Human needs and the self-determination of behavior. *Psychological Inquiry, 11*(4), 227–268.

Driscoll, C., & McKee, M. (2007). Restorying a culture of ethical and spiritual values: A role for leader storytelling. *Journal of Business Ethics, 73*(2), 205–217.

Dutton, J. E., & Heaphy, E. D. (2003). The power of high quality connections. In K. S. Cameron, J. E. Dutton, & R. E. Quinn (Eds.), *Positive organizational scholarship* (pp. 263–278). San Francisco: Berrett-Koehler.

Dweck, C. S., & Leggett, E. L. (1988). A social–cognitive approach to motivation and personality. *Psychological Review, 95,* 256–273.

Edwards, J. R. (2008). Person-environment fit in organizations: An assessment of theoretical progress. *Academy of Management Annals, 2*(1), 167–230.

Elliott, C., & Turnbull, S. (2003). Reconciling autonomy and community: The paradoxical role of HRD. *Human Resources Development International, 6*(4), 457–474.

Feldt, T., Kinnunen, U., & Mauno, S. (2000). A meditational model of sense coherence in the work context: A one-year follow-up study. *Journal of Organizational Behavior, 21*(4), 461–477.

Fey, C. G., & Denison, D. R. (2003). Organizational culture and effectiveness: Can American theory be applied in Russia? *Organization Science, 14*(6), 686–706.

Folger, R., & Cropanzano, R. (2001). Fairness theory: Justice as accountability. In J. Greenberg & R. Cropanzano (Eds.), *Advances in organization justice* (pp. 1–55). Stanford, CA: Stanford University Press.

Fried, Y., & Ferris, G. R. (1987). The validity of the job characteristics model: A review and meta-analysis. *Personnel Psychology, 40,* 287–322.

Fritz, V. S., & Helgeson, H. L. (1998). A theory of unmitigated communion. *Personality and Social Psychology Review, 2*(3), 173–184.

Gagné, M., & Deci, E. L. (2005). Self-determination theory and work motivation. *Journal of Organizational Behavior, 26,* 331–362.

Gardner, H., Csikszentmihalyi, M., & Damon, W. (2001). *Good work: When excellence and ethics meet.* New York: Basic Books.

Grant, A. M. (2007). Relational job design and the motivation to make a prosocial difference. *Academy of Management Review, 32*(2), 393–417.

Greening, D. W., & Turban, D. B. (2000). Corporate social performance as a competitive advantage in attracting a quality workforce. *Business & Society, 39*(3), 254–281.

Gregory, B. T., Harris, S. G., Armenakis, A. A., & Shook, C. L. (2009). Organizational culture and effectiveness: A study of values, attitudes and organizational outcomes. *Journal of Business Research, 62*(7), 673–679.

Hall, D. T. (2004). The protean career: A quarter-century journey. *Journal of Vocational Behavior, 65,* 1–13.

Hanley, S. J., & Abell, S. C. (2002). Maslow and relatedness: Creating an interpersonal model of self-actualization. *Journal of Humanistic Psychology, 42*(4), 37–57.

Harris, S. G. (1994). Organizational culture and individual sensemaking: A schema-based perspective. *Organization Science, 5*(3), 309–321.

Haslam, S. A., Jetten, J., Postmes, T., & Haslam, C. (2009). Social identity, health and well-being: An emerging agenda for applied psychology. *Applied Psychology: An International Review*, *58*(1), 1–23.

Hogg, M. A., & Terry, D. J. (2000). Social identity and self-categorization processes in organizational contexts. *Academy of Management Review, 25*(1), 121–140.

Judge, T. A., & Piccolo, R. F. (2004). Transformational and transactional leadership: A meta-analytic test of their relative validity. *Journal of Applied Psychology, 89,* 755–768.

Kahn, W. A. (1990). Psychological conditions of personal engagement and disengagement at work. *Academy of Management Journal, 33*(4), 692–724.

Kahneman, D., Knetsch, J. L., & Thaler, R. H. (1986). Fairness and the assumptions of economics. *Journal of Business, 59,* s285- s300.

Kaptein, M. (2008). Developing and testing a measure for the ethical culture of organizations: The corporate ethical virtues model. *Journal of Organizational Behavior, 29*(7), 923–947.

Kavanagh, M. H., & Ashkanasay, N. M. (2006). The impact of leadership and change management strategy on organizational culture and individual acceptance of change during a merger. *British Journal of Management, 17*, S81-S103.

Kelman, H. C. (2006). Interests, relationships, identities: Three central issues for individuals and groups in negotiating their social environments. *Annual Review of Psychology, 57*(1), 1–26.

Kuenzi, M., & Schminke, M. (2009). Assembling fragments into lens: A review, critique, and proposed research agenda for the organizational work climate literature. *Journal of Management, 35*, 634–717.

Kwantes, C. T., & Boglarsky, C. A. (2007). Perceptions of organizational culture, leadership effectiveness and personal effectiveness across six countries. *Journal of International Management, 13*, 204–230.

Lawler, E. E., III, Mohrman, S. A., & Benson, G. (2001). *Organizing for high performance: Employee involvement, TQM, reengineering, and knowledge management in the Fortune 1000.* San Francisco: Jossey-Bass.

Leonard, R. (1997). Theorizing the relationship between agency and communion. *Theory and Psychology, 7*(6), 823–835.

Liao, H., & Rupp, D. E. (2005). The impact of justice climate, climate strength, and justice orientation on work outcomes: A multilevel-multifoci framework. *Journal of Applied Psychology, 90*, 242–256.

Macey, W. H., & Schneider, B. (2008). The meaning of employee engagement. *Industrial and Organizational Psychology*, *1*(1), 3–30.

Martin, J. (1992). *Cultures in organizations: Three perspectives.* Oxford, UK: Oxford University Press.

Martin, J., & Meyerson, D. (1988). Organization culture as the denial, channeling and acknowledgment of ambiguity. In L. Pony, R. Boland, Jr., & H. Thomas (Eds.), *Managing ambiguity and change* (pp. 93–125). New York: Wiley.

Martin, M. W. (2000). *Meaningful work: Rethinking professional ethics.* New York: Oxford University Press.

McClelland, D. C. (1985). *Human motivation.* Glenview, IL: Scott Foresman.

MOW International Research Team. (1987). *The meaning of work.* New York: Academic Press.

Nord, W., Brief, A., Atieh, J., & Doherty, E. (1990). Studying meanings of work: The case of work values. In A. Brief & W. Nord (Eds.), *Meanings of occupational work* (pp. 21–64). Lexington, MA: Lexington Books.

O'Brien, G. E. (1992). Changing meanings of work. In J. F. Hartley & G. M. Stephenson (Eds.), *Employment relations: The psychology of influence and control at work* (pp. 44–66). Oxford, UK: Blackwell.

Ouchi, W. G. (1980). Markets, bureaucracies, and clans. *Administrative Science Quarterly, 25*, 129–114

Peterson, M. G., & Smith, P. B. (2000). Sources of meaning, organization and culture. In N. M Ashkanasay, C. P. M. Wilderom, & M. F. Peterson (Eds.), *Handbook of organizational culture and climate* (pp. 101–116). Thousand Oaks, CA: Sage.

Pratt, M. G. (2000). The good, the bad, and the ambivalent: Managing identification among Amway distributors. *Administrative Science Quarterly, 45*(3), 456–493.

Pratt, M. G., & Ashforth, B. E. (2003). Fostering meaningfulness in working and at work. In K. S. Cameron, J. E. Dutton, & R. E. Quinn (Eds.), *Positive organizational scholarship*. San Francisco: Berrett-Koehler.

Pratt, M. G., & Foreman, P. O. (2000). Classifying managerial responses to multiple organizational identities. *Academy of Management Review, 25*(1), 18–42.

Pratt, M., & Corley, K. G. (2007). Managing multiple organizational identities: Identity ambiguity and members' perceptions of uncertainty. In C. Bartel, S. Blader, & A. Wrzesniewski (Eds.), *Identity and the modern organization* (pp. 99–118). East Sussex, UK: Psychology Press.

Quinn, R. E. (1991). *Beyond rational management: Mastering the paradoxes and competing demands of high performance*. San Francisco: Jossey-Bass.

Richard, O. C., McMillan-Capehart, A., Bhuian, S. N., & Taylor, E. C. (2009). Antecedents and consequences of psychological contracts: Does organizational culture really matter? *Journal of Business Research, 62*(8), 818–825.

Roberson, L. (1990). Functions of work meanings. In A. Brief & W. Nord (Eds.), *Meanings of occupational work* (pp. 107–134). Lexington, MA: Lexington Books.

Rupp, D. E., & Bell, C. (2010). Retribution, moral self-regulation and self-interest in the decision to punish: A moral motives extension of the deontic model of justice. *Business Ethics Quarterly, 20,* 89–106.

Rupp, D. E., Williams, C., & Aguilera, R. (2010). Increasing corporate social responsibility through stakeholder value internalization (and the catalyzing effect of new governance): An application of organizational justice, self-determination, and social influence theories. In M. Schminke (Ed.), *Managerial ethics: Managing the psychology of morality* (pp. 69–88). New York: Routledge.

Ryan, R. M., & Deci, E. L. (2000). Self-determination theory and the facilitation of intrinsic motivation, social development and well-being. *American Psychologist, 55*(1), 68–79.

Salancik, G. R., & Pfeffer, J. (1978). A social information processing approach to job attitudes and task design. *Administrative Science Quarterly, 23,* 224–253.

Schaufeli, W., & Salanova, M. (2007). Work engagement: An emerging psychological concept and its implications for organizations. In S. W. Gilliland, D. D. Steiner, & D. P. Skarlicki (Eds.), *Research in social issues in management*: Vol. 5. *Managing social and ethical issues in organizations* (pp. 135–177). Greenwich, CT: Information Age.

Schein, E. H. (2004). *Organizational culture and leadership*, San Francisco: Jossey-Bass.

Schminke, M., Cropanzano, R., & Rupp, D. E. (2002). Organization structure and fairness perceptions: The moderating effects of organizational level. *Organizational Behavior and Human Decision Processes, 89*(1), 881–905.

Schneider, B. (2008). The people still make the place. In D. B. Smith (Ed.), *The people make the place: Dynamic linkages between individuals and organizations* (pp. 267–289). New York: Taylor & Francis.

Schneider, B., Ehrhart, M. J., & Macey, W. A. (in press). Perspectives on organizational climate and culture. In S. Zedeck (Ed.), *Handbook of psychology: Industrial and organizational psychology*. Washington, D.C.: American Psychological Association.

Schwartz, B. (2000). Self-determination: The tyranny of freedom. *American Psychologist, 55*(1), 79–88.

Sennett, R. (1998). *The corrosion of character: The personal consequences of work in the new capitalism.* New York: W. W. Norton.

Skarlicki, D. P., & Kulik, C. (2005). Third party reactions to employee (mis)treatment: A justice perspective. In B. Staw & R. Kramer (Eds.), *Research in organizational behavior* (Vol. 26, pp. 183–230). Greenwich, CT: JAI Press.

Soeters, J. (2000). Culture in uniformed organizations. In N. M Ashkanasay, C. P. M. Wilderom, & M. F. Peterson (Eds.), *Handbook of organizational culture and climate* (pp. 465–482). Thousand Oaks, CA: Sage.

Song, J. H., Kim, H. M., & Kolb, J. A. (2009). The effect of learning organization culture on the relationship between interpersonal trust and organizational commitment. *Human Resource Development Quarterly, 20*(2), 147–167.

Sorenson, J. B. (2002). The strength of corporate culture and the reliability of firm performance. *Administrative Science Quarterly, 47*(1), 70–91.

Sverko, B., & Vizek-Vidovic, V. (1995). Studies of the meaning of work: Approaches, models, and some of the findings. In D. E. Super & B. Sverko (Eds.), *Life roles, values, and careers* (pp. 3–21). San Francisco: Jossey-Bass.

Taylor, S., Levy, O., Boyacigiller, N. A., & Beechler, S. (2008). Employee commitment in MNCs: Impacts of organizational culture, HRM and top management orientations. *International Journal of Human Resource Management, 19*(4), 501–527.

Tett, R. P., & Burnett, D. D. (2003). A personality trait-based interactionist model of job performance. *Journal of Applied Psychology*, *88*, 500–517.

Treviño, L. K., Weaver, G. R., & Reynolds, S. J. (2006). Behavioral ethics in organizations: A review. *Journal of Management, 32*(6), 951–990.

Trice, H. M. & Beyer, J. M. (1993). *The cultures of work organizations.* Englewood Cliffs, NJ: Prentice Hall.

Tsui, A. S., Zhang, Z., Wang, H., Xin, K. R., & Wu, J. B. (2006). Unpacking the relationship between CEO leadership behavior and organizational culture. *Leadership Quarterly, 17*(2), 113–137.

Turillo, C. J., Folger, R., Lavelle, J. J., Umphress, E. E., & Gee, J. O. (2002). Is virtue its own reward? Self-sacrificial decisions for the sake of fairness. *Organizational Behavior & Human Decision Processes, 89*(1), 839–846.

Turnbull, S. (1999). Emotional labor in corporate change programmes: The effects of organizational feeling rules on middle managers. *Human Resource Development International, 2*(2), 125–146.

Van Lange, P. A. M., De Bruin, E. M. N., Otten, W., & Joireman, J. A. (1997). Development of prosocial, individualistic and competitive orientations: Theory and preliminary evidence. *Journal of Personality & Social Psychology, 73*(4), 733–746.

Van Maanen, J., & Barley, S. R. (1985). Cultural organization: Fragments of a theory. In P. J. Frost, L. F. Moore, M. R. Louis, C. C. Lundberg, & J. Martin (Eds.), *Organizational culture* (pp. 31–54). Beverly Hills, CA: Sage.

Wang, L., & Pratt, M. G. (2008). An identity-based view of emotional ambivalence and its management in organizations. In N. Ashkanasy & C. L. Cooper (Eds.), *Research companion to emotion in organizations* (pp. 589–604). Cheltenham, UK: Edward Elgar.

Waterman, A. S. (1993). Two conceptions of happiness: Contrasts of personal expressiveness (eudaimonia) and hedonic enjoyment. *Journal of Personality and Social Psychology, 64,* 678–691.

Webber, S. S. (2008). Development of cognitive and affective trust in teams. *Small Group Research, 39*(6), 746–769.

Weick, K., Sutcliff, K., & Obstfeld, D. (2005). Organizing and the process of sensemaking. *Organization Science, 16*, 409–421.

Weiss, J. W., Skelley, M. F., Hall, D. T., & Haughey, J. C. (2003). Calling, new careers and spirituality: A reflective perspective for organizational leaders and professionals. *Spiritual Intelligence at Work: Meaning, Metaphor and Morals. Research in Ethical Issues in Organizations, 5*, 175–201.

Wilkins, A. L., & Ouchi, W. G. (1983). Efficient cultures: Exploring the relationship between culture and organizational performance. *Administrative Science Quarterly, 28*(3), 468–481.

Williams, K. D. (1997). Social ostracism. In R. M. Kowalski (Ed.), *Aversive interpersonal behaviors* (pp. 133–170). New York: Plenum Press.

Wrzesniewski, A. (2003). Finding positive meaning in work. In K. S. Cameron, J. E. Dutton, & R.E. Quinn (Eds.), *Positive organizational scholarship: Foundations of a new discipline* (pp. 296–308). San Francisco: Berrett-Koehler.

Wrzesniewski, A., Dutton, J. E., & Debebe, G. (2003). Interpersonal sensemaking and the meaning of work. *Research in Organizational Behavior, 25*, 93–135.

Zammuto, R. F., Gifford, B., & Goodman, E. A. (2000). Managerial ideologies, organizational culture and the outcomes of innovation: A competing values perspective. In N. M. Ashkanasy, C. P. M. Wilderom, & M. F. Peterson (Eds.), *Handbook of organizational culture and climate* (pp. 261–278). Thousand Oaks, CA: Sage.

Zohar, D. (1999). When things go wrong: The effect of daily work hassles on effort, exertion and negative mood. *Journal of Occupational and Organizational Psychology, 72,* 265–283.

Part III

STATE-OF-THE-ART REVIEWS ON SOCIAL-ORGANIZATIONAL PROCESSES

State-of-the-Art-Reviews on Social-Organizational Processes

CELESTE P. M. WILDEROM

In his preface to this *Handbook*, Edgar Schein notes an "obsession with proving that climate and culture make a difference to human well-being and organizational performance." This "obsession" is arguably much less visible in the Part III chapters as compared to the chapters in Part II. Both parts share a focus on social-organizational processes. Part III chapters are best described as state-of-the-art reviews; they are less explicit in regard to the potential power of the positive and they contain more positivism. In the Part III chapters, authors show academic rigor, analytical distance as well as human insight into culture and climate. Comparing Part II and Part III chapters, we note a particular sense of balance in the current state-of-the-field.

What do I mean by this balance? Allow me to explain. Both parts together show that we have in our midst not only texts on culture-climate approached with scientific distance (something that the authors of all *Handbook* chapters amply demonstrate), but also views on human culture and climate (evolvement) from engaged or clearly articulated normative or practical perspectives of proven scientific use. This particular sense of balance in the field of organizational culture and climate attests to its collective intelligence coming of age.

Part III opens with a chapter by Sonja Sackmann, who reviews 55 recent empirical studies on the organizational culture-performance link and concludes, "Most studies found a direct linear relationship between organizational culture and performance." Moreover, she found that "certain kinds of culture orientations have a positive effect on financial as well as nonfinancial performance measures" (cf. Hartnell, Ou, & Kinicki, 2009). And, guess what? Sackmann's summary of the cultural content that render high organizational performance points to positive cultures: "Among them are the more open, adaptive, outside-, customer-, mission- or goal-, achievement-, competitive-, people-, innovative-, and quality-oriented cultures." And another conclusion, such as the abandonment of the ill-defined yet popular notion of culture strength, coincides with other recent critiques of this notion (see, e.g., Ford, Wilderom, & Caparella, 2008; as well as Hartnell and Walumbwa in this part of the *Handbook*).

When reflecting on the reviewed culture-performance studies, Sackmann pleads for "multiple perspectives both with regards to conceptualizations of culture as well as its investigation on the basis of an expanded or even different set of assumptions." Her

request is inherently supported by this edition of the *Handbook,* as we see much more diversity on how culture and climate scholars see and treat organizational culture within it than in the first edition (as highlighted in Chapter 2 by Alvesson, as well as in Schein's Preface). Please do not forget to read (also in this *Handbook*'s Preface), Schein's critical take on the culture-performance link:

> To say that culture and/or climate influence organizational effectiveness is a meaningless statement unless each of these abstractions is defined more concretely. By staying at this high level of abstractness we then fall into the trap of . . . convincing ourselves and managers that we now know how to do this and have convinced ourselves and managers that we now know how to do this and have proof that it works.

Moreover, he notes that "the irony in this search for a provable relationship between culture and performance is that anyone who has done any field research or analyzed cases of organizations already knows very well that these effects exist." Given the great diversity in the larger field of management scholarship, Sackmann's chapter is likely to appeal to a select group of scholars. Sackmann whets the appetite for what is yet to come in this *Handbook* (especially in Hartnell and Walumbwa's chapter on transformational leadership) in concluding that the field needs "more insights about culture and dynamics over time." As Chad Hartnell and Fred Walumbwa illustrate, studies on the interrelationship between leading and organizational culture can offer insights into how effective leadership is a key cause of high performing work cultures.

Hartnell and Walumbwa do much more in their chapter than review the available (sparse!) evidence supporting the assumption that managers with a transformational leadership style enhance the effectiveness or performance of an organizational culture. First, they apply both Schein's culture theory and James G. March and Herbert A. Simon's means-ends framework to show how, over time, organizational growth creates subcultures that in turn "articulate social norms (e.g., justice and equity norms) appropriate for effective transactional leadership." Second, they argue that subcultures may consist of departments or teams whose members are shown to "enact different value configurations" compared to the "wide range of abstract values that direct the organization's ends." This local organizational subculture is particularly pronounced in weak situations. Third, they suggest that within-organizational units are in a position to be aided by transformational leaders by means of "interpreting the complex social milieu and distilling ambiguous organizational values into more proximal means to accomplish effective ends." Fourth, they state, "The tendency to identify with more proximal collectives propagates the differences that support the emergence of organizational subcultures."

Hartnell and Walumbwa's ideas on how organizational units play a role in maintaining or innovating organization-wide cultures are much more fine-grained than can be described here. In one of their propositions, they even include "employees' positive psychological benefits." Furthermore, they argue that a hierarchical or bureaucratic organizational culture is less likely to be led by a CEO with a transformational leadership style; this is not only consistent with Sackmann's findings on the content of highly performing organizational cultures but also with Bernie Bass and Bruce Avolio's (1994) idea of transformational cultures. The absence of transformational-leadership cultures can, if I may add, be found in most of the many public-sector departments operating in the political capitals of almost every country in the world.

In Chapter 14 of this third part of the *Handbook,* Michael West and Andreas Richter offer a state-of-the-art review of outcomes of work climates of teams. In structuring the first part of their review, they use one of the very few well-known generic frameworks of organizational culture types, the competing values framework. Unintentionally, but quite interestingly, West and Richter bring further detail to some of the generic subcultural propositions that Hartnell and Walumbwa had derived in the previous chapter. For instance, only human relations type cultures and climates may tend to "choose to dedicate time to learning processes, allowing them to improve their effectiveness, via localized adaptation, to changes in demands and the wider environment." West and Richter also review the literature on four team climate-formation factors: structure, leadership, attraction-selection-attrition, and social interaction. They further note that the studied outcomes of various team climates show a great "breadth of the work group climate concepts and their outcomes."

The increasingly greater number of team-climate concepts raises, for me, the question as to whether this array of fine-grained concepts would be better off if studied (also) in a more holistic fashion, such as through the notions of positive versus negative work climates-cultures. The West and Richter chapter concludes with solid ideas for fresh team-climate researchers, and the authors emphasize the need to use multilevel theories (see also Yammarino and Dansereau, Chapter 4 of this *Handbook*). West and Richter even include a research question that Hartnell and Walumbwa have addressed in part in the preceding chapter: Do "relationships among variables at, for example, the team level, generalize to the organizational level?" And referring back (indirectly) to the notion of positive organizational cultures and climates, they note

an interest in the negative effects of team climates. Indeed, such a focus would help galvanize the topic of team climate as being of importance to all people at work (see also Schneider, Ehrhart, & Macey's thorough assessment of organizational climate research in Chapter 3 of this *Handbook*).

Linda Duxbury and Laura Gover start Chapter 15 with a description of a clearly negative work setting, especially from the point of what one may call "overexpecting" or excessively demanding work cultures-climates. In their state-of-the-art chapter on the link between work–family conflict and organizational culture, they are intrigued by the question of how organizations develop cultures that are supportive of work–family issues or employee work–family balance. Related notions such as work–family culture and climate and family-friendly work environments are discussed, as well as various survey measures to validly assess the phenomenon of work interfering with private affairs. They then note that empirical studies have already shown various positive employee effects of supportive or positive work–family cultures. Work–family policies appear not fully utilized by the employees who need them, and this underutilization is shown to be due to organizational culture or climate type factors; as the authors note, "Individuals are unlikely to use policies they feel will jeopardize career advancement or job security." Six negative culture contents are sketched, illustrated by real-life descriptions coming from a representative sample of Canadian employees: (1) a culture of hours, (2) a bottom-line culture, (3) a culture of disconnect (i.e., in terms of good policies, poor practice), (4) a culture of guilt, (5) a culture of backlash, and (6) a culture of work or family. Indeed, Duxbury and Gover conclude, "New research is needed to help us understand the determinants of a family-friendly culture as well as to quantify how such a culture benefits key stakeholders," not only for people

in those work cultures, but also for the good of the people in all organizing contexts. In conclusion, these authors plead for more theoretical and empirical work on "how to best change dysfunctional cultures into ones that support work–life balance." Similarly, a more generic focus on how to best improve any dysfunctional work culture is something that culture and climate scholars need to take up as soon as possible.

Not only must managers ensure a balance in their employees' efforts at work and away from work, but also they must balance many other aspects of social-organizational life at work, particularly in terms of exploitative and explorative types of effort. Or, to put it differently, managers must continuously weigh extant routines (often denoting organizational inertness) against genuine effort at innovation or improvement. All employees must continuously find a balance in various ways, and this balancing act applies not only to the individual level. At the same time, organizational balance—vis-à-vis existing and latent competitors and/or stakeholders—is required.

Such organizational balance typically occurs through culturally embedded strategic behavior, and this strategic monitoring always includes cognitions. According to Gerard Hodgkinson and Mark Healey, in their highly original final chapter of the *Handbook*'s third section, even "industries, like organizations, must balance the need for cognitive convergence with the need for requisite cognitive variety." This cognitive-strategic balancing act of top managers and their associates is the subject of the last chapter. Based on a clear definition of inter-organizational macrocultures taken from Eric Abrahamson and Charles Fombrun (1994), Gerard Hodgkinson and Mark Healey write about top managers across organizations that share beliefs that characterize particular classes of organizations. These authors argue that the content of these

strategy-relevant cognitions of these strategic actors within a given industry (that operate partly in unconscious, intuitive, or even irrational ways) may homogenize organizational cultures over time, arguing, "Homogeneous macrocultures restrict the inventiveness of, and diffusion of innovations among, member organizations, thereby driving them toward collective inertia, and increases the similarity of their strategic profiles." According to Schein, these generally "shared, taken for granted dimensions of behavior, thought or feeling," including "a form of collective blind spot on the part of established players," can be potentially destructive to the world, as illustrated by the current global financial crisis. To help prevent such sector disasters, Hodgkinson and Healey make a strong case for longitudinal, large-scale studies to explore the link between (interorganizational) macrocultures and organizational adaptation efforts by situated actors to their work cultures, and the (multilevel) forces they may unleash. Indeed, such types of cultural-dynamic insights are needed in the field in order to more fruitfully evolve or revitalize a given organized culture (the subtle emphasis on a culture's evolvement rather than on culture change is based on Schein's comments in the first edition of this *Handbook*; see also this *Handbook*'s 2010 preface).

In general, we need studies on (slightly) countercultural behaviors of various organizational actors and how they may affect and be affected by (interorganizational) macrocultural and managerial forces. Why would such resulting insights be of help to firm performance, one may ask? Culture (and climate) confronts us with unconscious, intuitively clear (to some) yet not readily knowable shared realities of our daily work environments, through which even the best of (collective) intentions, insights, and competencies may not come to organizational fruition. In other

words, in every culture (or cultural content) there are (potentially valuable) blind spots. When one mixes any given culture with common organizational forces, such as the underestimation of local or seemingly distant creative forces, a repression of potentially vital business ideas or culture-evolving opportunities occurs. The maintenance or reproduction of the (seemingly) natural inertness of an organized culture is then likely to take place, thereby undermining or reducing unavoidably the positive energy of human actors. I hope that new in-depth analyses of social-organizational processes, such as the ones contained in this section, lead to insights on how dynamic organized cultures-climates are or could be. After eventual diffusion of the insights that come from organizational culture- and climate-dynamics research, we hope to have helped in the creation of better-for-the-world type firm performance effort. Meanwhile, culture and climate scholars may want to ponder Schein's paradoxical sentence in this *Handbook*'s preface: "In my own research and practice, I find myself increasingly avoiding the word *culture* altogether."

REFERENCES

Abrahamson, E., & Fombrun, C. J. (1994). Macrocultures: Determinants and consequences. *Academy of Management Review, 19*(4), 728–755.

Bass, B. M., & Avolio, B. J. (1994). Transformational leadership and organizational culture. *International Journal of Public Administration, 17,* 541–554.

Ford, R. C., Wilderom, C. P. M., & Caparella, J. (2008). Strategically crafting a customer-focused culture: An inductive case study. *Journal of Strategy and Management, 1*(2), 143–167.

Hartnell, C. A., Ou, A. Y., & Kinicki, A. (2009). *Assessing the organizational culture–organizational effectiveness link: A meta-analytic review.* Paper presented at the annual meeting of the Academy of Management, Chicago.

Culture and Performance

Sonja A. Sackmann

Since the early 1980s, the concept of culture has gained increasing levels of attention from both managers and organizational researchers. The introduction of an anthropological concept into the domain of management was fostered by the notion that it may have an influence on organizational performance. Subsequently, methods were developed to understand, assess, and change corporate culture in the hope for better performance and, ultimately, for gaining competitive advantage. These hopes were frequently accompanied by managers' expectations of fast changes and quick fixes. However, at that time, these hopes were based on a rather superficial understanding of the concept of culture applied to organizational settings and on some unfounded beliefs regarding its effects on performance.

In the meantime, the concept of organizational culture has been further refined in terms of a general understanding of its major characteristics. Although there seems to be some agreement on the major components of culture in terms of commonly held beliefs, values, norms, and practices, many ways have been developed for measuring corporate culture (e.g., Ashkanasy, Wilderom, & Peterson, 2000), or rather, for what is believed to be its central

components (Sackmann, 2006). Hence, similar definitions of culture result in different kinds of measures and lead to outcomes that are difficult to compare. In addition, the link between corporate culture and performance still needs further systematic investigation (e.g., Wilderom, Glunk, & Maslowski, 2000).

This chapter gives an overview of the current state of knowledge in regard to the application of culture to organizational settings and its relationship with performance. Due to the available space and existing contributions on overviews of the concept of culture, its conceptualization and measurement (e.g., Sackmann, 2006, and several chapters within this edition of the *Handbook*), and reviews of studies investigating culture as a predictor of performance (e.g., Wilderom et al., 2000), this contribution is based on more recent publications. It reports and discusses knowledge about corporate culture and its relationship with performance on the basis of a review of 55 empirical studies predominantly published since 2000. It first summarizes the state-of-knowledge about culture and its link to performance up to the end of the last century, including critical issues regarding its research. The chapter then moves on

to report some general observations from empirical research conducted since 2000 before exploring the nature of the link between culture and performance. Finally, it provides a summary, draws conclusions, and suggests avenues for future research proposing to embrace multiple perspectives, in regard to both conceptualizations of culture and its investigation on the basis of an expanded or even different set of assumptions.

THE CONCEPT OF CULTURE IN THE FIELD OF MANAGEMENT

The introduction of the concept of culture from anthropology into the domain of management was fostered by the belief that it has an influence on organizational performance. Although anthropologists were mainly interested in understanding cultures, some management scholars (and especially practitioners) wanted to go beyond a better understanding of organizations as cultures and use it as an additional instrument for managing organizations (e.g., Sackmann, 1990). This resulted in different foci placed on culture in the context of organizations that were based on different assumptions (e.g., Smircich, 1983). Despite the many definitions that could be found in the fields of both anthropology and management, most definitions in the disciplines of organization theory and management tended to be holistic, encompassing commonly held beliefs, values, norms, and practices. Such a holistic definition was, however, difficult to translate into a measurement of culture. Hence, depending on the interest of the researcher, there are different approaches to measure culture that rarely reflect the proposed holistic nature of the concept. Although most questionnaire measures focus on norms and values, some focus on perceived practices, beliefs, or orientations.

Basic assumptions as well as combinations of assumptions or beliefs and practices are assessed using multimethod approaches that include different kinds of interviews and ethnographic methods. Sackmann (2006) presented and discussed 25 ways to measure and assess culture along the three dimensions: levels of culture, origin of dimension (inside generated—outside imposed), and purpose of assessment (understanding—intervention).

Although some scholars argued on theoretical grounds that culture may be the source of sustained competitive advantage because it is difficult to imitate (e.g., Barney, 1991), some founders, owners, and managers of firms were and still are convinced about such a link. The founders of, for example, Hewlett and Packard, of W. L. Gore & Associates, and of Hilti acted on their beliefs that corporate culture matters without needing scientific proof. A recent study in Germany reveals, for example, that top, middle, and human resource managers alike consider culture today as more important for their firm's success than it was in the past. Moreover, they believe that the importance of culture for their organization and its performance will further increase in the future (Leitl & Sackmann, 2010).

Since the early 1990s, empirical research investigating culture and performance has increased to substantiate such beliefs. Celeste Wilderom et al. (2000) reviewed 10 studies that explored culture as a predictor of organizational performance. The authors concluded that the link between culture and performance was not well established in these empirical studies, primarily due to theoretical and methodological issues. They discussed four major challenges for future research investigating the culture–performance link. These were the measurement of culture, the measures used for organizational performance, the type of research design, and sampling issues.

In regard to the measurement of culture, Wilderom et al. (2000) concluded that one may argue that culture was not measured at all (p. 201); instead, mostly sets of intra-organizational content variables or dimensions of culture were assessed. This reflects the difficulty of measuring such a holistic concept such as culture and the measures that have been developed so far (Sackmann, 2006).

Even though practitioners and some researchers propose the advantage of a strong culture, only 3 of the 10 reviewed studies had measured culture strength using three different measures. In addition, culture gap measures were employed assessing the difference between actual perceptions and a desired state.

The measurement of organizational performance was also considered unsatisfactory.

> Five of the studies applied pure financial and economic performance approaches based on accounting or stock market figures. . . . (One study) applied a one-dimensional input-oriented performance approach. The four remaining studies used multidimensional approaches to organizational performance, usually without referring to any specific theoretical basis for their choices of performance dimensions. (Wilderom et al., 2000, p. 204)

Even though several studies used multidimensional performance measures, the associated problem tended to be a common method bias because perceptual data were gathered from a single information source.

Due to the cross-sectional designs and correlation analysis, the results of 10 reviewed studies could not substantiate the postulated link between culture and performance. Given the large number of culture and performance variables, Wilderom et al. (2000) attributed significant effects to "fishing" for results rather than to an existing link between culture and performance. In addition, convenience samples were used most frequently with a focus on management rather than on employing a random sampling technique. Multilevel analysis was rarely used despite culture being a collective construct at the organizational level, and longitudinal research was absent.

The authors suggested that future research should place stronger emphases on theory testing and focus on large-scale, longitudinal research using random sampling techniques. Such a methodology would render better insights into the dynamic nature of culture at different levels and potentially uncover reciprocal influences between culture and performance. In addition, multidimensional measures should be employed both for organizational performance and culture with a preference for a "valid, standardized questionnaire of organizational culture that is explicitly and well connected to a widely acceptable operational definition of organizational culture" (Wilderom et al., 2000, p. 208).

Given that almost a decade has passed since this review, this chapter investigates the current state of knowledge generated from research that investigated the link between culture and performance including the research process. In the following section, some general observations that were gained from the studies will be discussed before the substantive insights about the link between culture and performance will be explored.

GENERAL OBSERVATIONS ABOUT EMPIRICAL RESEARCH PUBLISHED SINCE 2000

A search of empirical studies conducted since 2000 demonstrates that the interest in culture and performance is still alive and strong. Using the EBSCO database (Business Source Premier), the key words *culture* in

combination with *performance, effectiveness, outcome,* and *measure* were employed, and a search for articles published between January 2000 and May 2009 was performed. In addition, suggestions were provided from the relevant research community. This resulted in a total of 55 empirical studies that were included in this review. A screening of these 55 empirical studies investigating culture and performance led to the following five general observations regarding the study of organizational culture:

1. The interest in culture and performance has globalized.
2. The investigation of culture and performance has become specialized.
3. Research methodologies have become more sophisticated.
4. A few research programs and streams of research have emerged.
5. The measurement of organizational culture and performance is still diverse and problematic.

The following sections will now summarize the literature on each of these points in turn.

The Interest in Culture and Performance Has Globalized

Even though the United States is the single country in which most of the 55 studies were conducted (10), 33 research teams focused on corporate culture within the context of other nations, while four studies used archival data. Sixteen studies were conducted in Western European countries such as Germany, the United Kingdom, the Netherlands, Greece, Sweden, and Norway. Thirteen studies were conducted in Asia, including Hong Kong, China, India, Korea, Taiwan, Japan, Singapore, and Malaysia. Other countries in which data were collected include Australia, Turkey, Israel, Russia, and South Africa. Four of

the studies used multinationals and one a transnational organization for data collection within different countries.

These statistics suggest that the topic of organizational culture and performance has received increasing interest in all parts of the world and that it has become of special importance to scholars located in Europe and Asia. Hence, the interest in culture and performance is well alive and a topic that is considered worth studying despite the difficulties involved.

The Investigation of Culture and Performance Has Specialized

Most studies of this review contextualized and specified the culture–performance link by focusing on a specific subset or dimensions of both culture and performance. Although culture was predominantly measured as a multidimensional concept, some studies focused on specific dimensions, subsets, or types of culture such as a market-oriented culture (Lee, Yoon, Kim, & Kang, 2006; O'Cass & Ngo, 2007), an innovative culture (e.g., Gebert, Boerner, & Berkel, 2001), an organizational learning culture (Škerlavaj, Štemberger, Škrinjar, & Dimovski, 2007), or even a dysfunctional culture (Balthazard, Cooke, & Potter, 2006). The results of these studies allow insights into the effects of different kinds of culture orientations or culture types on performance as will be discussed further below.

Given their research questions and samples, several studies collected data in a specific country as mentioned above and focused on a specific industry such as financial services (Chatman & Spataro, 2005), banks (Dwyer, Richard, & Chadwick, 2003) and insurance (Xenikou & Simosi, 2006), high- and low-tech firms (Berson, Oreg, & Dvir, 2008; Chow & Liu, 2007), fast food restaurants (Ogaard, Larsen, & Marnburg, 2005) and food broker firms (Brentani

& Kleinschmidt, 2004), and manufacturing (e.g., Chen, 2004; Naor, Goldstein, Linderman, & Schroeder, 2008). One study focused on the public sector in general (Glisson & James, 2002); others more specifically investigated state governments (e.g., Jones, Jimmieson, & Griffiths, 2005), health care (e.g., Gordon, Whelan-Berry, & Hamilton, 2007; Gregory, Harris, Armenakis, & Shook, 2009), and hospitals (e.g., Lee & Yu, 2004). Specific situations of interest are explored, such as organizational culture in the context of inter-firm relationships (Beugelsdijk, Koen, & Noorderhaven, 2009), mergers and acquisitions (Weber & Menipaz, 2003), and joint ventures (Ozorhon, Arditi, Dikmen, & Birgonul, 2008). Data were collected in global and multinational firms, in small and medium size firms, in business units, during the introduction of new product programs, in teams, or in the sales force.

Altogether, the results of these studies add to a body of knowledge that covers a wide range of industries, organizational settings, and specific interests regarding the relationship between culture and performance, thus specifying and enriching this link and contributing to theory building, albeit in a rather eclectic way.

Research Methodologies Have Become More Sophisticated

The choice of research methodologies including research designs and the respective statistical analyses has become increasingly sophisticated. Less than half of the studies (22) examined only a direct culture–performance link with culture being a predictor of performance. An increasing number of researchers have tested hypotheses that they derived from theoretical considerations, prior research, and existing frameworks. Several studies chose specific culture dimensions and investigated their

relation with performance measures. The majority explored different kinds of variables that mediate or moderate the relationship between culture and performance. Some studies investigated interaction effects as well as the role of culture as a mediator in a relationship with performance. Two studies used organizational culture as a control variable.

Two studies focused on high and low performing companies and explored differences in regard to their culture characteristics (Fulmer, Gerhart, & Scott, 2003; van der Post, de Coning, & Smit, 1998). Other studies took organizational culture as context and specified the kind of cultural environment that is most strongly related to their chosen performance indicators (e.g., Brentani & Kleinschmidt, 2004; Chatman & Spataro, 2005).

Most research tested hypotheses derived from theoretical models, frameworks, or existing theory and employed regression analysis and structural equation modeling for hypothesis testing. Several researchers conducted multilevel analysis, but most of the studies focused directly at the aggregate organizational level.

One example of a more sophisticated research design is found in the set of three studies reported in A. S. Tsui, H. Wang, and K. R. Xin (2006). As a first step, they identified five dimensions of culture that were relevant to their research context using a Q-sort methodology. These dimensions formed the basis for four organizational culture types that were subsequently related to several performance measures chosen on the basis of their research questions. Another example of sophistication is the study by S. K. J. Lee and K. Yu (2004). The authors investigated the link between culture and performance in 10 Singaporean companies using a version of the OCP (organizational culture profile; Chatman & Jehn, 1994) that they validated in a first step in the different national culture

context. Financial performance measures (e.g., return on assets [ROA], net profitability, sales turnover) covered a 5-year period. They used a stratified random design and included three industries: high-tech manufacturing (3), hospitals (4), and insurance (3), with about 70 managers from the top two to three levels.

However, only 6 of the 55 studies chose a longitudinal design (Berson et al., 2008; Bititci, Mendibil, Nudurupati, Garengo, & Turner, 2006; Ford, Wilderom, & Caparella, 2008; Jones et al., 2005; O'Regan & Lehmann, 2008; Sackmann, Eggenhofer, & Friesl, 2009). Even though the study by E. G. Flamholtz (2001; Flamholtz & R. Kannan-Narasimhan, 2005) was conducted in the context of an action research process, the data collection was cross-sectional. A multimethod approach for assessing culture was also used by the minority of studies (e.g., Chew & Sharma, 2005; Ernst, 2003; Fey & Denison, 2003; Ford et al., 2008; Sackmann et al., 2009; Tsui et al., 2006).

In general, an increasing number of studies published since 2000 are based on more sophisticated research design, on data collection, and especially, on data analysis. Structural equation modeling seems to be the rule rather than the exception in more recent publications. Despite this growing sophistication in regard to the research methodology, the sampling of organizations and respondents and the data remains an issue. At the organizational level, data collection still tends to focus on managerial levels such as the executive group, top, and senior management, even though examples of studies gathering data from randomly selected organizational members including employees at different hierarchical levels exists. Across the 55 studies, convenience samples still dominate the research, though some of the studies are more diligent in their sampling technique.

Even though structural equation modeling has become almost the standard for data analysis in recent years, the quality of data can be challenged in some of the studies due to the instruments employed and the number of items included. One issue remains the common sampling bias when all data, including outcome variables, were collected from the same respondents. Another issue is related to the kinds of data collected. Perceptual measures still dominate and do not reflect the differentiated argumentation in some of the studies, as is discussed further below.

MAJOR RESEARCH PROGRAMS AND STREAMS OF RESEARCH

The availability of several standardized questionnaires or measures of culture and influential research have stimulated a few streams of research. Two of these research programs have extended findings to other national contexts using an established measurement instrument of culture such as the Denison Organizational Culture Survey (DOCS) and the competing values framework (Cameron & Freeman, 1991). Two other programs have explored the relationship of culture and performance in connection to leadership, HR management, and operations issues. The research program based on the DOCS includes five studies that examined the applicability of results obtained in the United States to the results obtained from other countries such as India (Nazir & Lone, 2008), Russia (Fey & Denison, 2003), Turkey (Yilmaz & Ergun, 2008), and Asian countries (Denison, Haaland, & Goelzer, 2004). The research program using the competing values framework to measure culture also extends their research to other nations (Deshpandé & Farley, 2004) investigating the effects of the different culture traits (e.g., Tsui et al., 2006) and gender diversity on performance (Dwyer et al., 2003).

The stream of research that developed around HR received its impetus from the work of M. A. Huselid (1995). Studies in this stream of research investigated the relationship between culture, performance, and HR practices (Chew & Sharma, 2005), the effects of competitive strategy and culture on firm performance (Chan, Shaffer, & Snape, 2004; Chow & Liu, 2007), the effects of HR flexibility on culture and performance (Ngo & Loi, 2008), high performance work systems, culture, and firm effectiveness (Den Hartog & Verburg, 2004), and the impact of culture on HR style and HR flexibility (Miah & Bird, 2007).

Five studies of the 55 reviewed ones focused on issues of culture, leadership, and performance. Four studies investigated culture and operational issues such as new product development (Brentani & Kleinschmidt, 2004), quality management (Naor et al., 2008), manufacturing (Nahm, Vonderembse, & Koufteros, 2004), and production (Koufteros, Nahm, Cheng, & Lai, 2007)—all four using the same database. Another four studies investigated culture in the context of mergers and acquisitions (Weber & Menipaz, 2003), international joint ventures (Ozorhon et al., 2008; Pothukuchi, Damanpour, Choi, Chen, & Parks, 2002) and interfirm relationships (Beugelsdijk et al., 2009).

These emerging streams of research indicate that the availability and use of a standard tool for measuring culture helps extend research to other settings, thus developing a growing body of knowledge that can be compared. Problems associated with this standard tool are, however, also multiplied and extended to these settings. The trade-off between large-scale research projects based on questionnaire data, however, can be counterbalanced by complementing it with a more detailed, in-depth case study, as shown by C. F. Fey and Daniel R. Denison (2003).

MEASUREMENT OF ORGANIZATIONAL CULTURE AND PERFORMANCE: DIVERSE AND STILL PROBLEMATIC

Performance measures that were chosen for the various studies are rather diverse. They reflect the multifaceted nature of performance and the specific focus of a particular research project. Most studies employed a combination of outcome measures since no single measure or indicator was considered sufficient by itself. Somewhat critical is the fact that most studies tended to employ perceptual measures of performance rather than objective measures. Researchers tended to justify this choice with the argument that these perceptual data could be considered a good proxy for actual performance. This argument is questionable and may not hold true for all organizations.

In regard to culture, the overall picture is rather surprising. Even though standardized questionnaires exist and have been used in several studies such as the DOCS, the Organizational Culture Inventory (OCI; Cooke & Lafferty, 1983), the Competing Values Scale (Cameron & Freeman, 1991), a questionnaire by E. J. Wallach (1983), and G. Hofstede's survey assessing organizational practices, most researchers developed their own idiosyncratic way for measuring organizational culture in the specific context of their research project (Hofstede, Neuijen, Ohayv, & Sanders, 1990). Researchers used either a variation of an existing questionnaire such as the Organizational Culture Profile (e.g., Lee & Yu, 2004), they developed their own instrument on the basis of an established theory (e.g., Schein, 1995; Likert and Likert, 1976), or they used a specific subset of a theory, framework, or existing scale. Having made their theoretical choice, researchers validated the instrument in the specific context as a first step in their research process. This reflects

the theoretical argument that culture is a specific quality of an organization (e.g., Schein, 1995) that is difficult to imitate (e.g., Barney, 1991). Hence, any kind of culture assessment needs to be sensitive to these particularities of an organization (e.g., Sackmann, 1991, 1992).

Outcome measures have become rather diverse. Most studies conceptualize performance as a multidimensional construct. Depending on their specific research question, researchers most often chose a set of variables at the individual or the organizational level. Examples of individual outcome measures used in the 55 reviewed studies are job satisfaction, personal effectiveness, communication, employee relationship, and the degree of goal achievement, role clarity, fit with the organization, job security, stress, or turnover intentions. Measures at the organizational level included financial and nonfinancial performance measures. Financial measures that were used are earning before interest and taxes (EBIT), return on investment, return on equity, ROA, revenue growth rate, operating cash flow, liquidity, debt-equity ratio, budget, controllable expenses-costs, and sales measures. Examples of nonfinancial performance measures that were employed include competitiveness, productivity, effectiveness, value added, overall organizational performance, brand performance, environmental and corporate social performance, corporate adaptability and flexibility, innovation, windows of opportunity and success rate for new products, product quality and quality improvements, commitment to customer service and customer satisfaction or customer (relationship) orientation, customer value and customer acquisition, overall satisfaction, quality of workplace, turnover, sickness leaves, delivery, error per schedule and schedule performance, or cleanliness of stores.

Most of the performance measures, however, are perceptual rather than objective measures, which may result in biased data. Even though the majority of the researchers collected data about outcome measures from different sources, some studies are still subject to the common method bias since data were collected from the same respondents.

Although this diversity in culture and performance measures definitely adds to richness, two critical issues remain—on top of the fact that every choice of measures both for culture and performance is suboptimal and never can capture the many facets of both concepts. First, the results of these diverse studies using different measures and foci are difficult to compare. At best, they can be taken as part of a patchwork that increases in size, shape, and color with results that need replication and generalization. Furthermore, the critique voiced by Wilderom et al. (2000) about measuring culture still holds true. Is it really culture that was researched or rather parts of something that may be called culture? Although each instrument reveals some interesting issues of an organization, one may well argue that only a facet of the cultural context of organizations has been unraveled. This facet remains mostly at the level of norms (Sackmann, 2006) even though theoretical considerations include commonly held assumptions, basic beliefs, values, and practices.

The following section discusses the knowledge gained in regards to the link between culture and performance. Despite this growing body of knowledge, the reader should keep in mind the caveats voiced above in regard to the diversity in foci, the different research settings, measures, and related problems. Given this patchwork-like nature of existing studies investigating the link of culture and

performance, their results cannot be directly compared. Instead, they provide a rich picture that needs further exploration and substantiation.

THE LINK BETWEEN CULTURE AND PERFORMANCE

Early research investigating the link between culture and performance implicitly assumed a direct link. Not surprisingly, 9 of the 10 studies reviewed by Wilderom et al. (2000) investigated a direct relationship between culture and performance. The authors argued that the direction and nature of this link are not unquestioned and went on to speculate on theoretical grounds that the relationship between the two concepts may be recursive and/or influenced by mediating variables. Nevertheless, the majority of the 55 studies reviewed here investigated and found direct effects between culture and performance (e.g., Chan et al., 2004; Fey & Denison, 2003; Flamholtz & Kannan-Narasimhan, 2005; Lee & Yu, 2004; Nazir & Lone, 2008; Tsui et al., 2006; van Bentum & Stone, 2005; Yilmaz & Ergun, 2008).

Several studies revealed, however, both direct and indirect relationships (e.g., Lee et al., 2006; Parry & Proctor-Thomson, 2003; Sin & Tse, 2000; Škerlavaj et al., 2007). Other researchers investigated and/or revealed interaction effects (Chatman & Spataro, 2005; Chow & Liu 2007; van Bentum & Stone, 2005; Wilderom & van den Berg, 2000) as well as reciprocal relationships between culture and leadership (Parry & Proctor-Thomson, 2003). Few studies investigated and found nonlinear effects (Ernst, 2003). Another subset of research explored variables that mediated the relationship between culture and performance. One study focused on culture as a moderator, and another explored the enabling role of culture and its effects on performance.

First, this chapter will explore studies that found a direct link between culture and performance before it focuses on results that revealed interaction, reciprocal, and nonlinear effects. Following this, the chapter moves to a discussion on the results of studies that explored mediating and moderating effects and influences on culture and its enabling role. Selected studies of each group are included in alphabetical order in Table 12.1; it shows the studied culture dimensions or culture types, some information on research methods (including statistical analyses), the performance measures used, the kind(s) of organization that were used for data collection, respondents, and the major results in regards to the link between culture and performance.

Culture and Performance: Support for a Direct Relationship

Most of the studies investigating the link between culture and performance found empirical support for a direct link. The researchers that explored this link either used a general measure of culture or several dimensions of culture or focused on types of culture that they related to performance measures of their own choice (for examples, see Table 12.1). Measures varied widely both for culture and performance across most of the 55 studies, in addition to variation in types of organizations, industries, and countries. Hence, the obtained results cannot be directly compared. Instead, they render a rather broad and colorful picture of the link between different culture dimensions and performance measures. Studies that used an overall measure of culture support a significant direct influence of culture on various performance measures (e.g., Garnett, Marlowe, & Pandey, 2008; Naor et al., 2008; O'Cass & Ngo, 2007; Rashid, Sambasivan, & Johari, 2003).

Table 12.1 Summary of Selected Studies on Culture Published Between 2000 and 2009

Reference	Organizational Culture Measure, Dimensions, or Types	Research Methods or Statistics	Performance Measure	Organizations involved	Respondents involved	Major Results re. Culture-Performance
Balthazard, Cooke & Potter (2006)	Organizational culture inventory (OCI) (a) constructive (b) passive-defensive (c) aggressive-defensive	Multimethod approach: secondary analysis case study Correlations	Individual outcome measures: (a) role clarity (b) communication quality (c) fit with organization (d) behavioral conformity (e) job satisfaction Organizational outcome measures: (a) quality of products/services (b) commitment to customer service (c) organizational adaptability (d) turnover (e) quality of workplace	Data provided by members of organizations using the OCI Case study comparison of four state government departments involved in an organizational change program	60.900 respondents affiliated with various organizations (between 2001–2004)	Positive impact of constructive cultural styles; negative impact of dysfunctional defensive styles on both the individual and organizational level performance drivers. The dysfunctional cultural styles are linked to deficits in operating efficiency and effectiveness.

Table 12.1 (*Continued*)

Reference	Organizational Culture Measure, Dimensions, or Types	Research Methods or Statistics	Performance Measure	Organizations involved	Respondents involved	Major Results re. Culture-Performance
Chew & Sharma (2005)	Organization's espoused values (Kabanoff, 1991): (a) authority (b) leadership (c) team (d) participation (e) commitment (f) performance (g) reward (h) affiliation (i) normative culture profiles (cluster analysis): (a) elite (b) leadership (c) meritocratic (d) collegial cluster	Case analysis using secondary data: Content analysis of collect informa-tion with reference to cultural values and human resource management (HRM) effectiveness cluster analysis regression analysis	HRM effectiveness scores measure of financial performance: (a) internal liquidity (current ratio, quick ratio, receivables turnover) (b) efficiency (total asset turnover, net fixed assets turnover, equity turnover) (c) profitability (net profit margin, return on owner's equity) (d) leverage (debt-equity ratio)	Singapore-based companies involved in merger & acquisitions (M&As) (during 1984–1998)	120 annual reports; additional documents of sampled organizations 3 years before and 3 years after the M&A activity	Organizations with either elite or leader value profile, when complemented by human resource effectiveness, have a better financial performance as compared to organizations with meritocratic or collegial value profiles.

Reference	Organizational Culture Measure, Dimensions, or Types	Research Methods or Statistics	Performance Measure	Organizations involved	Respondents involved	Major Results re. Culture-Performance
Chow & Liu (2007)	Wallach (1983) (a) bureaucratic (b) competitive (c) sharing	Cross-sectional, descriptive statistics, correlations hierarchical multiple regression	Knowledge-related outcomes: (a) productivity (b) Research and Development (R&D) capability (c) products and services quality (d) market share	High tech industries in China; 132 organizations from electronic and communication facilities, computer and software industries	Middle and top management, remainder front-line management	Human resource practices are positively correlated with overall firm performance. Significant positive correlations between HR practices, corporate culture, and business strategy measures. These measures were all significantly correlated with overall performance. Significant interaction effects of having a sharing culture on performance. Bureaucratic and competitive culture creates no significant benefit for organizational performance. Corporate culture as a whole added a significant explanatory effect on overall performance, particularly the effect of competitive culture.

Table 12.1 (*Continued*)

Reference	Organizational Culture Measure, Dimensions, or Types	Research Methods or Statistics	Performance Measure	Organizations involved	Respondents involved	Major Results re. Culture-Performance
Dwyer, Richard & Chadwick (2003)	Competing Values Scale (Cameron & Quinn, 1999); four culture types: (a) clan (b) adhocracy (c) hierarchy (d) market	Questionnaires correlations hierarchical regression	(a) employee productivity (b) return on equity	Bank	177 bank presidents, senior HR executives and managers	Gender diversity effect at the management level is moderated by the firm's strategic orientation, the organizational culture in which it resides, and/or the multivariate interaction among these variables. An appropriately configured and supportive culture may need to be in place before the beneficial aspects of gender diversity can be fully realized.

Reference	Organizational Culture Measure, Dimensions, or Types	Research Methods or Statistics	Performance Measure	Organizations involved	Respondents involved	Major Results re. Culture-Performance
Ernst (2003)	Cameron & Freeman (1991): 4 culture types: (a) clan (b) adhocracy (c) hierarchy (d) market	Panel survey; correlation, factor, regression-, and cluster analysis	Innovation success of projects (a) profitability (b) growth (c) target achievement (d) profit margin	43 strategic business units of production companies in Germany	258 respondents (129 (project) managers; 86 experts from R&D, marketing, and production)	Hierarchy cultures are significantly negatively correlated with a technologically dynamic environment; adhocracy cultures are positively correlated; firms in highly dynamic environments have significantly more adhocracy cultures and rarely hierarchy cultures. Hierarchy cultures have a significantly negative effect on innovation success explaining 30% of the profitability of new products. Adhocracy cultures show a nonlinear relationship: a strong positive effect between adhocracy cultures and innovation success turned negative at a certain level.

Table 12.1 (*Continued*)

Reference	Organizational Culture Measure, Dimensions, or Types	Research Methods or Statistics	Performance Measure	Organizations involved	Respondents involved	Major Results re. Culture-Performance
Fey & Denison (2003)	DOCS (Denison, 1984, 1990, 1996): four cultural traits: (a) mission (b) consistency (c) adaptability (d) involvement	Multi-method approach: Comparative cross-national research; Questionnaires + case studies Correlation and regression analysis	(a) overall performance (b) market share (c) sales growth (d) profitability (e) employee satisfaction (f) quality (g) product development (h) effectiveness index	179 foreign-owned firms operating in Russia with a parent firm headquartered in Canada, Germany, Finland, France, Sweden, and the United States; complemented with 4 case studies	Senior managers	All four culture traits correlate with organizational effectiveness - but less in Russia than in the USA. While mission is strongest correlated with effectiveness in the USA, adaptability and involvement are the most important determinants of effectiveness in Russia. The results of the case studies shed more light on the reasons for the differences found in the quantitative analysis.

Reference	Organizational Culture Measure, Dimensions, or Types	Research Methods or Statistics	Performance Measure	Organizations involved	Respondents involved	Major Results re. Culture-Performance
Garnett, Marlowe & Pandey (2008)	Own items created to assess mission-oriented and rule-oriented culture	Regression analysis	Perceived performance assessed with the item: "On an overall basis, please rate the effectiveness of your agency in accomplishing its core mission — on a scale of 0–10,"	Public administrations (Data collected as part of Phase II of the National Administrative Studies Project (NASP II)	274 respondents	Communication mediates the relationship between mission-oriented culture and performance and moderates the relationship between rule-oriented culture and performance. Communication acts as a meta-mechanism for shaping culture in mission-oriented cultures, thereby influencing performance. In particular, task orientation, feedback, and upward communication have positive effects on perceived organizational performance in mission-oriented organizations but potentially negative effects on performance in rule-oriented cultures.

Table 12.1 (*Continued*)

Reference	Organizational Culture Measure, Dimensions, or Types	Research Methods or Statistics	Performance Measure	Organizations involved	Respondents involved	Major Results re. Culture-Performance
Gregory, Harris, Armenakis, & Shook (2009)	Adaptation of competing values framework (CVF) (Quinn & Spreitzer, 1991): CVF culture domains: (a) group (b) development (c) rational (d) hierarchical (e) balanced culture	Regression, ANCOVA (Analysis of Covariance) Baron & Kenny (1986) procedure for mediation hypothesis	Effectiveness measures: (a) controllable expenses (b) patient satisfaction	99 health care facitites across the U.S. owned by a single parent company	Top management teams	Group culture is positively related to patient satisfaction. Balanced cultures have higher levels of patient satisfaction than unbalanced cultures, after controlling for previous levels of patient satisfaction. Balanced and group domain's impact on effectiveness is mediated by attitude variables; employee attitudes mediate the relationship between organizational culture and effectiveness.

Reference	Organizational Culture Measure, Dimensions, or Types	Research Methods or Statistics	Performance Measure	Organizations involved	Respondents involved	Major Results re. Culture-Performance
Koufteros, Nahm, Cheng & Lai (2007)	(a) Underlying Assumption: - customer orientation (b) Espoused Values: - beliefs on management control - beliefs on working with others (c) Artifacts: Organizational Structure: - locus of decision making - number of layers, in hierarchy - level of horizontal integration - nature of formalization - level of communication (d) Artifacts: Manufacturing Practice: - pull production - performance	Structural equation modeling	(a) sales growth (b) return on investment (c) market share gain (d) overall competitive position	224 manufacturers based in the United States	President-CEO, vice president, director, manager, others	Underlying assumption: Customer orientation has a direct, positive effect on espoused values (i.e., managerial beliefs). The level of customer orientation relates to beliefs on management control, beliefs on working with others, and beliefs on making decisions that are global. Managerial beliefs (i.e., espoused values) in general positive effect upon organizational structure (artifact). Beliefs on management control have an "obvious" strong relationship with the locus of decision making. Beliefs of working with others is related to horizontal integration. The structural dimensions generally manifest strong positive influences on the level of communication. Communication is important for pull production. Pull production manifested a vigorous effect on performance.

(Continued)

Table 12.1 (*Continued*)

Reference	Organizational Culture Measure, Dimensions, or Types	Research Methods or Statistics	Performance Measure	Organizations involved	Respondents involved	Major Results re. Culture-Performance
Lee & Yu (2004)	OCP (O'Reilly, Chatman, & Caldwell, 1991) (a) innovation (b) support (c) team (d) humanistic (e) task	Factor analysis ANOVA Q-factor analysis correlations	Depending on industry: (a) sales (b) turnover (c) return on assets (d) net profitability (a) growth of business in force for life policies (b) annual premiums (c) net returns on investments (d) persistency rates (a) internal improvement in bed occupancy rates (b) reduction in the average length of stay of patients	70 companies (manufacturing, insurance, hospital)	Top two to three levels of management	Culture impacts a variety of organizational processes and performance. Power of industry membership is limiting unique cultural types. Industry dynamics led to the development of distinguishing values that characterized the industry. Hospitals are significantly more team oriented, insurance firms are significantly more task oriented, and manufacturing firms are significantly more humanistic. Cultural strength of organizations is related to organizational performance in some cases.

Reference	Organizational Culture Measure, Dimensions, or Types	Research Methods or Statistics	Performance Measure	Organizations involved	Respondents involved	Major Results re. Culture-Performance
Lee, Yoon, Kim & Kang (2006)	Market-oriented culture (scale of Homburg & Pflesser, 2000)	Regression analysis Structural equation modeling	Market performance is defined as the (a) effectiveness of marketing activities of a firm (b) customer satisfaction levels (c) customer value (d) customer retention (e) customer acquisition (f) revenue growth rate (g) market share	Business located in the capital district of Seoul (selection: credit information corporation's list)	110 businesses	Market-oriented culture affects firm performance directly and indirectly by affecting the marketing strategy making process.
Nahm, Vonderembse & Koufteros (2004)	Schein's (1985) conceptualization of culture. Similar approach to the one adopted by Yauch & Steudel (2002): (a) artifacts, surface (manufacturing practices), (b) espoused values: set of beliefs (c) underlying assumptions: purported to affect the beliefs, and subsequently practices in organizations	Regression Structural models	(a) sales growth (b) return on investment (ROI) (c) market share gain (d) overall competitive position	4 industries (SIC 34-37)	224 manufacturing executives/managers	High levels of customer orientation lead to a set of managerial beliefs that are collaborative and integrative. Certain espoused values support a high level of time-based manufacturing practice, which leads to high performance.

(*Continued*)

Table 12.1 (*Continued*)

Reference	Organizational Culture Measure, Dimensions, or Types	Research Methods or Statistics	Performance Measure	Organizations involved	Respondents involved	Major Results re. Culture-Performance

Naor, Goldstein, Linderman, & Schroeder (2008)	Competing Values Framework (Quinn & Rohrbaugh, 1983)
	
	(a) group
	(b) developmental
	(c) hierarchical
	(d) rational culture
	  Cameron &
	  Quinn (1999)
		Path analysis	Performance Dimension:
			
			(a) cost
			(b) quality
			(c) delivery
			(d) flexibility
				189 manufacturing plants machinery, electronics, transportation industries	Part of the High Performance Manufacturing (HPM) project; Data from Sweden, United States, Japan, Finland, South Korea, and Germany	Culture has a stronger influence on infrastructure quality management practices than on core quality management practices, regardless of whether the plants are located in Eastern or Western countries. Infrastructure quality management practices have a significant effect on manufacturing performance.

Ngo & Loi (2008)	adaptability culture	Structural Equation Modeling (LISREL)	(a) human resource-related performance (b) market-related performance	multinational corporations (MNCs) in Hong Kong		Positive effects of employee behavior flexibility and HR practice flexibility on adaptability culture; no effects of employee skill flexibility. Adaptability culture positively affects HR-related and market-related performance. HR-related performance mediates the relationship between adaptability culture and market-related performance.

Reference	Organizational Culture Measure, Dimensions, or Types	Research Methods or Statistics	Performance Measure	Organizations involved	Respondents involved	Major Results re. Culture-Performance
O'Cass & Ngo (2007)	Culture conception based on Deshpandé, Farley & Webster (1993); innovative culture key aspects: (a) encouraging creativity (b) being receptive to new ideas (c) decentralizing decision making (d) encouraging open communication	Cross-sectional survey structural equation modeling (PLS)	Brand performance: relative measurement of a brand's success in the marketplace	Organizations in Australia	Data from Sweden, United States, Japan, Finland, South Korea, and Germany	Market orientation has a significant, positive impact upon overall brand performance. Innovative culture has a positive significant effect on overall brand performance and on market orientation. Organizational culture is relatively more important than market orientation in affecting organizational performance.
O'Regan & Lehmann (2008)	Questionnaire adopted from Wilderom & van den Berg (1997) (a) empowerment (b) intergroup orientation (c) improvement orientation (d) external orientation (e) human resource orientation	Case study, multi-method approach: Questionnaire and semistructured interviews	Performance perception (balanced scorecard perspectives): - financial perspective - customer orientation - organizational effectiveness - learning and growth	Society of Manufacturing Engineers (SME) manufacturing firm in the United Kingdom	Questionnaire: 82 responses from different departments and job responsibilities; five interviews (CEO, four department managers)	Corporate strategy impacts positively on culture and organizational performance. Enhanced effectiveness in communication and functional coordination are reported as the key drivers of the success of the strategy being pursued.

Dimensions of culture that were found to be positively related to performance measures include those that are more externally oriented toward the relevant business environment and internally oriented ones. Examples of externally oriented dimensions are market, customer, and adaptive orientations; corporate citizenship; innovation; and results and outcome orientations. Internally oriented dimensions included identification with the company; team, humanistic-task, and quality orientation; and entrepreneurship.

In the study by E. G. Flamholtz and R. Kannan-Narasimhan (2005), customer orientation was found to explain 46% of the variance in EBIT, 41% of corporate citizenship, 38% of performance and behavior standards, and 22% of identification with the company. The four culture orientations of innovation, team, humanistic, and task orientation were significantly related to ROA, net profitability, and sales turnover over a 5-year period across three industries in 10 Singaporean companies (Lee & Yu, 2004). Innovative and competitive forms of culture also showed a direct, strong, and positive relationship with organizational performance in 1,000 UK-based firms located in different industries (Ogbonna & Harris, 2000). Furthermore, D. Gebert et al. (2001) found that about 35% of the differences in innovativeness of 21 units belonging to four different university hospitals in Germany could be explained by culture. Innovation as well as market orientation had a direct effect on brand performance in Australian organizations (O'Cass & Ngo, 2007). Market-oriented culture also showed a significant influence both on firm performance and on the marketing-strategy-making process in firms located in Seoul (Lee et al., 2006). In addition, achievement and adaptive-culture orientations were found to be directly related to performance measure in Greek financial companies (Xenikou & Simosi, 2006).

Of the five studies that applied the DOCS in different countries, similarities as well as differences were found. A comparison of 2,162 responses of independently owned grocery stores located in seven countries revealed significant correlations between culture indices and overall performance, sales growth, profitability, quality, and employee satisfaction (except for Asian companies), even though the regions did not differ significantly from each other on the culture traits (Denison et al., 2004). Comparing the United States with Russia (Fey & Denison, 2003), all four culture traits were correlated with perceived organizational effectiveness. Although American companies correlated higher with overall performance, employee satisfaction, quality, and product development, Russian firms were more strongly correlated with market share, sales growth, profitability, and the effectiveness index. Adaptability and involvement turned out to be the two most important determinants of effectiveness in Russia, whereas mission was most important in the United States. These findings are consistent with the results obtained by R. Deshpandé and J. U. Farley (2004), even though mission tends to be the most prominent culture trait, fostering several performance indicators such as overall firm performance, sales growth, market share growth, and ROA (e.g., Yilmaz & Ergun, 2008). In India, a firm's ability to develop new products was primarily influenced by adaptability and consistency traits, while employee satisfaction was mostly determined by involvement (Nazir & Lone, 2008).

In a recent study conducted in Germany (BMAS, 2008), different aspects of culture such as identification, team orientation, professional development, partnership, and adaptability of the organization could explain up to 31% of the variance of financial performance measures. Furthermore,

the strong relationship between organizational culture and leadership effectiveness could explain 40% of the variance in another study using secondary data from six different countries (Kwantes & Boglarsky, 2007).

The results of these studies with a focus on culture dimensions or orientations suggest that a combination of external and internal orientation is an ideal combination for a direct positive relationship with performance, even though a stronger external focus seems to be more important—regardless of industry and country. Customer-focused, market-oriented and adaptive, and innovative culture orientations turned out to be favorable for performance in the United States and in countries in Europe and Asia (e.g., Naor et al., 2008). Studies that investigated the effects of culture types or culture styles on performance measures partially support this notion and shed additional light on the link between culture and performance. Researchers either used the competing values framework (Cameron & Freeman, 1991; Cooke & Lafferty, 1983) or developed their own types. Culture types measured with the competing values perspective had a significant influence on financial performance, especially on profitability ratios, ROA, and return on investments, but had no influence on the liquidity ratios in Malaysian companies. In their study of 132 organizations of the high-tech industry in China, H. Chow and S. Liu (2007) investigated the effects of bureaucratic, competitive, and sharing cultures on business performance. A path analysis showed that corporate culture as a whole and competitive culture in particular added a significant explanatory effect on overall performance.

Using the OCI database with 60,900 respondents, P. A. Balthazard, R. A. Cooke, and R. E. Potter (2006) found a positive effect of constructive cultural styles and a negative impact of dysfunctional defensive styles on both individual and organizational performance measures. The latter included quality of products-services, commitment to customer service, adaptability, turnover intensions, and workplace quality. Similar results were found in a set of studies reported by Deshpandé and Farley (2004) with competitive-market and entrepreneurial-adhocracy cultures having positive effects on performance measures, whereas bureaucratic-hierarchical and consensual-clan cultures had a negative impact. In the study by H. Ernst (2003), hierarchy-bureaucratic cultures were, for example, found to have a significantly negative effect on innovation success, explaining 30% of the profitability of new products.

Škerlavaj et al. (2007) investigated the impact of an organizational learning culture (OCL) defined as a set of norms and values about the functioning of an organization on financial and nonfinancial measures. They used ROA and value added per employee as financial performance measures and included three performance perspectives (employee, customer, and supplier). Structural equation modeling revealed a significant direct effect of OCL on all three performance perspectives. Only the employee perspective had, however, a significant effect on the financial performance measures. Culture type significantly predicted perceived firm performance measured in terms of profit, sales growth, and market share; competitive position in the industry; and overall sales, morale, and growth of assets in Chinese firms (Tsui et al., 2006). In contrast to Deshpandé and Farley's (2004) findings, the integrative type culture rated highest on performance when compared to the clan, market, and hierarchy types. The importance of integrative cultures for performance may be attributed to the Chinese research setting. These findings could, however, also be interpreted in favor of the idea that strong cultures have a

positive effect on performance, as advocated in early research on corporate culture (e.g., Calori & Sarnin, 1991; Deal & Kennedy, 1982; Gordon & DiTomaso, 1992; Kotter & Heskett, 1992; Peters & Waterman 1982–1995).

Collectively, these authors had promoted the idea (especially among practitioners) that strong cultures are a prerequisite for high performance. Despite this claim, only three studies among the 55 investigated the role of culture strength on performance. Lee and Yu (2004) received mixed results across three industries and 10 firms. ROA was significantly correlated with their culture strength measure (degree of shared perceptions) in manufacturing firms' growth in annual premiums and sum assured in insurance firms. But no significant relationships existed for hospitals. In their studies of a sales subculture and a specialized sales organization, J. W. Barnes, D. W. Jackson, M. D. Hutt, and A. Kumar (2006) found the culture strength measure showed a significant direct positive effect on value congruity, organizational commitment, and job satisfaction. It had, however, negative effects on role conflict and role ambiguity.

Since culture strength was measured differently in all three studies, it may be more fruitful to abandon the term and substitute it with the actual measure used, such as degree of shared perceptions, degree of agreement, or homogeneity in results. Culture gap measures may also be an interesting option to replace culture strength. For example, E. G. Flamholtz (2001) used the consistency between perceived and desired culture, similar to C. P. M. Wilderom and P. T. van den Berg's (2000) gap measure of perceived and preferred practices.

Overall, these studies support the notion that a direct link exists between culture measures and performance indicators. This link seems to exist across industries and nations with somewhat similar trends regarding culture dimensions and culture types. A subset of studies suggests, however, that the importance of a certain culture orientation may differ across countries (e.g., Fey & Denison, 2003). By way of illustration, Deshpandé and Farley (2004) concluded from their research that innovativeness seems to be more important in the industrial world, and market orientation in the industrializing world. Despite this overall theme that supports the idea of a link between culture and performance, the link may be more than direct, as will be discussed in the following section.

CULTURE AND PERFORMANCE: SUPPORT FOR AN INDIRECT AND NONLINEAR RELATIONSHIP

A few studies support not only a direct but also an indirect link between culture and performance. As reported above, A. Xenikou and M. Simosi (2006) found achievement and adaptive culture orientations having a direct effect on performance. In addition, transformational leadership and humanistic orientation had an indirect positive impact on performance via achievement orientation. In E. Ogbonna and L. C. Harris's is (2000) study, internally oriented cultures and bureaucratic cultures had an indirect effect on performance, with bureaucratic culture having a slightly negative association. In contrast, innovative and competitive cultures had direct, strong, and positive relationships with performance measures.

Wilderom and van den Berg (2000) found only an indirect influence of culture on firm performance via transformational top leadership that also had—in contrast to the culture measures—a direct effect on firm performance. In a study of 388 service firms located in Hong Kong, organizational culture values affected company perfor-

mance both directly and indirectly via their impact on marketing effectiveness (Sin & Tse, 2000). A nonlinear effect between culture types and performance measures was also discovered by Ernst (2003). Using Kim Cameron and S. J. Freeman's (1991) four culture types, Ernst (2003) first tested the contingency between external environment and culture type and, subsequently, the effects of different culture types on innovation. Although hierarchy-bureaucratic cultures were significantly negatively correlated with a technologically dynamic environment and adhocracy-entrepreneurial cultures were positively correlated, a comparison of extremely high and low dynamic environments showed that companies in highly dynamic environments had significantly more adhocracy-entrepreneurial cultures and rarely hierarchy-bureaucratic cultures. The impact of culture on innovation was, however, independent of external technology dynamics. Hierarchy cultures had a significantly negative effect on innovation success, explaining 30% of the profitability of new products. Adhocracy-entrepreneurial cultures revealed a nonlinear relationship: Results showed first a strong positive effect between adhocracy-entrepreneurial cultures and innovation success that became negative at a certain level. These findings are also supported by J. B. Sørensen (2002). Using J. Kotter and J. Heskett's database, he found that strong-culture firms showed a more reliable performance in stable environments. However, this positive effect disappeared in volatile environments.

The results of these studies suggest that even though a direct link between culture and performance measures is most frequently observed, the link may not always be direct. More sophisticated research methodologies are required to uncover indirect as well as nonlinear relationships, as evidenced in the study by Ernst (2003).

CULTURE AND PERFORMANCE: VARIABLES THAT MEDIATE AND MODERATE THE RELATIONSHIP

Several studies explored variables that moderated or mediated the relationship between culture as measured and performance indicators. Communication is one of these when investigated in the context of public administrations (Garnett et al., 2008). Their results show a significant effect of culture on performance, explaining between 28% and 40% of the variance in perceived organizational performance. Communication was found to mediate the relationship between mission-oriented culture and performance, and it moderated the relationship between rule-oriented culture and performance.

Leadership turned out to be another important moderator and mediator. In a study of Taiwanese manufacturing and service organizations, transformational and transactional leadership behavior both moderated and mediated effects of organizational culture and commitment (Chen, 2004). More specifically, organizational commitment mediated the relationship between transformational leadership behaviors and job performance in supportive and bureaucratic culture types. Commitment also had a mediating role in the BMAS study (2008). In addition to leadership, infrastructure is another variable that was found to play a mediating role in the relationship between culture and performance in addition to having a direct influence (Naor et al., 2008).

These few studies support the important role of communication, leadership, and commitment as mediators and moderators in the culture–performance relationship. Future research needs to investigate other variables that may act as mediators and/or moderators.

CULTURE AND PERFORMANCE: INTERACTIONS AND CORRELATION EFFECTS BETWEEN CULTURE AND OTHER VARIABLES AFFECTING THE RELATIONSHIP

Leadership, HR strategy, and HR practices were found to interact or correlate with culture, thus impacting performance measures. In the New Zealand public sector, the reciprocal relationship between culture and leadership had a greater significant impact on organizational and work unit outcomes than culture alone. Together, they explained more than 50% of the variance in outcome measures. Leadership had, however, a stronger mediating role than organizational culture, with transformational leadership having a positive effect and transactional leadership a negative effect. Unfortunately, outcome measures were not collected independently (Parry & Proctor-Thomson, 2003).

In a study of 132 companies of the high-tech industry in China, Chow and Liu (2007) found significant interaction effects of a competitive culture (as opposed to bureaucratic and sharing culture) and HR business strategy in knowledge, related performance. In addition, the sharing culture showed a positive interaction effect with incentives. In the context of 120 merger and acquisition cases in Singapore, the so-called elite and leadership value profile clusters had a better financial performance when complemented by human resource effectiveness, as compared to organizations with meritocratic or collegial value profiles (Chew & Sharma, 2005). Employee behavior flexibility and HR practice flexibility had also positive effects on adaptability culture that, in turn, had a positive effect on both HR-related and market-related performance (Ngo & Loi, 2008). In addition, a participative human resource management (HRM) style was found to be positively associated with firm performance in all organizations sampled by M. K. Miah and A. Bird (2007). Investigating interaction effects between high performance HR practices in Hong Kong firms, L. L. M. Chan et al. (2004), however, could only find direct positive relationships between the culture dimensions, HR policy consistency, and organizational performance.

The results of these studies suggest that a certain kind of culture seems to be associated with a specific kind of leadership and HR practices. One may argue on theoretical grounds that the culture concept is closely related to the human side of organization. Hence, close relationships with leadership, employee behavior, and HR practices should not come as a surprise. Depending on the research context, they may even have a stronger effect on performance when considered together. These results underline the importance of being conceptually precise about culture and its measurement. Future research needs to further investigate different contexts and clusters of variables.

CULTURE AS CONTEXT FOR PERFORMANCE

Several studies investigated the effects of a specific kind of culture and its effects on different kinds of outcome variables. In an analysis of secondary survey data, E. A. Platonova, S. R. Hernandez, R. M. Shewchuk, and K. M. Leddy (2006) found that organizational culture characteristics positively affected job satisfaction by strengthening the effect of positive job attributes on employee job satisfaction. A. Y. Nahm et al. (2004) and Koufteros et al. (2007) explored the enabling role of culture and its effect on time-based management and performance. More specifically, they studied the effects of customer orientation on a set of managerial beliefs, their influence on practices, and their effect on performance in

terms of sales growth, return on investment, market share gain, and overall competitive position. Although all effects from customer orientation to beliefs were significant, not all effects from beliefs to practices were significant. Time-based manufacturing practices could explain 51% of the variance in performance indicators.

Furthermore, firms with a customer-oriented culture had more integrative beliefs and higher levels of time-based manufacturing practices that resulted in higher levels of performance. R. A. Jones et al. (2005) investigated the relationship between a specific culture (strong in HR and open system values), readiness for change, and its effect on change implementation success in a longitudinal study of a state government department. The data from 67 employees revealed that employees who perceived strong human relations values in their division at the outset reported higher levels of readiness for change, which predicted system usage 1 year later. In addition, readiness for change at the beginning of the change process had a positive main effect on employees' satisfaction with the system's accuracy, user friendliness, and formatting functions at the second point of data collection.

A study of the influence of gender diversity in management on firm performance in different types of organizational cultures revealed surprising results. Firms with high levels of gender diversity and a strong emphasis on a clan-consensual culture type showed the highest productivity. Contrary to expectations, gender diversity was negatively associated with productivity and return on equity in an adhocracy-entrepreneurial culture. When this type of culture, however, was combined with a growth orientation, gender diversity turned out to be significantly associated with performance (Dwyer et al., 2003).

Beyond the importance of a certain kind of culture for enabling specific outcomes, these results suggest that only a sophisticated research methodology that includes fine-grained data collection methods and potentially a longitudinal design will able to unravel the multifaceted nature of the relationship between culture and performance.

CULTURE AND PERFORMANCE: RECIPROCAL EFFECTS

The few studies that used a longitudinal research design shed some more light on the reciprocal influence between culture and performance. U. S. Bititci et al. (2006) investigated the dynamic relationship between culture, management styles, and performance on the bases of five cases. Performance measurement systems were implemented in action research programs using identical implementation methods over a period of about 18 months. Despite differences in the five cases' dynamics, the authors found patterns regarding the reciprocal interplay between culture, management styles, and performance. The power culture that all five cases had at the outset did not seem to impact success or failure of the implementation. On the basis of their results, the researchers concluded that successful implementation of a performance measurement system may lead to an achievement oriented culture. All five cases suggest that successful implementation requires an authoritative management style during the period of implementation.

The impact of strategy, leadership, and culture on organizational performance was explored in a case study of a small to medium enterprise manufacturing firm in the United Kingdom when introducing a structural change (O'Regan & Lehmann, 2008). The multimethod approach included an employee who was complemented with five semistructured interviews conducted with the CEO and the department managers. The results showed that corporate

strategy had a positive impact on culture and organizational performance in regard to all aspects of a balanced scorecard. Enhanced effectiveness in communication and functional coordination were found to be the key success drivers during the 1-year research period. The chief financial officer attributed major improvements to the new structure, which resulted in clear responsibilities and better, more coordinated results. The HR manager reported a positive impact of strategy on the culture and performance of the company including clear responsibilities, performance management evaluation, and feedback. Clear communication of the new strategic goals and a leader with transformation attributes were considered key for the success of the change.

Similar results are reported from two case studies conducted over a 6- and 7-year period with additional insights on the mutually influencing and reinforcing dynamics between strategy, structures, systems, culture, and performance. The action research process initiated in one department to help implement a strategic and structural change implied a change in culture (Sackmann et al., 2009). Three sets of data collection covered a 6-year time span in a German-based international trading firm. Data gathering included survey instruments, observations, workshops, and interviews. Even though top management had only initiated a strategic and structural change, the head of the division that was affected most recognized that this required a culture change and asked for support. Over a 6-year time span, the culture changed from a paternalistic orientation in which employees showed high levels of identification but expected to be told what to do, to a culture of a learning organization in which managers and employees started to take initiative and charge to further develop their area of responsibility. The effects of their actions, in turn, reinforced the developing culture.

The change was visible in improved performance data such as higher levels of goal achievement (that became increasingly ambitious over the 6 years), reduced costs, and higher professionalism as observed by the vice president of HR who, as a result, wanted to extend the process to the entire company. R. C. Ford et al. (2008) report a case in which the deliberate design of the content of a firm's culture resulted in careful hiring strategies and aligned managerial practices, processes, and measuring systems reinforcing each other and accompanied by good performance (Ford et al., 2008).

These longitudinal studies shed light on the dynamic interplay between strategy, structures and processes, management systems and practices, and culture and performance. They reveal that culture in the context of organizations is associated with several other issues that are mutually related to performance, which, in turn, reinforces them. A change in performance may also influence the existing culture, either reinforcing it or initiating its change and/or development. This dynamic interplay, however, can only be unraveled in longitudinal studies that use multimethod approaches for data collection.

SUMMARY

The above review shows that the culture–performance link has attracted many researchers in the United States, Europe, and Asia since 2000 and that advances have been made in generating more knowledge regarding the link between culture and performance in different contexts and exploring different research questions. Given the larger number of theory-based, hypotheses-testing studies, the obtained results give statistically significant evidence and render a rather diverse and eclectic picture of the link between culture and performance.

Overall, the results of the reviewed studies suggest a contingency-type relationship between culture, performance, and internal and external firm context. Certain kinds of culture orientations have a positive effect on financial and nonfinancial performance measures. Among them are more open-, adaptive-, outside-, customer-, mission- or goal-, achievement-, competitive-, people-, innovative-, and quality-oriented cultures. Other kinds of culture orientations such as bureaucratic and hierarchical tend to have a negative impact on performance. Comparisons between high-performing and lower performing companies support the findings that cultural dimensions, including people and goal orientation, as well as hiring and communication practices, are associated with higher performance (e.g., Fulmer et al., 2003; van der Post et al., 1998).

The strength of the positive effect of these cultural orientations on performance seems to depend, however, on the kind of external environment and on the kind of culture orientation. Depending on the particular business dynamics (e.g., Ernst, 2003), industry (e.g., Gebert et al., 2001), economic system (e.g., Fey & Denison, 2003) and nation (e.g., Lee & Yu, 2004), different kinds of culture orientations seem to be more suitable. Studies conducted in Asia and Russia also indicate that certain culture dimensions need to be reinterpreted or are interpreted somewhat differently (Chan et al., 2004; Chow & Liu, 2007, Fey & Denison, 2003; Lee & Yu, 2004; Tsui et al., 2006) when compared to the United States. Although most studies found a direct linear relationship between organizational culture and performance, Ernst (2003) identified a nonlinear one suggesting that too much of a certain orientation may even reverse positive effects.

The existing research also suggests that the link between culture and performance may be direct, mediated, moderated, reciprocal, or even nonlinear. Although most studies investigated and found a direct link, J. L. Garnett et al. (2008) found, for example, that communication mediates the relationship between mission-oriented cultures and moderates the relationship between rule-oriented cultures and performance in their study of public administrations. Another mediator is commitment, though commitment, identification, leadership-management style, HRM practices, and culture dimensions tend to be interrelated when assessed in a study. Altogether, these results also support the contingency perspective that a certain culture orientation is associated with a respective management style and communication.

Despite its emphasis in the popular literature, culture strength was only investigated in three studies and operationalized differently each time. Lee and Yu (2004) found mixed results, the positive effect of strong-culture firms on performance could only be observed in stable environments and not in volatile environments (Sørensen, 2002), while in China, highly integrated firms had the highest performance (Tsui et al., 2006). Given the diversity in measuring culture strength, it may be more appropriate to abandon the term and use the specific measure for descriptions.

Age, size, and type of ownership did not show significant differences (e.g., Chow & Liu 2007; Tsui et al., 2006) suggesting that they do not matter in regard to the effects of culture on performance, city size, and location. Region showed some differences in China that may, however, be more related to business dynamics (Deshpandé & Farley, 2004). The results regarding industry culture are mixed. Studies using the DOCS and the competing values survey (Deshpandé & Farley, 2004) could not observe industry differences, in contrast to studies that used other kinds of culture assessments (e.g., BMAS, 2008; Gebert et al., 2001; Weber & Menipaz, 2003). Lee and Yu (2004) found

even a stronger effect of industry culture as compared to organizational culture on performance. These findings suggest that the kind of measurement has a strong impact on the results of a study.

Longitudinal studies give more insights into the dynamics of culture and performance, suggesting reciprocal effects between culture and different kinds of performance measures. One such case study demonstrates how culture can be deliberately designed and carefully maintained and then accompanied by lasting performance (Ford et al., 2008). Although culture may influence the success of a change process (e.g., Jones et al., 2005), three studies showed that it can be changed over time with the appropriate leader-management support and a performance measurement system (Bititci et al., 2006), a clear strategic focus, and appropriate communication (O'Regan & Lehmann, 2008) complemented by a combination of supportive activities (Sackmann et al., 2009).

CONCLUSIONS AND FUTURE DIRECTIONS

One may lament, on the one hand, the many different ways that have been used to assess culture and performance, leading to results that cannot be directly compared. On the other hand, the quality of research methodologies including research design and statistical analyses have improved in rigor, allowing more statistically backed statements about the link between culture and performance that has been studied from a multitude of different angles. Nevertheless, one may still argue that only parts of organizational culture have been assessed, mostly at the levels of perceived norms, values, and practices. Hence, more multimethod approaches that complement large comparable culture survey data with more detailed information based on interviews, observations, and/or ethnographic methods are needed. These will shed more light on data that remain otherwise on a rather superficial level of detail. In addition, more longitudinal studies are needed that will give more insights about culture and performance dynamics over time. Ideally, these should collect comparable data over different points of measurement—a difficult undertaking given the dynamics of organizational life. Regarding the measurement of performance, the inclusion of more objective measures of internal and external performance, as well as performance data that are collected independently from the culture data, is recommended. Sample procedures require more attention—culture is not only a top level or managerial phenomenon.

Interesting questions that remain unanswered at this point are to what extent are desired culture orientations lived throughout an organization and to what extent do subcultures exist and vary (e.g., Sackmann, 1992) in their impact on performance. A recent survey in Germany has revealed discrepancies between the perceptions of top and middle management regarding culture and between voiced importance and practices (Leitl & Sackmann, 2010). It also could be fruitful to link future theory building and research in the area of culture-performance with research on organizational path dependency (e.g., Sydow, Schreyögg, & Koch, 2009), a concept that is closely linked to organizational culture.

The existing research shows that culture may play different roles—influencing, being influenced, and providing a context for action. Given the multifaceted nature of organizational culture, no single study will be able to capture all facets or dimensions and levels of culture, for example, artifacts-practices, norms, values, and assumptions. And given the nature of human systems, one

can be sure only in probabilistic terms that certain kinds of culture orientations have certain effects on chosen performance measures. Rather than demanding a common definition and conception of culture, researchers need to be clear and precise about what they study and about the labels chosen to report their work. Given the increasingly pluralistic world, the diversity in research approaches and research foci should not be lamented. They are a direct reflection of this pluralism, the still dominant Western individualism and the academic reward system of making a unique contribution.

Although appreciating this diversity, plurality, and resulting richness, it will still be helpful for researchers to acknowledge existing work and build upon this research. The few streams of research reported here are the first steps that can be further enriched and deepened. Existing results need replication in different kinds of contexts including different industries, regions, and countries. They require more substance in terms of richer, qualitative, and ideally longitudinal data. In addition, they need the inclusion of multiple perspectives regarding the role of culture and its link to performance.

REFERENCES

Ashkanasy, N. M., Wilderom, C. P. M., & Peterson, M. F. (Eds.). (2000). *Handbook of organizational culture and climate*. Thousand Oaks, CA: Sage.

Balthazard, P. A., Cooke, R. A., & Potter, R. E. (2006). Dysfunctional culture, dysfunctional organization: Capturing the behavioral norms that form organizational culture and drive performance. *Journal of Managerial Psychology, 21*(8), 709–732.

Barnes, J. W., Jackson, D. W., Hutt, M. D., & Kumar, A. (2006). The role of culture strength in shaping sales force outcomes. *Journal of Personal Selling & Sales Management, 26*(3), 255–270.

Barney, J. B. (1991). Firm resources and sustained competitive advantage. *Journal of Management, 17,* 99–120.

Baron, R. M., & Kenny, D. A. (1986). The moderator-mediator variable distinction in social psychological research: Conceptual, strategic, and statistical considerations. *Journal of Personality and Social Psychology, 51,* 1173–1182.

Berson, Y., Oreg, S., & Dvir, T. (2008). CEO values, organizational culture and firm outcomes. *Journal of Organizational Behavior, 29*(5), 615–633.

Beugelsdijk, S., Koen, C., & Noorderhaven, N. (2009). A dyadic approach to the impact of differences in organizational culture on relationship performance. *Industrial Marketing Management, 38*(3), 312–323.

Bititci, U. S., Mendibil, K., Nudurupati, S., Garengo, P., & Turner, T. (2006). Dynamics of performance measurement and organisational culture. *International Journal of Operations and Production Management, 26*(12), 1325–1350.

Bundesministerium für Arbeit und Soziales [Federal Ministry for Work and Social Affairs [BMAS]. (2008). *Unternehmenskultur, Arbeitsqualität und Mitarbeiterengagement in den Unternehmen in Deutschland* [Corporate culture, quality of work and employee engagement in companies in Germany] (Forschungsbericht No. 371). Bonn, Germany: BMAS.

Brentani, U. de, & Kleinschmidt, E. J. (2004). Corporate culture and commitment: Impact on performance of international new product development programs. *Journal of Product Innovation Management, 21*(5), 309–333.

Calori, R., & Sarnin, P. (1991). Corporate culture and economic performance: A French study. *Organization Science, 12,* 49–74.

Cameron, K. S., & Freeman, S. J. (1991). Cultural congruence strength and type: Relationships to effectiveness. *Research in Organizational Change and Development, 5,* 23–58.

Cameron, K. S., & Quinn, R. E. (1999). *Diagnosing and changing organizational culture: Based on the competing values framework.* Reading, MA: Addison-Wesley.

Chan, L. L. M., Shaffer, M. A., & Snape, E. (2004). In search of sustained competitive advantage: The impact of organizational culture, competitive strategy and human resource management practices on firm performance. *International Journal of Human Resource Management, 15*(1), 17–35.

Chatman, J. A., & Jehn, K. A. (1994). Assessing the relationship between industry characteristics and organizational culture: How different can you be? *Academy of Management Journal, 37,* 522–553.

Chatman, J. A., & Spataro, S. E. (2005). Using self-categorization theory to understand relational demography-based variations in people's responsiveness to organizational culture. *Academy of Management Journal, 48*(2), 321–331.

Chen, L. Y. (2004). Examining the effect of organization culture and leadership behaviors on organizational commitment, job satisfaction, and job performance at small and middle-sized firms of Taiwan. *Journal of American Academy of Business, 5*(1–2), 432–438.

Chew, I., & Sharma, B. (2005). The effects of culture and HRM practices on firm performance: Empirical evidence from Singapore. *International Journal of Manpower, 26*(6), 560–581.

Chow, I. H.-S., & Liu, S. S. (2007). Business strategy, organizational culture, and performance outcomes in China's technology industry. *Human Resource Planning, 30*(2), 47–55.

Cooke, R., &. Lafferty J. (1983). *Level V: Organizational culture inventory—form I.* Plymouth, MI: Human Synergistics.

Deal, T. E., & Kennedy, A. (1982). *Corporate cultures: The rites and rituals of organizational life.* Reading, MA: Addison-Wesley.

Den Hartog, D. N., & Verburg R. M. (2004). High performance work systems, organisational culture and firm effectiveness. *Human Resource Management Journal, 14*(1), 55–79.

Denison, D. R. (1984). Bringing corporate culture to the bottom line. *Organizational Dynamics, 13*(2), 4–22.

Denison, D. R. (1990). *Corporate culture and organizational effectiveness.* New York: Wiley.

Denison, D. R. (1996). What IS the difference between organizational culture and organizational climate? A native's point of view on a decade of paradigm wars. *Academy of Management Review, 21,* 619–654.

Denison, D. R., Haaland, S., & Goelzer, P. (2004). Corporate culture and organizational effectiveness: Is Asia different from the rest of the world? *Organizational Dynamics, 33*(1), 98–109.

Deshpandé, R., Farley, J. U., & Webster Jr., F. E. (1993). Corporate culture, customer orientation, and innovativeness in Japanese firms: A quadrad analysis. *Journal of Marketing, 57*(1), 23–37.

Deshpandé, R., & Farley, J. U. (2004). Organizational culture, market orientation, innovativeness, and firm performance: An international research odyssey. *International Journal of Research in Marketing, 21*(1), 3–22.

Dwyer, S., Richard, O. C., & Chadwick, K. (2003). Gender diversity in management and firm performance: The influence of growth orientation and organizational culture. *Journal of Business Research, 56*(12), 1009–1020.

Ernst, H. (2003). Unternehmenskultur und Innovationserfolg: Eine empirische Analyse [Corporate culture and innovation success: An empirical analysis]. *Zeitschrift für betriebswirtschaftliche Forschung, 55*(2), 23–44.

Fey, C. F., & Denison, D. R. (2003). Organizational culture and effectiveness: Can American theory be applied in Russia? *Organization Science, 14*(6), 686–706.

Flamholtz, E. G. (2001). Corporate culture and the bottom line. *European Management Journal, 19*(3), 268–275.

Flamholtz, E. G., & Kannan-Narasimhan, R. (2005). Differential impact of cultural elements on financial performance. *European Management Journal, 23*(1), 50–64

Ford, R. C., Wilderom, C. P. M., & Caparella, J. (2008). Strategically crafting a customer-focused culture: An inductive case. *Journal of Strategic Management, 1*(2), 143–167.

Fulmer, I. S., Gerhart, B., & Scott, K. S. (2003). Are the 100 best better? An empirical investigation of the relationship between being a "great place to work" and firm performance. *Personnel Psychology, 56,* 965–993.

Garnett, J. L., Marlowe, J., & Pandey, S. K. (2008). Penetrating the performance predicament: Communication as a mediator or moderator of organizational culture's impact on public organizational performance. *Public Administration Review, 68*(2), 266–281.

Gebert, D., Boerner, S., & Berkel, K. (2001). Organisationskultur als Wettbewerbsfaktor im Krankenhaus: Ergebnisse einer empirischen Analyse [Organizational culture as competitive factor in hospitals: Results of an empirical analysis]. *Zeitschrift für Gesundheitswissenschaften, 9*(1), 38–51.

Glisson, C., & James, L. R. (2002). The cross-level effects of culture and climate in human service teams. *Journal of Organizational Behavior, 23,* 767–794.

Gordon, G., & DiTomaso, N. (1992). Predicting corporate performance from organization culture. *Journal of Management Studies, 29*(6), 783–798.

Gordon, J. R., Whelan-Berry, K. S., & Hamilton, E. H. (2007). The relationship among work-family conflict and enhancement, organizational work-family culture, and work outcomes for older working women. *Journal of Occupational Health Psychology, 12*(4), 350–364.

Gregory, B. T., Harris, S. G., Armenakis, A. A., & Shook, C. L. (2009). Organizational culture and effectiveness: A study of values, attitudes, and organizational outcomes. *Journal of Business Research, 62*(7), 673–679.

Hofstede, G., Neuijen, B., Ohayv, D., & Sanders, G. (1990). Measuring organizational cultures: A qualitative and quantitative study across twenty cases. *Administrative Science Quarterly, 35*(2), 286–316.

Homburg, C., & Pflesser, C (2000): Strukturgleichungsmodelle mit latenten Variablen: Kausalanalyse [Structural equation models with latent variables: Causal analysis]. In A. Herrmann & C. Homburg (Eds.), *Marktforschung* [Market research] (pp. 633–659). Wiesbaden, Germany: Gabler.

Huselid, M. A. (1995). The impact of human resource management practices on turnover, productivity, and corporate financial performance. *Academy of Management Journal, 38*(3), 635–672.

Jones, R. A., Jimmieson, N. L., & Griffiths, A. (2005). The impact of organizational culture and reshaping capabilities on change implementation success: The mediating role of readiness for change. *Journal of Management Studies, 42*(2), 361–386.

Kabanoff, B. (1991). Equity, equality, power, and conflict. *The Academy of Management Review, 16*(2), 416–441.

Kotter, J., & Heskett J. (1992). *Corporate culture and performance.* New York: Free Press.

Koufteros, X. A., Nahm, A. Y., Cheng, T. C. E., & Lai, K.-H. (2007). An empirical assessment of a nomological network of organizational design constructs: From culture to structure to pull production to performance. *International Journal of Production Economics, 106*(2), 468–492.

Kwantes, C. T., & Boglarsky, C. A. (2007). Perceptions of organizational culture, leadership effectiveness and personal effectiveness across six countries. *Journal of International Management, 13*(2), 204–230.

Lee, S. K. J., & Yu, K. (2004). Corporate culture and organizational performance. *Journal of Managerial Psychology, 19*(4), 340–359.

Lee, S., Yoon, S.-J., Kim, S., & Kang, J.-W. (2006). The integrated effects of market-oriented culture and marketing strategy on firm performance. *Journal of Strategic Marketing, 14,* 245–261.

Leitl, M., & Sackmann, S. A. (2010). Erfolgsfaktor Unternehmenskultur [Success factor corporate culture]. *Harvard Business Manager, 1,* 36–45.

Likert, R., & Likert, J. G. (1976). *New ways of managing conflict.* New York: McGraw-Hill.

Miah, M. K., & Bird, A. (2007). The impact of culture on HRM styles and firm performance: Evidence from Japanese parents, Japanese subsidiaries/joint ventures and South Asian local companies. *International Journal of Human Resource Management, 18*(5), 908–923.

Nahm, A. Y., Vonderembse, M. A., & Koufteros, X. A. (2004). The impact of organizational culture on time-based manufacturing and performance. *Decision Sciences, 35*(4), 579–607.

Naor, M., Goldstein, S. M., Linderman, K. W., & Schroeder, R. G. (2008). The role of culture as driver of quality management and performance: Infrastructure versus core quality practices. *Decision Sciences, 39*(4), 671–702.

Nazir, N. A., & Lone, M. A. (2008). Validation of Denison's model of organizational culture and effectiveness in the Indian context. *Vision, 12*(1), 49–58.

Ngo, H.-Y., & Loi, R. (2008). Human resource flexibility, organizational culture and firm performance: An investigation of multinational firms in Hong Kong. *International Journal of Human Resource Management, 19*(9), 1654–1666.

O'Cass, A., & Ngo, L. V. (2007). Market orientation versus innovative culture: Two routes to superior brand performance. *European Journal of Marketing, 41*(7–8), 868–887.

O'Regan, N., & Lehmann, U. (2008). The impact of strategy, leadership and culture on organisational performance: A case study of an SME. *International Journal of Process Management & Benchmarking, 2*(4), 303–322.

O'Reilly, C. A., III., Chatman, J., & Caldwell, D. F. (1991). People and organizational culture: A profile comparison approach to assessing person-organization fit. *Academy of Management Journal, 34*(3), 487–516.

Ogaard, T., Larsen, S., & Marnburg, E. (2005). Organizational culture and performance: Evidence from the fast food restaurant industry. *Food Service Technology, 5*(1), 23–34.

Ogbonna, E., & Harris, L. C. (2000). Leadership style, organizational culture and performance: Empirical evidence from UK companies. *International Journal of Human Resource Management, 11*(4), 766–788.

Ozorhon, B., Arditi, D., Dikmen, I., & Birgonul, M. T. (2008). Implications of culture in the performance of international construction joint ventures. *Journal of Construction Engineering and Management, 134*(5), 361–370.

Parry, K. W., & Proctor-Thomson, S. B. (2003). Leadership, culture and performance: The case of the New Zealand public sector. *Journal of Change Management, 3*(4), 376–399.

Peters, T. J., & Waterman, R. H. (1982–1995). *In search of excellence: Lessons from America's best-run-companies.* New York: Harper & Row.

Platonova, E. A., Hernandez, S. R., Shewchuk, R. M., & Leddy, K. M. (2006). Study of the relationship between organizational culture and organizational outcomes using hierarchical linear modelling methodology. *Quality Management in Health Care, 15*(3), 200–209.

Pothukuchi, V., Damanpour, F., Choi, J., Chen, C. C., & Park, S. H. (2002). National and organizational culture differences and international joint venture performance. *Journal of International Business Studies, 33*(2), 243–265.

Quinn, R. E., & Rohrbaugh, J. (1983). A spatial model of effectiveness criteria: Towards a competing values approach to organizational analysis. *Management Science, 29*(3), 363–377.

Quinn, R. E., & Spreitzer, G.M. (1991). The psychometrics of the competing values culture instrument and an analysis of the impact of organizational culture on quality of life. *Research in Organizational Change and Development, 5,* 115–142.

Rashid, Z. A., Sambasivan, M., & Johari, J. (2003). The influence of corporate culture and organisational commitment on performance. *Journal of Management Development, 22*(8), 708–728.

Sackmann, S. A. (1990). Managing organizational culture: Dreams and possibilities. In J. A. Anderson (Ed.), *Communication yearbook* (Vol. 13, pp. 114–148). Newbury Park, CA: Sage.

Sackmann, S. A. (1991). Uncovering culture in organizations. *Journal of Applied Behavioral Sciences, 27*(3), 295–317.

Sackmann, S. A. (1992). Culture and subcultures: An analysis of organizational knowledge. *Administrative Science Quarterly, 37*(1), 140–161.

Sackmann, S. A. (2006). *Assessment, evaluation, improvement: Success through corporate culture* (2nd ed.). Gütersloh, Germany: Bertelsmann Stiftung.

Sackmann, S. A., Eggenhofer, P., & Friesl, M. (2009). Sustainable change: Long-term efforts toward developing a learning organization. *Journal of Applied Behavioral Science, 45*(4), 521–549.

Schein, E. H. (1985). *Organizational culture and leadership: A dynamic view.* San Francisco, CA: Jossey-Bass.

Schein, E. H. (1995). *Organizational culture and leadership.* San Francisco: Jossey-Bass.

Sin, L. Y. M., & Tse, A. C. B. (2000). How does marketing effectiveness mediate the effect of organizational culture on business performance: The case of service firms. *Journal of Service Marketing, 14*(4), 295–309.

Škerlavaj, M., Štemberger, M. I., Škrinjar, R., & Dimovski, V. (2007). Organizational learning culture: The missing link between business process change and organizational performance. *International Journal of Production Economics, 106*(2), 346–367.

Smircich, L. (1983). Concepts of culture and organizational analysis. *Administrative Science Quarterly, 28*(3), 339–358.

Sørensen, J. B. (2002). The strength of corporate culture and the reliability of firm performance. *Administrative Science Quarterly, 47*(1), 70–91.

Sydow, J., Schreyögg, G., & Koch, J. (2009). Organizational path dependence: Opening the black box. *Academy of Management Review, 34*(4), 689–709.

Tsui, A. S., Wang, H., & Xin, K. R. (2006). Organizational culture in China: An analysis of culture dimensions and culture types. *Management and Organization Review, 2*(3), 345–376.

van Bentum, R., & Stone, M. (2005). Customer relationship management and the impact of corporate culture: A European study. *The Journal of Database Marketing and Customer Strategy Management, 13*(1), 28–54.

van der Post, W. Z., de Coning T. J., & Smit E. M. (1998). The relationship between organizational culture and financial performance: Some South African evidence. *South African Journal of Business Management, 29*(1), 30–41.

Wallach, E. J. (1983). Individuals and organizations: The cultural match. *Training and Development Journal, 37*(2), 29–36.

Weber, Y., & Menipaz, E. (2003). Measuring cultural fit in mergers and acquisitions. *International Journal of Business Performance Management, 5*(1), 54–72.

Wilderom, C. P. M., Glunk, U., & Maslowski, R. (2000). Organizational culture as a predictor of organizational performance. In N. M. Ashkanasy, C. P. M. Wilderom, & M. F. Peterson (Eds.), *Handbook of organizational culture and climate* (pp. 193–209). Thousand Oaks, CA: Sage.

Wilderom, C., & van den Berg, P. (1997). A test of the leadership-culture-performance model within a large Dutch financial organization (Working paper 103952). The Netherlands: Tilburg University.

Wilderom, C. P. M., & van den Berg, P. T. (2000). *Firm culture and leadership as firm performance predictors: A resource-based perspective* (Discussion Paper #2000–03). The Netherlands: Tilburg University, Center for Economic Research.

Xenikou, A., & Simosi, M. (2006). Organizational culture and transformational leadership as predictors of business unit performance. *Journal of Managerial Psychology, 21*(6), 566–579.

Yauch, C. A., & Steudel, H. J. (2002). *Cellular manufacturing: The impact of organizational culture for small businesses*. Unpublished doctoral dissertrtion, University of Wisonsin-Madison.

Yilmaz, C., & Ergun, E. (2008). Organizational culture and firm effectiveness: An examination of relative effects of culture traits and the balanced culture hypothesis in an emerging economy. *Journal of World Business, 43*(3), 290–306.

Transformational Leadership and Organizational Culture

Toward Integrating a Multilevel Framework

CHAD A. HARTNELL AND FRED O. WALUMBWA

Transformational leadership is the most researched leadership phenomenon of the past two decades (Avolio, Walumbwa, & Weber, 2009; Judge & Piccolo, 2004). Recently, researchers have begun to explore the mechanisms through which transformational leadership influences followers' attitudes and behaviors. These studies indicate that identification (Kark, Shamir, & Chen, 2003; Shamir, House, & Arthur, 1993; Walumbwa & Hartnell, 2010), commitment, satisfaction, and self-efficacy (Liao & Chuang, 2007; Piccolo & Colquitt, 2006; Walumbwa, Avolio, & Zhu, 2008; Walumbwa & Hartnell, 2010; Walumbwa, Wang, Lawler, & Shi, 2004) mediate the relationships between transformational leadership and important employee outcomes. Furthermore, transformational leadership has been found to influence unit performance through mechanisms such as group cohesion (Bass, Avolio, Jung, & Berson, 2003) and service climate (Liao & Chuang, 2007). Although much is known about transformational leadership and its

effects, few researchers have investigated specifically the relationship between transformational leadership and organizational context (Pawar & Eastman, 1997; Walumbwa, Lawler, & Avolio, 2007).

In line with increasing research into transformational leadership, organizational culture has received significant attention from scholars. More than 5,000 articles have been published that address the influential role of organizational culture in organizations. Undoubtedly, its attractiveness in the academic domain came to the forefront after several influential books asserted that organizational culture is a key source of organizational effectiveness (Deal & Kennedy, 1982; Ouchi, 1981; Peters & Waterman, 1982). Although the quintessential question, "Is organizational culture related to organizational effectiveness?" has been a subject of much debate (Kotter & Heskett, 1992; Ostroff, Kinicki, & Tamkins, 2003; Saffold, 1988; Sørensen, 2002; Wilderom, Glunk, & Maslowski, 2000), a recent meta-analysis indicated that organizational culture

is, in fact, significantly related to important effectiveness criteria such as job satisfaction, organizational commitment, innovation, product and service quality, profit, growth, and market performance (Hartnell, Ou, & Kinicki, 2009).

Given that transformational leadership and organizational culture influence a number of important organizational outcomes, it is important to explore the relationship between leadership and organizational culture to increase understanding of how leaders affect the social context to encourage positive organizational outcomes. Indeed, Edgar Schein (2004, p. 11) posits, "It can be argued that the only thing of real importance that leaders do is to create and manage culture; that the unique talent of leaders is their ability to understand and work with culture." Although several researchers have postulated the association between leadership and culture (Bass, 1985; Kozlowski & Doherty, 1989; Ogbonna & Harris, 2000; Trice & Beyer, 1991, 1993), few have investigated how leaders manage collective values, beliefs, and assumptions (cf, Schein, 2004). Therefore, intersecting leadership and organizational culture advances leadership theory by explicitly considering how leadership influences the social context to foster organizational effectiveness.

In this chapter, the relationship between leadership and culture is limited to transformational and transactional leadership because they are the most commonly studied leadership approaches in the academic literature (Avolio et al., 2009). The current analysis thus considers how transformational leadership influences organizational culture. To be sure, one can argue that this relationship is recursive (Waldman & Yammarino, 1999). Although much work is needed to untangle the intricacies of this relationship, this chapter primarily focuses on how leadership influences the social normative context to induce organizational

effectiveness. Nonetheless, this chapter attempts to provide preliminary insight into leadership and culture's reciprocal relationship by considering how subcultures establish the social norms and belief systems for the emergence of transactional leadership behavior. More specifically, this chapter suggests that transformational behavior affects culture, whereas transactional behavior is affected by culture. This perspective is consistent with Harrison M. Trice and Janice M. Beyer's (1991) distinction between culture innovators and culture maintainers. In the following section, the chapter turns its attention to defining organizational culture, describing two paradigms used to understand organizational culture, and then examining one of the fundamental assumptions underpinning culture research.

CULTURE PARADIGMS: FUNCTIONALISM VERSUS SUBJECTIVISM

Organizational culture is defined as follows:

> A pattern of shared basic assumptions that was learned by a group as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems. (Schein, 2004, p. 17)

Despite the prevalence of organizational culture studies across numerous academic disciplines, insufficient theory exists to explain how and why culture has such a pervasive impact within organizations (Ostroff et al., 2003). Perhaps one reason is because little consensus surrounds the essence of culture and its function in organizations.

Two relatively independent, and often adversarial, paradigms have emerged to explain the notion of organizational culture. Researchers who advocate the functionalist

perspective contend that culture is observable, objective, and consists of content that is quantifiable. According to this group of researchers, organizational culture is regarded as a variable—a mechanism of social control that directs and integrates behavior (Denison & Mishra, 1995; Kotter & Heskett, 1992; Peters & Waterman, 1982; Sørensen, 2002). Functionalists define culture as "a system of shared values defining what is important, and norms, defining appropriate attitudes and behaviors that guide members' attitudes and behaviors" (O'Reilly & Chatman, 1996, p. 160). Conversely, researchers who adhere to the subjectivist perspective suggest that culture is unobservable, subjective, symbolic, and process oriented. They view organizational culture as a metaphor used to interpret patterns of behavior within organizations (Hatch, 1993; Martin, 1992; Smircich, 1983; Trice & Beyer, 1993). Subjectivists define culture as "something that an organization *is* that gradually emerges and takes shape as a consequence of the social interactions among its members, eventually producing shared symbols, language and meanings" (Dirsmith & Haskins, 2007, p. 440). Although both paradigms have well-documented strengths and weaknesses, scant research has drawn insights from both perspectives to extrapolate why organizational culture is an influential social-normative mechanism that is a source of effectiveness within organizations.

CULTURE ASSUMPTIONS

Clearly, one of the distinguishing features of organizational culture is that it is shared among its members. Key considerations underpinning the paradigm from which one thinks about culture are questions surrounding the extent to which organizational culture is shared throughout the organization. To address this question, Joanne Martin

(2002) categorized organizational culture according to three theoretical perspectives: integration, differentiation, and fragmentation. The integration perspective indicates that organizational culture is widely shared and deeply held within the organization. The differentiation perspective suggests that consensus exists within subunits, in effect creating subcultures. The fragmentation perspective asserts that values are not held collectively and are, instead, individually constructed (Martin, 2004). This chapter focuses primarily on the integration and differentiation perspectives because the interest is at the organization and unit level of analysis. The chapter draws upon advances in social cognition and sociological theory (DiMaggio, 1997; Swidler, 1986; Weber, 2005) to extend Martin's culture theory (1992) by exploring how the integration and differentiation perspectives interact to impose coherence, order, and meaning within organizations.

Thus, this chapter aims to contribute to the culture literature in three important ways. First, it introduces a multilevel framework to explain how and why leadership and culture synergistically influence organizational effectiveness. Second, drawing upon Martin's categorization, it integrates theory from the functionalist and subjectivist culture perspectives to inform how integrated and differentiated cultures can exist simultaneously to affect organizational effectiveness. Finally, the chapter explores the relationship between leadership and organizational culture and its implications across levels of analysis.

The chapter is organized as follows. First, it explains the theoretical rationale underpinning the multilevel framework. Second, it examines organizational culture from the integration perspective. Third, it explores the differentiation perspective and elucidates the cognitive mechanisms through which collectives enact differing sets of value

combinations. Finally, the chapter illuminates the processes through which organizational leaders integrate and align subunits' performance to attain effective organizational outcomes.

LEADERSHIP AND CULTURE: A MULTILEVEL FRAMEWORK

In new organizations, founders exert a major influence on the firm's organizational culture (Schein, 2004). Founders resolve uncertainty and ambiguity by imparting and implementing the strategy and structure needed to successfully adapt to the external environment and integrate internal processes. In other words, they establish "the common and accepted ways of doing things within an organization" (Davies, Mannion, Jacobs, Powell, & Marshall, 2007, p. 47). As organizations grow and age, however, founders become less central to the information and process implementation flow. One reason that founders become less efficient sources of information is that organizations tend to differentiate and adopt mechanistic structures over time to manage the volume, diversity, and complexity of information (Burns & Stalker, 1961; Lawrence & Lorsch, 1967). This process induces differences in the salience of particular cultural values over time.

Kim S. Cameron, Robert E. Quinn, Jeff DeGraff, and Anjan V. Thakor (2006) used the competing values framework (CVF; Cameron & Quinn, 1999; Quinn & Rohrbaugh, 1983) to suggest that organizational cultures evolve over the organization's life cycle (see Figure 13.1). According to Cameron and colleagues, new ventures emerge with a predominant adhocracy culture, focusing on creativity and process and product innovation to establish a competitive advantage. When organizations grow in sales and number of employees, leaders turn their attention to strengthening internal processes. First, they foster clan culture values—employee participation, employee cohesion, and empowerment—as a means to develop internal informational and interpersonal synergies to maintain their innovative capacity. Second, leaders embed hierarchy culture values to coordinate, integrate, and control its processes to ensure the organization delivers consistent, efficient, and timely products. Finally, with the internal culture values embedded within the organization, leaders institute market culture values by setting goals, facilitating productivity, and emphasizing customer service to increase the firm's profitability and market share. One should note, however, that market cultures are not indicative of "mature" companies. Instead, organizations maintain and build on existing cultural values, thereby creating unique culture configurations (Tsui, Song, & Yang, 2007; Tsui, Wang, & Xin, 2006). Therefore, consistent with the foundations of contingency theory (Burns & Stalker, 1961; Lawrence & Lorsch, 1967), culture configurations are most effective when they are aligned with an appropriate strategy (Kotter & Heskett, 1992).

Although organizational cultures provide omnibus cues about the means to attain organizational ends, the process of differentiation, as a mechanism to integrate and assimilate complex information, requires groups to proximally interpret events and their meanings. Indeed, Schein (2004, p. 274) suggests that organizations' success "inevitably creates smaller units that begin the process of culture formation on their own with their own leaders." Therefore, although organizational cultures' values can remain shared within organizations as they age and grow, smaller units interpret their organization's omnibus values to form unique subcultures to accomplish organizational ends. James G. March and Herbert A. Simon's

F

Culture type:	**Clan**	
Leader Type:	Facilitator	
	Mentor	
	Parent	
Effectiveness Criteria:	Cohesion	
	Morale	
	Development of Human Resources	
Theory:	Participation fosters commitment	

Culture type:	**Adhocracy**
Leader Type:	Innovator
	Entrepreneur
	Visionary
Effectiveness Criteria:	Creativity
	Growth
	Culture-edge output
Theory:	Innovativeness fosters new resources

I ———————————————————————— E

Culture type:	**Hierarchy**
Leader Type:	Coordinator
	Monitor
	Organizer
Effectiveness Criteria:	Efficiency
	Timeliness
	Smooth fuctioning
Theory:	Control fosters efficiency

Culture type:	**Market**
Leader Type:	Hard driver
	Competitor
	Producer
Effectiveness Criteria:	Market share
	Goal achievement
	Beating competitors
Theory:	Competion fosters productivity

C

Figure 13.1   The Competing Values Framework

SOURCE: Cameron, K. S., & Quinn, R.E. (1999). *Diagnosing and changing organizational culture based on the competing values framework* (p. 41). Reading, MA: Addison-Wesley Longman. Reprinted with permission of John Wiley & Sons, Inc.

(1993) means-ends framework conceptualizes this process successfully. Specifically, March and Simon (1993) provide a cogent theoretical framework to best illustrate how organizations can maintain a highly integrated culture and multiple differentiated cultures concomitantly. They describe the means-ends hierarchy as follows:

1. starting with the general goal to be achieved;

2. discovering a set of means, very generally specified, to accomplish this goal; and

3. taking each of these means, in turn, as a new subgoal and discovering a set of more detailed means for achieving it, and so on. (March & Simon, 1993, p. 212)

Applying March and Simon's (1993) means-ends hierarchy to organizational culture, theory, organizational cultures are firms' omnibus values, beliefs, and assumptions that are means to accomplish organizational effectiveness (ends). Organizational cultures are too broad and ambiguous, however, to provide clear instructions to guide employees' behavior. Subcultures, therefore, emerge as a more detailed set of means to accomplish organization-directed ends. In other words, subcultures are created within the parameters of an organization's culture as a more specific set of means to achieve effectiveness, thereby creating an integrated means-ends hierarchy.

Based on the theoretical suppositions articulated above, this chapter presents a

linkage model whereby it suggests that leadership and organizational culture collectively influence effectiveness outcomes at multiple levels (see Figure 13.2). At the organizational level, CEOs' transformational leadership behavior influences the organization's culture that subsequently influences organizational effectiveness. Consistent with Schein's culture theory (2004) and March and Simon's means-ends hierarchy (1993), this chapter postulates that organizational cultures are enacted as more specific sets of value combinations to direct group behavior. At the group level, leaders' transformational behavior embeds, interprets, and differentiates a group's subculture. Established subcultures then create the contextual conditions for transactional leadership to emerge—that is, subcultures articulate the social norms (e.g., justice and equity norms) appropriate for transactional leadership to be effective. Finally, CEOs integrate and align subunits' effort and performance to synergistically attain and maintain organizational effectiveness. Before this chapter explores the theoretical model in more detail, it is imperative to explicitly define the levels of analysis for leadership and culture.

Levels of Analysis

Leadership. This chapter considers transformational leadership at two levels of analysis: the organizational level and group level. At the organizational level, CEOs are concerned with directing the overall organization and ensuring that it meets both internal and external stakeholders' needs and expectations. As such, CEO transformational leadership behavior motivates and equips organizational employees to transcend self-interest to realize the organization's vision and goals (Bass, 1985). Although CEOs can influence organizational members through direct interactions (usually with top management teams) and symbolic

behavior (Waldman & Yammarino, 1999), this chapter delimits transformational leadership behavior at the organizational level to symbolic behavior—that is, behavior that is demonstrated to all organizational members. CEO symbolic behavior includes, but is not limited to: articulating a strong organizational vision, setting clear organizational goals, disseminating information to employees, and equipping employees through establishing human resource policies and practices as well as fostering teamwork, interunit communication, and involvement (Bass, 1985; Mintzberg, 1990). Organizational members thus interpret the CEO's behavior and the ensuing policies, practices, and procedures to assess the CEO's level of transformational leadership. Therefore, this chapter conceptualizes organizational-level transformational leadership as the average leadership behavior directed toward all members of the organization.

Likewise, transformational leadership at the unit level is ambient behavior that is directed toward the entire work unit. The group-directed behavior is a common stimulus through which group members share similar perceptions about the leader's transformational leadership (Kirkman, Chen, Farh, Chen, & Lowe, 2009; Walumbwa, Hartnell, & Oke, 2010). Unit-level leaders incorporate organizational goals as well as intra-organizational stakeholders' needs and expectations to develop and disseminate unit goals. Transformational leaders thus motivate and inspire unit members to transcend self-interest and attain the unit's goals by communicating a compelling vision, fostering positive group processes (e.g., cohesion, participation, collective or group efficacy, team empowerment, etc.), and establishing fair- and service-oriented policies, procedures, and practices (Walumbwa et al., 2004, 2010). Hence, transformational leadership is investigated at both the
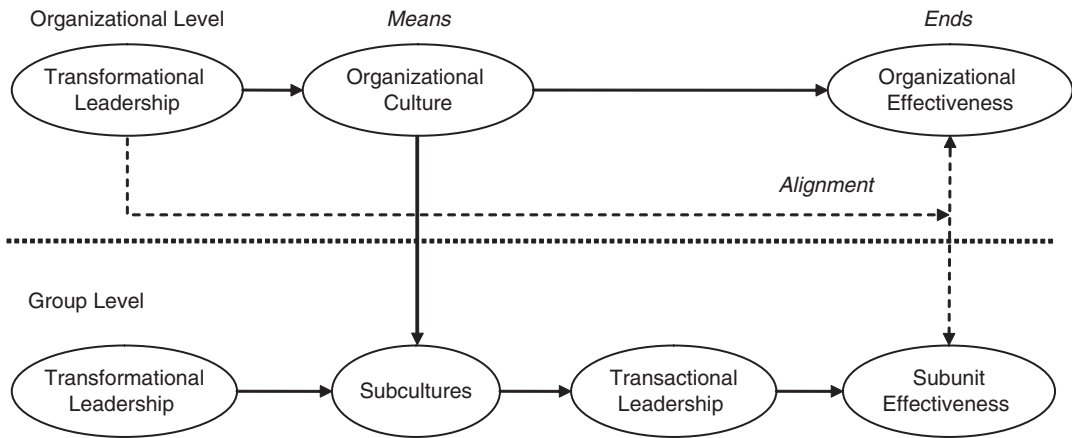
Figure 13.2 Multilevel Framework for Transformational Leadership and Organizational Culture

organizational and unit level of analysis by focusing on leader–group linkages or the ambient leadership behavior directed toward a group of followers (Yammarino & Dansereau, 2008). In sum, this chapter examines organizational leaders' behavior directed toward all organizational members as well as unit leaders' behavior directed toward their respective unit members.

Culture. Culture is a "shared" construct that is a property of the work unit (Glisson & James, 2002; Ostroff et al., 2003). Accordingly, culture is assessed using referent-shift consensus models (Chan, 1998). Stated differently, culture respondents report the unit's values, beliefs, norms, and expectations that direct unit members' behavior. Because culture is a property of the work unit, it is said to exist only when group members exhibit sufficient agreement (i.e., $r_{wg} > 0.70$).

Organizational culture, or an integrated culture, is reflected by the degree to which employees throughout the organization agree on the organization's values, beliefs, norms, and expectations (Martin, 2002). Likewise, subcultures, or differentiated cultures, exist when more proximal unit members (i.e., business units, departments, or teams) agree

on the focal unit's values, beliefs, norms, and expectations (Martin, 2002). The key distinction, then, between organizational culture and subcultures is the referent. Organizational culture ascertains employees' collective assessment of the organization's values, beliefs, norms, and expectations, whereas subcultures identify unit members' collective assessment of the focal unit's values, beliefs, norms, and expectations. Although organizational cultures and subcultures differ based on the referent, they may be functionally isomorphic because they both influence behavior through shared, social normative cues (O'Reilly & Chatman, 1996). In other words, both levels of culture share the same properties (i.e., content and meaning) at the group and organizational levels of analysis (Morgeson & Hofmann, 1999; Ostroff et al., 2003).

INTEGRATED CULTURES

Martin's (2002) integration perspective suggests that values, beliefs, and assumptions within an organization are monolithic and exhibit organization-wide consensus. The majority of empirical investigations into organizational culture adopt the integration

perspective and address organizational culture as a variable (Smircich, 1983). In other words, organizational culture is something that can be managed (Denison & Mishra, 1995; O'Reilly, Chatman, & Caldwell, 1991) and can be a source of sustainable competitive advantage (Barney, 1986). The predominant theoretical perspective, constructed to explain why organizational culture is associated with organizational effectiveness, focuses on the type of organizational culture that exists (Cameron et al., 2006; Denison & Mishra, 1995). The CVF (e.g., Cameron et al., 2006; Cameron & Quinn, 1999; Quinn & Rohrbaugh, 1983) is one of the most frequently used frameworks to explicate culture types and examine their association with organizational effectiveness. Consequently, this chapter applies the CVF's four culture types (clan, adhocracy, market, and hierarchy) to explain the relationship between leadership, types of culture, and effectiveness (see Figure 13.1).

Transformational Leadership and Organizational Culture

CEOs and founders, in particular, play an influential role in creating, changing, and reinforcing organizational culture. One way in which organizational leaders instill their values, beliefs, and assumptions within an organization is by determining where and how a company should compete. For instance, CEOs and founders determine how the organization should deal with problems of external adaptation and internal integration through articulating a mission, determining appropriate strategic markets in which to compete, identifying core competencies, and implementing the appropriate strategy and structure. Indeed, organizational structure is an important component of an organization's culture (Cameron & Quinn, 1999). For instance, flexible structures imply that employees' commitment, collaboration, and creativity

are critical components for organizational effectiveness. Mechanistic structures, on the other hand, suggest that stability, control, predictability, and efficiency are essential to be effective. In sum, CEOs and founders make a number of strategic decisions that create, change, or reinforce culture. Leaders embed culture to the extent that their decisions produce effective outcomes. Effectiveness reduces performance ambiguity by clarifying what behaviors are valuable and appropriate in a given situation, thus building a shared sense of "the way we do things around here."

In addition to affecting organizational culture through their strategic decisions, leaders shape culture through articulating a compelling vision. A vision is a picture of what a leader wants the organization to become (Baum & Locke, 2004). Transformational leaders formulate vision content by understanding the organization's history and projecting future behavior that will be needed to achieve a desired level of performance. After crafting an image of what the leaders want the organization to achieve, they charismatically communicate vision to their followers. Transformational leaders also connect the vision with the organizations' past glories and contrast it with the organizations' past failures. In both instances, transformational leaders influence their followers' values, beliefs, and assumptions through connecting an idealized portrait of the future with the organization's history. Moreover, transformational leaders connect followers' self-concepts to the organization's mission and vision through idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration (Bass, 1985). Followers thus feel a sense of identification and commitment to the organization and perform beyond expectations, often transcending self-interest for the benefit of the group or organization (Shamir et al., 1993).

A third way that transformational leaders influence organizational culture is by celebrating success. Transformational leaders

direct employees' attention to valued group and organizational outcomes. Stated differently, transformational leaders celebrate success as a means to reinforce desired values, beliefs, and behaviors to their followers. Social learning theory suggests that leaders' behavior and attention communicate to followers those behaviors that are appropriate and valued (Bandura, 1977). As a result, followers adopt the leaders' espoused values, beliefs, and behaviors in an effort to attain effective outcomes. When followers attribute these values, beliefs, and behaviors to subsequent success, they become incorporated into the organization's culture as commonly held assumptions (Schein, 2004). Finally, transformational leaders identify, idealize, and reward successful employees who embody the aspired cultural values. These employees serve as proximal role models who reinforce desired organizational values and beliefs and their link with effective outcomes. Hence, transformational leaders embed organizational culture through what they pay attention to and what they reward (Schein, 2004).

Taken together, transformational leaders influence organizational culture in four instrumental ways. First, they make broad strategic decisions that affect the organization's strategy, structure, and competitive landscape. Second, they formulate compelling vision content and charismatically communicate the vision, thus inspiring followers to transcend self-interest and to identify with the organization's mission and goals. Third, transformational leaders pay attention to organizational success and link it to the espoused cultural values. Finally, leaders identify and reward employees who successfully exemplify desired cultural values. Since transformational leaders inspire, develop, and empower followers to collaborate, create, and perform beyond expectations, it is expected that they will have the most salient influence on clan, adhocracy, and market cultures (Ogbonna & Harris, 2000; Xenikou &

Simosi, 2006). In contrast, transformational leaders are expected to have a less focal role in creating hierarchy cultures, which idealize rules, stability, and control. Further, transformational leaders are change-oriented (Trice & Beyer, 1991) agents who motivate, support, challenge, and engage followers to proactively attain organizational goals, a leadership style inconsistent with strict hierarchical control and maintaining existing rules. In support of this idea, Peter Lok and John Crawford (2001, 2003) reported that relational leadership is weakly associated with hierarchy cultures. Thus, consistent with Bernard M. Bass and Bruce J. Avolio's (1994) notion of transformational cultures, transformational leaders should have a positive relationship with clan, adhocracy, and market cultures.

> Proposition 1: CEO transformational leadership behavior will be positively associated with clan, adhocracy, and market cultures at the organizational level.

Organizational Culture and Organizational Effectiveness

Jay B. Barney (1986) proposed that organizational culture can be a source of sustainable competitive advantage if it is valuable, rare, and imperfectly imitable. Indeed, several empirical studies indicate that organizational culture is valuable because it is positively associated with organizational effectiveness (Denison & Mishra, 1995; Deshpandé & Farley, 2007; Kotter & Heskett, 1992; McDermott & Stock, 1999). To what extent, though, is organizational culture rare and imperfectly imitable?

Jennifer A. Chatman and Karen A. Jehn (1994) reported that organizational culture is more similar within industries than across industries. Similarly, Edward W. Christensen and George G. Gordon (1999) found that industry demands influence corporate values, beliefs, and assumptions. Although industry

association significantly influences corporate culture, it does not imply that all companies adopt the same pattern of cultural attributes. The airline industry is a poignant example. Southwest Airlines believes that focusing on employee and customer satisfaction will translate into positive performance outcomes. Other airlines, however, believe that controlling costs, capitalizing on economies of scale (evidenced by mergers and acquisitions), and offering diverse services will lead to successful organizational performance.

Even though companies exhibit similar cultural characteristics within an industry, variance still exists in organizational cultures within industries as a means of attaining superior effective outcomes. A firm's history and life cycle may be the most salient factors that make culture rare and imperfectly imitable (Barney, 1986; Schein, 2004). As previously mentioned, founders have a pervasive influence on the organization's values, beliefs, and assumptions. Culture thus reflects the unique personality of its founder. Organizational culture is also influenced by the organization's life cycle. Firm growth, midlife, and maturity and decline impose different values, beliefs, and assumptions to maintain organizational effectiveness. Cumulatively, an organization's history and its stage in the life cycle are two factors that shape its cultural characteristics and make a firm's culture rare and imperfectly imitable (Barney, 1986).

The degree to which organizational culture influences firm effectiveness remains equivocal partially because accumulated empirical support has been hampered by divergent definitions of both culture and effectiveness (Wilderom et al., 2000). Willem Verbeke, Marco Volgering, and Marco Hessels (1998) reported 54 unique definitions of culture in the literature from 1960 to 1993. Adding to culture's conceptual ambiguity, numerous empirical studies conceptualize culture as an individual's perception of the unit's culture without applying referent shift (cf, Chan, 1998) or aggregating employees' responses to appropriately reflect the shared nature of the construct (Hartnell et al., 2009). Furthermore, two facets of the research design (single respondents vs. multiple respondents and ipsative vs. Likert scales) affect the clarity of results across studies (see Hartnell et al., 2009, for a more detailed discussion). As a result, due to the wide range of culture definitions and diverse research designs, limited conclusions can be drawn about the veracity of the culture-effectiveness link from the existing set of empirical evidence (Ostroff et al., 2003).

In an attempt to address the limitations due to variation among individual studies, Chad A. Hartnell and colleagues (2009) conducted a meta-analysis to investigate culture's association with diverse effectiveness criteria. They found that clan, adhocracy, and market cultures were significantly associated with employee attitudes (e.g., job satisfaction and organizational commitment), operational effectiveness (e.g., innovation and quality of products and services), and financial effectiveness (e.g., market performance and growth). These findings indicate that organizational culture appears to be significantly associated with various measures of organizational effectiveness. Furthermore, the results support Barney's (1986) theoretical assertion that culture is a source of competitive advantage. Consequently, this chapter proposes the following:

> Proposition 2: Clan, adhocracy, and market cultures will be positively associated with organizational effectiveness at the organizational level.

To this point, organizational culture has been addressed as an omnibus set of values, beliefs, and assumptions that guide an organization's effort and attention and aid in

achieving superior performance outcomes. These values, beliefs, and assumptions, however, may be too broad and ambiguous to clearly direct subunits' behavior. Attention is now turned to articulating the assumptions underlying integration culture research and explaining how integration is a source of differentiation.

INTEGRATION AS A SOURCE OF DIFFERENTIATION

Despite a number of empirical investigations linking organizational culture to organizational effectiveness, the assumptions underpinning integrative culture research are tenuous. First, the majority of organizational culture studies elicit responses from key informants within organizations (e.g., CEOs or high-level executives). The responses are then generalized and thought to represent how the organization's values, beliefs, and assumptions are perceived throughout the entire organization. Second, research that uses multiple respondents within an organization is also subject to bias because the respondents are usually interconnected, not randomly chosen from all organizational employees. Therefore, similar to the single respondent design, generalizing the findings from a nonrandom subpopulation to the entire organization likely weakens the veracity of the results (Martin, 2004).

In addition to the assumptions that cast doubt on the notion that organizational cultures are monolithic, Martin (2004, p. 7) notes,

> It is highly unlikely that any organizational culture, studied in depth, would exhibit the consistency, organization-wide consensus, and clarity that integration studies have claimed to find. Thus, integration studies offer managers and researchers a seductive promise of harmony and value

homogeneity that is empirically unmerited and unlikely to be fulfilled.

One reason that one might find a widely shared and deeply held organizational culture difficult to confirm is because meanings are differentially interpreted within organizations (Donnellon, Gray, & Bougon, 1986). Although it is quite plausible for an organization to have a unified and well-articulated set of values, beliefs, and assumptions, the organizational culture may be too abstract to uniformly govern the mechanisms through which organizational subunits accomplish their tasks. As organizations differentiate, they simultaneously pursue multiple effectiveness criteria to attain superior organizational results. Subunits thus interpret the organizational values based on their preeminent reality within the organization. As such, subcultures emerge from the omnibus organizational culture to define the specific means to attain relevant effectiveness criteria. For this reason, Schein (2004) suggests that it does not make sense to talk about organizational culture in large organizations. Instead, meaning is interpreted and enacted at a more proximal level. This chapter thus examines how collectives within an organization interpret and enact the organization's global values.

DIFFERENTIATION

Martin's (1992) differentiation perspective provides a useful lens to take a more fine-grained approach to extrapolate how collectives differentially extract coherence and meaning from a common set of abstract values. The differentiation perspective suggests that consensus exists in subcultures, defined as collectives within organizations that share commonly held values, beliefs, and assumptions that are distinct from those held by other collectives within the

organization. The sociological theory and the sensemaking perspective are applied to explain why subcultures emerge. This chapter will then explicate the cognitive mechanisms through which a subculture reinforces its identity and differentiates itself from other subcultures.

Culture as a Tool Kit

The differences among subcultures are driven by how the collectives vary in their interpretation and enactment of the organization's values. Drawing upon sociological theory, Ann Swidler (1986, p. 273) suggests that "culture [is] a 'tool kit' of symbols, stories, rituals, and world-views, which people may use in varying configurations to solve different kinds of problems." In essence, organizational culture consists of a wide range of abstract values that direct the organization's ends. Within an organization, however, collectives enact different value configurations, or tools, as means to attain organizational ends.

The abstract nature of an organization's values creates ambiguity and uncertainty, encouraging collectives to engage in the sensemaking process to explicate how the values should be enacted (Weick, 1995). Groups thus develop value configurations, or cultural repertoires, to enact strategies of action to attain their focal effectiveness criteria on which their performance is evaluated (Swidler, 2001). Although proximal effectiveness criteria may be relatively similar across some groups, they may still interpret and enact meaning differently. Indeed, Anne Donnellon et al. (1986) found that meaning interpretation is equifinal—that is, multiple paths exist to arrive at similar ends. Hence, distinct subcultures can emerge even when experiencing similar climates. This chapter proposes, however, that more distinctive differences among subcultures' enacted values within organizations

will be evident to the extent that their organizational realities are incongruous. For instance, production departments may be primarily concerned with profit as well as product and service quality, whereas marketing departments may be intently focused on customer satisfaction and innovation. Although both effectiveness criteria are important to the organization's vitality, the means differ considerably to attain the organization's valued ends. The divergent cultural repertoires, therefore, exacerbate the differences among subcultures.

As the path shown in Figure 13.2 suggests, the presence of subcultures within an organization does not necessarily preclude the existence of an integrative culture. Indeed, differentiated cultures are derived from an omnibus set of organizational values (i.e., integrative culture); the two cultural paradigms, however, may be more complementary than competing. As pointed out by Swidler (1986), subcultures are not bound by a singular cultural repertoire. Instead, they enact different repertoires when encountering unique situations. The organizational context, including features such as organizational rules, norms, structure, and power distribution, may influence when different cultural repertoires are enacted. These factors thus illuminate when one value set trumps another (Osland & Bird, 2000). For instance, when contextual considerations create strong situations (Mischel, 1973), subcultures' distinct differences may merge into more unitary action (i.e., an organization's normative prescriptions for dealing with ethical violations). Conversely, flexible organizational structures and power diffused broadly within the organization propagate ambiguity and uncertainty, thereby activating groups' sensemaking and affording them autonomy in enacting meaning. In sum, differences among groups' cultural repertoires are not static. One must consider contextual implications as well as their relative salience

when investigating subcultures' differentiated meaning interpretations. In strong situations, organizations appear to have an integrative culture. In weak situations, the same organizations appear to have differentiated cultures. In the end, subcultures may commonly share abstract organizational values to which all subcultures coalesce in strong situations. Thus, integrative and differentiated cultures may be complementary, with their relative salience depending on the strength of the situation.

Transformational Leadership and Subcultures

Although distinct cultural repertoires make subcultures unique, schema theory lends insight into the cognitive mechanisms through which transformational leaders influence subcultures. Schemas are structured cognitive knowledge maps that guide a collective's interpretation of a situation and appropriate behavior (Lord & Foti, 1986). According to Stanley G. Harris (1994), schemas guide the search for, acquisition of, and processing of information and guide subsequent behavior in response to that information. Four schema types are considered to explicate how transformational leaders form, develop, and distinguish subcultures: self-schemas, person schemas, organization schemas, and script schemas.

Self-schemas refer to how the collective perceives itself. Self-perceptions include values, roles, behavior, and personality (Harris, 1994). For instance, a collective might perceive itself to be an ethical, authentic, diligent, and fun-loving group that provides outstanding service to the organization's internal and external customers. Social interaction and leadership behavior are two instrumental sources of information from which collectives obtain information to develop self-schemas. The social process

is akin to Charles Horton Cooley's (1902) concept of a looking-glass self:

> As we see our face, figure, and dress in the [looking] glass, and are interested in them because they are ours, and pleased or otherwise with them according as they do or do not answer to what we should like them to be; so in imagination we perceive in another's mind some thought of our appearance, manners, aims, deeds, character, friends, and so on, and are variously affected by it. (pp. 152–153)

As Cooley notes, groups ascertain self-schemas through self-appraisal and by considering how others might perceive them. In essence, groups define themselves based on intragroup interaction and intergroup interaction. Intergroup interaction enables groups to further gather information from social contextual clues to identify their own attributes. Self-schemas are thus socially constructed and reinforced through social interaction. This social interplay guides the collective in interpreting a coherent sense of self.

In addition to social interaction, the content of the group's mission and goals is an important source of information that defines a group's self-schema. Transformational leaders play a focal role in identifying and communicating the group's goals and in connecting followers' self-concept to the group's mission and goals (Shamir et al., 1993). Consequently, followers transcend self-interest and perform beyond expectations to benefit the group. For instance, transformational leaders in sales departments emphasize and reward providing excellent service, innovative solutions, and anticipating customers' needs. Transformational leaders in production departments, on the other hand, may idealize producing quality products quickly, consistently, and efficiently. The differences in group goals emphasize different values,

roles, and behavior, thus inducing groups to develop substantively different self-schemas. Furthermore, the extent to which a group is successful in attaining the group's mission and goals is likely to strengthen a collective's self-schema because it contributes to a positive sense of self (Ashforth & Mael, 1989). Hence, a high-performing group is likely to benefit from highly efficacious self-perceptions and positive esteem from other organizational constituents, reinforcing the group's positive self-appraisal.

Transformational leaders' personality, values, and behavior also have an important influence on how a group defines itself. Ronit Kark and colleagues (2003) observed that followers are more inclined to identify with their immediate transformational leader than with their collective. As such, groups define themselves in light of their leader's characteristics. Collectives thus formulate self-schemas through a unique combination of social comparison, group mission and goals, and leader personality, values, and behavior. Striving to be consistent with its own self-perception, collectives employ self-schemas to guide the process through which groups extract and enact meaning and coherence from organizational cues. The resulting self-schemas then guide the cultural repertoires the collectives employ.

> Proposition 3a: Transformational leadership will be positively associated with distinct organizational subcultures through influencing followers' self-schemas.

Person schemas are perceptions, attributions, and expectations about individuals, groups, and organizational roles (Harris, 1994). Groups categorize others according to cognitive prototypes to efficiently manage the breadth of social information (Lord & Foti, 1986). Prototypes are created based on drawing similarities to and differences from the collective's self-schema. This categorization and social comparison process makes differences salient among collectives, reiterating the differences among subcultures. Furthermore, Naomi Ellemers, Dick De Gilder, and S. Alexander Haslam (2004) posit that individuals are more likely to identify with a particular collective when it is distinct from other collectives. Similarly, groups construct person schemas based on social interactions with influential role players who affect the group (Harris, 1994).

Transformational leaders influence collectives' self-schemas and, subsequently, how they perceive other collectives. Through articulating a vision specific to the group and linking the followers' self-concept to the group's mission, transformational leaders distinguish their group members from other collectives. The degree to which the group's mission and goals are distinctive from other groups further accentuates the differences among organizational subgroups. Consequently, leaders affect how collectives form cognitive prototypes of other groups based on emphasizing the value and importance of their unique values, roles, and behavior. Once collectives assign other groups to a prototype, they retain and recall information parallel to the prototype characteristics. Differences in groups, once perceived, tend to persist in person schemas even if they no longer exist (Lord & Foti, 1986).

> Proposition 3b: Transformational leadership will be positively associated with distinct organizational subcultures through influencing followers' person schemas.

Organization schemas are a component of person schemas. They refer to how groups categorize the organization and its social groups based on the social context within which it is embedded (Harris, 1994). This schema type is most closely related to culture as a tool kit. Groups categorize value configurations based on their cognitive prototypes. They also classify social groups according

to salient organizational and individual attributes such as functional discipline, occupation, demography, and hierarchical differentiation (Martin, 2004).

Transformational leaders influence collectives' organization schemas through *sensegiving*. Sensegiving is "an interpretive process in which actors influence each other through persuasive or evocative language" (Maitlis & Lawrence, 2007, p. 57). Transformational leaders thus aid collectives in interpreting the complex social milieu and distilling ambiguous organizational values into more proximal means to accomplish effective ends. In addition to connecting followers' self-concepts with the group's mission, transformational leaders also inspirationally motivate followers to identify with the organization's mission and goals. Connecting followers' self-concepts with both the group and the organization enables the group's mission (and focal performance) to be congruent with that of the organization. Although it is well established that employees maintain multiple identities (Ashforth & Mael, 1989), they are more likely to identify with more proximal collectives, such as the work unit, than the more distal collectives, such as the organization, because they provide more distinctive components that positively enhance one's self-construal (Ellemers et al., 2004). Hence, the tendency to identify with more proximal collectives propagates the differences that support the emergence of organizational subcultures.

Proposition 3c: Transformational leadership will be positively associated with distinct organizational subcultures through influencing followers' organization schemas.

Script, or *event schemas* represent the norms and rules that govern action in a particular situation. A script schema is a "cognitive structure that describes the appropriate sequence of events in a given situation" (Lord & Foti, 1986, p. 29). It aids in interpreting context-specific behavior (i.e., meetings, ceremonies, and rituals). Script schemas explain why subcultures use a limited set of cultural repertoires. Klaus Weber (2005, p. 229) comments, "Actors use only a limited number of cultural elements routinely, because the correct use of new elements has to be learned and practiced." Therefore, script schemas encourage the use of cultural repertoires that have been used effectively in previous situations.

Transformational leaders are an important source from which groups derive appropriate script schemas. Social learning theory (Bandura, 1977) indicates that individuals learn appropriate behavior by observing and replicating the behavior of credible role models. As such, transformational leadership behavior provides the context from which employees extract cues to determine the appropriate course of action in a given situation. If subcultures already exist, script schemas may only serve to perpetuate the differences among organizational subcultures.

Proposition 3d: Transformational leadership will be positively associated with distinct organizational subcultures through influencing followers' script schemas.

In sum, schemas are cognitive representations that influence the information that groups acquire, process, and retain. Organization schemas explicate the mechanisms through which groups interpret coherence and meaning from an abstract set of organizational values. Self-schemas elucidate the process by which groups extract and enact cultural repertoires that are consistent with their group's self-perception. Once groups incorporate an identity-consistent cultural repertoire, script schemas recursively galvanize and reinforce the group's self-schema by indicating that a routine context requires the group to carry out a previously enacted cultural repertoire. Finally, person schemas explain the cognitive

process through which groups categorize others and, in the process, differentiate themselves. The schemas reinforcing group identity and between-group differentiation, then, propagate the existence of multiple subcultures within an organization. Hence, transformational leaders have an important role in how collectives define themselves, interpret their environment, and differentiate themselves from other collectives.

Subcultures and Transactional Leadership

Leaders not only influence, but are constrained by culture (Bass, 1985; Bass & Avolio, 1994; Dickson, Resick, & Hanges, 2006; Schein, 2004). Exploring culture's influence on leadership leads researchers to consider the importance of employee attributions and the conditions under which certain behavioral leadership styles are likely to emerge. Whereas transformational leaders shape group norms, challenge assumptions, and align followers' self-concepts with group and organizational goals, transactional leaders influence followers based on the existing social norms, rules, structures, and procedures (Bass & Avolio, 1994). Said differently, transactional leaders are maintenance agents as opposed to change agents (Trice & Beyer, 1991). Transactional leaders rely on established organizational rules, policies, and procedures to attain effective outcomes. For instance, well-defined social norms, a key characteristic of a subculture, are an important condition for transactional leadership because employees must share fairness perceptions for transactional leaders to determine what awards are valued and appropriate in a given context (Walumbwa, Wu, & Orwa, 2008). Moreover, Marcus W. Dickson and colleagues (2006) reported that people within mechanistic organizations prefer leaders with transactional leadership styles. Hence, subcultures that emphasize procedures, rules, and clear goals provide opportunities for transactional leaders to obtain positions of influence. When collectives are operating smoothly, transactional leaders can incrementally improve efficiency, productivity, and profitability by offering valued rewards to increase employees' extrinsic motivation.

Proposition 4: Subcultures will be positively associated with transactional leadership.

Transactional Leadership and Subunit Effectiveness

Transactional leaders communicate and clarify role and task requirements (Walumbwa, Wu, & Orwa, 2008). They also reward followers in exchange for their effort and performance. Said differently, transactional leadership behavior results in subunit effectiveness when employees' roles are clear and their rewards are clearly linked to their performance. As mentioned above, followers prefer transactional leaders when the organization is more highly structured (Dickson et al., 2006). Given the clearer role definitions and expectations within mechanistic organizations, transactional leaders express confidence in the group's competence to complete a task by providing monetary inducement to direct behavior without trying to implement wholesale changes in the groups' social norms, policies, rules, or structure. A recent study reported that procedural justice climate mediates the relationship between contingent reward leadership and supervisor satisfaction, commitment, and organizational citizenship behavior (Walumbwa, Wu, & Orwa, 2008). The findings indicate that when transactional leaders operate within social norms that indicate rewards are fair and appropriate, followers will improve their attitudes and performance. Hence, transactional leaders extrinsically induce positive performance outcomes by providing appropriate rewards, thus reinforcing the existing culture.

Proposition 5: Transactional leadership will be positively associated with subunit effectiveness.

LEADERSHIP ALIGNMENT: CULTURAL INNOVATION AND MAINTENANCE

CEOs are ultimately responsible to shareholders for effective organizational outcomes. CEOs articulate the broad organizational goals and performance criteria. At the same time, they also institute the means to accomplish the desired organizational ends. As such, transformational leaders create, change, or reinforce organizational culture to attain effective organizational outcomes. Even though subcultures tend to interpret abstract and ambiguous situations distinctly, thereby reinforcing group differences, CEOs synthesize and align the myriad subgroups within the organization to realize benefits from the differentiated groups' complementary efforts (Waldman & Yammarino, 1999). To maintain the foundation of integration while benefiting from the diversity of differentiation, CEOs utilize two important social mechanisms, shared experiences and social interaction, to propagate shared schemas across subcultures.

Shared experiences across subcultures enable collectives to create similar schemas to interpret coherence, order, and meaning. Harris (1994, p. 313) comments, "Since schemas are summaries of experiential knowledge, sharing experiential space and time and the challenges posed by communicating, interacting and solving common problems facilitates and encourages the development of similar schemas." An important condition for shared experiences to translate into shared schema development is that the shared experiences are unambiguous. For example, explicit organizational rules regarding attendance and compensation instill similar script schemas among subcultures (Peterson & Smith, 2000). Because shared experiences foster common ground and decrease the salience of differences among organizational subcultures, they may be a necessary precursor to coordinate and integrate subunit efforts to attain higher-level organizational effectiveness.

Moreover, shared schemas will more likely develop when collectives increase their frequency of social interaction (Kilduff & Corley, 2000). Social interaction facilitates the emergence of shared schemas through collectives sharing information about how they perceive and enact social information. The social interaction causes discrepant information to become salient and thus resolved through the sensemaking process. As a collective is continually exposed to the same stimuli, it is more likely to integrate and adapt it into its existing cognitive framework, forging convergence among different subcultures' schemas. As a result, CEOs who create and emphasize shared experiences and social interaction direct subunits' focus to accomplishing higher-order objectives, transcending lower-level differences. Hence subunits' effort may coalesce complementarily to positively affect organizational outcomes.

Proposition 6a: Subunit effectiveness will be more positively related to organizational effectiveness when CEOs create and emphasize shared experiences.

Proposition 6b: Subunit effectiveness will be more positively related to organizational effectiveness when CEOs create and emphasize social interactions.

CEOs and founders who are transformational leaders are both culture innovators and culture maintainers (Trice & Beyer, 1991). Culture innovators are leaders who change culture, whereas cultural maintainers are leaders who facilitate an existing culture. CEOs and founders are culture innovators because they have an influential

role in determining and communicating the content of the organization's omnibus cultural values, beliefs, and assumptions. They are culture maintainers to the extent that they align and integrate the diverse cultural repertoires enacted by the subcultures to synergistically achieve effective organizational outcomes.

Transformational leaders at the group level are certainly culture innovators as their personality, values, and beliefs affect group schemas and subsequent subcultures. Leaders' sensegiving also affects how groups perceive and contend with reality. Transactional leaders are the most salient cultural maintainers at the group level as they administer contingent rewards within the existing set of rules, policies, and procedures to attain organizational effectiveness. They do not aim to substantively change culture content. Instead, transactional leaders incrementally improve groups' performances within functional subcultures. Taken together, leaders are both culture innovators and culture maintainers. Sometimes, transformational leaders assume both roles. Other times, transactional leader behavior becomes more important within well-functioning systems of values, beliefs, and assumptions.

DISCUSSION

This chapter adopted contributions from Martin's (1992) integration and differentiation culture perspectives; applied insight from sociological theory (Swidler, 1986, 2001; Weber, 2005), social cognition research (DiMaggio, 1997; Fiske & Taylor, 1991; Lord & Foti, 1986), and the means-ends hierarchy (March & Simon, 1993); and utilized a sensemaking approach (Harris, 1994; Weick, 1995) to elucidate the multilevel relationship between leader-

ship and organizational culture. It illuminated how and why subcultures within an organization emerge and enact complementary organizational values to synergistically attain organizational effectiveness. This chapter also explicated the process by which transformational leaders influence culture as well as why culture provides the normative bounds for transactional leaders to be effective. Finally, it addressed the tools that organizational leaders use to influence and maintain organizational culture to achieve effective organizational outcomes.

Theoretical and Practical Implications

The model presented herein has several important implications. First, the integrative notion of culture being commonly perceived and enacted throughout the organization may not always be tenable. As organizations grow, values necessarily become more abstract to encompass the breadth of diverse organizational behavior. The resulting ambiguity and uncertainty at the local level prompts collectives to interpret, extract, and enact different value configurations from the global culture tool kit. This chapter contends that integrative and differentiated cultures exist concomitantly, but the situation strength influences which cultural paradigm is the most salient at the moment (Mischel, 1973). In weak situations, in concordance with Schein (2004), it does not make sense to talk about organizational culture (in the integrative sense) in large organizations as the values are differentially enacted at the local level. Consequently, fertile opportunities exist to study value configurations, or cultural repertoires, within organizational subcultures and determine the extent to which they are similar or different across subcultures. The organizational and social context should

be carefully examined to select an appropriate sample, as strong situations, shared experiences, and increased social interactions may attenuate the differences across an organization's subcultures.

Second, researchers tend to view organizations as monolithic and coherent systems that take the same action to attain a common end. In contrast, organizational effectiveness may be equifinal—that is, organizational ends are often achieved through different means (i.e., distinct subcultures and their unique cultural repertoires; Donnellon et al., 1986). If organizing aims "to impose order, counteract deviations, simplify, and connect" (Weick, 1995, p. 82), how do organizations coordinate subcultures that enact distinct cultural repertoires? This question creates a powerful argument for leadership within organizations. At the organizational level, CEOs and founders create an environment that encourages shared experiences and social interactions, thus enabling subcultures to interpret and enact situations more similarly. At the group level, however, transformational leaders may propagate group differences through formulating and communicating vision specific to the group's goals as well as more individualized forms of influence, such as personal identification (Kark et al., 2003) or relational identification (Walumbwa & Hartnell, 2010).

Also, organizational leaders enact the organization's abstract value set by integrating and aligning the competitive advantages each subculture contributes through its distinct cultural repertoires. In other words, they align the subcultures' efforts (means) to ensure the organization reaches its broader goals (ends). Contrary to the strength hypothesis that asserts value homogeneity as the key to organizational effectiveness, diversity among enacted value configurations at the local level may, in fact, be a source of a firm's sustainable competitive advantage.

CONCLUSION

Determining the precise nature of the link between leadership and culture is an important step in understanding how, when, and why leaders influence organizational culture and subcultures. Examining subcultures gives more specific consideration to organizational culture and more carefully considers the complexity and paradoxical values that manifest within organizations. Similarly, evaluating transformational leadership at multiple levels of analysis yields important insights into how leaders are culture innovators and maintainers (Trice & Beyer, 1991). It also begins to illuminate the process by which leaders influence the formation and differentiation of multiple subcultures within an organization.

Clearly, more theoretical development and empirical testing are needed to explicate the recursive relationship between leadership and culture. Furthermore, more work is needed to explore the link between various leadership behaviors and the variety of value configurations that subcultures enact as well as the veracity of their culture repertoires' influence on effectiveness measures. Future research connecting leadership and culture will lend theoretical and empirical insight into a domain clearly important to organizations and their constituents.

REFERENCES

Ashforth, B. E., & Mael, F. (1989). Social identity theory and the organization. *Academy of Management Review, 14*, 20–39.

Avolio, B. J., Walumbwa, F. O., & Weber, T. (2009). Leadership: Current theories, research and future directions. *Annual Review of Psychology, 60*, 421–449.

Bandura, A. (1977). *Social learning theory*. Englewood Cliffs, NJ: Prentice Hall.

Barney, J. B. (1986). Organizational culture: Can it be a source of sustained competitive advantage. *Academy of Management Review, 11*, 656–665.

Bass, B. M. (1985). *Leadership and performance beyond expectations*. New York: Academic Press.

Bass, B. M., & Avolio, B. J. (1994). Transformational leadership and organizational culture. *International Journal of Public Administration, 17*, 541–554.

Bass, B. M., Avolio, B. J., Jung, D. I., & Berson, Y. (2003). Predicting unit performance by assessing transformational and transactional leadership. *Journal of Applied Psychology, 88*, 207–218.

Baum, J. R., & Locke, E. A. (2004). The relationship of entrepreneurial traits, skill, and motivation to subsequent venture growth. *Journal of Applied Psychology, 89*, 587–598.

Burns, T., & Stalker, G. M. (1961). *The management of innovation*. London: Tavistock.

Cameron, K. S., & Quinn, R. E. (1999). *Diagnosing and changing organizational culture: Based on the competing values framework*. Reading, MA: Addison-Wesley Longman.

Cameron, K. S., Quinn, R. E., DeGraff, J., & Thakor, A. V. (2006). *Competing values leadership: Creating value in organizations*. Northampton, MA: Edward Elgar Publishing.

Chan, D. (1998). Functional relations among constructs in the same content domain at different levels of analysis: A typology of composition models. *Journal of Applied Psychology, 83*, 234–246.

Chatman, J. A., & Jehn, K. A. (1994). Assessing the relationship between industry characteristics and organizational culture: How different can you be? *Academy of Management Journal, 37*, 522–553.

Christensen, E. W., & Gordon, G. G. (1999). An exploration of industry, culture and revenue growth. *Organization Studies, 20*, 397–422.

Cooley, C. H. (1902). *Human nature and the social order*. New York: Scribner.

Davies, H. T. O., Mannion, R., Jacobs, R., Powell, A. E., & Marshall, M. N. (2007). Exploring the relationship between senior management team culture and hospital performance. *Medical Care Research and Review, 64*, 46–64.

Deal, T. E., & Kennedy, A. A. (1982). *Corporate cultures: The rites and rituals of organizational life*. Reading, MA: Addison-Wesley.

Denison, D. R., & Mishra, A. K. (1995). Toward a theory of organizational culture and effectiveness. *Organization Science, 6*, 204–223.

Deshpandé, R., & Farley, J. U. (2007). Interdisciplinary research within a modified competing values model of organizational performance: Results from Brazil. *Journal of Global Marketing, 20*, 5–16.

Dickson, M. W., Resick, C. J., & Hanges, P. J. (2006). Systematic variation in organizationally-shared cognitive prototypes of effective leadership based on organizational form. *Leadership Quarterly, 17*, 487–505.

DiMaggio, P. (1997). Culture and cognition. *Annual Review of Sociology, 23,* 267–287.

Dirsmith, M., & Haskins, M. E. (2007). The linguistic relativity hypothesis applied to big 5(4) public accounting firms' assessments of client internal controls. *Human Organization, 66,* 438–452.

Donnellon, A., Gray, B., & Bougon, M. G. (1986). Communication, meaning, and organized action. *Administration Science Quarterly, 31,* 43–55.

Ellemers, N., De Gilder, D., & Haslam, S. A. (2004). Motivating individuals and groups at work: A social identity perspective on leadership and group performance. *Academy of Management Review, 29,* 459–478.

Fiske, S. T., & Taylor, S. E. (1991). *Social cognition.* New York: McGraw-Hill.

Glisson, C., & James, L. R. (2002). The cross-level effects of culture and climate in human service teams. *Journal of Organizational Behavior, 23,* 767–794.

Harris, S. G. (1994). Organizational culture and individual sensemaking: A schema-based perspective. *Organization Science, 5,* 309–321.

Hartnell, C. A., Ou, A. Y., & Kinicki, A. (2009). *Assessing the organizational culture—organizational effectiveness link: A meta-analytic review.* Paper presented at the annual meeting of the Academy of Management, Chicago.

Hatch, M. (1993). The dynamics of organizational culture. *Academy of Management Review, 18.* 657–693.

Judge, T. A., & Piccolo, R. F. (2004). Transformational and transactional leadership: A meta-analytic test of their relative validity. *Journal of Applied Psychology, 89,* 755–768.

Kark, R., Shamir, B., & Chen, G. (2003). The two faces of transformational leadership: Empowerment and dependency. *Journal of Applied Psychology, 88,* 246–255.

Kilduff, M., & Corley, K. G. (2000). Organizational culture from a network perspective. In N. M. Ashkanasy, C. P. Wilderom, & M. F. Peterson (Eds.), *Handbook of organizational culture and climate* (pp. 211–222). Thousand Oaks, CA: Sage.

Kirkman, B. L., Chen, G., Farh, J., Chen, Z. X., & Lowe, K. B. (2009). Individual power distance orientation and follower reactions to transformational leaders: A cross-level, cross-cultural examination. *Academy of Management Journal, 52,* 744–764.

Kotter, J. P., & Heskett, J. L. (1992). *Corporate culture and performance.* New York: Free Press.

Kozlowski, S. W. J., & Doherty, M. L. (1989). Integration of climate and leadership: Examination of a neglected issue. *Journal of Applied Psychology, 74,* 546–553.

Lawrence, P. R., & Lorsch, J. W. (1967). *Organization and environment: Managing differentiation and integration.* Boston: Harvard University, Graduate School of Business Administration.

Liao, H., & Chuang, A. (2007). Transforming service employees and climate: A multilevel, multisource examination of transformational leadership in building long-term service relationships. *Journal of Applied Psychology, 92,* 1006–1119.

Lok, P., & Crawford, J. (2001). Antecedents of organizational commitment and the mediating role of job satisfaction. *Journal of Managerial Psychology, 16,* 594–613.

Lok, P., & Crawford, J. (2003). The effect of organizational culture and leadership style on job satisfaction and organizational commitment: A cross-national comparison. *Journal of Management Development, 23,* 321–338.

Lord, R. G., & Foti, R. J. (1986). Schema theories, information processing, and organizational behavior. In H. P. Sims, Jr. & D. A. Gioia (Eds.), *The thinking organization* (pp. 20–48). San Francisco: Jossey-Bass.

Maitlis, S., & Lawrence, T. B. (2007). Triggers and enablers of sensegiving in organizations. *Academy of Management Journal, 50,* 57–84.

March, J. G., & Simon, H. A. (1993). *Organizations.* New York: Wiley.

Martin, J. (1992). *Cultures in organizations: Three perspectives.* New York: Oxford University Press.

Martin J. (2002). *Organizational culture: Mapping the terrain.* London: Sage.

Martin, J. (2004). Research paper no. 1847: Organizational culture. In N. Nicholson, P. Audia, & M. Pillutla (Eds.), *The Blackwell encyclopedic dictionary of organizational behavior* (2nd ed., pp. 1–15). Oxford, UK: Blackwell.

McDermott, C. M., & Stock, G. N. (1999). Organizational culture and advanced manufacturing technology implementation. *Journal of Operations Management, 17,* 521–533.

Mintzberg, H. (1990). The manager's job: Folklore and fact. *Harvard Business Review, 68,* 163–176.

Mischel, W. (1973). Toward a cognitive social learning conceptualization of personality. *Psychological Review, 80,* 252–283.

Morgeson, F. P., & Hofmann, D. A. (1999). The structure and function of collective constructs: Implications for multilevel research and theory development. *Academy of Management Review, 24,* 249–265.

Ogbonna, E., & Harris, L. C. (2000). Leadership style, organizational culture and performance: Empirical evidence from UK companies. *International Journal of Human Resource Management, 11,* 766–788.

O'Reilly, C. A., & Chatman, J. A. (1996). Culture as social control: Corporations, culture, and commitment. *Research in Organizational Behavior, 18,* 157–200.

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

Osland, J. S., & Bird, A. (2000). Beyond sophisticated stereotyping: Culture sensemaking in context. *Academy of Management Executive, 14,* 65–79.

Ostroff, C., Kinicki, A. J., & Tamkins, M. M. (2003). Organizational culture and climate. In W. C. Borman, D. R. Ilgen, R. J. Klimoski, & I. Weiner (Eds.), *Handbook of psychology* (Vol. 12, pp. 565–593). Hoboken, NJ: Wiley.

Ouchi, W. G. (1981). *Theory Z: How American business can meet the Japanese challenge.* Reading, MA: Addison-Wesley.

Pawar, B. S., & Eastman, K. K. (1997). The nature and implications of contextual influences on transformational leadership: A conceptual review. *Academy of Management Journal, 22,* 80–109.

Peters, T. J., & Waterman, R. (1982). *In search of excellence.* New York: Harper & Row.

Peterson, M. F., & Smith, P. B. (2000). Sources of meaning, organizations, and culture: Making sense of organizational events. In N. M. Ashkanasy, C. P. Wilderom, & M. F. Peterson (Eds.), *Handbook of organizational culture and climate* (pp. 101–116). Thousand Oaks, CA: Sage.

Piccolo, R. F., & Colquitt, J. A. (2006). Transformational leadership and job behaviors: The mediating role of core job characteristics. *Academy of Management Journal, 49,* 327–340.

Quinn, R. E., & Rohrbaugh, J. (1983). A spatial model of effectiveness criteria: Towards a competing values approach to organizational analysis. *Management Science, 29,* 363–377.

Saffold, G. S., III (1988). Culture traits, strength, and organizational performance: Moving beyond "strong" culture. *Academy of Management Review, 13,* 546–558.

Schein, E. H. (2004). *Organizational culture and leadership.* San Francisco: Jossey-Bass.

Shamir, B., House, R. J., & Arthur, M. B. (1993). The motivational effect of charismatic leadership: A self-concept based theory. *Organization Science, 4,* 577–594.

Smircich, L. (1983). Concepts of culture and organizational analysis. *Administrative Science Quarterly, 28,* 339–358.

Sørensen, J. B. (2002). The strength of corporate culture and the reliability of firm performance. *Administrative Science Quarterly, 47,* 70–91.

Swidler, A. (1986). Culture in action: Symbols and strategies. *American Sociological Review, 51,* 273–286.

Swidler, A. (2001). *Talk of love. How culture matters.* Chicago: University of Chicago Press.

Trice, H. M., & Beyer, J. M. (1991). Cultural leadership in organizations. *Organization Science, 2,* 149–169.

Trice, H. M., & Beyer, J. M. (1993). *The cultures of work organizations.* Englewood Cliffs, NJ: Prentice Hall.

Tsui, A. S., Song, L. J., & Yang, J. Y. (2007). Organizational culture and employee responses in Hong Kong schools: Comparing dimensional and configuration approaches. *Research in Management: International Perspectives, 6,* 25–55.

Tsui, A. S., Wang, H., & Xin, K. R. (2006). Organizational culture in China: An analysis of culture dimensions and culture types. *Management and Organization Review, 2,* 345–376.

Verbeke, W., Volgering, M., & Hessels, M. (1998). Exploring the conceptual expansion within the field of organizational behavior: Organizational climate and organizational culture. *Journal of Management Studies, 35,* 303–329.

Waldman, D. A., & Yammarino, F. J. (1999). CEO charismatic leadership: Levels-of-management and levels-of-analysis effects. *Academy of Management Review, 24,* 266–285.

Walumbwa, F. O., Avolio, B. J., & Zhu, W. (2008). How transformational leadership weaves its influence on individual job performance. *Personnel Psychology, 61,* 793–825.

Walumbwa, F. O., & Hartnell, C. A. (2010). Understanding transformational leadership-employee performance links: The role of relational identification and self-efficacy. *Journal of Occupational and Organizational Psychology.* doi 10.1348/096317910X485818

Walumbwa, F. O., Hartnell, C. A., & Oke, A. (2010). Servant leadership, procedural justice climate, service climate, employee attitudes, and organizational citizenship behavior: A cross-level investigation. *Journal of Applied Psychology*, *95*, 517–529.

Walumbwa, F. O., Lawler, J. J., & Avolio, B. J. (2007). Leadership, individual differences and work attitudes: A cross-culture investigation. *Applied Psychology: An International Review, 56,* 212–230.

Walumbwa, F. O., Wang, P., Lawler, J. J., & Shi, K. (2004). The role of collective efficacy in the relations between transformational leadership and work outcomes. *Journal of Occupational and Organizational Psychology, 77,* 515–530.

Walumbwa, F. O., Wu, C., & Orwa, B. (2008). Contingent reward transactional leadership, work attitudes, and organizational citizenship behavior: The role of procedural justice climate perceptions and strength. *Leadership Quarterly, 19,* 251–265.

Weber, K. (2005). A toolkit for analyzing corporate cultural toolkits. *Poetics, 33,* 227–252.

Weick, K. E. (1995). *Sensemaking in organizations.* Thousand Oaks, CA: Sage.

Wilderom, C. P. M., Glunk, U., & Maslowski, R. (2000). Organizational culture as a predictor of organizational performance. In N. M. Ashkanasy, C. P. Wilderom, & M. F. Peterson (Eds.), *Handbook of organizational culture and climate* (pp. 193–209). Thousand Oaks, CA: Sage.

Xenikou, A., & Simosi, M. (2006). Organizational culture and transformational leadership as predictors of business unit performance. *Journal of Managerial Psychology, 21,* 566–579.

Yammarino, F. J., & Dansereau, F. (2008). Multi-level nature of and multi-level approaches to leadership. *Leadership Quarterly, 19,* 135–141.

Team Climate and Effectiveness Outcomes

Michael A. West and Andreas W. Richter

Over the last 50 years, organizations have increasingly adopted the team as a unit of production, a means of stimulating innovation, and a mechanism for communication and control (Kozlowski & Ilgen, 2006; West, Tjosvold, & Smith, 2005). To meet the pressures of the global marketplace, organizations are moving away from rigid, hierarchical structures to more organic, flexible forms. Teams develop and market products, solve production problems, and create corporate strategy (West et al., 2005). Managers are exploring how engagement of employees via participation and high-commitment practices can be combined with the use of self-managing work teams to help them meet the challenges and changes their organizations face. Almost all such innovations in organizations involve the explicit use of teams to accomplish central organizational tasks so that the team, rather than the individual, is increasingly considered the basic building block of organizations.

Organizational teams undertake a variety of tasks such as diagnosing and treating women with breast cancer, working to develop methods of sequestering carbon in undersea areas, or flying an airliner across the Atlantic. The experience of working in a team is dependent upon not only the task, but also the factors such as the personalities of team members (Halfhill, Sundstrom, Lahner, Calderone, & Nielsen, 2005), the organizational context (Hackman, 2002), and the pattern of interactions between the individuals who constitute the team (e.g., Tesluk, Vance, & Mathieu, 1999). Each team is, therefore, different to some extent, even if teams undertake the same or similar tasks. It has "a feel" that reflects its character. Some teams use a great deal of humor in their interactions together and with others; some teams are negative and "down" in their orientation; others are sharp, professional, and speedy in their approach, eschewing social niceties; some teams are warm and friendly, but seem not to be effective in meeting customer needs. This notion of the "feel of the team" is referred to as team climate, and this chapter explores the following questions:

- What is team climate?
- What are the key dimensions of team climate?
- What factors influence or determine team climate?
- Is there a relationship between team climate and important outcomes at the individual and team level?
- From one's knowledge of these issues, what are the implications for managers and for future research of the team climate theme?

WHAT IS TEAM CLIMATE?

Team climate is what it feels like to work on a given team and is based on employees' perceptions of the work-team environment (Rousseau, 1988). Schneider (1990) suggests that climate perceptions are likely to be shaped by the behaviors that are rewarded and supported. Thus, when team members' ideas for new and improved ways of providing customer service are welcomed or praised, team climate perceptions will be focused on innovation. Individuals also interpret processes, practices, and behaviors in their environments in relation to their own sense of well-being (James, James, & Ashe, 1990), and this contributes to the experience of climate, be it team or organizational. When team members routinely experience criticism of their ideas, they are likely to experience the team climate as aversive and constraining. When team leaders are authoritarian and demanding, team members' well-being will be negatively affected, and thus the team climate will be poor.

Although referring generally to perceptions of the work environment, the term *climate* can designate descriptions and perceptions at the individual, team, organizational, or societal level of analysis, each matching a corresponding theoretical perspective grounded in a particular discipline, namely psychology, social psychology, sociology, and anthropology (Yammarino & Dansereau, Chapter 4 of this *Handbook*). Individual perceptions of the work environment are usually termed *psychological climate*, and when shared to a level sufficient for aggregation to the team or organizational level, are labeled *group* or *organizational climate*. This chapter focuses on team climate. Is team climate any different from organizational climate? Theoretically, the focus is on the team (usually no more than 8 to 10 individuals) as opposed to a much larger entity such as a whole organization (with many thousands of employees). Real teams in organizations have been defined as different from alternative forms of work groups inasmuch as they display clear group boundaries, work interdependently together, are stable over time, and have varying extents of authority over their decisions (Hackman, 2002). Empirically, much research has shown significant variations in team climate between teams within one organization. Thus, although it is clear organizational climate is likely to influence team climate, there is great variation between teams in perceptions of climate within the organization—indeed, there is generally more agreement within teams than between teams in perceptions of team climate (Anderson & West, 1998; Burningham & West, 1995; Carter & West, 1998).

The study of team climate perceptions can provide information about team member attitudes and about the antecedents of their commitment, performance, and satisfaction outcomes. By representing the meaning employees attach to their team situation, team climate perceptions provide the context for understanding team member attitudes and behavior. Given the ubiquity of teams as a means of organizing and producing work in modern organizations, this is an important contribution. Research has suggested that team climate perceptions are associated with a variety of important outcomes. For example, in health care contexts, team climate predicts patient care, efficiency, innovation, and patient satisfaction (for a review of research on teams in health care contexts see West & Borrill, 2005), reducing errors and improving the quality of patient care (Edmondson, 1996), and team working generally is associated with important organizational outcomes such as productivity, innovation, and, in the case of hospitals, with patient mortality (West et al., 2002; West, Markiewicz, & Dawson, 2006).

WHAT ARE THE KEY DIMENSIONS OF TEAM CLIMATE?

Individuals can describe their environments and, therefore, their teams both in overall global terms (e.g., "a good place to work where everyone is friendly") and in a more specific, targeted manner (e.g. "a strong emphasis on innovation"). Domain-specific climates might be focused, for example, on the climate for safety (if there is a strong emphasis on safety in manufacturing companies; Zohar, 2000), climate for service (a strong emphasis on meeting customers' needs in a retail outlet; Schneider, Ehrhart, Mayer, Saltz, & Niles-Jolly, 2005), or a climate for innovation (lots of encouragement for team members to implement ideas for new and improved ways of doing things in a health care context; Borrill, Carletta, et al., 2000). Each of these specific climate domains is related to a particular set of general and climate-specific outcome variables (see Kuenzi & Schminke, 2009, for an comprehensive overview). In relation to global climate, L. A. James and L. R. James (1989) describe four dimensions of global organizational climate, which have been identified across a number of different work contexts: (a) role stress and lack of harmony, (b) challenge and autonomy, (c) leader facilitation and support, and (d) work-group cooperation. This chapter proposes that these dimensions can readily be adapted to also understanding team climate:

(a) team role stress and lack of harmony (including role ambiguity, conflict and overload, lack of team identification, and lack of team leader concern and awareness),

(b) team task challenge and team autonomy,

(c) team leadership facilitation and support (including team leader trust, support, goal facilitation and interaction facilitation, and psychological and hierarchical influence), and

(d) work-group cooperation, friendliness, and warmth (as well as responsibility for effectiveness; James & McIntyre, 1996).

A concept closely related to the notion of global team climate is the notion of group affective tone. Jennifer M. George (1996) uses this term to refer to "consistent or homogenous affective reactions within a group" (pp. xx). If, for example, members of a group tend to be excited, energetic, and enthusiastic, then the group itself can be described as being excited, energetic, and enthusiastic. If members of a group tend to be distressed, mistrustful, and nervous, then the group also can be described in these terms (George, 1996, p. 78). George argues that a group's affective tone will determine how effective and innovative the group will be. Relevant to this belief is evidence that when individuals feel positive, they tend to connect and integrate divergent stimulus materials, are more creative (Cummings, 1998; Davis, 2009; Isen & Daubman, 1984; Isen, Daubman, & Nowicki, 1987; Isen, Johnson, Mertz, & Robinson, 1985), see interrelatedness among diverse stimuli, and use broader, inclusive categories (Isen & Daubman, 1984; Isen, Daubman, & Nowicki, 1987). How does this affect group or team behavior? George suggests that if all or most individuals in a work group tend to feel positive at work (the group has a high positive affective tone), then their cognitive flexibility will be amplified as a result of social influence and other group processes. As a result of these individual and group-level processes, the group will develop shared (and flexible) mental models.

A long-standing framework for measuring team climate for innovation (West, 1990) proposed four dimensions of climate: (1) clarity of and commitment to objectives, (2) task orientation or commitment to excellence, (3) support for

innovation, and (4) participation. Over the subsequent 20 years, research has suggested the importance of the first three of these for robustly predicting team-level innovation (Hülsheger, Anderson, & Salgado, 2009).

However, a broader theoretical basis can provide a more comprehensive approach to domain-specific climate and thereby help to integrate existing research. The competing values model (Quinn & Rohrbaugh, 1983) offers a robust and theoretically grounded model for understanding organizational effectiveness. This has been adapted to produce models for the measurement of organizational climate (Patterson et al., 2005), and this chapter proposes that this can also inform a model of team climate as shown in Table 14.1. The table illustrates dimensions of climate commonly referred to in the team climate literature, which fit into the quadrants. Dimensions that might be worthy of consideration where there is a dearth of theorizing or research in relation to a particular quadrant (notably climate dimensions associated with internal process) are also included. Each of these will be described briefly.

Human Relations Quadrant

Team autonomy. Theorists have long acknowledged the important role that perceptions of autonomy play in fostering team engagement (Gulowsen, 1972). Autonomy is also considered as a key structural characteristic of teams (Campion, Medsker, & Higgs, 1993) whereby autonomous teams are able to "own" their task. Structural autonomy is, therefore, likely to lead to a climate of autonomy in the team. When team members perceive high levels of autonomy, they are more likely to believe they have the decision-making authority to determine their own course of action that can heighten an overall sense of determination and internal motivation (Spreitzer, 1995). Empowered teams can also choose to dedicate time to learning processes, allowing them to improve their effectiveness

Table 14.1 Team Climate: Dimensions Mapped Against Competing Values Quadrants

Quadrant	Team Dimension
Human Relations	Autonomy Participation Team Leader Support Team Member Trust, Safety, and Support Conflict
Open Systems	Support for Innovation and Flexibility Reflexivity (Environment, Strategy, and Objectives)
Rational Goal	Objectives: Clarification and Focus Emphasis on Quality and Excellence
Internal Process	Reflexivity (Internal Processes) Formalization Meeting climate

via localized adaptation to changes in demands and the wider environment (Pearce & Ravlin, 1987).

Participation. Research on participation in decision making suggests that participation fosters integration and commitment (Bowers & Seashore, 1966; Coch & French, 1948; Heller, Pusic, Strauss, & Wilpert, 1998; Lawler & Hackman, 1969; Locke, 1991; Locke & Latham, 1990). There are obvious reasons for supposing that perceptions of participation will be linked to team outcomes such as productivity and innovation. To the extent that information and influence over decision making are perceived to be shared within teams and that there is a high level of interaction among team members, the resultant cross-fertilization of perspectives will promote better quality decision making and innovation (Cowan, 1986; Mumford & Gustafson, 1988; Pearce & Ravlin, 1987; Porac & Howard, 1990). More generally, perceived high participation in decision making means less resistance to change. When team members participate in decision making through having influence over the change process, they tend to invest in the outcomes of those decisions (Kanter, 1983; King, Anderson, & West, 1992). Studies of teams in oil companies, health care, TV program production organizations, and top management support this proposition (Burningham & West, 1995; Borrill, Carletta, et al., 2000; Carter & West, 1998; Poulton & West, 1999; West, Patterson & Dawson, 1999). Similarly, Paul Tesluk et al. (1999) found that both unit and district participative climate was related to employee involvement, and Z. Chen, W. Lam, and J. A. Zhong (2007) showed that empowerment climate was positively related to subordinates' own sense of empowerment in a sample of supervisor–subordinate dyads drawn from two Chinese corporations. Empowerment climate at the team level was

also positively related to manager ratings of work unit performance in a sample of 375 employees in a division of a Fortune 100 manufacturing company.

Team leader support. The team leader has a potent and pervasive influence on team climate (Tannenbaum, Salas, & Cannon-Bowers, 1996). The leader brings task expertise, abilities, and attitudes to the team that influence the group climate and norms (Hackman, 1990, 1992, 2002), and, through monitoring, feedback, and coaching, develops perceptions of supportive leadership (or otherwise) that enable the team to do its work successfully (McIntyre & Salas, 1995). Perceptions of leader style and support will therefore be an important element of team climate. The composition and norms developed within a team are highly dependent on the specific expertise, attitudes, guidance, and abilities that a leader brings to the team (Hackman, 1990, 2002). Leadership climates at the team level have been related to employee empowerment in various settings (e.g., Chen & Bliese, 2002; Chen, Kirkman, Kanfer, Allen, & Rosen, 2007).

Team Member Trust, Safety, and Support. Trust encourages team members' willingness to accept vulnerability to the team in the belief that others in the team will behave in a benevolent and considerate way (Korsgaard, Brodt, & Sapienza, 2003). Trust is defined as the willingness to be vulnerable to others and is critical for fostering cooperative working within teams (Smith, Carroll, & Ashford, 1995). Trust is associated with team cooperation and an absence of counterproductive team conflict (Kramer, 1999; Simons & Peterson, 2000). Trust also engenders a team willingness to engage in risk-taking behaviors, explore new ventures, and take actions that both preserve team integrity and improve performance (Cummings & Bromiley, 1996). Trust in

teams can be developed through shared norms that support cooperative actions, equal contribution, altruism, and a sense of shared team membership, whereby team members hold secure positive beliefs about each other's competencies and intentions.

W. A. Kahn (1990, p. 708) defined *psychological safety* as "feeling able to show and employ one's self without fear of negative consequences to self-image, status, or career." Under such conditions, Kahn (1990) argued that individuals will feel safe and willing to participate in decision making and task execution without negative repercussions and, as a result, be able to experience personal engagement at work. Amy Edmondson (1999) introduced the group-level concept of team psychological safety. She established that perceptions of psychological safety tend to be shared among members of a team given their salient collective experiences and shared work context. Team psychological safety is important for facilitating team working, for it fosters an environment in which team members feel confident to be themselves and speak openly and honestly without fear of being rejected, punished, or embarrassed by the team (Edmondson & Roloff, 2009).

Support refers to "positive social interactions" in teams and to team members "helping each other," which serves to enhance team effectiveness (Campion et al., 1993). A. Drach-Zahavy (2004) proposes that supportive team climates are crucial for effective organizational practice. Team performance and learning are enhanced by perceptions of supportive coworker relationships (Bishop, Scott, & Burroughs, 2000). Such relationships are also a means of reducing job stress (Fenlason & Beehr, 1994) and promoting team members' satisfaction (Griffin, Patterson, & West, 2001). Similarly, Deborah L. Gladstein (1984) refers to support as a group climate construct that encourages positive team processes such as potency and communication. More recent evidence also points to the moderating role of support climate. S. Bachrach, P. Bamberger, and D. Vashdi (2005) found that peer support climate moderated the relationship of the proportion of racially dissimilar others in a work unit and the relative prevalence of supportive relationships with dissimilar peers in a sample of 2,661 employees of over 60 units in multiple New York State organizations. Similarly, a recent study found that support climate at the unit level moderated the relationship between the intensity of critical incident involvement of New York firefighters at 9/11 and negative emotional states (Bachrach & Bamberger, 2007). At a more general level, group affective climate was positively related to workplace friendships (Tse, Dasborough, & Ashkanasy, 2008).

Conflict. Many scholars believe that the management of competing perspectives is fundamental to the generation of productive and effective teamwork (Mumford & Gustafson, 1988; Nemeth & Owens, 1996; Tjosvold, 1998). Research orientations to team conflict tend to propose that relationship conflict hinders effective task performance, while task conflict is thought to stimulate information processing, the consideration of multiple perspectives, and, thereby, better problem solving. Research evidence clearly shows that a climate characterized by high-relationship conflict is associated with poor-team performance (see, e.g., De Dreu & Weingart, 2003; Jehn, 1995, 1997; Murnighan & Conlon, 1991). However, a meta-analysis of the conflict-performance literature failed to support the hypothesis that task conflict enhances performance (De Dreu & Weingart, 2003). This has led to new research on contingency models exploring the conditions under which climates of (task and relationship) conflict have different effects on work-team effectiveness, including,

for example, team tasks, conflict norms, and conflict management strategies (Jehn & Bendersky, 2003; see also Simons & Peterson, 2000; Tjosvold, 1998).

Tjosvold and colleagues (Tjosvold & Johnson, 1977; Tjosvold, Tang, & West, 2004; Tjosvold, Wedley, & Field, 1986) have presented cogent arguments and strong evidence that a climate of constructive (task-related) controversy in a cooperative group context improves the quality of decision making and creativity. Constructive controversy is characterized by full exploration of opposing opinions and frank analyses of task-related issues. It occurs when decision makers believe they are in a cooperative group context, where mutually beneficial goals are emphasized. In contrast, in a competitive context, decision makers feel their personal competence is confirmed rather than questioned, and they perceive processes of mutual influence rather than attempted dominance.

Open Systems

Support for Innovation and Flexibility. Innovation is more likely to occur in groups where there is a climate of support for innovation and where innovative attempts are rewarded rather than punished (Amabile, 1983; Kanter, 1983). Support for innovation is the expectation, approval, and practical support of attempts to introduce new and improved ways of doing things in the work environment (West, 1990). Within teams, new ideas may be routinely rejected or ignored or attract verbal and practical support. Such group processes powerfully shape individual and team perceptions of climate and, therefore, behavior (West & Anderson, 1996).

Reflexivity (Environment, Strategy, and Objectives). Reflexivity involves the team reflecting upon and learning from previous experience and then initiating appropriate change. *Team climate for reflexivity* is the degree to which members of a team perceive a norm within the team for collectively reflecting upon their immediate and long-term objectives, processes, environments, and strategies and adapting them accordingly (West, 1996). Teams that take time out to reflect on their objectives, strategies, and processes are more effective than those that do not, be they television production teams, sports teams, or health care teams (West, 2004). In relation to the open systems element of the model, this chapter suggests that a reflexivity climate would encourage a focus on the environment, strategy, and objectives of the team. Reflection on internal team processes is more germane to the final quadrant of the model (see below).

The team reflexivity climate incorporates three key elements: (1) reflection, (2) planning, and (3) adaptation. Reflection refers to the awareness, attention, monitoring, and evaluation of the object under consideration (West, 2000). After the initial period of team reflection, intentions and courses of action are contemplated and decided upon during the planning phase. Action in accordance with these plans is then required for adaptation. In a longitudinal research study, S. M. Carter and Michael A. West (1998) monitored the performance of 19 BBC-TV production teams over a year and found that reflexivity was a significant predictor of the creativity and team effectiveness (measured by audience viewing figures). When there is a climate of reflexivity, teams can plan ahead, actively structure situations, have a better knowledge of their work, and anticipate mistakes (for a review, see Widmer, Schippers, & West, 2009).

Rational Goal

Objectives: Clarification and Focus. When the team climate emphasizes the importance of clarifying and winning commitment to goals,

team member motivation and commitment and team effectiveness are likely to be high. Clarity of and commitment to shared team objectives is a sine qua non for integrating knowledge and skill diversity to meet task requirements for teamwork. In the context of group innovation, ensuring clarity of team objectives is likely to facilitate innovation by enabling focused development of new ideas, which can be filtered with greater precision than if team objectives are unclear. In a study of 418 project teams, J. K. Pinto and J. E. Prescott (1987) found that a clearly stated mission was the only factor that predicted success at all stages of the innovation process (i.e., conception, planning, execution, and termination). Research evidence from studies of the top management teams of hospitals (West & Anderson, 1996) and of primary health care teams (Borrill, Carletta, et al., 2000) provides strong support for the proposition that clarity of and commitment to team goals is associated with high levels of team innovation. To the extent that teams have climates that emphasize the need to have clear objectives to which team members are committed, teams will be more productive and innovative.

Emphasis on Quality and Excellence. A perception of commitment in the team to high quality work and excellence is an important climate element. For example, in health care teams, a commitment to high quality patient care is likely to create a strong sense of task orientation. This in turn is likely to influence team innovation as team members seek ways of improving quality of patient care. A commitment to quality is likely also to encourage reflexivity, constructive controversy, and performance review (Borrill, West, Dawson, & Scully, 2004; West, 1990).

Internal Process

Reflexivity (Internal Processes). The final quadrant is characterized by climates of control and internal focus. In relation to reflexivity (described above), this chapter proposes that a salient climate dimension is the perception of a reflect-plan-action orientation to internal team processes such as leadership, communication, decision making, problem solving, and task allocation.

Formalization. The extent to which team members perceive a climate in which rules and regulations govern their functioning as a team will influence their performance. The taking of minutes at meetings with allocated actions, regular meetings at predictable intervals of pretimed duration, and formal allocation of roles and required reporting arrangements are all indications of formalization. These will affect the behavior of team members and their freedom of action. Such formalization can be a significant support for achieving productivity and innovation in some circumstances (e.g., when the task is well defined) and a detriment in others, such as when the environment is highly complex and dynamic, requiring quick adjustments.

Meeting Climate. A final potential climate variable in the internal process quadrant is meeting climate. Meetings are vital in the lives of teams, and how they are conducted by the team will have a significant influence on team members' perceptions of the global climate. The meeting climate may typically vary along two key dimensions in any team: arousal and affect. Low arousal is associated with meetings that are long and turgid, which members struggle to engage with. Or they may be high-arousal meetings that are busy, dynamic, and attentive. Affect can be positive or negative, with feelings of support and engagement versus feelings of anger or threat. Thus, there may be high-positive meeting climates that induce high arousal and positive feelings of excitement, pride, humor, and engagement; high-negative meetings in which there are strong negative feelings of

anger or anxiety; low-positive meetings in which members are relaxed, easygoing, and happy during meetings; and low-negative meetings in which members feel bored, or sad, and disengaged during meetings.

Such an orientation to the consideration of team climate, based on the competing values model, provides a useful conceptual basis for more broadly conceiving of the concept and thus offering a research agenda. The model could be used to ask which aspects of climate predict which outcomes under what conditions.

So far, climate has been treated as simply being the aggregate of team members' perceptions, but as with other areas of climate research, the concept of *climate strength* must be taken into consideration. Climate strength refers to within-unit (in this case team) variability in perceptions of climate and is a focal construct in K. G. Brown and S. W. J. Kozlowski's (1999) *dispersion theory*. This theory suggests that individual-level constructs (e.g., psychological climate) combine through social interaction processes to emerge as unit-level phenomena (e.g., work-team climate). There is little empirical research on the influences of climate strength on team outcomes. However, the results of the few studies conducted to date suggest that climate strength moderates the linear relationship between team climate and a number of team outcomes. An overview of these studies is provided later in this chapter.

WHAT FACTORS INFLUENCE OR DETERMINE TEAM CLIMATE?

The agents, characteristics, or factors that create team climate are frequently assumed yet not directly studied, given that climate is rarely studied as outcome variable (Ostroff, Kinicki, & Tamkins, 2003). In those studies looking at climate as outcome, two outcome variables are relevant: the climate itself and the strength of the climate. This chapter will focus on four aspects widely discussed with respect to group climate formation: structure, attraction, selection attrition, and social interaction (Schneider & Reichers, 1983; for a review of additional climate-generating factors such as team processes, see Kuenzi & Schminke, 2009).

Structuralist Approach

It is widely believed that practices, policies, and procedures initiate the development of different types of climates (Ostroff et al., 2003; Schneider, 1990). Within the structural argument, R. L. Payne and S. S. Pugh (1976) proposed that the objective context and structure of an organization generate a certain climate. Empirical support, however, has provided mixed evidence only for the climate-generating effect of organizational context and structure (Schneider, 1983).

The extent to which the structuralist approach translates from the organizational to the team level might similarly be somewhat unclear. Schneider and A. E. Reichers (1983) argued that conceptually this approach failed to account for those differences in climates that exist across work groups within the same organization, as structure in most cases refers to organizational characteristics. Cheri Ostroff et al. (2003), on the other hand, suggest that contextual variables such as differentiation and centralization likely relate to subclimates within an organization.

More recent studies examined team context variables as predictors of team climate. A. De Jong, K. de Ruyter, and J. Lemmink (2004, 2005), for instance, found that team tenure was negatively related to service climate at the team level. S. E. Naumann and N. Bennett (2000) found that supervisor visibility in demonstrating procedural justice was related to procedural justice climate in a sample of 220 employees of 40 locations of two U.S. banks. Jason A. Colquitt, R.

A. Noe, and C. L. Jackson (2002) found that team size, team demographic diversity, and team collectivism predicted procedural justice work group climate of employees of 88 work groups of an automobile parts manufacturing firm. Neil Anderson and West (1998) proposed that, for shared perceptions among team members to even be a possibility, interaction at work, a common goal or attainable outcome, and sufficient task interdependence are necessary, yet not sufficient conditions for shared climate.

One aspect sometimes subsumed under the structuralist approach as a climate-generating factor is leadership. Field theory (Lewin, 1943) suggests that work group perceptions are strongly influenced by supervisory actions due to the representation of more proximal and salient aspects of the work environment. In a series of pioneering studies, Lewin and colleagues looked at different leadership styles and the atmosphere created by them and at how this atmosphere related to team member behaviors and attitudes (Lewin, 1951; Lewin, Lippitt & White, 1939). Several studies have since found support for the proposition that leadership affects team climate. For instance, M. Ehrhart (2004) found that shared leadership positively predicted unit-level procedural justice climate. Similarly, Andrew Pirola-Merlo, C. Härtel, Leon Mann, and Giles Hirst (2002) found that leadership positively predicted team climate for innovation in a sample of 54 research and development (R&D) teams of four large Australian organizations. Clearly, leadership may play an important role in generating a team climate. For instance, in the case of a team climate for ethics, organizational guidelines and values might be reinterpreted and translated differently among team leaders, resulting in diverse team climates among different teams within the same organization. An important leadership aspect for the generation of climate represents the quality of the leader–member relationship. Steve Kozlowski and M. L.

Doherty (1989) showed that the quality of leader–member exchange relationships was positively related to a variety of climate facets. Leader–follower relationships might reflect social learning processes characterized by leader–member interaction to interpret organizational practices, processes, and events. Vicente González-Romá, José Peiró, and Nuria Tordera (2002) found that leader informative behavior functions as an antecedent for work group climate. Leaders might act as interpretive filters for information and events for the work group, thereby acting as informants to work group members (González-Romá et al., 2002).

More recent empirical work has linked transformational leadership to the generation of group- and organizational-level climate perceptions (e.g., Barling, Loughlin, & Kelloway, 2002; Zohar & Luria, 2004; Zohar & Tenne-Gazit, 2008). D. Zohar and O. Tenne-Gazit (2008) argue that transformational leaders are particularly influential in generating group climate because they build closer and more intimate relationships with followers, are expected to display more consistent leadership behaviors, and therefore reduce variance in group member perceptions.

Tentative evidence exists so far regarding the relationship between leader personality and unit climate emergence. D. Mayer, L. Nishii, Schneider, and H. Goldstein (2007) investigated the effects of leader personality on three different types of justice climates within a large sample of employees in a U.S. grocery store chain. Although leader agreeableness and conscientiousness were positively related to facets of justice climate, neuroticism was negatively related to all three climate aspects. Similarly, Amy Nicole Salvaggio et al. (2007) found in a sample of 145 grocery store departments that managers with particular personality traits were more likely to exhibit a particular service quality orientation, which mediated the effect of personality on departmental service climate.

In conclusion, the structuralist approach to explaining climate emergence at the work unit rather than the organizational level has proved useful, particularly with respect to leadership characteristics and behaviors.

Attraction-Selection-Attrition (ASA) Model (Homogeneity)

Schneider (1987) argued for an alternative explanation for the etiology of climate, which can be summarized in his ASA framework. The model, which has been used among other things to explain the socialization of employees in work groups, might account for the differences in climates existing among different work groups of the same organization (Schneider & Reichers, 1983). Schneider argues that the attraction, selection, and retention of certain employees will enhance similarity among employees, which in turn leads to interpersonal attraction. As a result of such attraction, employees share perceptions and viewpoints to a larger extent. Hence, the diminution of differences among employees might be accomplished, resulting in people sharing their view of how things occur the way they do. Even though similarity in demographic characteristics has been related to similarity in group perceptions (Tsui, Egan, & O'Reilly, 1992), others did not find relationships between demographic characteristics and perceptions of group climate (e.g., Naumann & Bennett, 2000). Even though the ASA model has strong theoretical implications for the generation of work group climates, the empirical evidence is still somewhat limited.

Social Interaction

Group climate, by definition, relates to employees' shared perceptions of aspects of the organizational environment. The interactive approach posits that shared perceptions of work climate emerge to a significant extent from the interaction among group members (e.g., Schneider & Reichers, 1983). According to this perspective, social interaction plays a crucial role in climate generation. Employee perceptions of organizational experiences are often based on complex, ambiguous, or discrepant information (Zohar & Tenne-Gazit, 2008). The authors argue that complexity and ambiguity increase social interaction to make sense of the information, also referred to as symbolic social interaction (Blumer, 1969; Schneider & Reichers, 1983).

Some studies have revealed that social interaction among group members is an antecedent of group climate (González-Romá et al., 2002; Klein, Conn, Smith, & Sorra, 2001; Rentsch, 1990; Roberson, 2006; Zohar & Tenne-Gazit, 2008). González-Romá et al. (2002), for instance, found in a sample of 197 work units of a Spanish public health service organization that the greater the social interaction among team members, the greater the climate strength. Similarly, Naumann and Bennett (2000) found that work group cohesion was a predictor of work group procedural justice climate in a sample of 40 branches of two U.S. banks. Few researchers have theorized or examined the role of social networks in team contexts as antecedents of climate emergence (e.g., Roberson & Colquitt, 2005; Zohar & Tenne-Gazit, 2008).

In conclusion, the presented evidence demonstrates the relevance of the structuralist and interactionist approach in generating team climate, while evidence for the ASA model is somewhat limited. Few studies have looked at the interplay of climate-generating factors at the work unit level. In one study, Zohar and Tenne-Gazit (2008) found that the transformational leadership of commanders of 45 platoons of Israeli infantry soldiers predicted safety climate strengths as mediated by the density of group communication networks. More research is required to examine the interplay of different work-group-climate generating factors.

IS THERE A RELATIONSHIP BETWEEN TEAM CLIMATE AND IMPORTANT OUTCOMES AT THE INDIVIDUAL AND TEAM LEVEL?

Relative to studies examining climate at the organizational level, studies relating team climate to performance and attitudinal outcomes are scarce. Climate at the unit level has been conceptualized as both a main effect and a moderator, and studies have revealed that team climate perceptions are related to outcomes at both the individual and the team level. Team climate for justice (e.g., Colquitt et al., 2002), innovation (West & Anderson, 1996), safety (Zohar, 2000), service (e.g., Salvaggio et al., 2007), or the transfer of pilots (Smith-Jentsch, Salas, & Brannick, 2001) represent some applications of climate-for studies at the team level that were related to performance and attitudinal outcomes. In the following section, various examples will be selectively reviewed to provide an illustration of the breadth of the work group climate concepts and their outcomes.

H. H. M. Tse et al. (2008) found in a sample of 36 teams of a large Australian bank that the relationship between the quality of leader–member exchange relationships was moderated by affective team climate in such a way that high-quality relationships were more strongly related to enhanced workplace friendship when the affective climate was strong. Neal Knight-Turvey (2005) found in a sample of 66 work units that a more favorably assessed climate for human resources management practices was related to more favorable work unit outcomes. Gonzalez and DeNisi (2009) found that the demography and diversity climate in a sample of 26 units of a regional restaurant predicted organizational commitment and firm unit performance.

Most research, however, has been conducted on work unit climates for safety, justice, service, and innovation. For example,

D. Zohar and colleagues conducted a series of studies concerned with climate for safety perceptions (e.g., Barling et al., 2002; Zohar, 2002; Zohar & Luria, 2004; Zohar & Tenne-Gazit, 2008). Their results revealed that group climate for safety predicted micro accidents (an objective outcome measure of injuries) in a sample of 53 manufacturing work groups (Zohar, 2000). Similarly, Zohar and G. Luria (2005) identified a positive relationship between team safety climate and safety behavior in a sample of production workers of 401 work groups.

Many studies to date have examined work group climates for justice and various outcome variables (e.g., Colquitt et al., 2002; Mossholder, Bennett, & Martin, 1998; Naumann & Bennett, 2000). In turn, researchers have identified positive relationships between both individual-level attitudes (Mossholder et al., 1998) and helping behavior (Naumann & Bennett, 2000), as well as group-level performance and absenteeism (Colquitt et al., 2002). Mayer et al. (2007) further showed that employees' justice perceptions related to job attitudes more strongly if justice climate was high rather than low.

Another prominent climate at the unit level examined by various researchers has been climate for service (e.g., Dietz, Pugh, & Wiley, 2004; Gelade & Young, 2005; Johnson, 1996; Schneider & Bowen, 1985; Schneider, White, & Paul, 1998; Salvaggio et al., 2007). In many studies, climate was aggregated at the subunit level (branch or department) and predicted customer perceptions of service quality.

Finally, extensive research has been conducted on West's four-factor model of team climate for innovation, which has been tested as both a main effect and moderator variable. For instance, Pirola-Merlo and Mann (2004) found that team climate for innovation was a positive predictor of team creativity. In an extensive meta-analysis of

104 independent studies, Ute R. Hüelsheger et al. (2009) found support for three of the four facets. Strongest corrected correlations with innovation, indicating medium to strong effects, were found for vision (p =.493), support or innovation (p = .470), and task orientation (p = .415). The lack of support for a main effect of participation in decision making, the fourth factor, might be due to this scale representing a moderating variable rather than a main effect. For example, De Dreu and West (2001) found that participation in decision making moderated the relationship between minority dissent and team innovation in two independent Dutch organizational samples.

Climate Strength

The aforementioned construct of climate strength represents the consensus or agreement of individuals' perceptions in a group, with greater consensus indicating stronger climate (e.g., González-Romá et al., 2002; Schneider, Salvaggio, & Subirats, 2002). Climate strength is, therefore, frequently assessed with homogeneity or variability measures such as R_{wg}, the standard deviation, or the average deviation index (e.g., González-Romá et al., 2002; Schneider et al., 2002). Although initially considered rather a statistical criterion for aggregation, it is now regarded as a descriptive unit-level attribute of cognitive consensus (e.g., Zohar & Tenne-Gazit, 2008). Many studies have found that climate strength (Schneider et al., 2002) is a relevant moderator variable, enhancing the effects of climate on outcome variables (e.g., Colquitt et al., 2002; González-Romá et al., 2002, Knight-Turvey, 2005, Mayer et al., 2007). For instance, González-Romá, L. Fortes-Ferreira, and Jose Maria Peiró (2009) found that team climate facets in the form of support, innovation, goal achievement, and the enabling of formalization related to subjective and financial team performance indicators mainly when the climate was strong rather than weak. Overall, conceptualizing climate at the team level resulted in encouraging concurrent and predictive validity results regarding a variety of outcome measure at both the individual and the team level.

DISCUSSION

This chapter has introduced climate at the team level, described dimensions of team climate, reviewed the factors that influence team climate in organizations, and provided an overview of relevant individual- and team-level outcomes of team climate. In the following section, several issues for future research are proposed. A discussion of several methodological issues follows, and the chapter concludes with content areas that require future research.

First, there is a general neglect of multilevel theory and research in relation to the study of climate. For instance, there is still a dearth of climates-for at the team level. Scholars have frequently not sought to consider how research findings in relation to organizational climate generalize across levels of analysis such as to the team level. Teams frequently represent a more salient and proximal referent than the larger organization (Riketta & van Dick, 2005) and hence might have the strongest influence on employees. Team leaders likely translate organizational practices and information for a given team context to team members (e.g., González-Romá et al., 2002). Yet many climate constructs, for example, climate for ethics (Victor & Cullen, 1988), have so far only been conceptualized at the organizational level, even though the team level might be the more appropriate unit. As ethical behaviors and norms may vary from team to team and heavily depend on team leadership, variations of team climates for ethics among teams

within the same organization are expected. Yammarino and Dansereau (Chapter 4, this *Handbook*) have highlighted the importance of choosing the right level of analysis for theory, measurement, and analysis.

Second, there has been little consideration of whether relationships among variables at, for example, the team level generalize to the organizational level. For example, the relationship between personality and work performance at the individual level has been the subject of intense study for decades, but research at the team level on the relationships between personality configuration within teams and team performance is relatively recent and still developing (e.g., Barrick & Mount, 1991; Barrick, Stewart, Neubert, & Mount, 1998; Halfhill et al., 2005). There has been virtually no published research on this relationship at the organizational level. Is the relationship between team personality and performance positive and significant in the way there is a positive and significant relationship between job satisfaction and job performance at the individual level (isomorphism), or do the relationships differ at these different levels of analysis (cf. Yammarino & Dansereau, Chapter 4, this *Handbook* for a more thorough discussion of levels of analysis issues related to climate)?

Third, rarely have researchers examined multiple climates at different levels of analysis simultaneously (cf. Ostroff et al., 2003). One notable exception represents the work of Zohar and Luria (2005), who examined cross-level relationships between organization and group-level safety climates. For a thorough understanding of the effects of organizational climates, such a multilevel perspective appears crucial, as organizational climates likely affect and interact with work group climates.

Fourth, a relevant question, not only for academics but also for managers aiming for organizational interventions, is whether team climate functions as a main effect, a moderator, or mediator variable (cf. Kuenzi & Schminke, 2009 for a related discussion of organizational climate). Although many studies suggest climate has a direct effect on team and individual-level outcomes, more research is needed to investigate the moderating or mediating role of team climates. If a climate-for functions as a cross-level moderator of the relationship between two individual difference variables, then this might represent a useful variable for organizations to support the expression of such individual differences into effectiveness outcomes. Such person-in-situation analyses would likely result in a more complete understanding of the role of team climates in shaping individual level characteristics.

Moreover, temporal developments, such as the creation, change, and maintenance of climate, have been discussed as directions for future research (Kuenzi & Schminke, 2009), yet this is even more relevant for team climates relative to organizational climates. Teams have idiosyncratic development cycles that vary from team to team within the same organization, making this research question practically important.

Also, much research is needed to examine the effects that one climate might have on others. For instance, would a team climate for safety negatively relate to a team climate for efficiency, or would a team climate for formalization negatively relate to a team climate for innovation? So far, many researchers have investigated team climates as separate constructs, thereby only drawing an incomplete picture of the likely more complicated interactions of different climates (cf. Kuenzi & Schminke, 2009; Ostroff et al., 2003).

Finally, little is known about the negative effects of team climates. Much organizational deviance behavior is context dependent (cf. Lehman & Ramanujam, 2009), yet only a few researchers (e.g.,

Raver & Gelfand, 2003) have developed multilevel models that explain organizational deviance behavior. Developing theoretical models of facet-specific team climate factors that foster or hamper deviant behavior in organizations would give a fresh perspective on the understanding of team climate. The field of team climate has important implications for managers and practitioners.

Transformational leadership emerged as a key construct that influenced climates at the work unit level. Team leaders can generate, influence, or change a team climate actively through their involvement and interaction with team members. Furthermore, through selection of new team members similar to those on a team, a team's climate strength may be enhanced.

REFERENCES

Amabile, T. M. (1983). The social psychology of creativity: A componential conceptualization. *Journal of Personality and Social Psychology, 45*, 357–376.

Anderson, N., & West, M. A. (1998). Measuring climate for work group innovation: Development and validation of the team climate inventory. *Journal of Organizational Behavior*, *19*, 235–258.

Bachrach, S., & Bamberger, P. (2007). 9/11 and New York City firefighters' post hoc unit support and control climates: A context theory of the consequences of involvement in traumatic work-related events. *Academy of Management Journal, 50,* 849–868.

Bachrach, S., Bamberger, P., & Vashdi, D. (2005). Diversity and homophily at work: Supportive relations among white and African-American peers. *Academy of Management Journal, 48,* 619–644.

Barling, J., Loughlin, C., & Kelloway, E. K. (2002). Development and test of a model linking safety-specific transformational leadership and occupational safety. *Journal of Applied Psychology, 87*, 488–496.

Barrick, M. R., & Mount, M. K. (1991). The Big Five personality dimensions and job performance: A meta-analysis. *Personnel Psychology, 44,* 1–26.

Barrick, M. R., Stewart, G. L., Neubert, M. J., & Mount, M. K. (1998). Relating member ability and personality to work-team processes and team effectiveness. *Journal of Applied Psychology, 83,* 377–391.

Bishop, J. W., Scott, K. D., & Burroughs, S. M. (2000). Support, commitment, and employee outcomes in a team environment. *Journal of Management, 26*(6), 1113–1132.

Blumer, H. (1969). *Symbolic interactionism: Perspective and method*. Englewood Cliffs, NJ: Prentice Hall.

Borrill, C. S., Carletta, J., Carter, A. J., Dawson, J., Garrod, S., Rees, A., et al. (2000). *The effectiveness of health care teams in the National Health Service*. Birmingham, UK: Aston Centre for Health Service Organization Research.

Borrill, C. S., West, M. A., Dawson, J. F., & Scully, J. W. (2004). *The relationship between staff satisfaction and patient satisfaction*: *Report to the Department of Health*. Birmingham, UK: Aston Business School.

Borrill, C., West, M. A., Shapiro, D., & Rees, A. (2000). Team working and effectiveness in health care. *British Journal of Health Care, 6,* 364–371.

Bowers, D. G., & Seashore, S. E. (1966). Predicting organizational effectiveness with a four-factor theory of leadership. *Administrative Science Quarterly, 11,* 238–263.

Brown, K. G., & Kozlowski, S. W. J. (1999). *Dispersion theory: Moving beyond a dichotomous conceptualization of emergent organizational phenomena.* Paper presented at the 14th Annual Meeting of the Society of Industrial and Organizational Psychology, Atlanta, GA.

Burningham, C., & West, M. A. (1995). Individual, climate and group interaction processes as predictors of work team innovation. *Small Group Research, 26,* 106–117.

Campion, M. A., Medsker, G. J., & Higgs, C. A. (1993). Relations between work group characteristics and effectiveness: Implications for designing effective work groups. *Personnel Psychology, 46*(4), 823–850.

Carter, S. M., & West, M. A. (1998). Reflexivity, effectiveness and mental health in BBC-TV production teams. *Small Group Research, 29,* 583–601.

Chen, G., & Bliese, P. (2002). The role of different levels of leadership in predicting self- and collective-efficacy: Evidence for discontinuity. *Journal of Applied Psychology, 87,* 549–556.

Chen, G., Kirkman, B., Kanfer, R., Allen, D., & Rosen, A. (2007). A multilevel study of leadership, empowerment, and performance in teams. *Journal of Applied Psychology, 92,* 331–346.

Chen, Z., Lam, W., & Zhong, J. A. (2007). Leader-member exchange and member performance: A new look at individual-level negative feedback-seeking behavior and team-level empowerment climate. *Journal of Applied Psychology, 92,* 202–212.

Coch, L., & French, J. R. (1948). Overcoming resistance to change. *Human Relations, 1,* 512–532.

Colquitt, J. A., Noe, R. A., & Jackson, C. L. (2002). Justice in teams: Antecedents and consequences of procedural justice climate. *Personnel Psychology, 55,* 83–109.

Cowan, D. A. (1986). Developing a process model of problem recognition. *Academy of Management Review, 11,* 763–776.

Cummings, A. (1998, April). *Contextual characteristics and employee creativity: Affect at work.* Paper presented at the 13th Annual Conference, Society for Industrial Organizational Psychology, Dallas, TX.

Cummings, L. L., & Bromiley, P. (1996). The Organizational Trust Inventory (OTI): Development and validation. In R. M. Kramer & T. R. Tyler (Eds.), *Trust in organizations: Frontier of theory and research* (pp. 302–330). Thousand Oaks, CA: Sage.

Davis, M. A. (2009). Understanding the relationship between mood and creativity: A meta-analysis. *Organizational Behavior and Human Decision Processes, 108,* 25–38.

De Dreu, C. K. W., & Weingart, L. R. (2003). Task versus relationship conflict, team performance, and team member satisfaction: A meta-analysis. *Journal of Applied Psychology, 88*(4), 741–749.

De Dreu, C. K. W., & West, M. A. (2001). Minority dissent and team innovation: The importance of participation in decision making. *Journal of Applied Psychology, 86*(6), 1191–1201.

De Jong, A., de Ruyter, K., & Lemmink, J. (2004). Antecedents and consequences of the service climate in boundary-spanning self-managing service teams. *Journal of Marketing, 68,* 18–35.

De Jong, A., de Ruyter, K., & Lemmink, J. (2005). Service climate in self-managing teams: Mapping the linkage of team member perceptions and service performance outcomes in a business-to-business setting. *Journal of Management Studies, 8,* 1593–1620.

Dietz, J., Pugh, S. D., & Wiley, J. (2004). Service climate effects on customer attitudes: An examination of boundary conditions. *Academy of Management Journal, 47,* 81–92.

Drach-Zahavy, A. (2004). Exploring team support: The role of team's design, values, and leader's support. *Group Dynamics: Theory, Research and Practice*, 8(4), 235–252.

Edmondson, A. C. (1996). Learning from mistakes is easier said than done: Group and organizational influences on the detection and correction of human error. *Journal of Applied Behavioral Science, 32*(1), 5–28.

Edmondson, A. C. (1999). Psychological safety and learning behavior in work teams. *Administrative Science Quarterly, 44,* 350–383.

Edmondson, A. C., & Roloff, K. S. (2009). Overcoming barriers to collaboration: Psychological safety and learning in diverse teams. In E. Salas, G. F. Goodwin, & C. S. Burke (Eds.), *Team effectiveness in complex organisations. Cross-disciplinary perspectives and approaches* (pp. 183–208) London: Routledge.

Ehrhart, M. (2004). Leadership and procedural justice climate as antecedents of unit-level organizational citizenship behavior. *Personnel Psychology, 57*, 61–94.

Fenlason, K. J., & Beehr, T. A. (1994). Social support and occupational stress: Effects of talking to others. *Journal of Organizational Behavior, 15,* 157–175.

Gelade, G., & Young, S. (2005). Test of a service profit chain model in the retail banking sector. *Journal of Occupational and Organizational Psychology, 78,* 1–22.

George, J. M. (1990). Personality, affect, and behavior in groups. *Journal of Applied Psychology, 75*(2), 107–116.

George, J. M. (1996). Group affective tone. In M. A. West (Ed.), *Handbook of work group psychology* (pp. 77–94). Chichester, UK: Wiley.

Gladstein, D. L. (1984). Groups in context: A model of task group effectiveness. *Administrative Science Quarterly, 29,* 499–517.

Gonzalez, J. A., & DeNisi, A. S. (2009). Cross-level effects of demography and diversity climate on organizational attachment and firm effectiveness. *Journal of Organizational Behavior, 30*(1), 21–40.

González-Romá, V., Peiró, J. M., & Tordera, N. (2002). An examination of the antecedents and moderator influences of climate strength. *Journal of Applied Psychology, 87*(3), 465-473.

González-Romá, V., Fortes-Ferreira, L., & Peiró, J. M. (2009). Team climate, climate strength and team performance. A longitudinal study. *Journal of Occupational & Organizational Psychology, 82*(3), 511-536.

Griffin, M. A., Patterson, M. G., & West, M. A. (2001). Job satisfaction and teamwork: The role of supervisor support. *Journal of Organizational Behavior, 22,* 537–550.

Gulowsen, J. A. (1972). A measure of work group autonomy. In L. E. Davis & J. C. Taylor (Eds.), *Design of jobs* (pp. 374–390). Harmondsworth, UK: Penguin.

Hackman, J. R. (1990). *Groups that work (and those that don't)*. San Francisco: Jossey-Bass.

Hackman, J. R. (1992). Group influences on individuals in organizations. In M. D. Dunnette & L. M. Hough (Eds.), *Handbook of industrial and organizational psychology* (Vol. 3, pp. 199–267). Palo Alto, CA: Consulting Psychologists Press.

Hackman, J. R. (2002). *Leading teams: Setting the stage for great performances*. Harvard, MA: Harvard Business School.

Halfhill, T., Sundstrom, E., Lahner, J., Calderone, W., & Nielsen, T. M. (2005). Group personality composition and group effectiveness: An integrative review of empirical research. *Small Group Research, 36*, 83–105.

Heller, F., Pusic, E., Strauss, G., & Wilpert, B. (1998). *Organizational participation: Myth and reality*. Oxford, UK: Oxford University Press.

Hülsheger, U. R., Anderson, N., & Salgado, J. F. (2009). Team-level predictors of innovation at work: A comprehensive meta-analysis spanning three decades of research. *Journal of Applied Psychology, 94*(5), 1128–1145.

Isen, A. M., & Daubman, K. A. (1984). The influence of affect on categorization. *Journal of Personality and Social Psychology, 47,* 1206–1217.

Isen, A. M., Daubman, K. A., & Nowicki, G. P. (1987). Positive affect facilitates creative problem solving. *Journal of Personality and Social Psychology, 52,* 1122–1131.

Isen, A. M., Johnson, M. M. S., Mertz, E., & Robinson, G. F. (1985). The influence of positive affect on the unusualness of word association. *Journal of Personality and Social Psychology, 48,* 1413–1426.

James, L. R., James, L. A., & Ashe, D. K. (1990). The meaning of organizations: The role of culture and values. In B. Schneider (Ed.), *Organizational climate and culture* (pp. 282–313). San Francisco: Jossey-Bass.

James, L. A., & James, L. R. (1989). Integrating work environment perceptions: Explorations into the measurement of meaning. *Journal of Applied Psychology, 74,* 739–751.

James, L. R., & McIntyre, M. D. (1996). Perceptions of organizational climate. In K. R. Murphy (Ed.), *Individual differences and behavior in organizations* (pp. 416–450). San Francisco: Jossey-Bass.

Jehn, K. A. (1995). A multimethod examination of the benefits and detriments of intragroup conflict. *Administrative Science Quarterly, 40*(2), 256–282.

Jehn, K. A. (1997). A qualitative analysis of conflict types and dimensions in organizational groups. *Administrative Science Quarterly, 42,* 530–557.

Jehn, K. A., & Bendersky, C. (2003). Intragroup conflict in organizations: A contingency perspective on the conflict-outcome relationship. In B. Staw & R. Kramer (Eds.), *Research in organizational behavior* (Vol. 25, pp. 89–244). Greenwich, CT: JAI Press.

Johnson, J. (1996). Linking employee perceptions of service climate to customer satisfaction. *Personnel Psychology, 49,* 831–851.

Kahn, W. A. (1990). Psychological conditions of personal engagement and disengagement at work. *Academy of Management Journal, 33,* 692–724.

Kanter, R. M. (1983). *The change masters: Corporate entrepreneurs at work*. New York: Simon & Schuster.

King, N., Anderson, N., & West, M. A. (1992). Organizational innovation: A case study of perceptions and processes. *Work and Stress, 5,* 331–339.

Klein, K. J., Conn, A. B., Smith, D. B., & Sorra, J. S. (2001). Is everyone in agreement? An exploration of within-group agreement in employee perceptions of the work environment. *Journal of Applied Psychology, 86,* 3–16.

Knight-Turvey, N. (2005, August). *HRM climate: Antecedents and moderating effects of climate level and climate strength.* Academy of Management Best Paper Proceedings, Honolulu, HI, D1–D6.

Korsgaard, A. M., Brodt, S. E., & Sapienza, H. J. (2003). Trust, identity, and attachment: Promoting individuals' cooperation in groups. In M. A. West, D. Tjosvold, & K. G. Smith (Eds.), *International handbook of organizational teamwork and cooperative working* (pp. 113–130). New York: Wiley.

Kozlowski, S. W. J., & Doherty, M. L. (1989). Integration of climate and leadership: Examination of a neglected issue. *Journal of Applied Psychology, 74,* 546–553.

Kozlowski, S. W. J., & Ilgen, D. R. (2006). Enhancing the effectiveness of work groups and teams. *Psychological Science in the Public Interest, 7,* 77–124.

Kramer, K. M. (1999). Trust and distrust in organizations: Emerging perspectives, enduring questions. *Annual Review of Psychology, 50, 569–598.*

Kuenzi, M., & Schminke, M. (2009). Assembling fragments into a lens: A review, critique, and proposed research agenda for the organizational work climate literature. *Journal of Management, 35,* 634–717.

Lawler, E. E., III, & Hackman, J. R. (1969). Impact of employee participation in the development of pay incentive plans: A field experiment. *Journal of Applied Psychology, 53*, 467–471.

Lehman, D. W., & Ramanujam, R. (2009). Selectivity in organizational rule violations. *Academy of Management Review, 34*(4), 643–657.

Lewin, K. (1943). Defining the "field at a given time." *Psychological Review, 50,* 292–310.

Lewin, K. (1951*). Field theory in social sciences*. New York: Harper.

Lewin, K., Lippitt, R., & White, R. K. (1939). Patterns of aggressive behavior in experimentally created social climates. *Journal of Social Psychology, 10*, 271–299.

Locke, E. (1991). The motivation sequence, the motivation hub, and the motivation core. *Organizational Behavior and Human Decision Making Processes, 50,* 288–299.

Locke, E., & Latham, G. (1990). *A theory of goal setting and task motivation.* Englewood Cliffs, NJ: Prentice Hall.

Mayer, D., Nishii, L., Schneider, B., & Goldstein, H. (2007). The precursors and products of justice climates: Group leader antecedents and employee attitudinal consequences. *Personnel Psychology, 60*, 929–963.

McIntyre, R. M., & Salas, E. (1995). Measuring and managing for team performance: Lessons from complex environments. In R. Guzzo & E. Salas (Eds.), *Team effectiveness and decision making in organizations* (pp. 9–45). San Francisco: Jossey-Bass.

Mossholder, K. W., Bennett, N., & Martin, C. L. (1998). A multilevel analysis of procedural justice context. *Journal of Organizational Behavior, 19,* 131–141.

Mumford, M. D., & Gustafson, S. B. (1988). Creativity syndrome: Integration, application and innovation. *Psychological Bulletin*, *103*, 27–43.

Murnighan, J. K., & Conlon, D. E. (1991). The dynamics of intense work groups: A study of British string quartets. *Administrative Science Quarterly, 36*, 165–186,

Naumann, S. E., & Bennett, N. (2000). A case for procedural justice climate: Development and test of a multilevel model. *Academy of Management Journal, 43,* 881–889.

Nemeth, C., & Owens, P. (1996). Making work groups more effective: The value of minority dissent. In M. A. West (Ed.), *Handbook of work group psychology* (pp. 125–142). Chichester, UK: Wiley.

Ostroff, C., Kinicki, A. J., & Tamkins, M. (2003). *Organizational culture and climate*. In W. C. Borman, D. R. Ilgen, & R. J. Klimoski (Eds.), *Handbook of psychology: Industrial and organizational psychology* (Vol. 12, pp. 565–594). New York: Wiley.

Patterson, M. G., West, M. A., Shackleton, V. J., Dawson, J. F., Lawthom, R., Maitlis, S., et al. (2005). Validating the organizational climate measure: Links to managerial practices, productivity and innovation. *Journal of Organizational Behavior, 26*(4), 379–408.

Payne, R. L., & Pugh, S. S. (1976). *Organizational structure and organization climate*. In M. D. Dunnette (Ed.), *Handbook of industrial and organizational psychology* (pp. 1125–1173). Chicago: Rand McNally.

Pearce, J. A., & Ravlin, E. C. (1987). The design and activation of self-regulating work groups. *Human Relations, 40,* 751–782.

Pinto, J. K., & Prescott, J. E. (1987). Changes in critical success factor importance over the life of a project. *Academy of Management Proceedings*, *14*(1), 5–18.

Pirola-Merlo, A., & Mann, L. (2004). The relationship between individual creativity and team creativity: Aggregating across people and time. *Journal of Organizational Behavior, 25,* 235–257.

Pirola-Merlo, A., Härtel, C., Mann, L., & Hirst, G. (2002). How leaders influence the impact of affective events on team climate and performance in R&D teams. *The Leadership Quarterly, 13,* 561–581.

Porac, J. F., & Howard, H. (1990). Taxonomic mental models in competitor definition. *Academy of Management Review, 2,* 224–240.

Poulton, B., & West M. (1999). The determinants of effectiveness in primary health care teams. *Journal of Interprofessional Care, 13,* 7–18.

Quinn, R. E., & Rohrbaugh, J. (1983). A spatial model of effectiveness criteria: Towards a competing values approach to organizational analysis. *Management Science, 29*(3), 363–377.

Raver, J. L., & Gelfand, M. J. (2003). Beyond the individual victim: Linking sexual harassment, team processes, and team performance. *Academy of Management Journal, 48,* 388–400.

Rentsch, J. R. (1990). Climate and culture: Interaction and qualitative differences in organizational meanings. *Journal of Applied Psychology, 75*, 668–681.

Riketta, M., & van Dick, R. (2005). Foci of attachment in organizations: A meta-analytic comparison of the strength and correlates of workgroup versus organizational identification and commitment. *Journal of Vocational Behavior, 67,* 490–510.

Roberson, Q. M. (2006). Justice in teams: The activation and role of sense-making in the emergence of justice climates. *Organizational Behavior and Human Decision Processes, 100*, 177–192.

Roberson, Q., & Colquitt, J. A. (2005). Shared and configural justice: A social network model of justice in teams. *Academy of Management Review, 30,* 595–607.

Rousseau, D. M. (1988). Human resource management for the future. In J. Hage (Ed.), *Managing the future* (pp. 245–266). Lexington, MA: Lexington.

Salvaggio, A. N., Schneider, B., Nishii, L. H., Mayer, D. M., Ramesh, A. & Lyon, J. S. (2007). Manager personality, manager service quality orientation, and service climate: Test of a model. *Journal of Applied Psychology, 92*(6), 1741–1750.

Schneider, B. (1983). Interactional psychology and organizational behavior. In L. L. Cummings & B. Staw (Eds.), *Research in organizational behavior* (Vol. 5, pp. 1–31). Greenwich, CT: JAI Press.

Schneider, B. (1987). The people make the place. *Personnel Psychology, 40*(3), 437–453.

Schneider, B. (1990). The climate for service: An application of the climate construct. In B. Schneider (Ed.), *Organizational climate and culture* (pp. 383-412). San Francisco: Jossey-Bass.

Schneider, B., & Bowen, D. E. (1985). Employee and customer perceptions of service in banks: Replication and extension. *Journal of Applied Psychology, 70,* 423–433.

Schneider, B., Ehrhart, M. J., Mayer, D. M., Saltz, J. L., & Niles-Jolly, K. (2005). Understanding organizational links in service settings. *Academy of Management Journal, 48,* 1017–1032.

Schneider, B., & Reichers, A. E. (1983). On the etiology of climates. *Personnel Psychology, 36,* 19–39.

Schneider, B., Salvaggio, A. N., & Subirats, M. (2002). Climate strength: A new direction for climate research. *Journal of Applied Psychology, 87,* 220–229.

Schneider, B., White, S. S., & Paul, M. C. (1998). Linking service climate and customer perceptions of service quality: Tests of a causal model. *Journal of Applied Psychology, 83*(2), 150–163.

Simons, T. L., & Peterson, R. S. (2000). Task conflict and relationship conflict in top management teams: The pivotal role of intragroup trust. *Journal of Applied Psychology, 85,* 102–112.

Smith, K. G., Carroll, S. J., & Ashford, S. J. (1995). Intra- and interorganizational cooperation: Toward a research agenda. *Academy of Management Journal, 38,* 7–23.

Smith-Jentsch, K. A., Salas, E., & Brannick, M. T. (2001). To transfer or not to transfer? Investigating the combined effects of trainee characteristics, team leader support, and team climate. *Journal of Applied Psychology, 86*(2), 279–292.

Spreitzer, G. M. (1995). Psychological empowerment in the workplace: Dimensions, measurement, and validation. *Academy of Management Journal, 38,* 1442–1465.

Tannenbaum, S. I., Salas, E., & Cannon-Bowers, J. A. (1996). Promoting team effectiveness. In M. A. West (Ed.), *Handbook of work group psychology* (pp. 503–529). Chichester, UK: Wiley.

Tesluk, P., Vance, R., & Mathieu, J. (1999). Generalization of employee involvement training to the job setting: Individual and situational effects. *Personnel Psychology, 95,* 607–632.

Tjosvold, D. (1998). Co-operative and competitive goal approaches to conflict: Accomplishments and challenges. *Applied Psychology: An International Review, 47,* 285–342.

Tjosvold, D., & Johnson, D. W. (1977). The effects of controversy on cognitive perspective-taking. *Journal of Education Psychology, 69,* 679–685.

Tjosvold, D., Tang, M. M. L., & West, M. A. (2004). Reflexivity for team innovation in China: The contribution of goal interdependence. *Group and Organization Management, 29*(5), 540–559.

Tjosvold, D., Wedley, W. C., & Field, R. H. G. (1986). Constructive controversy, the Vroom-Yetton model, and managerial decision-making. *Journal of Occupational Behavior, 7,* 125–138.

Tse, H. H. M., Dasborough, M. T., & Ashkanasy, N. M. (2008). A multi-level analysis of team climate and interpersonal exchange relationships at work. *The Leadership Quarterly, 19*, 195–211.

Tsui, A. S., Egan, T. D., & O'Reilly, C. A. (1992). Being different: Relational demography and organizational attachment. *Administrative Science Quarterly, 37,* 549–579.

Victor, B., & Cullen, J. B. (1988). The organizational bases of ethical work climates. *Administrative Science Quarterly, 33,* 101–125.

West, M. A. (1990). The social psychology of innovation in groups. In M. A. West & J. L. Farr (Eds.), *Innovation and creativity at work: Psychological and organizational strategies* (pp 309–333). Chichester, UK: Wiley.

West, M. A. (1996). Reflexivity and work group effectiveness: A conceptual integration. In. M. A. West (Ed.), *Handbook of work group psychology* (pp. 555–579). Chichester, UK: Wiley.

West, M. A. (2000). Reflexivity, revolution, and innovation in work teams. In M. M. Beyerlein, D. A. Johnson, & S. T. Beyerlein (Eds.), *Product development teams* (pp. 1–29). Stamford, CT: JAI Press.

West, M. A. (2004, Summer). Teamwork: When it works, it's magic. *People and Organisations@Work*.

West, M. A., & Anderson, N. (1996). Innovation in top management teams. *Journal of Applied Psychology, 81*(6), 680–693.

West, M. A., & Borrill, C. S. (2005). The influence of team working. In J. Cox, J. King, A. Hutchinson, & P. McAvoy (Eds.), *Understanding doctors' performance* (pp. 106–122). Oxford: Radcliffe.

West, M. A., Borrill, C. S., Dawson, J., Shapiro, D., Rees, A., Richards, A., et al. (2002). *Team working and effectiveness in health care*. Birmingham, UK: Aston University.

West, M. A., Markiewicz, L., & Dawson, J. F. (2006). *Aston team performance inventory: Management set*. London: ASE.

West, M. A., Patterson, M. G., & Dawson, J. (1999). A path to profit?: Teamwork at the top. *Centre Piece: The Magazine of Economic Performance, 4*(3), 7–11.

West, M. A., Tjosvold, D., & Smith, K. G. (Eds.). (2005). *The essentials of teamworking: International perspectives.* Chichester, UK: Wily.

Widmer, P. S., Schippers, M. C., & West, M. A. (2009). Recent developments in reflexivity research: A review. *Psychology of Everyday Activity, 2,* 2–11.

Zohar, D. (2000). A group-level model of safety climate: Testing the effect of group climate on micro-accidents in manufacturing jobs. *Journal of Applied Psychology, 85*, 587–596.

Zohar, D. (2002). The effects of leadership dimensions, safety climate, and assigned priorities on minor injuries in work groups. *Journal of Organizational Behavior, 23*, 75–92.

Zohar, D., & Luria, G. (2004). Climate as a social-cognitive construction of supervisory safety practices: Scripts as proxy of behavior patterns. *Journal of Applied Psychology, 89,* 322-333.

Zohar, D., & Luria, G. (2005). A multilevel model of safety climate: Cross-level relationships between organization and group-level climates. *Journal of Applied Psychology, 90,* 616–628.

Zohar, D., & Tenne-Gazit, O. (2008). Transformational leadership and group interaction as climate antecedents: A social network perspective. *Journal of Applied Psychology, 93*(4), 744–757.

Exploring the Link Between Organizational Culture and Work–Family Conflict

Linda Duxbury and Laura Gover

Let me describe where I work and then you tell me why I have a problem with balance. My employer's demands are unrealistic. My employer couldn't care less about people, only the work and getting it done. My work requires a lot of extra hours but this is never repaid in time off when needed for outside appointments or personal or family matters, be it a doctor/dentist or other matter. My employer is very selfish, they expect you to meet totally unrealistic objectives, work extra hours with no compensation of any kind. My employer has the attitude that you are lucky to be employed with such a great company and not to rock the boat, no matter what. My employer demands, and expects hard work, long hours and to not have any expectations other than your pay check.

(Duxbury, Higgins, & Coghill, 2003)

Organizational culture (also known as work culture) refers to a deep level of shared beliefs and assumptions, many of which operate below the conscious level of those who are members of the culture (Lewis & Dyer, 2002). Excessive work demands are rarely a formal part of the employment contract. In contrast, they often reflect the informal job expectations that are part of the organizational culture. This chapter examines the link between organizational culture and work–family conflict. To help employees cope with the competing demands of work and family, many organizations have attempted to create "family-friendly" workplaces for their employees (Kossek & Van Dyne, 2008; Lobel & Kossek, 1996). Typically, these include initiatives such as flexible work arrangements, child and elder care supports, resource services, supportive leave policies, and psychological and/or health counseling (Allen, 2001; Andreassi & Thompson, 2008; Mesmer-Magnus & Viswesvaran, 2006).

Unfortunately, empirical work in this area suggests that policies and programs alone have little impact on employee work–family balance (Behson, 2005; Bond, 2004; Duxbury, Higgins, & Lyons, 2007; Eaton, 2003; Kossek, Noe, & DeMarr, 1999; Lewis, 2001; O'Driscoll et al., 2003; Warren & Johnson, 1995). Researchers have identified a number of potential explanations for this phenomenon, including the possibility that employees are reluctant to draw on family-friendly policies if they believe that using these will negatively impact their careers (Allen, 2001; Thompson, Beauvais, & Lyness, 1999) or lead to stigmatization in the workplace (Andreassi & Thompson, 2008).

This chapter seeks to understand this policy-practice paradox by considering the role of organizational culture in understanding employee work–family balance. More specifically, this chapter reviews the current state of knowledge about the relationship between organizational culture and employee work–family balance. This chapter will not provide a definitive explanation of either of these constructs. Nor will it take sides in the paradigm wars that are currently being waged in both literatures on how these constructs should be theoretically defined and empirically measured. Rather, the focus in this chapter is to review what is known about the relationship between these two important constructs and to identify the implications for researchers and practitioners.

The chapter proceeds as follows. It begins by defining three core constructs: work–family conflict, organizational culture, and work–family culture. Then it summarizes the extant body of literature on work–family culture focusing specifically on how the construct is measured. This is followed with exploration of what is currently known about the relationship between work–family culture and work–family conflict. Linking theory and practice, the chapter then provides suggestions about how organizations can develop cultures that are supportive of work–family issues. The chapter concludes with a summary of what is known about work–family culture, highlighting the gaps in knowledge and identifying key areas for future research.

THE WORK–FAMILY CONFLICT

Recent decades have seen dramatic shifts that have impacted the boundary between work and family. The proportions of women, dual-career families, and employed individuals with child care and elder care responsibilities have increased dramatically (Duxbury & Higgins, 2005). Technology has made it possible for employees to work anytime, anywhere, and global competition has increased the expectations of employers so that their workers will do just that. The culmination of these influences has made it increasingly difficult for employees to accommodate the various demands placed on them by their work and family lives. As men and women have struggled to manage the interplay of their family and work activities, work–family researchers have sought to gain a deeper understanding of the ways in which work and family intersect.

A burgeoning work–family literature has evolved since the mid-1970s.[1] The monograph on the topic produced by Lillian Eby, Wendy Casper, Angie Lockwood, Chris Bordeaux, and Andi Brinley (2005), who reviewed 190 work–family studies published in industrial and organizational (I/O) psychology and organizational behavior journals from 1980 to 2002, reveals the complexity and breadth of this domain. These authors noted that these studies identified a total of 966 predictors of work–family conflict, including a total of 734 outcome variables, and investigated 169 mediators. Since a comprehensive review of this literature is beyond the scope of this chapter, readers are referred to the following excellent recent reviews (Bellavia & Frone,

2005; Carlson & Grzywacz, 2008; Eby et al., 2005; MacDermid, 2005; Mesmer-Magnus & Viswesvaran, 2006; Tetrick & Buffardi, 2006) and handbooks (Korabik, Lero, & Whitehead, 2008; Pitt-Catsouphes, Kossek, & Sweet, 2006) on the topic.

Dawn Carlson and Joseph Grzywacz (2008) note that at this point in time, work–family researchers espouse three primary points of view: negative (i.e., work–family conflict), positive (enrichment, facilitation), and integrative (balance). Not surprisingly, given the fact that work–family research stemmed from research on inter-role conflict (Kahn, Wolfe, Quinn, & Snoek, 1964), the dominant view of the work–family interface is negative and most of the research in the area has focused around work–family conflict (Carlson & Grzywacz, 2008; Eby et al., 2005).

Work–Family Conflict

Jeffrey H. Greenhaus and Nicholas J. Beutell (1985) defined *work–family conflict* as "a form of inter-role conflict in which the role pressures from the work and family domains are mutually incompatible in some respect. That is, participation in the work (family) role is made more difficult by virtue of participation in the family (work) role" (p. 76). This definition is used frequently in the literature. Greenhaus and Beutell (1985) distinguish between three forms of work–family conflict: time-based, strain-based, and behavior-based conflict. Research in this area has progressed since 1985, and work–family conflict has increasingly been measured from two perspectives: (1) work-to-family conflict (WFC), where requirements in the work domain impede performance in the family domain, and (2) family-to-work conflict (FWC), where family demands impede performance in the work domain (Frone, Russell, & Cooper, 1992; Gutek, Searle, & Kelpa, 1991; Netemeyer, Boles, & McNurrian, 1996).

Enrichment and Facilitation

Work–family enrichment refers to the "process by which one role strengthens or enriches the quality of the other role" (Greenhaus & Singh, 2003), and *work–family facilitation* refers to the "extent to which participation at work (or home) is made easier by virtue of the experiences, skills, and opportunities gained or developed at home (or work)" (Frone, 2003, p. 145). Enrichment and facilitation are conceptualized to occur bidirectionally. Work–family enrichment-facilitation occurs when involvement in work provides benefits, such as skill growth, that have a positive effect on the family. Family–work enrichment-facilitation occurs when involvement within the family results in benefits, such as a feeling of success, which can help that individual to cope better at work (Greenhaus & Powell, 2006).

Work–Family Balance

Very few authors explicitly define work–family balance (Carlson & Grzywacz, 2008; Greenhaus & Allen, 2006). Although the most widely held meaning of work–family balance is a lack of conflict or interference between work and family roles (Frone, 2003), recent research in the area suggests that work–family balance means more than a lack of inter-role conflict. Jeffery Greenhaus and Romila Singh (2003) define balance as "the extent to which individuals are equally involved in—and equally satisfied with—their work role and their family role." More recent writings in the area provide more critical reflections of the nature of the phenomenon. The views of Steve Fleetwood (2007) typify this view of work–family balance:

> The phrase "work–life balance" (WLB) tends to imply that "work" and "life" are two distinct spheres of activity when the former is, clearly, part of the latter; that our lives are divided only between (paid)

"work" and some other, undifferentiated (and under-elaborated) activity called "life"; that work is somehow bad and life is good . . . and that WLB might be attainable if governments could only find the appropriate regulatory frameworks, and employers and employees could only change their (possibly old-fashioned) inflexible ways of behaving. It is unclear whether WLB refers to: an objective state of affairs, a subjective experience, perception or feeling; an actuality or an aspiration; a discourse or a practice; a metaphor for flexible working; a metaphor for the gendered division of labour; or a metaphor for some other political agenda. (p. 352)

In summary, research in the area (Duxbury & Higgins, 2009) has determined that work–family conflict is, at this point in time, both prevalent and consequential. High WFC and FWC have been linked with a number of dysfunctional outcomes, including stress, depression, work absenteeism, thoughts of quitting one's job, poorer physical and mental health, greater use of the health care system, and greater resultant health care costs. Given these wide-reaching negative consequences, a better understanding of the relationship between organizational culture and work–family conflict is vital for academics, practitioners, and policy makers alike.

ORGANIZATIONAL CULTURE

The term *organizational culture* was first used by management scholars in the 1980s when they borrowed the notion of culture from anthropologists and sociologists and applied it in an organizational context (Denison, 1996). To this day, organizational culture remains a popular theme among business practitioners and researchers (Denison, 1996; James et al., 2008; Martin, Frost, & O'Neill, 2005). The following section provides the context for this chapter's discussion of work–family culture by summarizing the common definitions and interpretations of the organizational culture construct.

There is significant variability in how organizational culture is defined (Martin, 2002). Most, however, agree with the general proposition that organizational culture can be defined as the normative beliefs, values, and shared behavioral expectations in an organization that are created through interactions among members through engagement in collective sensemaking activities (Denison, 1996; James et al., 2008; Martin, 2002; Schneider, Brief, & Guzzo, 1996).

Three paradigms exist today in organizational culture research: integration, differentiation, and fragmentation (Martin et al., 2005; Ogbonna & Harris, 1998). The seminal model of organizational culture (Schein, 1990) identifies three operational levels of organizational culture: artifacts (observable), values and norms, and underlying assumptions (unobservable and unconscious). Edgar Schein's perspective is illustrative of the integration paradigm—that culture can be (and often is) consistent, organization-wide, and clear (Martin et al., 2005; Schein, 1990). The differentiation perspective defines culture as being inconsistent at the organization-wide level but consistent at the subculture level, while the fragmentation perspective argues that a consistent and clear view of the culture does not exist at any level of the organization (Martin et al., 2005). The integration and fragmentation perspectives propose conflicting views regarding organizational cultures' degree of clarity to both organizational members and outsiders (Martin et al., 2005). Of the three paradigms, the integration and differentiation approaches appear most prevalently in the literature and have the clearest implications for management (Martin et al., 2005; Ogbonna & Harris, 1998).

This chapter adheres to the integration and differentiation perspectives of culture, that a culture can be strong and consistent but that it can also vary within smaller groups thus creating subcultures. The choice to focus on the first two perspectives is reflective of the large differences in the assumptions underlying the fragmentation view as compared to the differentiation and integration perspectives. Namely, and indeed research has shown this (Martin et al., 2005), clarity and consistency can exist within organizational cultures and subcultures, and there, the fragmentation assumption that consensus does not exist at any level of the organization is not helpful to the discussion of work–life conflict and organizational culture. Accordingly, if an organization exhibits a culture lacking consensus or clarity, this would be classified as a weak culture, according to the integration perspective. Furthermore, there is no literature on work–life conflict and organizational culture in which the author(s) applied the fragmentation perspective.

WORK–FAMILY CULTURE

The work–family culture construct is a fairly recent addition to the work–family and organizational culture literatures (Clark, 2001; Kinnunen, Mauno, Geurts, & Dikkers, 2005; Lewis, 2001; Lewis & Smithson, 2001; Mauno, Kinnunen, & Pyykko, 2005; Thompson et al., 1999; Thompson, Andreassi, & Prottas, 2005). Perhaps the most widely cited definition of this construct was proposed by Thompson et al. (1999, p. 394), who defined *work–family culture* as "the shared assumptions, beliefs, and values regarding the extent to which an organization supports and values the integration of employees' work and family lives." Working with this definition, Josje Dikkers, Sabine Geurts, Laura den Dulk, Bram Peper, and Michiel Kompier (2004) and Dikkers et al. (2007) developed and examined a typology that conceptualized work–home culture (their term for the construct) as having two dimensions: support (facilitates balance) and hindrance (impedes balance).

Another widely cited definition of this construct was put forward by Suzan Lewis (1997), who based her definition on Schein's (1990) theory of organizational culture. She equated work–family policies and programs to "artifacts." She then argued that values such as "prioritizing work over family" underlie these artifacts and that values are built on basic assumptions such as "employees who work longer hours are more committed and productive than employees who spent fewer hours at work." According to Lewis, this is may be one reason why many organizations implement policies (i.e., make surface-level changes) but see no change in practice, which depends not on what is possible but what the more ethereal values and assumptions dictate should happen.

Constructs Related to Work–Family Culture

A number of researchers have proposed constructs relevant to understanding work–family culture, including *family supportive organization perceptions* (FSOP), *family-friendly organizational cultures, family-friendly work environments,* and *work–family climate,*[2] all of which relate to an organization's supportiveness or responsiveness toward employees' family-related needs. Each of these constructs is reviewed as follows.

FSOP. Tammy Allen (2001) has proposed the FSOP construct, defined as the "global perceptions that employees form regarding the extent to which the organizational is family supportive" (p. 414). This construct is, in many ways, analogous to the idea of work–family cultures as it describes an attitudinal

response toward the family-supportiveness of the organization. It is also similar to Eileen Jahn, Cynthia Thompson, and Richard Kopelman's (2003) concept of *perceived organizational family support,* which they define as employees' perceptions of tangible (i.e., instrument and informational) and intangible (i.e., emotional) support.

Family-Friendly. A number of work–family researchers use the term family-friendly to describe an organization whose culture is supportive of work and family. In such organizations, managers do not expect that their employees should prioritize work above family, do not make long hours a prerequisite to career advancement, and do not penalize employees who use family-friendly benefits (Frone, 2003; Indovino, Rosner, DeNicolis, & Srednicki, 2003; Mesmer-Magnus & Viswesvaran, 2006; Thompson et al., 1999; Warren & Johnson, 1995). Jennifer Warren and Phyllis Johnson (1995) note that the classification of an organization's culture as family-friendly "implies that its overarching philosophy or belief structure is sensitive to the family needs of its employees and is supportive of employees who are combining paid work and family roles" (p. 163). They also claim that employees in such firms see their workplaces as sources of coping resources rather than as sources of increased conflict. Ellen Kossek et al. (1999) note that family friendliness is typically operationalized as the quantity and use of formal policies adopted. Sue Clark (2001) adopted Lotte Bailyn's (1997) definition of family-friendly organizational cultures and looked at temporal flexibility, operational flexibility, and the degree of understanding that family is important as demonstrated by organization leadership.

Other researchers talk about family-friendly work environments. L. Thomas and D. Ganster (1995) claimed such work environments supported employee needs to balance work and family responsibilities in two ways: family–supportive policies (an aspect of the climate) and family–supportive supervisors (transmission of the culture). Jessica Mesmer-Magnus and Chockalingam Viswesvaran (2006) also identified two conceptually distinct components of a family-friendly work environment: (1) work–family programs, policies, or benefits and (2) family-friendly culture (supportive supervisors and coworkers, the absence of career consequences for utilization of family-friendly policies).

Work–Family Climate. Kossek et al. (1999) define work–family climate (rather than culture) as the extent to which family roles can be pursued during normal work hours. According to these authors, a nonsupportive work–family climate is one that assumes that a competent worker should be able to handle family activities during their own time and that those who cannot do this should not be working.

Measurement of Work–Family Culture and Related Constructs

It has been said that there is "nothing as practical as a good theory." To test theory, however, one needs psychometrically sound measures to test relevant hypotheses. For many years, work–family researchers were limited in their ability to test hypotheses about the nature of the relationship between organizational culture and its potential antecedents, consequences, moderators, and mediators by the lack of a psychometrically sound measure of work–family culture (Andreassi & Thompson, 2008). Despite the disproportionately small amount of research on organizational culture within the body work–family literature (Eby et al., 2005), this examination of empirical work in the area revealed a number of measures of work–family culture (or related constructs). These

measures of work–family culture share a number of important features. First, with one exception (Thompson, Jahn, Kopelman, & Prottas, 2004), these measures all focus on an individual rather than shared perception of the culture (Andreassi & Thompson, 2008).

Second, almost all view work–family culture as a multidimensional construct (although few agree on what the dimensions are).

Information on the six most commonly used measures of work–family culture is shown in Table 15.1, while Figure 15.1

Table 15.1   Measures Used to Quantify Work–Family Culture

Author	*Measure*	*Dimensions*	*Studies Using This Measure*
Allen, 2001	Family supportive organizational perceptions (FSOP)	One overall dimension (14 items; α = .91)	Behson, 2002; Kikta & Tetrick, 2005; O'Driscoll et al., 2003
Bond, Galinsky, & Swanberg, 1998; Bond, Thompson, Galinsky, & Prottas, 2003	Work–family culture, 4–5 items	Items tap perceptions of negative career consequences and prioritizing work over family (α = .71 to .75)	Anderson, Coffey, & Byerly, 2002; Behson, 2005; Hill, 2005; Sahibzada, Hammer, Neal, & Kuang, 2005; Thompson & Prottas, 2006
Clark, 2001	Work culture	• Temporal flexibility (5 items; α = .84) • Operational flexibility (5 items; α = .83) • Supportive supervision (3 items; α = .86)	Dikkers, Geurts, den Dulk, Peper, & Kompier, 2004; Lapierre & Allen, 2006
Jahn, Thompson, & Kopelman, 2003	Perceived organizational family support (POFS); 10 items, including one item measuring overall family-friendliness; α = .94	• Tangible support (6 items) • Intangible support (3 items)	Thompson, Jahn, Kopelman, & Prottas, 2004; Kikta & Tetrick, 2005
Sahibzada et al., 2005	Work–family culture; 8 items	• One overall dimension (8 items; no α given)	Sahibzada et al., 2005
Thompson, Beauvais, & Lyness, 1999	Work–family culture; 21 items, including one item that measures overall supportiveness for balancing work and family; α = .92	• Career consequences (5 items; α = .74) • Organizational time demands (4 items; α = .80) • Managerial support (11 items; α = .91)	Beauregard, 2006; Behson, 2002; Bragger, Rodriguez-Srednicki, Kutcher, Indovino, & Rosner, 2005; Dikkers et al., 2004; Lyness & Kropf, 2005; Lyness et al., 1999; Mauno, Kinnunen, & Pyykko, 2005; Tay, Quazi, & Kelly, 2006; Wayne, Randel, & Stevens, 2006

SOURCE: Adapted from Andreassi & Thompson (2008).
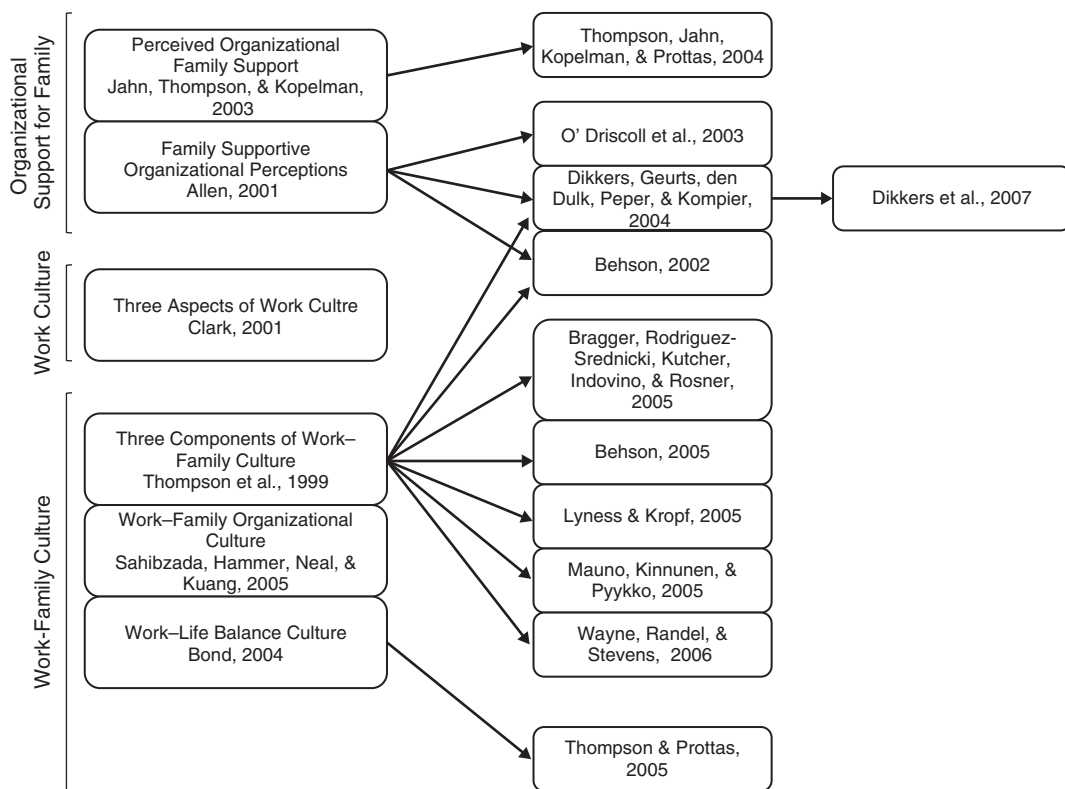
Figure 15.1   Map of Relationships Between Measures of Work–Family Culture

provides a map that shows the researchers who used these different measures. In the subsequent discussion, these scales have been grouped into three categories: organizational support for family, organizational culture, and work–family culture.

Measures of Organizational Support for Family. Allen's (2001) 14-item unidimensional FSOP scale is one of the most widely used measures of culture in the work–family literature measures. This scale measures global perceptions of the degree to which the employee's organization is perceived to be supportive of families. A number of other researchers have used this measure, either in its entirety (Behson, 2002; O'Driscoll et al., 2003) or as inspiration for a new scale (Dikkers, den Dulk, Geurts, & Peper, 2005; Dikkers et al., 2007). Jahn et al. (2003) used

grounded theory to develop another measure of this construct. They use nine items to quantify three specific support dimensions: instrumental, informational, and emotional. Jahn et al.'s scale has been utilized in other studies (Thompson et al., 2004) but is not as widely used as Allen's FSOP measure.

Measures of Organizational Culture. Other researchers have sought to identify general elements or dimensions of organizational culture that they believe may be related to work–family conflict. The three-aspects-of-work-culture measure developed by Clark (2001) typifies this approach. Clark's scale measures three dimensions of organizational culture hypothesized to be supportive of employees: (1) temporal flexibility (flexible work scheduling), (2) operational flexibility (flexible work processes), and (3) supportive

supervision (perceived support from managers). Other organizational culture dimensions that have been examined in the work–family literature include masculine and caring ethics (Haas, Allard, & Hwang, 2002) and humane orientation, performance orientation, and assertiveness (Nikandrou, Panayotopoulou, & Apospori, 2008).

Measures of Work–Family Culture. The third group of measures were developed specifically to assess work–family culture. The most commonly used and adapted of these instruments is Thompson et al.'s (1999) work–family culture scale. This 21-item scale quantifies three dimensions of work–family culture: (1) managerial supportiveness, (2) negative career consequences related to work–family issues, and (3) organizational time demands. Although there are a number of similarities between Thompson et al.'s (1999) and Clark's (2001) measures, Clark positions her scale as one that measures organizational culture while Thompson et al. contend that their scale is designed to quantify work–family culture.

Thompson et al.'s (1999) measure is the most widely utilized work–family conflict scale and has been used to varying degrees by a number of other researchers (Behson, 2005; Bragger, Rodriguez-Srednicki, Kutcher, Indovino, & Rosner, 2005; Dikkers et al., 2004, 2007; Lyness & Kropf, 2005; Mauno et al., 2005; Wayne, Randel, & Stevens, 2006). Other work–family culture scales include Khatera Sahibzada, Leslie B. Hammer, Margaret B. Neal, and Daniel C. Kuang's (2005) Work–Family Culture Scale and Sue Bond's (2004) Work–Life Balance Culture Scale.

Critique. There are three conceptual issues related to the way that researchers currently measure work–family culture. First, although some scales include supervisor support in their measure (Behson, 2005; Bond, 2004;

Clark, 2001; Dikkers et al., 2004; Haas et al., 2002; Mauno et al., 2005; Thompson et al., 1999; Wayne et al., 2006), others do not. They justify this decision by arguing that supervisor support items do not explain any additional variability beyond that provided by policy availability and overall organizational support (Allen, 2001; Lyness & Kropf, 2005; Nikandrou et al., 2008; Sahibzada et al., 2005). The second conceptual issue relates to the measurement of availability of work–family policies. Some researchers include the availability of formal work–family policies in their measure of culture (Clark, 2001; Jahn et al., 2003), while others either have a separate measure for this construct (Behson, 2005; Haas et al., 2002; Lyness & Kropf, 2005) or do not include it at all in their measurement model (Allen, 2001; Bond, 2004; Thompson et al., 1999). The lack of consistency in these areas makes it difficult to compare findings across studies.

The final criticism of current work–family support scales concerns the discriminate validity of these measures. Scott Behson (2005) articulated this concern quite poignantly in a study comparing Allen's FSOP scale, Thompson et al.'s work–family culture scale, and general perceived organizational support and justice measures. Work–family specific measures did not account for significantly more variance in key outcomes (e.g., job satisfaction) than general organizational support measures. This calls into question whether the work–family support measures are truly measuring something unique from the more broad general organization support measures.

Research on Work–Family Culture

Putting aside these methodological criticisms, what does the literature say about the relationship between work–family culture and work–family conflict? A number of

studies have reported a negative relationship between work–family conflict and humane organizational cultures (Nikandrou et al., 2008), supportive organizational cultures (Carlson & Perrewe, 1999; Mauno et al., 2005), and supportive work–family cultures (Allen, 2001; Dikkers et al., 2004; Lewis, 2001; O'Driscoll et al., 2003; Thompson et al., 1999; Thompson & Prottas, 2005; Warren & Johnson, 1995). Importantly, this relationship was observed in studies in which researchers controlled for benefit availability (Allen, 2001; Thompson et al., 1999; Thompson et al., 2004), in studies that included both work–family culture and benefit use (Lyness & Kropf, 2005; O'Driscoll et al., 2003) and in studies involving longitudinal analysis (Thompson et al., 2004). Also worthy of note is the findings from a recent meta-analysis on this topic (Mesmer-Magnus & Viswesvaran, 2006), which reported that, of the five types of support examined (availability of dependent care, work time and work location flexibility, supervisor support, coworker support, and work–family culture), work–family culture had the strongest relationship with work–family conflict. Finally, it is important to note that work by E. Jeffrey Hill (2005) suggests that gender might moderate the relationship between work-family culture and work-family conflict (such that a supportive culture is more beneficial for men than for women). Further research is required, however, to substantiate this finding.

Research suggests that employees' perception that the organizational culture is family-friendly appears to have positive impacts in areas outside the work–family domain. For example, authors have reported positive associations between family-friendly organizational culture and organizational commitment (Allen, 2001; Anderson, Coffey, & Byerly, 2002; Behson, 2002; Mauno et al., 2005; Thompson & Prottas, 2005; Thompson et al., 1999) and job satisfaction (Allen, 2001; Sahibzada et al.,

2005), and a negative association with intent to turnover (Allen, 2001; Wise & Bond, 2003; Thompson et al., 1999). Julie Wayne et al. (2006) reported that employees who identify with their work role and work in a family-friendly culture experience higher levels of work to family enrichment. There is also empirical evidence that suggests that a supportive family–work culture increases the uptake of work–family benefits (see Allen, 2001; Anderson et al., 2002; Dikkers et al., 2005; Eaton, 2003; Haas et al., 2002; Thompson et al., 1999, 2004).

Work–family culture has also been found to moderate the relationship between availability of family-friendly benefits (i.e., formal support) and the perceived ease of use of these benefits (Eaton, 2003) as well as the relationship between formal support and job satisfaction (Sahibzada et al., 2005). Bond (2004, p. 16) concluded her analysis of organizational culture by noting that a "positive culture may offset the negative experiences of limited access" to supportive benefits. These findings are in contrast to Michael O'Driscoll et al. (2003), who reported that work–family culture mediated the relationship between policy usage and work–family conflict. Finally, Saija Mauno et al. (2005) found that perceived work–family conflict mediated the relationship between work–family culture and stress, providing yet another perspective on this issue. Future research is needed to determine how best to model work–family culture.

Theory Supporting the Link Between Work–Family Culture and Work–Family Conflict

Although the mechanism underlying these positive relationships remains unclear (Mauno et al., 2005), several researchers have speculated why they might exist. Irene Nikandrou et al. (2008), for example, argued that organizational culture shapes beliefs

and expectations about role demands and how to meet them. They posit, "When the organizational culture is responsive to individual's work-family needs, it reduces individual conflict between competing roles by providing resources to meet environmental demands" (Nikandrou et al., p. 581).

Kossek et al. (1999) use the concept of work–family fit to explain the relationship between work–family conflict and work–family culture. Patricia Voydanoff (2008) defines "work-family fit as a form of inter-role congruence in which the resources associated with one role are sufficient to meet the demands of another role such that participation in the second role can be effective" (p. 47). Work–family fit, an idea that is closely aligned to person–environment fit, has two dimensions: work demands–family resources fit and family demands–work fit. Kossek et al. (1999) view work–family conflict as a consequence of poor fit between an employee's preference with respect to work and family strategies and the organizational context (i.e., the culture and climate). They argue that the presence of family-friendly policies and benefits is a necessary but insufficient condition for fit and note that both the attractiveness and use of optional family-friendly policies are influenced by the organizational climate-culture that defines what work–family strategies are considered normative (Kossek et al., 1999). As family-friendly policy use is optional, employees look for cues from significant others in the workplace with respect to what is accepted and what is not. Kossek et al. (1999) identify a number of cultural factors that may inhibit the use of needed work–family strategies including social pressure, vague details about how the policies are to be implemented, and managers who discourage the use of family-friendly policies. Other researchers, such as Lewis (2001) and Mauno et al., (2005), offer a similar explanation of how work–family culture influences work–family conflict.

Nonsupportive Work–Family Cultures: A View From the Trenches

Much of the literature discussed so far in this chapter focuses on cultures that are supportive of work–family balance—but what about the other side of this theoretical coin? Just as some cultures support work–family balance through their shared values and assumptions, other cultures may hold values and assumptions that contribute to increased work–family conflict. These "nonsupportive" work–family cultures are discussed below.

In 2001, Linda Duxbury and Chris Higgins conducted a national study on work–family conflict (Duxbury & Higgins, 2009). This study was conducted to examine the issues associated with work–family conflict, identify Canadians at risk, identify why key stakeholders (i.e., governments, employers, employees) should care about the issue by determining the bottom-line impact of conflict between work and family, and provide direction on ways to move forward.

The study sample consisted of 31,571 Canadian employees who worked for public, private, and not-for-profit sector organizations. In total, 100 companies with 500 plus employees participated in the survey. The 2001 survey sample was well distributed with respect to age, region, community size, job type, education, personal income, family income, and family's financial well-being. The demographic characteristics of the sample correspond closely to national data provided by Statistics Canada and suggest that the findings from this study can be generalized beyond this research.

On the last page of the survey, survey respondents are invited to write any comments they might have about balancing work, family, and lifestyle. One in five of the survey respondents (n = 6,300) took us up on this offer. Over 500 respondents (almost 1 in 10 of those who provided comments)

talked about how the culture within their organization worked against balance. In comparison, no one wrote positively about how the culture within this organization was supportive of work–life balance. Content analysis of the comments helped identify six organizational cultures as problematic for Canadians seeking to balance work and family demands. The section below paints a picture of what each of these six cultures "feels like" and, when possible, supplements the discussion with empirical support from the literature for the existence of this type of culture. Interested readers are referred to Duxbury et al. (2003) for more quotes and a more complete description of the study.

Culture of Hours. A culture that values hours and "face time" is often discussed in work–family literature as being associated with work–family conflict. In organizations with this type of culture, the underlying assumptions are that time at work equals productivity (Andreassi & Thompson, 2008) and is indicative of commitment (Lewis, 1997, 2001; Perlow, 1995) and contribution to the organization (Thompson et al., 1999). Organizational cultures that value hours place heavy emphasis on visibility in the work place, which leads to an overvaluing of employees who are able to be physically present in the workplace and an undervaluing of employees who work nonstandard arrangements such as part-time and flex hours (Lewis, 2001). Empirical evidence confirms that these types of cultures result in higher levels of work–family conflict for individuals (Bond, 2004; Drago & Hyatt, 2003; Mauno et al., 2005). The following quotes taken from Duxbury et al. (2003) describe this type of culture:

> Most often if an individual wants to be successful there is no option but to cut into personal home time. In this company employees who work long hours are valued more than those who don't.

I think that we won't have achieved the objective until it becomes socially unacceptable to write e-mails on evenings/weekends, brag about long hours and schedule meetings outside "core" hours. Colleagues and managers seem proud to say that they had meetings at 7 p.m. or work all weekend. Although there is much talk about balance long hours are still rewarded.

Bottom–Line Culture. An organization with a bottom-line culture is defined as one that places a high value on efficiency, profits, and shareholder value. In such organizations, employees are viewed as a cost (not an asset), and employee work–family balance is not a priority. Two studies (Nikandrou et al., 2008; White, Hill, McGovern, Mills, & Smeaton, 2003) to date have focused on the relationship between this type of culture (labeled as "high performance" in this research) and work–family conflict. Nikandrou et al. (2008) found no significant relationship between a performance-oriented culture and work–family conflict. Michael White et al. (2003), on the other hand, found a negative association between work–family conflict and working for an organization that engages in high performance programs designed to link individual compensation to their results. The quote below, taken from Duxbury et al. (2003), certainly suggests that employees who work for an organization whose culture focuses on the bottom line will experience greater conflict between work and family:

> The concept of balancing work, family, and lifestyle is one that many organizations pay lip service to. The ability to job share, have paid days to care for sick children, on site day care, etc. are unrealistic expectations in today's economy. The reality is that organizations are continually downsizing and looking for ways to cut costs. This company treats people as liabilities and

if you can't perform at 100% they want nothing to do with you. This leaves little time for family.

Culture of Disconnect: Good Policies, Poor Practice. Lewis (1997, 2001) talks about cultures in which people do not feel entitled to use existing formal work–family support policies, an idea that captures the essence of what is referred to as a disconnected culture, where supportive policies exist, but organizational norms discourage their use. This suggests that those with the greatest need for supportive policies and benefits are the least likely to use them if the culture emphasizes policy rather than practice. The following quotes from Duxbury et al. (2003) illustrate the impact such a culture can have on employees:

Unless the culture (and hence the manager) values family and lifestyle, many policies that might help the balance (i.e., flextime, part-time) are essentially unavailable to those who need them. Companies should not create policies unless they are willing to let you use them without repercussion or negative comments.

Our organization does not walk the talk. They just talk the walk. They do not practice what they preach. You must conform to your bosses' ways or when performance review time comes you will get slapped.

Culture of Guilt and/or Backlash. The notion of an association between gender and perceptions of organizational culture is ubiquitous throughout much of the literature on culture of hours (Bond, 2004; Lewis, 1997, 2001). Cultures based on the traditional masculine ways of working (i.e., work can be and should be separate from and take priority over family; employees engage in continuous full-time employment, without significant time off, from the time they finish school until the time they retire)

are not supportive of work–family issues (Callan, 2007). This is unfortunate as the traditional male construction of work is no longer reflective of workforce demographics (Bond, 2004).

Duxbury et al. (2003) noted two views of organizational culture that are problematic for women but not for men. These are labeled the culture of guilt and the culture of backlash. The following quotations illustrate these cultures:

Although my manager allows me to take flex days, I always feel guilty about asking. I also feel guilty about leaving at 4:30 to get home, as the person who had my job previously would always stay late. (Culture of Guilt)

As an independent, single woman with no children I am sick and tired of hearing parents go on and on about their children and how hard it is to be a working parent. They should have realized that before they started a family. Having children means sacrifice. These parents should not expect their co-workers to pick up the slack. I cannot count the number of times I have seen co-workers leave to go to parent teacher interviews, ballet practice, beaver cubs etc. during regular working hours. It's maddening. (Culture of Backlash)

Work/life/balance works for women in this company at the expense of their male counterparts. For men, work/life/balance is good public relations for the company but that is all. Men are often left in the office to make up for the time that the female workers left when they went home early because they are sick, what a bunch of . . . (Culture of Backlash)

Culture of Work or Family. Organizational cultures that expect employees to give priority to work over all other aspects of their lives have what is considered to be a culture of work or family and what Rosabeth Kanter (1977) refers to when she talks about the myth of separate worlds. This type of culture

rewards employees who make sacrifices for work (Andreassi & Thompson, 2008) and make work their top priority (Perlow, 1995). A study by Samantha Callan (2007) on cultures-subcultures and work–family conflict found that individuals belonging to the professional or management subculture were more likely to feel obliged to prioritize work over family. The prevalence of this type of culture appears to be quite widespread (Kelloway, Bottlieb, & Barham, 1999). How do employees describe a culture of work or family? Consider the following quote from Duxbury et al. (2003):

> Many senior managers don't understand dual commitment to work and family. They are of an age and generation that had different beliefs. The fact is, in this organization, family especially children are treated as nuisances or even with contempt.

CONCLUSION

This chapter explored the relationship between work–family conflict and organizational culture. The review of existing theory and empirical studies indicates that organizational culture is a predictor of work–family conflict and a moderator-mediator of the relationship between the use of family-friendly benefits and work–life conflict. Regardless of the way in which these constructs were conceptualized, one finding was ubiquitous: work–family policies alone are not enough. Our own empirical research, supplemented by the existing literature on work–family conflict, indicated that for family-friendly policies to be effective in supporting work–family balance, the organization itself must espouse values and assumptions that support and encourage individuals' utilization of the policies. Individuals are unlikely to use policies they feel will jeopardize career advancement or job security.

Despite the research that has emerged on work–family culture over the past two decades, this review identified a number of gaps that, if left unaddressed, could limit progress in this field. These gaps, or opportunities for researchers, relate to both the way that research is conducted and to the focus of research in this area. First, researchers must ensure that they are aware of the inconsistent inclusion-exclusion of supervisory support and policy availability in current work–family culture measures. When making such decisions, researchers should take Allen's (2001) lead and thoroughly articulate to readers the rationale supporting their theoretical model and choice of measures. The second opportunity warranting attention from work–family culture researchers is the current lack of attention to the role of individual and situational characteristics. Some researchers have begun to question the roles that factors such as national culture (Korabik, Leroy, & Ayman, 2003), spousal support (Mesmer-Magnus & Viswesvaran, 2006), and personality (Crooker, Smith, & Tabak, 2002) play regarding individuals' experiences of work–family balance. Third, future work in this area would benefit from an increased consideration of the role that individual and situational characteristics play in the relationship between work–family conflict and organizational culture.

The need for research in this area is likely to increase over the next several years as the developed world enters a seller's market for labor where employers compete for talent. In such circumstances, organizations whose cultures do not support balance will be at a disadvantage when it comes to recruitment of younger employees and retention of middle-aged employees with child and elder care responsibilities. Where should academic researchers who are interested in the work–family conflict-organization culture dynamic focus their attention? This review of the literature has identified a number of

areas. First, the literature shows that there is still little agreement on the dimensionality of the work–family culture construct. Future research is needed to determine how best to model work–family culture. More specifically, research is needed to help researchers understand the determinants of a family-friendly culture and quantify how such a culture benefits key stakeholders (i.e., the organization, the employee, families, etc). Research on the dimensionality of this construct is urgently needed as the current level of debate limits researchers' ability to develop a psychometrically sound measure of the construct and model the relationship between the various components of work–family culture and key individual and organizational outcomes.

Other gaps in research in the area of work–life culture identified from this review of the literature include a lack of understanding of the relationship between occupation and industry and the supportiveness of the culture and how the job type, family type, and life cycle stage influence the relationship between work–family culture and work–family conflict (Andreassi & Thompson, 2008). Future research in this area should also take a multilevel view of culture within the organization (i.e., explore the relationship between overall organizational culture, national culture, and subcultures within the organization) and examine how best to change dysfunctional cultures into ones that support work–life balance.

NOTES

1. In the 1970s through to the early 1990s, researchers studied work–family conflict. In the later part of the 1990s, the term was changed to work–life conflict in recognition that employees' nonwork responsibilities can take many forms, including volunteer pursuits, education, and the care of children or elderly dependents.

2. The term organizational climate has at times been used interchangeably with organizational culture despite the differences in these two constructs. The climate construct tends to be more popular in I/O psychology. Although climate and culture both relate to values in and/or of the workplace, they are two distinctly different concepts (Schneider et al., 1996). The difference between the two constructs is important to this discussion as it impacts how the construct is studied. Unlike culture researchers, traditional climate researchers assume that individuals exist independently from their environments (Denison, 1996; Glick, 1985; James et al., 2008; Schneider et al., 1996). This means that the individual (not the group) can be, and is, the unit of analysis in organizational climate research.

REFERENCES

Allen, T. (2001). Family supportive work environments: The role of organizational perceptions. *Journal of Vocational Behavior, 58,* 414–435.

Anderson, S., Coffey, B., & Byerly, R. (2002). Formal organizational initiatives and informal workplace practices: Links to work-family conflict and job-related outcomes. *Journal of Management. 28*(6), 787–810.

Andreassi, J., & Thompson, C. (2008). Work-family culture: Current research and future directions. In K. Korabik, D. Lero, & D. Whitehead (Eds.), *Handbook of work-family integration* (pp. 331–351). New York: Elsevier Academic Press.

Bailyn, L. (1997). The impact of corporate culture on work-family integration. In S. Parasuraman & J. Greenhaus (Eds.), *Integrating work and family: Challenges and choices for a changing world* (pp. 209–219). Westport, CT: Quorum Books.

Beauregard, A. T. (2006) Antecedents and correlates of parental after-school concern: Exploring a newly identified work-family stressor. *American Behavioral Scientist, 49,* 1382–1400.

Behson, S. (2002). Which dominates? The relative importance of work-family organizational support and general organizational context on employee outcomes. *Journal of Vocational Behavior, 61,* 53–72.

Behson, S. (2005). The relative contribution of formal and informal organizational work-family support. *Journal of Vocational Behavior, 66,* 487–500.

Bellavia, G. M., & Frone, M. R. (2005). Work-family conflict. In J. Barling, E. K. Kelloway, & M. R. Frone (Eds.), *Handbook of work stress* (pp. 113–148). Thousand Oaks, CA: Sage.

Bond, S. (2004). Organisational culture and work-life conflict in the UK. *International Journal of Sociology and Social Policy, 24*(12), 1–24.

Bond, J. T., Galinsky, E., & Swanberg, J. E. (1998). *The 1997 national study of the changing workforce* (Vol. 2). New York: Families and Work Institute.

Bond, J. T., Thompson, C. A., Galinsky, E., & Prottas, D. (2003). *Highlights of the 2002* National Study of the Changing Workforce. New York: Families and Work Institute.

Bragger, J., Rodriguez-Srednicki, O., Kutcher, E. J., Indovino, L., & Rosner, E. (2005). Work-family conflict, work-family culture and organizational citizenship behavior among teachers. *Journal of Business and Psychology, 20*(2), 303–324.

Callan, S. (2007). Implications of family-friendly policies for organizational culture: Findings from two case studies. *Work Employment & Society, 21,* 673–691.

Carlson, D., & Grzywacz, J. (2008). Reflections and future directions on measurement in work-family research. In K. Korabik, D. Lero, & D. Whitehead (Eds.), *Handbook of work-family integration* (pp. 57–74). New York: Elsevier Academic Press.

Carlson, D., & Perrewe, P. (1999). The role of social support in the stressor-strain relationship: An examination of work-family conflict. *Journal of Management, 25*(4), 513–540.

Clark, S. (2001). Work cultures and work/family balance. *Journal of Vocational Behavior, 58,* 348–365.

Crooker, K., Smith, F., & Tabak, F. (2002). Creating work-life balance: A model of pluralism across life domains. *Human Resource Development Review, 1*(4), 387–419.

Denison, D. R. (1996). What is the difference between organizational culture and organizational climate? A native's point of view on a decade of paradigm wars. *Academy of Management Review, 21*(3), 619–654.

Dikkers, J., den Dulk, L., Geurts, S., & Peper, B. (2005). Work-nonwork culture: Utilization of work-nonwork arrangements, and employee related outcomes in two Dutch organizations. In S. Poelmans (Ed.), *Work and family: An international perspective* (pp. 147–172). Mahwah, N.J.: Lawrence Erlbaum.

Dikkers, J., Geurts, S., den Dulk, L., Peper, B., & Kompier, M. (2004). Relations among work-home culture, the utilization of work-home arrangements, and work-home interference. *International Journal of Stress Management, 11*(4), 323–345.

Dikkers, J., Geurts, S., den Dulk, L., Peper, B., Taris, T.W., & Kompier, M. (2007). Dimensions of work-home culture and their relations with the use of work-home arrangements and work-home interaction. *Work and Stress, 21*(2), 155–172.

Drago, R., & Hyatt, D. (2003). Symposium: The effect of work-family policies on employees and employers. *Industrial Relations, 42*(2), 139–144.

Duxbury, L., & Higgins, C. (2005). *Who is at risk? Predictors of work-life conflict*. Ottawa: Health Canada. Available at http://www.phac-aspc.gc.ca/publicat/work-travail/report4/index.html

Duxbury, L., & Higgins, C. (2009). Key findings and conclusions from the 2001 National Work-Life Conflict Study. Ottawa: Health Canada. Available at http://www.hc_sc.gc.ca/ewh_semt/pubs/occup_travail/balancing_six_equilibre_six/index_eng.php

Duxbury, L., Higgins, C., & Coghill, D. (2003). *Voices of Canadians: Seeking work-life balance* (Cat. No. RH54–12/2003). Ottawa: Human Resources Canada. Available at http://labour-travail.hrdc-drhc.gc.ca/worklife

Duxbury, L., Higgins, C., & Lyons, S. (2007). Reducing work-life conflict: What works, what doesn't. Ottawa: Health Canada. Available at http://www.hc-sc.gc.ca/ewh-semt/occup-travail/work-travail/findings-resultats_e.html

Eaton, S. (2003). If you can use them: Flexibility policies, organizational commitment, and perceived performance. *Industrial Relations, 42*(2), 145–167.

Eby, L., Casper, W., Lockwood, A., Bordeaux, C., & Brinley, A. (2005). Work and family research in IO/OB: Content analysis and review of the literature (1980–2002). *Journal of Vocational Behavior, 66,* 124–197.

Fleetwood, S. (2007). Re-thinking work-life balance: Editor's introduction. *International Journal of Human Resource Management, 18*(3), 351–359.

Frone, M. (2003). Work-life balance. In J. Quick & L. Tetrick (Eds.), *Handbook of occupational health psychology* (pp. 143–162). Washington, DC: American Psychological Association.

Frone, M. R., Russell, M., & Cooper, M. L. (1992). Antecedents and outcomes of work-family conflict: Testing a model of the work-family interface. *Journal of Applied Psychology, 77,* 65–78.

Glick, W. H. (1985). Conceptualizing and measuring organizational and psychological climate: Pitfalls in multilevel research. *Academy of Management Review, 10*(3), 601–616.

Greenhaus, J. H., & Allen, T. D. (2006, March). *Work–family balance: Exploration of a concept*. Paper presented at the Families and Work Conference, Provo, UT.

Greenhaus, J. H., & Beutell, N. J. (1985). Sources of conflict between work and family roles. *Academy of Management Review, 10,* 76–88.

Greenhaus, J. H., & Powell, G. H. (2006). When work and family are allies: A theory of work-family enrichment. *Academy of Management Review, 31*(1), 72–92.

Greenhaus, J., & Singh, R. (2003, February 25). Work-family linkages. In S. Sweet & J. Casey (Eds.), *Sloan work and family encyclopedia.* Chestnut Hill, MA: Boston College. Available at http://wfnetwork.bc.edu/encyclopedia.php?mode=nav

Gutek, B., Searle, S., & Kelpa, L. (1991). Rational versus gender role explanations for work-family conflict. *Journal of Applied Psychology, 76,* 560–568.

Haas, L., Allard, K., & Hwang, P. (2002). The impact of organizational culture on men's use of parental leave in Sweden. *Community, Work & Family, 5*(3), 320–342.

Hill, E. J. (2005). Work-family facilitation and conflict, working fathers and mothers, work-family stressors and support. *Journal of Family Issues, 26*(6), 793–819.

Indovino, L., Rosner, E., DeNicolis, J., & Srednicki, O. (2003, April). *Work–family conflict, work–family culture, and organizational contextual performance among teachers*. Paper presented at the Society of Industrial and Organizational Psychology, Los Angeles.

Jahn, E., Thompson, C., & Kopelman, R. (2003). Rationale and construct validity evidence for a measure of perceived organizational family support (POFS): Because purported practices may not reflect reality. *Community, Work & Family, 6*(2), 123–140.

James, L. R., Choi, C. C., Ko, C. E., McNeil, P. K., Minton, M. K., Wright, M. A., et al. (2008). Organizational and psychological climate: A review of theory and research. *European Journal of Work & Organizational Psychology, 17*(1), 5–32.

Kelloway, E. K., Bottlieb, B., & Barham, L. (1999). The source, nature and direction of work and family conflict: A longitudinal investigation. *Journal of Occupational Health Psychology, 4,* 337–346.

Kahn, R. L, Wolfe, D. M., Quinn, R. P., & Snoek, J. D. (1964). *Organizational stress: Studies in role conflict and ambiguity*. New York: Wiley.

Kanter, R. (1977). *Work and family in the United States: A critical review and agenda for research and policy*. New York: Russell Sage.

Kikta, B. A., & Tetrick, L. E. (2005, April). *Contributions of work-family culture in predicting perceived organizational support*. Poster presented at the annual meeting of the Society for Industrial and Organizational Psychology, Los Angeles.

Kinnunen, U., Mauno, S., Geurts, S., & Dikkers, J. (2005). Work-family culture in organizations: Theoretical and empirical approaches. In S. A. Y. Poelmans (Ed.), *Work and family: An international research perspective* (pp. 87–120). Mahwah, NJ: Lawrence Erlbaum.

Korabik, K., Lero, D., & Whitehead, D. (Eds.). (2008). *Handbook of work-family integration*. New York: Elsevier Academic Press.

Korabik, K., Leroy, S., & Ayman, R. (2003). A multi-level approach to cross cultural work-family research. *International Journal of Cross Cultural Management, 3*(3), 289–303.

Kossek, E., Noe, R., & DeMarr, B. (1999). Work-family role synthesis: Individual and organizational determinants. *The International Journal of Conflict Management, 10*(2), 102–129.

Kossek, E., & Van Dyne. L. (2008). Face time matters: A cross level model of how work life flexibility influences work performance of individuals and groups. In D. Lero, K. Korabick, & D. Whitehead (Eds.), *Work family handbook* (pp. 305–330). Amsterdam: Elsevier.

Lapierre, L., & Allen, T. (2006). Work-supportive family, family supportive supervision, use of organizational benefits, and problem-focused coping: Implications for work-family conflict and employee well being. *Journal of Occupational Health Psychology, 11*(2), 169–181.

Lewis, S. (1997). Family-friendly employment policies: A route to changing organizational culture or playing about at the margins. *Gender, Work and Organization, 4*(1), 13–23.

Lewis, S. (2001). Restructuring workplace cultures: The ultimate work-family challenge. *Women in Management Review, 16*(1), 21–29.

Lewis, S., & Dyer, J. (2002). Toward a culture for work-life integration. In C. Cooper & R. Burke (Eds.), *The new world of work* (pp. 302–316). London, UK: Blackwell.

Lewis, S., & Smithson, J. (2001). Sense of entitlement to support for the reconciliation of employment and family life. *Human Relations, 54*(11), 1455–1481.

Lobel, S., & Kossek, E. (1996). Human resource strategies to support diversity in work and personal lifestyles: Beyond the "family-friendly" organization. In E. Kossek & S. Lobel (Eds.), *Managing diversity: Human resource strategies for transforming the workplace* (pp. 221–244). Cambridge, MA: Blackwell.

Lyness, K., & Kropf, M. (2005). The relationships of national gender equality and organizational support with work-family balance: A study of European managers. *Human Relations, 58*(1), 33–60.

Lyness, K., Thompson, C., Francesco, A. M., & Judiesch, M. K. (1999). Work and pregnancy: Individual and organizational factors influencing organizational commitment, timing of maternity leave, and return to work. *Sex Roles, 41,* 485–507.

MacDermid, S. M. (2005). (Re)considering conflict between work and family. In E. E. Kossek & S. Lambert (Eds.), *Work and family integration in organizations: New directions for theory and practice* (pp. 19–40). Mahwah, NJ: Lawrence Erlbaum.

Martin, J. (2002). Organizational culture: Pieces of the puzzle. In J. Shafritz, J. Ott, & Y. Jang (Eds.), *Classics of organizational theory* (6th ed., pp. 393–414). Toronto, Canada: Thompson Press.

Martin, J., Frost, P. F., & O'Neill, O. A. (2005). Organizational culture: Beyond struggles for intellectual dominance. In S. Clegg, C. Hardy, T. Lawrence, & W. Nord (Eds.), *The Sage handbook of organizational studies* (2nd ed., pp. 725–752). Thousand Oaks, CA: Sage.

Mauno, S., Kinnunen, U., & Pyykko, M. (2005). Does work-family conflict mediate the relationship between work-family culture and self reported distress? *Journal of Occupational and Organizational Psychology, 78,* 509–530.

Mesmer-Magnus, J., & Viswesvaran, C. (2006). How family-friendly work environments affect work/family conflict: A meta analytic examination. *Journal of Labor Research, 27,* 555–574.

Netemeyer, R., Boles, J., & McNurrian, R. (1996). Development and validation of work-family conflict and family work conflict scales. *Journal of Applied Psychology, 81,* 400–410.

Nikandrou, I., Panayotopoulou, L., & Apospori, E. (2008). The impact of individual and organizational characteristics on work-family conflict and career outcomes. *Journal of Managerial Psychology, 23*(5), 576–598.

O'Driscoll, M., Poelmans, S., Spector, P., Kalliath, T., Allen, T., Cooper, C. et al. (2003). Family-responsive interventions, perceived organizational and supervisor support, work-family conflict, and psychological strain. *International Journal of Stress Management, 10*(4), 326–344.

Ogbonna, E., & Harris, L. C. (1998). Organizational culture: It's not what you think. *Journal of General Management, 23*(3), 35–48.

Perlow, L. (1995). Putting the work back into work/family. *Group & Organization Management, 20*(2), 227–239.

Pitt-Catsouphes, M., Kossek, E., & Sweet, S. (2006). *The work and family handbook*. Mahwah, NJ: Lawrence Erlbaum.

Sahibzada, K., Hammer, L. B., Neal, M. B., & Kuang, D. C. (2005). The moderating effects of work-family role combinations and work-family organizational culture on the relationship between family-friendly workplace supports and job satisfaction. *Journal of Family Issues, 26,* 820–839.

Schein, E. H. (1990). Organizational culture. *American Psychologist, 45,* 109–119.

Schneider, B., Brief, A. P., & Guzzo, R. A. (1996). Creating a climate and culture for sustainable organizational change. *Organizational Dynamics, 24*(4), 7–19.

Tay, C., Quazi, H., & Kelly, K. (2006, August). A multidimensional construct of work-life system: Its link to employee attitudes and outcomes. Paper presented at the Academy of Management Meetings, Oahu, HI.

Tetrick, L. E., & Buffardi, L. C. (2006). Measurement issues in research on the work–home interface. In F. Jones, R. J. Burke, & M. Westman (Eds.), *Work-life balance: A psychological perspective* (pp. 90–114). Hove, UK: Psychology Press.

Thomas, L., & Ganster, D. C. (1995). Impact of family-supportive work variables on work–family conflict and strain: A control perspective. *Journal of Applied Psychology, 80,* 6–15.

Thompson, C., Andreassi, J., & Prottas, D. (2005). Work-family culture: Key to reducing workforce-workplace mismatch? In S. Bianchi, L. Caspter, & R. Berkowitz King (Eds.), *Workforce/workplace mismatch? Work, family, health and well-being* (pp. 117–132). Mahwah, NJ: Lawrence Erlbaum.

Thompson, C., Beauvais, L., & Lyness, K. (1999). When work-family benefits are not enough: The influence of work-family culture on benefit utilization, organizational attachment, and work-family conflict. *Journal of Vocational Behavior, 54,* 392–415.

Thompson, C., Jahn, E., Kopelman, R., & Prottas, D. (2004). Perceived organizational family support: A longitudinal and multilevel analysis. *Journal of Managerial Issues, 16*(4), 545–565.

Thompson, C., & Prottas, D. (2005). Relationships among organizational family support, job autonomy, perceived control, and employee wellbeing. *Journal of Occupational Health Psychology, 10*(4), 100–118.

Thompson, C., & Prottas, D. (2005, July). Antecedents of a family-unfriendly culture: A tentative model. Invited paper presented at the Founding Conference of the International Center for Work and Family, IESE, Barcelona.

Voydanoff, P. (2008). A conceptual model of the work-family interface. In K. Korabik, D. Lero, & D. Whitehead (Eds.), *Handbook of work-family integration* (pp. 37–55), New York: Elsevier Academic Press.

Warren, J., & Johnson, P. (1995). The impact of workplace support on work-family role strain. *Family Relations, 44*(2), 163–169.

Wayne, J., Randel, A., & Stevens, J. (2006). The role identity and work-family support in work-family enrichment and its work-related consequences. *Journal of Vocational Behavior, 69,* 445–461.

White, M., Hill, S., McGovern, P., Mills, C., & Smeaton, D. (2003). "High-performance" management practices, working hours and work-life balance. *British Journal of Industrial Relations, 41*(2), 175–195.

Wise, S., & Bond, S. (2003). Work-life policy: Does it do exactly what it says on the tin? *Women in Management Review, 18*(1–2), 20–31.

Interorganizational Macrocultures

A Multilevel Critique

GERARD P. HODGKINSON AND MARK P. HEALEY

> *Management theorists generally define organizational culture as relatively idiosyncratic, organization-related beliefs that are shared among individuals within an organization or part of an organization . . . We describe this as the prevailing focus the field places on organizational microcultures and distinguish it from what we term interorganizational macrocultures, by which we mean the relatively idiosyncratic, organization-related beliefs that are shared among top managers across organizations.*
>
> (Abrahamson & Fombrun, 1994, p. 730)

In the immediate aftermath of the tumultuous global financial crisis of recent years, one thing is clear—namely, that the overwhelming consensus within and between the banks and related financial institutions regarding the practices associated with the unchecked growth in the housing and stock markets contributed to a collective blind spot that desensitized organizations and entire industries to the attendant risks in the event that the bubble should burst. This prevailing mindset eschewed concerns over the potentially catastrophic knock-on effects of risky mortgage lending and other questionable practices. Yet the most surprising thing is not that decision makers made errors of judgment, but that the

faulty logic underpinning those judgments was endorsed so universally and unquestionably from within. How could this situation have arisen? One concept that sheds light on these recent events is the notion of interorganizational macrocultures. Abrahamson and Fombrun (1994, p. 730) advanced this concept to capture the fact that top managers across organizations share "relatively idiosyncratic, organization-related beliefs." These shared beliefs, which are fundamental to the boundary definitions adopted to characterize particular classes of organizations and manage the attendant reputational dynamics within and across those groupings, are both generated by and mirror the value-added networks that configure

organizations into such collectives. According to Abrahamson and Fombrun (1994), the tendency of macrocultures to homogenize over time accounts for the all too frequent failure of entire industries to adapt to radically new competitors and technological innovations, clinging instead to outmoded practices and competitive positioning strategies. As shown in Figure 16.1, homogeneous macrocultures restrict the inventiveness of, and diffusion of innovations among, member organizations, thereby driving them toward collective inertia and increasing the similarity of their strategic profiles.

PRESENT   **FUTURE**

Boundary homogeneity

Reputational homogeneity

Strategic issue homogeneity

Macrocultural Homogeneity

Value-Added Network Structure

Network density

Network centrality

Network structural equivalence

Collective Inertia

Technological Traditionalism

Strategic Similarity
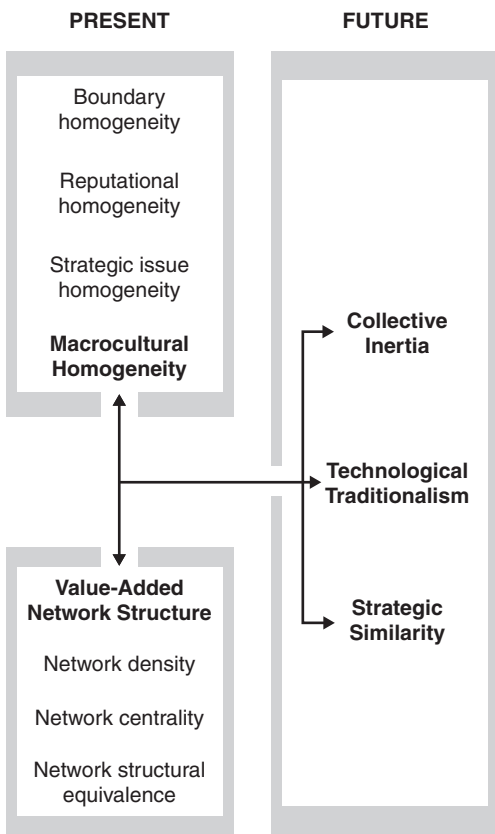
Figure 16.1   Macroculture: Present Determinants and Future Consequences

SOURCE: E. Abrahamson & C. J. Fombrun (1994). Macrocultures: Determinants and consequences. *Academy of Management Review, 19*, 728-755. ©Academy of Management Review. Reproduced by kind permission of the publisher.

This chapter provides a selective review of the current state of knowledge concerning the development and impact of macrocultures as a key shaper of the strategic behavior of organizations. Focusing purposively on the literature pertaining to the determinants and consequences of strategic actors' beliefs concerning the fundamental problem of competitor definition, our goal is to offer a constructive critique of the macrocultures notion. We argue for a broader, multilevel conception of strategic adaptation, one that integrates the individual, group, organizational, and interorganizational levels in the analysis of the determinants and consequences of macrocultures. As will be demonstrated, when viewed from this perspective, researchers have barely begun to scratch the surface in attempting to gain an adequate understanding of how macrocultures exert their effects; nor, indeed, is it sufficiently clear how such cultures develop and change.

The chapter is organized in four main sections, as follows. In the first section, we outline major theoretical developments and accompanying empirical findings advanced mainly by North American researchers, which highlight the importance of macrocultural processes for understanding the dynamics of interorganizational rivalry and the formation of discernible competitive structures in industries and markets. In the second section, we review a number of counter-theoretical arguments and alternative empirical evidence emanating largely from the United Kingdom and wider continental Europe, which suggest that this predominantly U.S. body of work has downplayed the significance of intra-organizational processes and individual differences in the development and mediation of macrocultures. However, we maintain that a number of theoretical and methodological shortcomings associated with the U.K.-European work need to be rectified in order to investigate more thoroughly the potential significance of organizational microprocesses and microcultural

influences as determinants and mediators of interorganizational macrocultures. In order to address these issues, researchers need to adopt methods and research designs that will enable larger scale, multilevel inquiry and the simultaneous testing of hypotheses predicated upon the rival bodies of theory outlined. To date, very few studies have attempted to meet these challenges, but it is to this emerging body of work that we turn next in the third section. Finally, in the concluding section, we distill the major implications of our arguments for future theory development and research on organizational adaptation, beyond the confines of competitive dynamics per se.

ORIGINS, DYNAMICS, AND CONSEQUENCES OF INTERORGANIZATIONAL MACROCULTURES

Basic Cognitive Processes Underpinning Competitor Definition

As observed by Porac and Thomas (1990), to identify and respond to competitive pressures, strategists must first abstract from the myriad of diverse organizational forms and potentially salient interorganizational cues an image of whom their rivals are and on what dimensions they will compete. How actors develop such images of competitive space is a fundamental research question that has long occupied researchers situated at the nexus of organization theory and strategic management on both sides of the Atlantic. In the absence of basic agreement among a value chain's key stakeholders on the legitimacy of particular organizations to offer particular products and services, there can be no basis for the social construction of industries and markets (cf. Porac & Rosa, 1996). Macrocultures are thus vital to the development of stable economies, and an analysis of the sociocognitive dynamics underpinning business rivalry is an essential complement to the perspective of industrial organization economics that has so long dominated the study of competition in the field of strategic management (e.g., Caves & Porter, 1977; Oster, 1990; Porter, 1980).

As readily acknowledged by Abrahamson and Fombrun (1994), the conceptual foundations of the macrocultures notion were laid in a number of prior studies of how rival organizations come to be configured into discernibly meaningful collectives (e.g., Grinyer & Spender, 1979; Gripsrud & Gronhaug, 1985; Reger & Huff, 1993; Walton, 1986). Particularly noteworthy in our view is the notion of industry recipes (Grinyer & Spender, 1979; Spender, 1989), the idea that industry-wide collectives of managers handle uncertainty by evolving shared beliefs about what works and what does not. Arguably, however, it is the theoretical (Levenhagen, Porac, & Thomas, 1993; Porac & Thomas, 1990) and empirical (e.g., Porac & Thomas, 1994; Porac, Thomas, & Baden-Fuller, 1989; Porac, Thomas, & Emme, 1987) work of Porac and his colleagues, that has ultimately stimulated the most significant advances concerning the basic mechanisms underpinning the social construction and evolution of interorganizational belief systems that have occurred over the 16 years that have elapsed since the publication of the Abrahamson and Fombrun (1994) *Academy of Management Review* article (see also Porac & Rosa, 1996; Porac, Thomas, Wilson, Paton, & Kanfer, 1995).

The basic opening premise of Porac et al.'s work is that because strategic actors, like all decision makers, are fundamentally limited in terms of their capacity to process information, they attend to only a limited subset of competitors. Drawing on the insights of categorization theory from cognitive psychology (Rosch, Mervis, Gray, Johnson, & Boyes-Braem, 1976), Porac and his colleagues (e.g., Porac et al., 1987, 1989; Porac & Thomas, 1990, 1994; Porac & Rosa, 1996) have argued that strategists' mental representations of competitors take the form of hierarchical taxonomies and that their

attention is directed primarily toward intermediate, basic-level categories. It is at this basic level of abstraction that categories are optimal in terms of their information content because they possess the maximum proportion of unique attributes relative to the overlapping attributes of neighboring categories. Categorizing competitors in this way enables actors to simplify reality and hence take action within the constraints imposed by bounded rationality. Again drawing on the insights of categorization theory (e.g., Rosch, 1975), Porac and his colleagues maintain that competitors are grouped on a graded, as opposed to all-or-nothing, basis (see also Lant & Baum, 1995; Lant & Phelps, 1999; Peteraf & Shanley, 1997; Reger & Huff, 1993). In other words, category boundaries are relatively fuzzy, meaning that peripheral exemplars of a given category lying at the boundary are considered less prototypical than those at the core. Consequently, firms considered peripheral to "mainstream" competitor categories are likely to be ignored by current market leaders. This tendency can create a collective blind spot on the part of established players that can be exploited readily by new entrants with different approaches (cf. Abrahamson & Fombrun, 1994; Zajac & Bazerman, 1991). Anecdotally, for example, the U.K. retailer Marks and Spencer has been able to exploit its position as a peripheral exemplar to amass considerable market share in the grocery sector.

The Social Construction of Competitor Definition

Drawing on the insights of Weick's (1979) concept of enactment and related social constructionist notions (Berger & Luckmann, 1967), Porac and his colleagues maintain that over time individuals' beliefs about the identity of their competitors, suppliers, and customers become highly unified through mutual enactment processes, in which subjective interpretations of externally situated information are objectified via behavior:

Thus, for example, when a group of managers define their businesses as clothing stores or supermarkets, their understanding of the competitive environment is crystallized within a mental model, and their competitive focus is slanted towards organizations they perceive as members of the same competitive set. It is easy to see how such perceptions might eventually become objectified and institutionalized through such devices as trade associations, specialized publications, and a particularistic language for describing logical ecological conditions. . . . In this view, competitive groups are more than analytical and economic abstractions of researchers; they represent the social psychological reality for member organizations. If this subjectivist perspective is true, it will be impossible to classify and understand organizational forms, at least at the micro-niche level, without describing the mental models that motivate mutually adjustive competitive activities. (Porac & Thomas, 1990, p. 236)

The work of Porac and his colleagues thus provides fundamental insights into some of the generative mechanisms underpinning the interorganizational macrocultures notion. In this view, industries, strategic groups, and markets are sociocognitive constructions, created through a shared interpretation of reality among collectives of organizations, which come to define the boundaries of the competitive arena and on what bases the battles for competitive success are to be fought. The mental models of competitive strategists from rival firms become highly similar, thereby creating group-level beliefs about the marketplace because of the tendency of organizations to imitate one another, both directly and indirectly, as illustrated graphically in Figure 16.2. Each competitor is involved in an individual enactment process in which the mental models of its strategists are reciprocally intertwined with its strategic choices and the material conditions of the marketplace. Other

parties involved in the same transactional network, however, are also enacting their beliefs through activities within the marketplace. Although the interpretations of customers, suppliers, and competitors are all involved in structuring the transactional network, it is the enactment processes of the latter that are particularly important because they serve to link firm-level and group-level competitive activities through the creation of socially shared belief systems.

Empirical support for the above line of theorizing was gathered by Porac et al. (1989) in a study of the Scottish knitwear industry, a study which revealed an overwhelming tendency for managers from a number of rival firms to disregard as competitors firms located outside the immediate vicinity of Scotland. Notwithstanding the fact that Scottish knitwear producers at the time of the study accounted for a mere three percent of the total

amount of knitted outerwear manufactured on a worldwide basis, only firms within the immediate locality and which produced a similar range of goods to one another, using similar technological processes of production and common channels of distribution, were regarded as serious competition. In a follow-up investigation, Porac et al. (1995) identified a six-category model of organizational forms that seemed to capture actors' common perceptions of competition within this industry, with several attributes (principally size, technology, product style, and geographic location) forming the underlying basis for this commonly perceived structure.

Elaborating the Mechanisms of Macrocultural Homogenization and Inertia

The article by Abrahamson and Fombrun (1994) incorporated the fundamental insights of the above developments into the broader conception of macrocultures as a means of accounting for the collective failure of industries and interorganizational groupings in general to adapt to major environmental shifts, such as the entrance of radically different competitors and significant technological innovations, and break free from the shackles of the highly similar, but outdated, strategic postures adopted by member organizations:

> Not only does the homogeneity of beliefs within an interorganizational macroculture inhibit adaptation by organizational members to changing environments, but it also influences how inventions arise and how quickly and completely they diffuse. In the last 20 years, relatively few technological innovations were developed within the culturally homogeneous U.S. auto industry, for instance, and the Big Three were visibly slow to imitate Japanese rivals.

In part, insularity and sluggishness result because homogeneity of beliefs within an
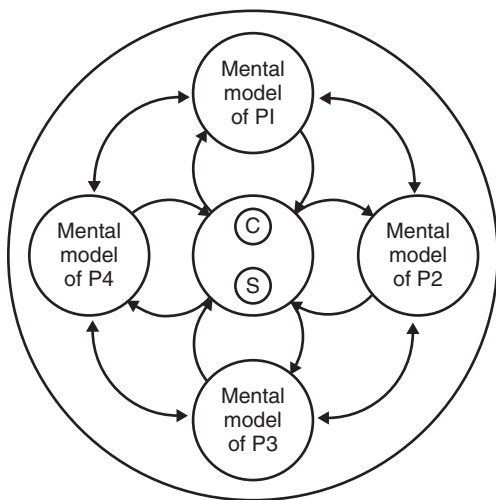
Note: C = Customers
      S = Suppliers
      Pn = Producers

Figure 16.2   Mutual Enactment Processes Within an Industrial Sector

SOURCE: J. F. Porac, H. Thomas & C. Baden-Fuller (1989). Competitive groups as cognitive communities: The case of Scottish knitwear manufacturers. *Journal of Management Studies, 26,* 397-416. ©Blackwell publishers Limited. Reproduced by kind permission of the publisher.

interorganizational macroculture encourages member firms' managers to interpret environments in similar ways, to identify similar issues as strategic, and so to adopt similar competitive positions. (Abrahamson & Fombrun, 1994, p. 729)

Building on the above foundations, there have been a number of developments, both theoretical and empirical, which cumulatively strengthen the basic argument that strategic actors embedded in value-added interorganizational networks will typically fall prey to the inertial vagaries of macrocultural homogeneity. The work of Lant and Baum (1995), for example, provides a series of complementary insights into the social construction of macrocultures through a consideration of isomorphism, the tendency observed by institutional theorists (e.g., DiMaggio & Powell, 1983; Meyer & Rowan, 1977) for organizations to develop shared beliefs, structures, networks of relations, and practices over time. Like Porac and his colleagues, Lant and Baum contend that managers engaged in interorganizational rivalry enact a structure of strategic groups, responding to and creating their competitive worlds in a manner consistent with their own cognitions. Illustrating their arguments by means of data they gathered in an empirical study of Manhattan hotel managers, Lant and Baum suggested that managers' conceptualizations of their strategic identities embodied in their shared categorization schemes give rise to the development of competitive groups within industries and the existence of isomorphic practices within these groups. According to Lant and Baum, two principal sources provide actors' with clues about their organization's strategic identity and hence its appropriate strategy: (1) cues arising from the monitoring of firms within the relevant competitive set (mimetic isomorphism) and (2) cues arising from a variety of normative sources such as the parent company (if the hotel is part of a conglomerate) and agents in the institutional environment who act as transmitters of information, including travel agents, higher education institutions, and industry consultants (normative isomorphism). Using a form of network analysis (Borgatti, Everett, & Freeman, 1992) in conjunction with hierarchical cluster analysis, some 14 competitive groupings were identified from a total of 167 hotels. As predicted, managers within each discernible group of hotels tended to regard one another as relevant competitors. Also as predicted, a number of significant differences emerged between the competitive groups in relation to the mean size, price, and location (street and avenue) of the hotels, indicating that the aggregation of the competitive sets elicited from the individual managers reveals relatively homogeneous groups of hotels.

Peteraf and Shanley (1997) further explicated the role of identity processes in the formation and maintenance of cognitive strategic groups, borrowing concepts from social learning theory (Bandura, 1986; Wood & Bandura, 1989) and social identity theory (Ashforth & Mael, 1989; Tajfel & Turner, 1986). They argued that managers reflect cumulatively on their experiences of interorganizational interactions, both direct and vicarious, to discern which firms are important for them to observe and emulate and which are of significance in competitive terms or for reasons of mutual concern. Over time, these observations and inferences about fellow firms are encoded in a series of routines that guide the future search behaviors of their organizations. According to Peteraf and Shanley, these routines steer the organization in such a way that it will tend to look to the same group of firms on repeated occasions, which in the long run leads to the development of a relatively stable cognitive entity. The accumulated experience gained through social learning enables organizations to reduce their transaction costs by promoting continued exchanges only with those firms found to be reliable interaction partners, predictable in their behaviors, and providing

tolerable levels of risk. However, these processes of social learning are a necessary but insufficient condition for the emergence of strategic groups that have real and measurable effects, that is, groups that will ultimately influence the conduct and performance of their individual member organizations. In addition, social identification must occur; group members must not only perceive that a group exists (identification of the group), but also identify with the group. For Peteraf and Shanley, it is the identity strength of a strategic group that ultimately determines the extent to which group membership impacts on the conduct and performance of firms within a given industry.

Rethinking the Dominant Assumptions

The various theoretical and empirical advances summarized above seemingly lend further credence to Abrahamson and Fombrun's (1994) basic thesis. This chapter's purpose, however, is to revisit their analysis of the key determinants and consequences of interorganizational macrocultures. Although their propositions concerning the structural characteristics of interorganizational value-added networks represent a useful starting point for theorizing the determinants and consequences of macrocultural homogeneity, their analysis does not take into account the effects of potentially important individual differences and intra-organizational processes and characteristics, including microcultural influences that likely mediate and moderate the nature and impact of macrocultures at the individual, group, organizational, and interorganizational levels of analysis. Accordingly, an ambitious program of work is required, entailing the generation of large-scale, multilevel, longitudinal data sets along similar lines to that envisaged originally by Abrahamson and Fombrun (1994) but which incorporates a range of additional variables to enable the modeling of complex cross-level interaction effects.

Even if strategic inertia becomes widespread within a given macrocultural grouping, this need not necessarily imply that terminal decline is inevitable. For example, key individuals might challenge the prevailing industry wisdom and competitive orthodoxy to such an extent that new competitive strategies emerge before too much damage is done. Levenhagen et al. (1993) developed a cognitive life cycle conception that offers some potentially useful insights into the question of how established macrocultures might evolve and change. Insights on this issue have also come from the situated learning perspective on strategic groups, advanced by Lant and Phelps (1999). Both perspectives provide support for the notion that the actions of key individuals (usually located on the periphery of value-added networks and often complete outsiders) can act as a catalyst for major change.

In the case of the life cycle conception, a primary task of key entrepreneurial agents is to destroy the legitimacy of extant categories of competitor definition, replacing them with a viable alternative. Such industry leadership demands that the frame-making entrepreneur is literally able to sell his or her vision to the wider community of actors within the competitive arena. Once a sufficiently critical mass of followers has developed, these newer competitive practices become objectified and institutionalized, until such time as further frame-breaking activities come to challenge afresh the prevailing orthodoxy.

As noted above, Peteraf and Shanley (1997) portrayed learning in interorganizational collectives as arising from a predominantly vicarious process involving the modeling or imitation of referent firms. This idea runs through many of the other developments outlined above. More recently, however, Lant and Phelps (1999) have challenged this rather basic view (see also Lant, 1999). They contend that, in reality, the emergence and evolution of such collectives is underpinned by a

relatively complex, dynamic process. Ongoing interactions among the various players both central and peripheral to the group yield not only common and predictable patterns of behavior, but also help to preserve variations in the structures, strategies, and beliefs of member organizations within those groups. From this perspective, such variations are vital to the accomplishment of learning and change and enhance the longer-term survival capabilities of the wider population of organizations. Inspired by Wenger's (1998) work on situated learning and related conceptions (e.g., Araujo, 1998; Palinscar, 1998; Tsoukas, 1992), Lant and Phelps (1999) question the adequacy of the topographic view of organizations portrayed within the body of work outlined above and indeed much of the field of organization studies more generally. They take issue with two particular assumptions implicit in the topographic view—namely, that knowledge is localized in individual minds or other anthropomorphized entities such as organizations, and that organizations are relatively self-contained, bounded entities which learn through key individuals, such as top managers:

> In contrast, we assume that learning, cognition, and knowledge are inherently situated in a broader social context consisting of actors, artifacts, language, time and space. According to a situated learning perspective, knowledge and its meaning are negotiated and constructed by actors who interact within a community with which they identify and who share the practices of the community . . .
>
> Situated learning encompasses meaning (learning as experience), practice (learning as doing), community (learning as becoming), and identity (learning as belonging). Such a view affords a much richer sense of the learning processes that occur within and among organizations than a focus on vicarious learning by top managers. (Lant & Phelps, 1999, pp. 230–231)

In short, Lant and Phelps (1999) contend that the theory of learning and identification portrayed in extant social constructionist accounts of the emergence of strategic groups and identity in cognitive communities represents an undersituated perspective. As observed by Hodgkinson (2001a, p. 74), "Through its dynamic emphasis on the importance of *both* variation *and* consistency in cognition and action over varying time periods, the situated learning perspective draws attention to the importance of multi-level system interaction effects within and between firms and groups of firms." In marked contrast with the small sample, cross-sectional studies based upon single informant, multiorganization research designs that have dominated the literature pertaining to interorganizational macrocultures (e.g., Lant & Baum, 1995; Porac & Thomas, 1994; Porac et al., 1987, 1989; Reger & Huff, 1993; Spencer, Peyrefitte, & Churchman, 2003), this conception implies a strong need for studies in which the mental representations of multiple informants, situated at differing vantage points within and between organizations in the same industrial sector, are assessed repeatedly over time. As noted elsewhere (Hodgkinson, 1997a, 2001a, 2001b; Hodgkinson & Sparrow, 2002), such studies would enable researchers to explore the extent to which, under what circumstances, and over what time scales and with what effect, actors' mental representations of competition converge, diverge, stabilize, and change. Unfortunately, however, with the notable exception of Lant (1999) and Lant and Phelps (1999), the vast majority of North American researchers who have investigated the social construction of interorganizational rivalry have implicitly or explicitly assumed away the significance of such variations in cognition, treating them as a source of unwanted error variance, and

focused, instead, on the commonly reported perceptions and beliefs of top managers, typically the CEO, exemplified by the following remarks of Peteraf and Shanley (1997, pp. 167–168):

> When a firm is led by a single top decision maker, as many small firms are, the cognitive processes of the CEO are arguably the same as those of the firm. This is because although the firm may be composed of many individuals, the CEO has full responsibility for scanning the environment and charting a course of action for the firm. Few would dispute that a cognitive analogy from individuals to firms is applicable in such a circumstance . . . More often, however, a firm is managed by a top management team that exercises collective decision-making. In this case, the team may be characterized as a collective actor with cognitive capabilities if group-level processes . . . allow team members to reconcile their cognitive differences and make decisions in a relatively unified and consistent manner . . . When the top management team is relatively homogeneous and when there is continuity of management, it is even more reasonable to view the firm as a collective cognitive actor.

This line of reasoning is predicated upon an implied level of microcultural consensus within the firm that is highly questionable (Floyd & Wooldridge, 2000; Wooldridge & Floyd, 1989). In fact, a considerable volume of theory and research emanating from the United Kingdom and wider continental Europe has identified a number of potentially significant sources of variation in mental representations of competitive space among individuals and subgroups within and between organizations inhabiting particular industries and markets. This body of work is entirely commensurate with Lant and Phelps's (1999) situated learning perspective, and in our view it forms the basis for advancing a much richer and complex counter-conception of the

determinants and consequences of interorganizational macrocultures.

THE CASE FOR MULTILEVEL RESEARCH: A EUROPEAN PERSPECTIVE

Drawing on classic work at the intersections of strategy and organization theory (e.g., Bower, 1972; Hedberg & Jonsson, 1977; Pettigrew, 1973, 1985; Pfeffer, 1981a, 1981b), Hodgkinson and Johnson (1994) argued that developing an adequate explanation of how organizations respond both individually and collectively to competitive pressures demands a more nuanced appreciation of the interplay of social, political, and cultural processes within and between organizations. A number of writers have demonstrated that there exist sets of relatively common assumptions related to different contexts. Strategists are likely to be influenced by, and interact with, all of these frames of reference (Huff, 1982). As depicted in Figure 16.3, these exist at the organizational level (Bartunek, 1984; Johnson, 1987, 1988; Laughlin, 1991; Pfeffer, 1981a; Prahalad & Bettis, 1986; Sheldon, 1980) and, as acknowledged above, at the industry level (Grinyer & Spender, 1979; Spender, 1989). However, the diversity of frames of reference upon which strategists draw goes still wider than the organizational or industry level. For example, there is evidence that national culture affects strategists' interpretations and responses to strategic issues (Schneider & De Meyer, 1991) and their perceived control of the environment and strategic behavior (Hofstede, 1980; Kagono, Nonaka, Sakakibara, & Okumura, 1985). There are also within-organization influences. At the level of functional groups (e.g., marketing, finance, production), for example, there are functionally specific belief systems that color group members' perceptions of issues
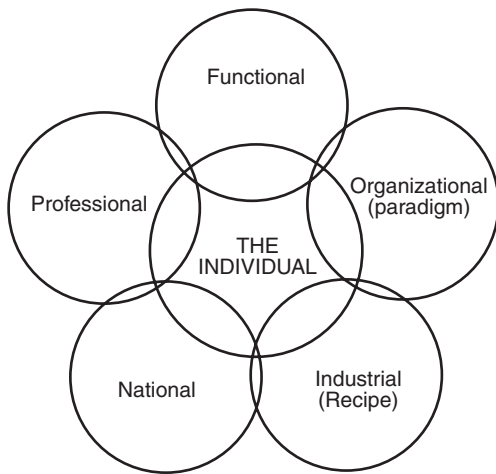
Figure 16.3 Frames of Reference of Strategists

SOURCE: G. P. Hodgkinson & G. Johnson (1994). Exploring the mental models of competitive strategists: The case for a processual approach. *Journal of Management Studies, 31*, 525-551. ©Blackwell publishers Limited. Reproduced by kind permission of the publisher.

(Dearborn & Simon, 1958; Handy, 1985). Moreover, it has been argued that managers' views of the world are shaped at least in part by their career backgrounds (e.g., Gunz, 1989; Hambrick & Mason, 1984; Whitley, 1987). Finally, there are various individual-level frames of reference that may influence the way in which strategists perceive their competitive environments (Markus, 1977; Markus & Nurius, 1986; Markus & Wurf, 1987). Arguably, the primary reason for this diversity of cultural frames is that actors in different roles face different environmental contingencies, at least in terms of context, function, and level of responsibility (Lawrence & Lorsch, 1967).

In sum, Hodgkinson and Johnson's (1994) analysis suggests that any actor or group of actors draws on a series of frames of reference to make sense of their world. There is a continual interplay between the individual, the context in which he or she operates, the

frames of reference related to those contexts, and the political and social processes at work. Understanding the development and evolution of interorganizational macrocultures thus requires an appreciation of how these diverse frames of reference are reconciled within and between organizations. To the extent that this line of theorizing is correct, as a first step to validating it, it should be possible to detect meaningful patterns of difference and similarity in the structure and content of strategic actors' mental models of competitive space within the same industrial sector. In keeping with this line of reasoning, a number of predominantly U.K. and European studies have uncovered such patterns (see, e.g., Bowman & Johnson, 1992; Calori, Johnson, & Sarnin, 1992, 1994; de Chernatony, Daniels, & Johnson, 1993; Daniels, Johnson, & de Chernatony, 1994; Hodgkinson & Johnson, 1994). Ironically, however, it was a North American study of the Chicago banking industry that first uncovered findings in keeping with the arguments of this chapter for a more nuanced, multilevel conception of the development and evolution of macrocultures:

A surprisingly low level of agreement as to the important strategic dimensions was found in this industry . . . The results shown do not support the proposition that key strategic dimensions will be widely shared by strategists in an industry. . . It may be that subgroups of strategists in the industry share more commonality of dimensions than exhibited by the group as a whole. In particular, two subgroups are likely to share more commonality. First, members of the same BHC [bank holding company] might be expected to share more common dimensions because they interact more often with each other and are more likely directly to discuss competitors' strategies and key strategic dimensions in the industry. Second, strategists

who share similar functional or product backgrounds are likely to share common dimensions because their training and experiences are similar and these may have shaped their cognitive constructive systems in similar ways. (Reger, 1990, pp. 77–79)

Further evidence pointing to the need for a more nuanced understanding of intra- and interorganizational influences on strategic actors' representations of competitor definition was obtained in U.K. studies of the off-shore pumps (de Chernatony et al., 1993; Daniels et al, 1994) and grocery retail (Hodgkinson & Johnson, 1994) industries. In the offshore pumps study, the revealed mental models of managers from differing functional backgrounds and organizations were compared directly. As in Reger's (1990) investigation of Chicago banks, the findings suggested considerable variation among the participants in terms of their views of the way in which the industry was structured. However, in keeping the various arguments outlined above concerning the potential importance of organizational and functional frames of reference, the results also indicated that managers within particular organizations shared more similar views than managers across organizations. Furthermore, managers within particular functional areas were found to be more similar in their views than managers across functional areas. The grocery retail sector study uncovered evidence of systematic variations in the structural complexity of actors' mental models of competition, which seemed to reflect key differences in the job demands of the informants.

Another study that lends credence to our call for a more nuanced appreciation of the determinants and consequences of interorganizational macrocultures is P. Johnson, Daniels, and Asch's (1998) study of the international automotive industry. On the basis of three separate sets of analysis, focusing on the competitors named by the participants, the number of constructs they employed,

and a content analysis of these constructs, P. Johnson and her colleagues concluded that there was little evidence of industry-, organizational-, or even group-level homogeneity in the knowledge structures that the managers held of their competitive environments. P. Johnson et al. (1998) attributed the variations between the pattern of findings observed in this study and those of the aforementioned offshore pumps and grocery retail sector studies to differences in analytic focus. The latter studies compared the content and structure of participants' cognitive maps, whereas P. Johnson and her colleagues confined their attention to an analysis of the content of their participants' cognitive maps. More generally, in a series of reviews, Hodgkinson (1997a, 2001a, 2001b, 2002, 2005) has identified a number of salient methodological differences across this group of studies as a whole, such that variations in the extent of individual, group, organizational, and interorganizational homogeneity versus heterogeneity observed from one study to another are confounded (see also Hodgkinson & Sparrow, 2002).

As argued by Hodgkinson (1997a), a common methodological limitation associated with virtually all of the studies reviewed in this section is that they have employed idiographic knowledge elicitation techniques, which necessitate extensive interactions between the researcher and participant. During the course of these interactions, there is ample opportunity for a range of factors associated with the dynamics of the interview (chiefly, the length of the interview and the behavior of the interviewer and interviewee) to influence the extent to which more or less elaborated cognitive maps are elicited. Consequently, it is difficult to ascertain the extent to which the observed differences in cognition are due to the characteristics of the industry under study, the characteristics of the individual participants and participating organizations, or the research methods employed to gather

and analyze the data. These problems notwithstanding, sufficient evidence has accumulated overall to support the basic argument for a program of comparative work, with a view to identifying on a more thorough and systematic basis the relative influence of task, organizational, and extra-organizational influences on the development and evolution of interorganizational macrocultures.

EXPLORING THE INTERPLAY OF MACROCULTURAL AND INTRA-ORGANIZATIONAL INFLUENCES ON COMPETITOR DEFINITION

In the final analysis, both sets of theory and research outlined in this chapter must ultimately be reconciled if a truly comprehensive understanding of the dynamics of interorganizational macrocultures is to be developed (see also Sutcliffe & Huber, 1998). Theories emphasizing the primacy of institutional forces such as mimetic adoption (e.g., Grinyer & Spender, 1979; Lant & Baum, 1995; Peteraf & Shanley, 1997; Porac et al., 1989; Spender, 1989) suggest that managerial mental models within the same industry sector should move toward convergence at the level of the industry, strategic group, managerial function, and rank. Theories asserting the primacy of the competitive or task environment (e.g., Daniels et al., 1994; Hodgkinson & Johnson, 1994), on the other hand, predict that a divergence of cognition should emerge between organizations, between management functions, and among managers of differing levels of seniority.

One study that attempted to reconcile the above explanations was conducted by Daniels, Johnson, and de Chernatony (2002). They sought to delineate the relative contributions of task and institutional influences as determinants of managerial representations of competitive industry structures in the U.K. financial services industry. Building upon both the North American and U.K.-European streams of theory and research outlined above, Daniels and his colleagues used the least squares dummy vectors approach to multiple regression (Cohen & Cohen, 1983) to explore the relative contribution of managerial function, level of seniority, organizational membership, and the interaction effects of these variables on the overall levels of belief similarity versus dissimilarity across a diverse sample of participants. Interestingly, the overall pattern of findings suggested that neither task nor institutional explanations were inherently superior in accounting for participants' perceptions of this particular industry. Although there was some evidence that the institutional environment exerts significant influence (primarily through a convergence of mental models among middle managers across the industry), there was also evidence of significant task influences. In particular, a number of significant differences emerged across organizations, with greater differentiation among senior managers. In exploring the relative contributions of task and institutional forces, this study undoubtedly broke new ground by bringing into a unified framework the hitherto largely disparate streams of theory and research reviewed in this chapter. Unfortunately, however, as argued elsewhere (Hodgkinson, 2002), the methodological criticisms leveled against the studies reviewed in the previous section are no less applicable in the case of this particular study. In addition to the potentially biasing demand characteristics arising from the idiographic knowledge elicitation task employed by Daniels et al. (2002), the subsequent procedure adopted to assess the main dependent variable of overall levels of belief (dis)similarity may well also have biased the results obtained in favor of the substantive hypotheses under test.

It is somewhat curious that none of the studies reviewed thus far have adopted multiwave, multilevel longitudinal research designs,

of the sort required ultimately to arbitrate between the competing theories regarding the homogenizing tendencies and inertial properties of interorganizational macrocultures (cf. Hodgkinson, 1997a). One notable exception in this respect is Hodgkinson's (1997b, 2005) prospective longitudinal study of the U.K. residential estate agency industry. This industry is ideal for competitively testing the validity of the competing claims of the various theories summarized above because it comprises a dense network of actors with strong, multilevel interdependencies that cross organizational boundaries. Using a weighted, three-way multidimensional scaling technique, Hodgkinson (1997b) found that a two-dimensional group space configuration (quality x market power) was sufficient both conceptually and statistically to meaningfully represent the perceptions of a sample of 206 participants drawn from 58 organizations (see Figure 16.4). Further detailed analyses (reported in Hodgkinson, 2005) found virtually no differences between this basic two-dimensional

Key:
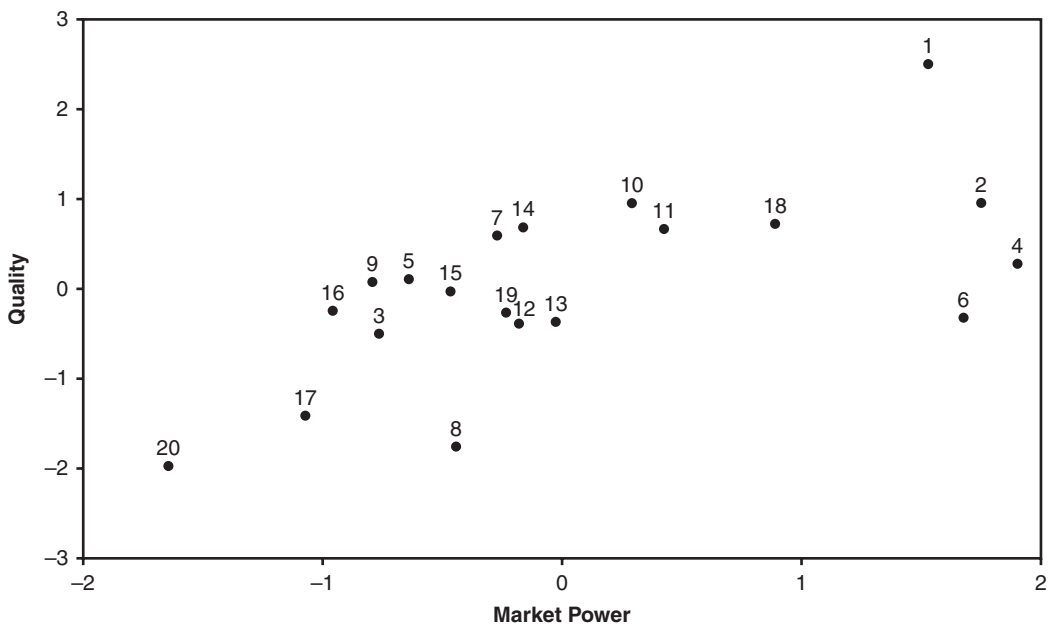
1. My Business
2. My Major Competitor
3. A Solicitor Agent
4. An Estate Agent Owned by a Building Society
5. A Traditional Estate Agent
6. An Estate Agent Owned by an Insurance Company
7. An Estate Agent Offering a Professional Service
8. An Estate Agent with a Poor Reputation
9. An Estate Agent with Chartered Surveyor Status
10. An Estate Agent Specialising in Exclusive Property
11. An Estate Agent Specialising in Commercial and Industrial Property
12. An Estate Agent Specialisng in Residential Property
13. A Secondary Competitor
14. An Estate Agent with a Good Reputation
15. A Diversified Estate Agent
16. An Independent Estate Agent
17. An Inferior Competitor
18. A Very Successful Estate Agent
19. A Moderately Succesful Estate Agent
20. An Unsuccessful Estate Agent

Figure 16.4   The Two-Dimensional Group Space Representation of the 20 Estate Agency Categories for the Full Sample of Respondents at T1 (N = 206; Stress = 0.212; RSQ = 0.846)

SOURCE: G. P. Hodgkinson (1997b). Cognitive inertia in a turbulent market: The case of UK residential estate agents. *Journal of Management Studies, 34*, 921-945. ©Blackwell publishers Limited. Reproduced by kind permission of the publisher.

model and separate configurations derived for various organizational and functional subgroups. Accordingly, Hodgkinson (2005) concluded that his study provided a powerful demonstration of industry-wide competitive beliefs overwhelming more micro-level forces for intergroup belief divergence (cf. Calori et al., 1992; de Chernatony et al., 1993; Daniels et al, 1994; Hodgkinson & Johnson, 1994; P. Johnson et al., 1998; Reger, 1990). Furthermore, a comparison of the configuration depicted in Figure 16.4 with one derived from follow-up data gathered some 12 to 18 months later revealed that participants' perceptions of the competitive environment had remained remarkably consistent, despite overwhelming objective evidence of a highly significant downturn in the domestic housing market from time 1 to time 2. Accordingly, Hodgkinson (1997b, 2005) concluded that his study also offered strong support for the cognitive inertia hypothesis.[1]

As noted by Hodgkinson (2002, 2005), with a little imagination on the part of future researchers, his three-way scaling procedure could easily be adapted to facilitate the rigorous investigation of actors' mental representations of a range of strategic issues and problems. The primary advantage of this approach lies in its inherent flexibility, being suitable for the detection of both convergence versus divergence and stability versus change in actors' belief structures. Furthermore, as demonstrated, it enables large-scale, multi-level comparisons without the need to resort to cumbersome, post hoc coding procedures.

SUMMARY, IMPLICATIONS, AND DIRECTIONS FOR FUTURE RESEARCH

The overriding theme running throughout this review of the literature is that to understand the dynamics of interorganizational macrocultures, it is essential to consider forces at multiple levels of analysis—from the individual to the group, organizational, interorganizational, and (even inter-) industry levels. Yet attempts to model either theoretically or empirically how these multilevel forces interact are noticeable only by their absence. Hence, this section assesses the prospects for developing a more nuanced, cross-level understanding of the emergence, evolution, and transformation of macrocultures.

As indicated above, the evidence for the prevalence of homogenous macrocultures of competition is shaky at best. Although research in the North American tradition has emphasized industry belief convergence, another body of (mainly U.K. and European) research has demonstrated considerable divergence in competitor definition within and between organizations competing in the same industrial sectors. Hence, something of an impasse has been reached: how can there be at once both apparent agreement on the basis of competition between firms, but also explicit disagreement between individuals within a given firm? Earlier, we suggested that one explanation for this paradox is largely methodological, with nomothetic methods tending to show convergence and idiographic methods tending to show divergence. The idea that divergence is a methodological artifact suggests that error variance or a mere measurement effect may be responsible for the mixed patterns of findings observed from one study to another. But this is only part of the story. Although key actors and organizations do behave in a way that seemingly demonstrates the type of convergence characterized by Abrahamson and Fombrun (1994), one does not need to scratch too far below the surface to observe clear and real signs of belief heterogeneity. Indeed, whenever researchers have looked for it, they have tended to find divergence. What, then, other than methodological factors, might explain this state of affairs? One possibility is that the discrepancy in findings

is due largely to differences between what individuals and collectives say they do (i.e., inferring macrocultures from ostensive statements) and what they actually do in context (i.e. inferring macrocultures from performative action). However, the situated, interactional perspective outlined in this chapter favors a richer explanation, one that depicts competing forces for convergence versus divergence across levels of analysis.

Clearly, at each level of analysis there are sets of competing forces that variously drive individuals and collectives toward belief convergence and divergence. At the interorganizational level, while some firms strive for advantage by carving out a niche, others seek legitimacy from conformance. Deephouse's (1999) theory of strategic balance highlights the fundamental imperative for successful enterprises to strike the appropriate balance between fitting in with the established industry recipe and standing out from the crowd by differentiating themselves. At the individual level, while some decision makers seek security in adhering to the status quo views of the prevailing macroculture, others challenge that view in an attempt to gain the high ground within their organizations and beyond. Some key individuals are able to step outside a given macrocultural belief system to articulate an alternative conception of the competitive field. Indeed, these are the very individuals, often located on the periphery of the dense, centralized value-added networks that give rise to industry-wide homogeneity and inertia, who typically drive forward macrocultural changes by constructing and selling new visions of technologies and competitive practices (cf. Levenhagen et al., 1993; Lant & Phelps, 1999). To transform the extant macroculture, these exceptional leaders must procure the necessary material resources and attract like-minded individuals, mobilizing their support for the novel ideas and innovative practices they

are seeking to legitimate, thereby altering the dynamics of competition. However, operating against these change agents are the many individuals and groups who have so much invested in the extant macroculture that they will continue to enact the old worldview. Hence, the transformation of macrocultures is a nonlinear process, involving iterative cycles that eventually result in a new negotiated order.

The above analysis raises two important issues for the future advancement of theory and research. First, how exactly are particular individuals and collectives able to play the critical macrocultural frame-breaking role alluded to above? What are the traits of these entrepreneurial visionaries and what external forces enable and constrain their activities? Second, how should scholars best model cross-level interactions among the various forces that have been identified above as the potential drivers of macrocultural homogeneity versus heterogeneity and inertia versus change?

Industry Leadership and the Individual-Level Drivers of Macrocultural Change

At the individual level, an intriguing question deserving of sustained inquiry concerns the psychological characteristics of industry frame-breaking entrepreneurs. Equally pressing is the need to gain an understanding of the profile of those individuals who perpetuate cognitive inertia on an industrial scale. Although one set of personal characteristics is likely associated with conforming to prevailing macrocultural beliefs, such as the need for closure (Kruglanski & Webster, 1996) and for affiliation (McGhee & Teevan, 1967), another set likely facilitates frame-breaking behavior and belief divergence, such as transformational leadership (Bass & Riggio, 2006) and need for cognition (Cacioppo, Petty, Feinstein, & Jarvis, 1996). Although it is

known that industry leaders are frame breakers and frame makers, little is known about the psychological or behavioral competencies that underpin this crucial function. Without such understanding, it is difficult to build mechanisms for sustaining and developing these competencies in a way that reduces the likelihood of industry inertia and decline.

One particular line of argument suggests that a set of core beliefs concerning agency-determinism is important for understanding the role individuals play in the redefinition of interorganizational macrocultures (Hodgkinson, 2005). It is well known that differences in locus of control (Rotter, 1966)—the extent to which individuals generally perceive events to be primarily controlled by their own actions or caused by external forces beyond their grasp—governs the extent to which they also view themselves as shapers of, or hostages to, their firms' strategic activities (Carpenter & Golden, 1997; Miller, Kets De Vries, & Toulouse, 1982). Applying this same logic to macrocultures, locus of control beliefs, especially control expectancies pertaining to the specific domain of strategic management, that is, strategic locus of control (Hodgkinson, 1992, 1993), should influence the extent to which actors see themselves and their organizations as mere passengers, swept along by the ebb and flow of the prevailing industry dynamics, or as architects, shaping the future structure, conduct, and performance of the enterprise and its wider environment.

However, beyond the basic finding that companies whose CEOs are possessed with a strong sense of internality are more innovative in the marketplace, with a tendency to lead rather than to follow competitors (Miller et al., 1982), there has been little empirical study of this phenomenon. One exception is Hodgkinson's (2005) basic correlation analysis of the links between actors' strategic control expectancies, environmental scanning behaviors, mental models of competitor definition, and perceptions of the strategy, structure, and performance of their organizations or pertinent organizational subunits. Many intriguing questions remain unanswered: not least, the question of how the collective balance of strategic control expectancies within and across organizations might alter the evolutionary dynamics of interorganizational macrocultures more generally (cf. Hodgkinson, 1993). Is it the case that ceteris paribus firms with executive teams containing a majority of members high in internal locus of control are more likely to articulate new industry categories and develop innovations that challenge traditional market boundaries? What are the prospects when the composition is more mixed? More generally, what is the requisite mix of behavioral traits within strategy making teams that ultimately enable firms to strike the appropriate balance between fitting in and standing apart as articulated by Deephouse (1999) in his strategic balance theory? Beyond such basic demonstrations of effect lie questions regarding the most appropriate way to conceptualize individual differences in agentic versus deterministic control beliefs. Detecting the effects in question will depend in no small part on operationalizing constructs at the appropriate level of granularity. A noteworthy tension in this connection is the question of whether research should focus on narrow, intermediate, or broadband constructs (Hodgkinson & Healey, 2008a). Broadband conceptions, exemplified by the five-factor model of personality (e.g., Digman, 1990; Goldberg, 1993) and associated instruments for the assessment of the Big Five traits of extraversion, emotional stability, openness, agreeableness, and conscientiousness (e.g., Costa & McCrae, 1992; Gill & Hodgkinson, 2007) offer an elegant high-level summary of variables relating to control expectancies but may miss the nuances that narrow-band conceptions (e.g., locus of control and self-efficacy) enjoy in predicting

specific culture-shaping behaviors. In future, intermediate-level constructs such as core self-evaluation (combining self-esteem, self-efficacy, locus of control, and emotional stability) may represent one potential means of optimizing this trade-off (Hiller & Hambrick, 2005).

A further aspect of understanding the micro-level origins of macrocultural transformation concerns the social, political, and interpersonal cognitive dynamics of this process. Clearly, no one individual stands a chance of transforming a macroculture on his or her own. Sensemaking researchers have made great strides in exploring the cognitive and sociopolitical processes through which actors break down existing frames, articulate new ones, and mobilize support for those new conceptions within firms (e.g., Fiol, 1994). A valuable extension to this line of work would be to examine the specific influence processes analogous to sense-breaking and sensegiving detected within organizations (e.g., Pratt, 2000; Maitlis, 2005) at the industry level. Precisely how do firms and groups of firms successfully challenge extant models of competition, use appropriate language and cultural devices to articulate new product categories, and persuade others of the value of novel industry practices?

Modeling the Multilevel Determinants and Consequences of Macrocultures

Perhaps the most fascinating aspect of macrocultures concerns the competing views on industries as top-down shapers of the mindsets of constituent organizations versus organizations as bottom-up shapers of industry logics. As noted above, the prevailing view is still one of industry assumptions shaping intra-organizational microcultures, and research from various perspectives has overwhelmingly sought to validate this assumption (see also Gordon, 1991). An

alternative way to characterize this dynamic is to view it as a multidirectional, multilevel battle of wills, a contestation of agency versus structure fought between actors and institutions via a series of top-down and bottom-up influence processes. But progress in building such a nuanced understanding has been slow, largely because empirical analyses of the sophistication ultimately required for modeling the interplay among the various forms of individual, sociopolitical, and cultural influences identified throughout this chapter have been in short supply. Part of the reason for this shortfall is methodological. It is relatively easy to stand back and identify in a retrospective manner shared beliefs once an industry has reached a certain degree of convergence—the signs of homogeneity are everywhere. But it is more difficult to identify pockets of culture-breaking innovation in a prospective manner and then track the diffusion of the new logics of competition over time.

Although the literature reviewed in this chapter has centered primarily on cultures of competition, it is worth noting that there have been several attempts to broaden the analysis of mindsets pertaining to the external business environment, so as to encompass a range of additional issues and problems. Phillips's (1994) analysis of shared industry mindsets among organizations within the fine arts museums and Californian wine industries, for example, revealed that informants' shared beliefs within each industry were not restricted to competition per se; rather, they also shared common views regarding issues as varied as "the nature of truth," "the purpose of work," and "the nature of work relationships." Her overall analysis supports the basic arguments presented in this chapter concerning the idea that "a multiplicity of dynamic, shared mindsets exists within an organization's environment" (Phillips, 1994, p. 384). More recently, Tyler and Gnyawali (2009) examined actors' beliefs pertaining to

the broader notion of customer orientation in addition to those pertaining to competitor activity, albeit within the confines of a single organization, a subsidiary of a major multinational food company. The idea at the heart of this chapter that multiple cultural mindsets coexist within and between industries raises fundamental new questions about their potential interrelationships. Phillips's (1994) study, for example, suggests that the broader social and ideological beliefs shared within a given industry influence the way that actors view competition. The fundamental belief held in both the wine and arts museums industries that the respective products and services in question constituted a superior means of enhancing the human condition led to a view of competition in each case that transcended industry-specific categories. More particularly, the core idea shared widely within the museums industry that their services provided enlightenment to the masses perpetuated the view that museums were competing with less worthy leisure activities (e.g., amusement arcades). Similarly, the idea that wine provides more sophisticated sensory satisfaction led to the view held widely within the wine industry that it is competing with the liquor and beer industries. Further research on how multiple industry mindsets interact in this manner will surely provide a broader understanding of the origins and dynamics of macrocultures beyond competition per se.

One obvious domain of activity that could be further incorporated within a broader conception of interorganizational macrocultures is the domain of security and risk. From a policy-making and practitioner perspective, as well as for the purposes of theory extension, it would be helpful to know to what extent and in what ways the insights generated from the macrocultural analysis of competitive dynamics shed light on the increasingly pressing problem of how organizations within and between industries construe and collectively respond to the threats of terrorism and organized serious crime. Emerging work in the domain of risks pertaining to the use of information technology in the workplace (e.g., Coles & Hodgkinson, 2008), for instance, suggests that the homogenizing and inertial effects of interorganizational macrocultures are likely no less prevalent in this domain.

In more general terms, relatively little is known about the effects of industry network characteristics on the development of macrocultures. Abramson and Fombrun (1994) argued persuasively that network characteristics would affect divergence and convergence processes, but empirical study has been slow to emerge. Nobody has yet undertaken the comparative longitudinal studies required to demonstrate that differences in industry structure (e.g., in network density, regulatory activity, and interfirm transactions) do, indeed, lead to strong versus weak macrocultures. Recent developments in social network analysis have put researchers in a better position to first characterize the morphology of discrete collectives of organizations and then to structurally locate particular actors within them, as a precursor to the comparative analysis of the structure and content of mental models of competition. In terms of the origins of macrocultural innovation, it would appear that the field can learn much from the activities of influential outliers—those network outsiders who, paradoxically, are often at the heart of industry innovation.

It should be apparent by now that methodological challenges are a major barrier to the kind of empirically driven, cross-level understanding of macrocultures that has been alluded to in this chapter. Four specific empirical desiderata for future research have been identified: (1) the gathering of multiwave longitudinal data to enable trend analysis, (2) a widening of the net to capture both a greater sample of firms and firm subgroups within a given industry (e.g., at different points in the value chain) and

a wider array of respondents (i.e., beyond the top team) within individual firms, (3) the simultaneous capture of exogenous independent variables at different levels of analysis as potential predictors of homogeneity versus heterogeneity, and (4) an assessment of dependent variables relating to strategic inertia and adaptation, both at the industry and firm levels. It is encouraging that researchers are beginning to make progress toward some of these goals. Ng, Westgren, and Sonka's (2009) recent study is exemplary in its use of relatively large numbers of respondents to demonstrate belief heterogeneity in perceptions of competition between actors located at different points in an industry's value chain. However, the gold standard envisaged in this chapter requires a considerably larger program of research, perhaps on the scale of the Global Leadership and Organizational Behavior Effectiveness (GLOBE) project— the much-lauded, multiphase, cross-national study of the interrelationships between societal culture, organizational culture, and organizational leadership (House, Hanges, Javidan, Dorfman, & Gupta, 2004). The adoption of multilevel modeling techniques (Klein & Kozlowski, 2000) to examine the relative and interacting influence of variables at the different levels of analysis highlighted above would similarly be a significant step forward in understanding the nature and influence of macrocultures.

One potentially profitable way to circumvent some of the challenges associated with the fundamental requirement for large-scale data sets to resolve the various competing claims outlined above is to analyze simulated or secondary data. D. R. Johnson and Hoopes (2003) have recently demonstrated the value of mathematical modeling with simulated data. Their analysis suggests that the interaction between cognition and economic industry structure can account for the seemingly conflicting findings regarding the formation and evolution of macrocultural

beliefs. When firms attend to only a small set of competitors, beliefs within a focal cluster of firms homogenize. Hence, when competitive pressure is localized and information search is costly, managers across an industry will tend to hold different beliefs about that industry. The field awaits cross-validation of these potentially important insights using real industry data. In the meantime, the analysis of documentary sources such as industry association reports and the annual reports of constituent firms (e.g., Kabanoff & Brown, 2008; Nadkarni & Barr, 2008; Osborne, Stubbart, & Ramaprasad, 2001) provides a potentially valuable means of assessing the development and consequences of macrocultures over time, without having to resort to the gathering of primary data through numerous face-to-face interviews and potentially lengthy questionnaires. Indeed, this type of method seems particularly appropriate for capturing the artifacts of macrocultural cognition, as opposed to the idiosyncratic personal beliefs of individual actors (cf. Hodgkinson & Sparrow, 2002).

CONCLUDING REMARKS

The chaos caused by the ongoing global banking crisis has heightened the need to refine understanding of the origins and dynamics of interorganizational macrocultures. Recent events illustrate dramatically why a more nuanced, multilevel appreciation of cultural influences on the behavior of collectives of organizations is of crucial importance, not only for the advancement of scholarly theory and research, but also for managing the myriad of individual, group, organizational, and interorganizational processes that variously shape and reinforce the collective beliefs and behaviors of mass populations of actors and firms. Despite numerous interventions on the part of world leaders to mediate the ongoing crisis, the bonus culture, which

ultimately underpins the reluctance on the part of banks and related financial services companies to release the loans demanded by businesses and consumers to stimulate the global economy, has continued apace. There have been very few discernible changes in the behavior of individual bank employees and their organizations. On the contrary, beliefs and practices have converged to such an extent that the various institutions in this sector have fallen foul of an industry-level blind spot so powerful that those employed to lead and govern are incapable of comprehending, let alone responding to, the high levels of anger and sense of moral outrage on the part of ordinary citizens (cf. Stiglitz, 2010). Macrocultural inertia is preventing wholesale changes to the way in which executives and employees alike are compensated for their efforts.

When viewed through the lens of macrocultural theory and research, recent events raise several dilemmas for policy makers and industry leaders. What role might regulators play in alleviating and/or intensifying macrocultural inertia? Applying the logic of requisite variety (Ashby, 1958), a certain degree of intra-industry variation in perceptions of competition and competitive structure might help to alleviate the natural tendency toward inertia-inducing homogeneity. Industries, like organizations, must balance the need for cognitive convergence with the need for requisite cognitive variety. Although competitive and market forces might generally stimulate such a balance, recent events illustrate that sometimes that balance slips. Although many regulatory practices likely inculcate homogeneity in the understanding of industry norms and practices, the foregoing analysis suggests that there may be a place for regulatory intervention to stimulate variations in mental models of competition. Techniques such as scenario analysis might be valuable here, serving an analogous purpose at the industry level to that served at the intra-organizational level—that is, the stimulation of adaptive cognitive change among key individuals and groups (see Healey & Hodgkinson, 2008; Hodgkinson & Healey, 2008b). Similarly, given that industry leaders play an important part in bolstering the responsiveness of industries, there may be adequate justification for even greater regulatory support for industry through leadership. Understanding these critical roles is just one of a number of important undertakings for future research on the development and consequences of interorganizational macrocultures.

NOTES

1. For the sake of completeness, it should be noted that further analyses revealed marked variations at the individual level in the relative salience of these commonly perceived market power and quality dimensions. A comparison of the participant source weight ratios, a variable derived to capture individual differences in dimensional salience, revealed no significant differences across the time 1 and time 2 datasets, thus lending further support to the cognitive inertia hypothesis. Additional work reported in Hodgkinson (2005) beyond the scope of this chapter found meaningful correlations between these ratios and a number of pertinent attitudinal and behavioral variables including locus of control, environmental scanning, and the participants' perceptions of the strategy, structure, and performance of their organizations or pertinent organizational subunits.

REFERENCES

Abrahamson, E., & Fombrun, C. J. (1994). Macrocultures: Determinants and consequences. *Academy of Management Review, 19,* 728–755.

Araujo, L. (1998). Knowing and learning as networking. *Management Learning, 29,* 317–336.

Ashby, W. R. (1958). Requisite variety and its implications for the control of complex systems, *Cybernetica, 1,* 83–99.

Ashforth, B. E., & Mael, F. (1989). Social identity theory and the organization. *Academy of Management Review, 14,* 20–39.

Bandura, A. (1986). *Social foundations of thought and action: A social cognitive theory.* Englewood Cliffs, NJ: Prentice Hall.

Bartunek, J. M. (1984). Changing interpretive schemes and organizational restructuring: The example of a religious order. *Administrative Science Quarterly, 29,* 355–372.

Bass, M. B., & Riggio, E. G. (2006). *Transformational leadership* (2nd ed.). Mahwah, NJ: Lawrence Erlbaum.

Berger, P. L., & Luckmann, T. (1967). *The social construction of reality.* Harmondsworth, UK: Penguin.

Borgatti, S. P., Everett, M. G., & Freeman, L. C. (1992). *UCINET IV Version 1.0.* Columbia, SC: Analytic Technologies.

Bower, J. L. (1972). *Managing the resource allocation process: A study of corporate planning and investment.* Homewood, IL: Irwin.

Bowman, C., & Johnson, G. (1992). Surfacing competitive strategies. *European Management Journal, 10,* 210–219.

Cacioppo, J. T., Petty, R. E., Feinstein, J. A., & Jarvis, W. B. (1996). Dispositional differences in cognitive motivation: The life and times of individuals varying in need for cognition. *Psychological Bulletin, 119,* 197–253.

Calori, R., Johnson, G., & Sarnin, P. (1992). French and British top managers' understanding of the structure and dynamics of their industries: A cognitive analysis and comparison. *British Journal of Management, 3,* 61–78.

Calori, R., Johnson, G., & Sarnin, P. (1994). CEOs' cognitive maps and the scope of the organization. *Strategic Management Journal, 15,* 437–457.

Carpenter, M. A., & Golden, B. R. (1997). Perceived managerial discretion: A study of cause and effect. *Strategic Management Journal, 18,* 187–206.

Caves, R. E., & Porter, M. E. (1977). Entry barriers to mobility barriers: Conjectural decisions and contrived deterrence to new competition. *Quarterly Journal of Economics, 91,* 241–261.

Cohen, J., & Cohen, P. (1983). *Applied multiple regression/correlation analysis for the behavioral sciences* (2nd ed.). Hillsdale, NJ: Lawrence Erlbaum.

Coles, R., & Hodgkinson, G. P. (2008). A psychometric study of information technology risks in the workplace. *Risk Analysis, 28,* 81–93.

Costa, P. T., & McCrae R. R. (1992). *The NEO PI-R professional manual.* Odessa, FL: Psychological Assessment Resources.

Daniels, K., Johnson, G., & de Chernatony, L. (1994). Differences in managerial cognitions of competition. *British Journal of Management, 5,* 21–29.

Daniels, K., Johnson, G., & de Chernatony, L. (2002). Task and institutional influences on managers' mental models of competition. *Organization Studies, 23,* 31–62.

Dearborn, D. C., & Simon, H. A. (1958). Selective perception: A note on the departmental identifications of executives. *Sociometry, 21,* 140–144.

de Chernatony, L., Daniels, K., & Johnson, G. (1993). A cognitive perspective on managers' perceptions of competition. *Journal of Marketing Management, 9,* 373–381.

Deephouse, D. L. (1999). To be different, or to be the same? It's a question (and theory) of strategic balance. *Strategic Management Journal, 20,* 147–166.

Digman, J. M. (1990). Personality structure: Emergence of the five factor model. *Annual Review of Psychology, 41,* 417–440.

DiMaggio, P. J., & Powell, W. W. (1983). The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields. *American Sociological Review, 48,* 147–160.

Fiol, C. M. (1994). Consensus, diversity, and learning in organizations. *Organization Science, 5,* 403–420.

Floyd, S. W., & Wooldridge, B. (2000). *Building strategy from the middle: Reconceptualizing strategy process.* Thousand Oaks, CA: Sage.

Gill, C. M., & Hodgkinson, G. P. (2007) Development and validation of the five-factor model questionnaire (FFMQ): An adjectival-based personality inventory for use in occupational settings, *Personnel Psychology, 60,* 731–766.

Goldberg, L. R. (1993). The structure of phenotypic personality traits. *American Psychologist, 48,* 26–33.

Gordon, G. G. (1991). Industry determinants of organizational culture. *Academy of Management Review, 16,* 396–415.

Grinyer, P., & Spender, J.-C. (1979). Recipes, crises and adaptation in mature businesses. *International Studies of Management and Organization, IX,* 113–123.

Gripsrud, G., & Gronhaug, K. (1985). Structure and strategy in grocery retailing: A sociometric approach. *Journal of Industrial Economics, XXXIII,* 339–359.

Gunz, H. (1989). *Careers and corporate cultures: Managerial mobility in large corporations.* Oxford, UK: Basil Blackwell.

Hambrick, D. C., & Mason, P. A. (1984). Upper echelons: The organization as a reflection of its top managers. *Academy of Management Review, 9,* 193–206.

Handy, C. B. (1985). *Understanding organizations* (3rd ed.). Harmondsworth, UK: Penguin.

Healey, M. P., & Hodgkinson, G. P. (2008). Troubling futures: Scenarios and scenario planning for organizational decision making. In G. P. Hodgkinson & W. H. Starbuck (Eds.), *Oxford handbook of organizational decision making* (pp. 565–585). Oxford, UK: Oxford University Press.

Hedberg, B., & Jonsson, S. (1977). Strategy making as a discontinuous process. *International Studies of Management and Organization, VII,* 88–109.

Hiller, N. J., & Hambrick, D. C. (2005). Conceptualizing executive hubris: The role of (hyper-) core self-evaluations in strategic decision-making. *Strategic Management Journal, 26,* 297–319.

Hodgkinson, G. P. (1992). Development and validation of the strategic locus of control scale. *Strategic Management Journal, 13,* 311–317.

Hodgkinson, G. P. (1993). Doubts about the conceptual and empirical status of context-free and firm-specific control expectancies: A reply to Boone and De Brabander. *Strategic Management Journal, 14,* 627–631.

Hodgkinson, G. P. (1997a). The cognitive analysis of competitive structures: A review and critique. *Human Relations, 50,* 625–654.

Hodgkinson, G. P. (1997b). Cognitive inertia in a turbulent market: The case of UK residential estate agents. *Journal of Management Studies, 34,* 921–945.

Hodgkinson, G. P. (2001a). The psychology of strategic management: Diversity and cognition revisited. In C. L. Cooper & I. T. Robertson (Eds.), *International review of industrial and organizational psychology* (pp. 76–119). Chichester, UK: Wiley.

Hodgkinson, G. P. (2001b). Cognitive processes in strategic management: Some emerging trends and future directions. In N. Anderson, D. S. Ones, H. K. Sinangil, & C. Viswesvaran (Eds.), *Handbook of industrial, work and organizational psychology* (Vol. 2, pp. 416–440). London: Sage.

Hodgkinson, G. P. (2002). Comparing managers' mental models of competition: Why self-report measures of belief similarity won't do. *Organization Studies, 23,* 63–72.

Hodgkinson, G. P. (2005). *Images of competitive space.* Basingstoke, UK: Palgrave Macmillan.

Hodgkinson, G. P., & Healey, M. P. (2008a). Cognition in organizations. *Annual Review of Psychology, 59,* 387–417.

Hodgkinson, G. P., & Healey, M. P. (2008b). Toward a (pragmatic) science of strategic intervention: Design propositions for scenario planning. *Organization Studies, 29,* 435–457.

Hodgkinson, G. P., & Johnson, G. (1994). Exploring the mental models of competitive strategists: The case for a processual approach. *Journal of Management Studies, 31,* 525–551.

Hodgkinson, G. P., & Sparrow, P. R. (2002). *The competent organization: A psychological analysis of the strategic management process.* Buckingham, UK: Open University Press.

Hofstede, G. W. (1980). *Culture's consequences: International differences in work related values.* London: Sage.

House, R. J., Hanges, P. J., Javidan, M., Dorfman, P. W., & Gupta, V. (Eds.). (2004). *Leadership culture and organizations: The GLOBE study of 62 societies.* Thousand Oaks, CA: Sage.

Huff, A. S. (1982). Industry influences on strategy formulation. *Strategic Management Journal, 3,* 119–130.

Johnson, D. R., & Hoopes, D. G. (2003). Managerial cognition, sunk costs, and the evolution of industry structure. *Strategic Management Journal, 24,* 1057–1068.

Johnson, G. (1987). *Strategic change and the management process.* Oxford, UK: Blackwell Press.

Johnson, G. (1988). Rethinking incrementalism. *Strategic Management Journal, 9,* 75–91.

Johnson, P., Daniels, K., & Asch, R. (1998). Mental models of competition. In C. Eden, & J.-C. Spender (Eds.), *Managerial and organizational cognition: Theory, methods and research* (pp. 130–146). London: Sage.

Kabanoff, B., & Brown, S. (2008). Knowledge structures of prospectors, analyzers, and defenders: Content, structure, stability, and performance. *Strategic Management Journal, 29,* 149–171.

Kagono, T., Nonaka, I., Sakakibara, K., & Okumura, A. (1985). *Strategic versus evolutionary management: A US-Japan comparison of strategy and organisation.* Amsterdam: Elsevier Science.

Klein, K. J., & Kozlowski, S. W. J. (Eds.). (2000). *Multilevel theory, research, and methods in organizations.* San Francisco: Jossey-Bass.

Kruglanski, A. W., & Webster, D. M. (1996). Motivated closing of the mind: "Seizing" and "Freezing." *Psychological Review, 103,* 263–283.

Lant, T. K. (1999). A situated learning perspective on the emergence of knowledge and identity in cognitive communities. In J. Porac & R. Garud (Eds.), *Advances in managerial cognition and organizational information processing* (Vol. 6, pp. 171–194). Greenwich, CT: JAI Press.

Lant, T. K., & Baum, J. C. (1995). Cognitive sources of socially constructed competitive groups: Examples from the Manhattan hotel industry. In W. R. Scott & S. Christensen (Eds.), *The institutional construction of organizations: International and longitudinal studies* (pp. 15–38). Thousand Oaks, CA: Sage.

Lant, T. K., & Phelps, C. (1999). Strategic groups: A situated learning perspective. *Advances in Strategic Management* (Vol. 16, pp. 221–247). Greenwich, CT: JAI Press.

Laughlin, R. C. (1991). Environmental disturbances and organizational transitions and transformations: Some alternative models. *Organization Studies, 12,* 209–232.

Lawrence, P. R., & Lorsch, J. W. (1967). *Organization and environment: Managing differentiation and integration.* Boston: Harvard University Press.

Levenhagen, M., Porac, J. F., & Thomas, H. (1993). Emergent industry leadership and the selling of technological visions: A social constructionist view. In J. Hendry & G. Johnson (Eds.), *Strategic thinking: Leadership and the management of change* (pp. 69–87). Chichester, UK: Wiley.

Maitlis, S. (2005). The social processes of organizational sensemaking. *Academy of Management Journal, 48,* 21–49.

Markus, H. (1977). Self schemata and processing information about the self. *Journal of Personality and Social Psychology, 35,* 63–78.

Markus, H., & Nurius, P. (1986). Possible selves. *American Psychologist, 41,* 954–969.

Markus, H., & Wurf, E. (1987). The dynamic self-concept: A social psychological perspective. *Annual Review of Psychology, 38,* 299–337.

McGhee, P. E., & Teevan, R. C. (1967). Conformity behavior and need for affiliation. *Journal of Social Psychology, 72,* 117–121.

Meyer, J. W., & Rowan, B. (1977). Institutionalized organizations: Formal structure as myth and ceremony. *American Journal of Sociology, 83,* 340–363.

Miller, D., Kets De Vries, M. F. R., & Toulouse, J. M. (1982). Top executive locus of control and its relationship to strategy-making, structure, and environment. *Academy of Management Journal, 25,* 237–253.

Nadkarni, S., & Barr, P. S. (2008). Environmental context, managerial cognition, and strategic action: an integrated view. *Strategic Management Journal, 29,* 1395–1427.

Ng, D., Westgren, R., & Sonka, S. (2009). Competitive blind spots in an institutional field. *Strategic Management Journal, 30,* 349–369.

Osborne, J. D., Stubbart, C. I., & Ramaprasad, A. (2001). Strategic groups and competitive enactment: A study of dynamic relationships between mental models and performance. *Strategic Management Journal, 22,* 435–454.

Oster, S. M. (1990). *Modern competitive analysis.* New York: Oxford University Press.

Palinscar, A. S. (1998). Social constructivist perspectives on learning and teaching. *Annual Review of Psychology, 49,* 345–375.

Peteraf, M., & Shanley, M. (1997). Getting to know you: A theory of strategic group identity. *Strategic Management Journal, 18*, 165–186.

Pettigrew, A. M. (1973). *Politics of organizational decision-making.* London: Tavistock Institute.

Pettigrew, A. M. (1985). *The awakening giant: Continuity and change in ICI.* Oxford, UK: Blackwell Press.

Pfeffer, J. (1981a). Management as symbolic action: The creation and maintenance of organizational paradigms. In L. L. Cummings & B. M. Staw (Eds.), *Research in organizational behavior* (Vol. 3, pp. 1–52). Greenwich, CT: JAI Press.

Pfeffer, J. (1981b). *Power in organizations.* Cambridge, MA: Ballinger.

Phillips, M. E. (1994). Industry mindsets: Exploring the cultures of two macro-organizational settings. *Organization Science, 5,* 384–402.

Porac, J. F., & Rosa, J. A. (1996). Rivalry, industry models, and the cognitive embeddedness of the comparable firm. *Advances in Strategic Management, 13,* 363–388.

Porac, J. F., & Thomas, H. (1990). Taxonomic mental models in competitor definition. *Academy of Management Review, 15,* 224–240.

Porac, J. F., & Thomas, H. (1994). Cognitive categorization and subjective rivalry among retailers in a small city. *Journal of Applied Psychology, 79*, 54–66.

Porac, J. F., Thomas, H., & Baden-Fuller, C. (1989). Competitive groups as cognitive communities: The case of Scottish knitwear manufacturers. *Journal of Management Studies, 26,* 397–416.

Porac, J. F., Thomas, H., & Emme, B. (1987). Knowing the competition: The mental models of retailing strategists. In G. Johnson (Ed.), *Business strategy and retailing* (pp. 59–79). Chichester, UK: Wiley.

Porac, J. F., Thomas, H., Wilson, F., Paton, D., & Kanfer, A. (1995). Rivalry and the industry model of Scottish knitwear producers. *Administrative Science Quarterly, 40,* 203–227.

Porter, M. E. (1980). *Competitive strategy: Techniques for analyzing industries and competitors.* New York: Free Press.

Prahalad, C. K., & Bettis, R. A. (1986). The dominant logic: A new linkage between diversity and performance. *Strategic Management Journal, 7,* 485–501.

Pratt, M. G. (2000). The good, the bad, and the ambivalent: Managing identification among Amway distributors. *Administrative Science Quarterly, 45,* 456–493.

Reger, R. K. (1990). Managerial thought structures and competitive positioning. In A. S. Huff (Ed.), *Mapping strategic thought* (pp. 71–88). Chichester, UK: Wiley.

Reger, R. K., & Huff, A. S. (1993). Strategic groups cognitive perspective. *Strategic Management Journal, 14,* 103–123.

Rosch, E. (1975). Cognitive reference points. *Cognitive Psychology, 7,* 532–547.

Rosch, E., Mervis, C., Gray, W., Johnson, D., & Boyes-Braem, P. (1976). Basic objects in natural categories. *Cognitive Psychology, 7,* 573–605.

Rotter, J. B. (1966). Generalized expectancies for internal versus external control of reinforcement. *Psychological Monographs: General and Applied, 80*: Whole No. 609.

Schneider, S. C., & De Meyer, A. (1991). Interpreting and responding to strategic issues: The impact of national culture. *Strategic Management Journal, 12,* 307–320.

Sheldon, A. (1980). Organizational paradigms: A theory of organizational change. *Organizational Dynamics, 8,* 61–80.

Spencer, B., Peyrefitte, J., & Churchman, R. (2003). Consensus and divergence in perceptions of cognitive strategic groups: Evidence from the health care industry. *Strategic Organization, 1,* 203–230.

Spender, J.-C. (1989). *Industry recipes: The nature and sources of managerial judgement.* Oxford, UK: Blackwell Press.

Stiglitz, J. (2010). *Freefall: Free markets and the sinking of the global economy.* Harmondsworth, UK: Penguin.

Sutcliffe, K. M., & Huber, G. P. (1998). Firm and industry as determinants of executive perceptions of the environment. *Strategic Management Journal, 19,* 793–807.

Tajfel, H., & Turner, J. C. (1986). The social identity theory of intergroup behavior. In S. Worchel & W. G. Austin (Eds.), *Psychology of intergroup relations* (2nd ed., pp. 7–24). Chicago: Nelson-Hall.

Tsoukas, H. (1992). Ways of seeing: Topographic and network representations in organization theory. *Systems Practice, 5,* 441–456.

Tyler, B. B., & Gnyawali, D. R. (2009). Managerial collective cognitions: An examination of similarities and differences of cultural orientations. *Journal of Management Studies, 46,* 93–126.

Walton, E. J. (1986). Managers' prototypes of financial terms. *Journal of Management Studies, 23,* 679–698.

Weick, K. E. (1979). *The social psychology of organizing* (2nd ed.). New York: McGraw-Hill.

Wenger, E. (1998). *Communities of practice.* New York: Cambridge University Press.

Whitley, R. (1987). Taking firms seriously as economic actors: Towards a sociology of firm behavior. *Organization Studies, 8,* 125–147.

Wood, R. E., & Bandura, A. (1989). Social cognitive theory of organizational management. *Academy of Management Review, 14,* 361–384.

Wooldridge, B., & Floyd, S. W. (1989). Strategic process effects on consensus. *Strategic Management Journal, 10,* 295–302.

Zajac, E. J., & Bazerman, M. H. (1991). Blind spots in industry and competitor analysis: Implications of interfirm (mis)perceptions for strategic decisions. *Academy of Management Review, 16,* 37–56.

Part IV

ORGANIZATIONAL DYNAMICS AND IDENTITY: DEFINING THE NEW PARADIGM

Organizational Dynamics and Identity

Defining the New Paradigm

Neal M. Ashkanasy

The chapters included in this part of the *Handbook* cover some of the more exciting new developments in the field over the 10 years that have elapsed since publication of the first edition. In particular, and as discussed in the introduction, the first decade of the 21st century, defined by 9/11, Enron, and the Global Financial Crash (GCC), has continued the trend of accelerating change begun in the previous century. As a result of this, the need has emerged for scholars of organizational climate and culture to view organizations in different ways and to recognize the role and importance of new topics. This is the focus of the chapters in Part IV.

Part IV opens with a discussion of the ontological and epistemological nature of organizational culture, authored by Stephen Linstead, who is well known for his work in defining the postmodern approach to organizational culture and theory (e.g., see Linstead, 2004). In Chapter 18, Linstead goes a step further and asks in particular if we have now moved into a post postcultural mood, where scholars consider the development of the organizational culture construct and speculate as to its future, in what he refers to as a new space. For Linstead, culture is not a concept that has any fixed meaning, but it is something that coevolves as new conceptualizations of organizations emerge and then morphs into a new kind of phenomenon to suit the changed environment. In this respect, Linstead sees culture as a kind of parasite that simultaneously feeds upon and nourishes the organizational form to which it is attached. As such, culture in this post postmodern era has the potential to continue to shape the ethical and moral nature of organizations.

In Chapter 19, Mary Jo Hatch continues the theme of change in a turbulent environment. Hatch, who was also the author of the chapter on culture change in the first edition of this *Handbook* (Hatch, 2000), goes a step further in this chapter and places culture change in juxtaposition with organizational identity change. For Hatch, culture and identity are inseparable and are represented in terms of "us" (framed in terms of external stakeholder cultures) and "we" (framed in terms of the internal

organizational culture). In this respect, Hatch goes part of the way to resolving the conundrum posed by identity and culture discussed in Chapter 2 of this *Handbook* by Mats Alvesson. To illustrate the process of change framed in terms of the dynamic models she proposes, Hatch refers to the case of Interface Inc., a carpet manufacturer whose CEO set out to change from a resource-consuming to a resource-neutral mode of operation; to do so, however, necessitated a dramatic turnaround in both internal and external perceptions of the organization and its mission. Hatch demonstrates graphically how the CEO acted to reshape successfully both the culture and the identity of the organization and argues that this process also lies at the core of understanding leadership.

The question remains, however, as to how this might work in terms of the internal workings of the organization. This issue is tackled in Chapter 20 by Iris Vilnai-Yavetz and Anat Rafaeli, who elaborate on the role of the internal work environment, a topic that is only just beginning to attract serious scholarship from an organizational culture perspective. Vilnai-Yavetz and Rafaeli present a model of organizational culture from the vantage point of the artifactual environment of the organization that includes three dimensions: (1) instrumentality, where the artifact is seen to play a direct role in the achievement of organizational goals; (2) aesthetics, where the artifact becomes a part of an organizational member's sensory experience; and (3) symbolism, where the artifact represents an important value to organizational members. The authors argue that, while instrumentality and symbolism have been studied extensively, not enough is known about the role of aesthetics. Moreover, according to these authors, organizational affects can only be understood by examining all three dimensions symbiotically.

Ad van Iterson, Kathryn Waddington, and Grant Michelson come together in Chapter 21 to discuss a neglected topic that nonetheless lies at the heart of organizational culture: gossip. van Iterson and his coauthors note that, although gossip has been defined in several ways, it essentially constitutes a form of informal everyday communication, which involves an evaluative component and "where the participants experience the thrill of revelation." They argue further not only that gossip is a mechanism for the emergence and transmission of organizational culture, but also that it represents an enactment of culture. Gossip also plays a vital role in defining subcultures, especially though the spread of rumors. As such, gossip is seen to be a form of cultural knowledge, which might be to the organization's advantage or disadvantage, depending on circumstances and management actions. They conclude that, despite the widespread study of gossip in other disciplines, it has yet to be investigated to any depth in organizational studies and remains a ripe topic for further research.

In the final chapter of Part IV (Chapter 22), Sally V. Russell and Malcolm McIntosh discuss the role of culture change in the context of a major theme that has emerged in the opening decade of the 21st century: developing organizations that foster environmental sustainability. Citing Mark Starik and Gordon P. Rands (1995), Russell and McIntosh define sustainable organizations as those that "can exist and flourish indefinitely without negatively affecting Earth as an ecosystem." Based on Edgar Schein's (1990) three-level framework of culture, they consider five strategic options in relation to sustainability (reactive, defensive, accommodative, proactive, sustainable) and conclude that the truly sustainable organization is most likely to be a hybrid form that combines common-good mission and profitability. Russell and McIntosh also discuss the role played by subcultures

within organizations, especially when the subcultures may have differing underlying assumptions that are likely to make it more difficult for the organization to maintain a clear focus on sustainability issues.

Although the five chapters in Part IV appear to cover a diverse range of topics, the underlying theme that cuts across them is the need to view organizational culture and cultural dynamics in new ways that build upon, yet depart significantly from, the established models. Thus, although the chapters that deal with people and organizing are predicated on the fact that human behavior and attitudes change little in essence (e.g., aesthetics and gossip are both defining characteristics of human existence), the context of human organizing is undergoing profound change. In this case, the notion that organizational culture and climate are somehow fixed properties of organizations, as proposed, for example, by J. Steven Ott (1989), would appear to be less valid today than it was 20 years ago. Even the more contemporary notions of integrated and differentiated culture (Martin, 2002; Meyerson & Martin, 1987) seem to have become victim to the unrelenting rate of change we are currently facing, potentially leaving the fragmented view of culture as the only applicable culture model for the modern organization.

The problem with the fragmented view of culture, however, is that it is not easily managed, nor does it even fit into the frame of our understanding of what it means to organize. This, of course, is what Linstead refers to in Chapter 18. It is also an important element of what Hatch deals with in Chapter 19. Indeed, Hatch's analysis of the events surrounding the amazing transitions at Interface Inc. suggest a way forward, and maybe even the beginnings of a completely different approach to culture. In other words, instead of viewing culture as some form of fixed-form phenomenon, culture might be a sort of moving menu, constantly adapting to environmental conditions. If this is so, then culture may not be something an organization either "is" or "has" (see Ashkanasy, 2003); instead, culture should be viewed as a dynamic interaction of the organization and its environment.

To summarize the chapters in Part IV, it appears that they provide a glimpse of the way forward for organizational culture and climate research. In a nutshell, we need new post postmodern paradigms (Linstead) that take account of the new dynamism of the world and the organizations embedded in it (Hatch), which take account of internal processes such as aesthetics (Vilnai-Yavetz & Rafaeli) and gossip (van Iterson, Waddington, & Michelson) and enable organizations to adapt their culture for a sustainable future (Russell & Malcolm McIntosh).

REFERENCES

Ashkanasy, N. M. (2003). The case for organizational culture. In R. Westwood & S. Clegg (Eds.), *Debating organization: Point/counterpoint in organization studies* (pp. 300–311). Oxford, UK: Blackwell.

Hatch, M. J. (2000). The cultural dynamics of organizing and change. In. N. M. Ashkanasy, C. P. M. Wilderom, & M. Peterson. *Handbook of organizational culture and climate* (pp. 245–260). Thousand Oaks, CA: Sage.

Linstead, S. A. (2004). *Organization theory and postmodern thought*. London: Sage.

Martin, J. (2002). *Organizational culture: Mapping the terrain*. Thousand Oaks, CA: Sage.

Meyerson, D., & Martin, J. (1987). Cultural change: An integration of three different perspectives. *Journal of Management Studies, 24,* 623–647.

Ott, J. S. (1989). *The organizational culture perspective*. Chicago: Dorsey Press.

Schein, E. H. (1990). Organizational culture. *American Psychologist, 45,* 109–119.

Starik, M., & Rands, G. P. (1995). Weaving an integrated web: Multilevel and multisystem perspectives of ecologically sustainable organizations. *Academy of Management Review, 20,* 908–935.

Organizational Culture in a Wider Field

Is There a Post Post-Culture?

Stephen Linstead

THE PREMATURE DEATH OF CULTURE?

Discussions of organizational culture customarily begin by pointing out that the concept of culture is notoriously difficult to define. Nevertheless, as Michael Fischer (2007) recently demonstrated, over the past century and a half, anthropologists have sequentially laid the foundations for cultural understanding that is increasingly sophisticated and more responsive to rapid and occasionally dramatic social and technological changes in contemporary contexts:

> Culture is (1) that relational (ca. 1848), (2) complex whole. . . . (1870s), (3) whose parts cannot be changed without affecting other parts (ca. 1914), (4) mediated through powerful and power-laden symbolic forms (1930s), (5) whose multiplicities and performatively negotiated character (1960s), (6) is transformed by alternative positions, organizational forms, and leveraging of symbolic systems (1980s), (7) as well as by emergent new technosciences, media, and biotechnical relations (ca. 2005). (p. 1)

The term *culture* clearly has many different meanings. These are not simply a product of perspectivism—whatever empirical phenomena the term culture is intended to capture, its very plasticity indicates the real-world creative adaptability that social cultures possess. Fischer's semantically sedimented and historically layered definition above illustrates this dynamism. But in applying the term to organizations, this adaptability has not been acknowledged in all interpretations or schools of interpretation. This chapter will take the position that the concept of culture remains important to contemporary organization studies, but that the field needs to be fully aware of developments in the study of culture and its related concepts outside its immediate area of concern—which include anthropology, art and design, politics, and cultural-media studies—to appreciate the impact and potential impact of its contemporary mutability. This may mean that the concept of culture, with respect to organization studies, moves so far away from the dominant concerns of the 1980s with shared meaning and those of the 1990s with representational fragmentation

control and resistance that such work is best described as post-culture (Calás & Smircich, 1987) or post post-culture (Marcus, 2007). The characteristics of post-cultural outputs in organization studies will be considered, and the possible defining features of a post post-cultural mood that may be emerging in terms of theoretical translation, theoretical intensification, empirical expansion, and methodological intensification will be briefly sketched.

In 1987, Marta Calás and Linda Smircich introduced the term *post-culture* to debates about organizational culture, asking the question, "Is the organizational culture literature dominant but dead?" They were not unaware that the designation *post* does not necessarily always indicate a clean break with the past, but their purpose was to argue that existing mainstream perspectives on culture were moribund. Such approaches were entitative (Chan, 2000, 2003) in that they followed Michael Pacanowski and Nick O'Donnell-Trujillo's (1983) distinction, also made by Smircich (1983), in seeing culture as something that an organization has, rather than something it is (the instantiative approach). They argued that the term culture had become so distorted by this representation that it was necessary to establish new discourses to make important and critical points about the qualitative texture of organizing and the tensions within it to avoid their co-optation into a more conservative and perhaps performative set of assumptions.

Of course, some approaches to culture were already following heterodox lines in different ways and were already post-culture in that they had engaged with and distinguished themselves from dominant, functionalist representations of culture. But there is also a sense of a period of time when, following the rapid burgeoning of performative literatures in the wake of the mass popularity of guru books in the early 1980s, the field of organizational culture had a somewhat unitary core and a diverse and divergent periphery. Calás and Smircich's (1987) break with this situation foreshadowed the significant movement of conceptual attention in the 1990s, discussed in this volume by Mats Alvesson (see Chapter 2), from studies of culture into studies of identity and discourse.

Calás and Smircich (1987) classified the explosion of organizational culture literature along three lines of concern: (1) anthropological themes (cognition-knowledge structures; symbolism discourse; unconscious psychodynamic), (2) sociological paradigm (functionalist, interpretive, critical), or (3) epistemological interest (technical, practical, or emancipatory). These were symptomatic of contemporary debates between cognitive and symbolic anthropology, the incommensurability or otherwise of Gibson Burrell and Gareth Morgan's (1979) paradigms, labor process theorists, and Jürgen Habermas's theory of communicative action. One might further note four predominant clusters in the literature: (1) cognitive-functionalist-technical (psycho-performative), (2) symbolist-functionalist-practical (symbolic pragmatism), (3) symbolist-interpretive-practical (symbolic culturism); or (4) symbolist-critical-emancipatory (symbolic radicalism), although much is left out of such schematics (see also Brewis & Jack, 2009, pp. 236–237). But the point was well made: Most of the mainstream literature, which had its forerunners in the late 1970s, although its roots extended much earlier and overlapped with literature on organizational symbolism, was implicitly if not explicitly wedded to the structural-functionalist approach in anthropology (Meek, 1988; Parker, 2000). Other approaches were rarely considered in-depth and were often given a functionalist gloss. In this frame, whether it was hegemonic-managerialist, emancipatory-resistant, or a sociopolitically neutral analytic perspective,

culture was a tool for getting things done. When potentially radical approaches such as semiotics were adopted, which had been a powerful tool in European literary, political, cultural, and media studies for two decades, they were taken up for their performative capacity to expand the interpretive repertoire without much attempt to utilize their critical leverage. By the late 1980s, with a few exceptions such as John Van Maanen (1988) and Michael Rosen (2000), the more radical possibilities of the cultural approach had been marginalized, in the United States at least, through their cooption into the mainstream. Stephen Barley, Gordon Meyer, and Debra Gash (1988), in an extensive bibliometric study of the early growth of the organizational culture literature and an early example of the field's demonstrable self-regard if not its self-reflexivity, developed an argument that could be seen to provide some empirical support for Calás and Smircich's dominance claim. This argument was that the culture literature divided into academic and practitioner-oriented outputs and that the latter had come to swamp the field, which meant that it effectively turned its back on exciting new approaches, emerging particularly from social anthropology (Clifford & Marcus, 1986; Marcus & Fischer, 1986).

The Emergence of Post-Culture

In Europe, however, the different theoretical provenance of culture had already generated a significant radical acceptance, drawing particularly on work being done in media and cultural studies that sought to revise Marxist analyses building on strong traditions in critical theory and to develop and apply the ideas of Jacques Lacan, Jacques Derrida, Michel Foucault, Jean Baudrillard, Jean-Francois Lyotard, Gilles Deleuze and Félix Guattari—theorists who could, with varying degrees of caution, be considered postmodern (Linstead, 2004, 2009a, 2009b).

Culture here included the idea of popular culture, a means of both dissemination and contesting ideology, which for Frankfurt School critical theorists (e.g., Habermas, Theodor W. Adorno, Walter Benjamin, Max Horkheimer, Karl-Otto Apel) was the main product of the bourgeoisie facilitating the manipulation of a docile working class by intervening in their everyday sensemaking processes. In Europe, the radical tradition was associated with sociological approaches, with poststructural and postmodern ideas assimilated into the social and organizational sciences by this route; in the United States, it was anthropology that radically influenced ideas of writing, representation, and power in relation to culture (Clifford & Marcus, 1986; Marcus & Fischer, 1986; Tyler, 1987). Culture from these perspectives was seen as a construction of its mode of representation, which required reflexivity and self-reflexivity from those authoring its various representations (Linstead, 1993, 1994; Jeffcutt, 1994). Representation was seen to be in crisis, and with it, the concept of culture became destabilized. Emerging threads of post-culture at this point could be categorized as resistant (approaches that saw culture as another tool of control designed to extract more surplus value from the workforce; e.g., Ray, 1986; Willmott, 1993), interpretative (frustrated with dominant functional performative approaches and seeking to evade representative capture that varied in politicization from the naive to the sophisticated; e.g., Mary Jo Hatch), or postmodern (emphasizing the instability of categories of representation and the differences that underlay them, varying in the extent to which they excavated language [deconstruction], traced contingent discursive formations through history [genealogy], or concentrated on interrogating the proliferation of new forms of both organization and representation [simulation]).

In organization and management studies, culture works somewhat differently from its

role in anthropology, being operationalized less as a concept and more as a metaphor, and often a very loose one at that (see Alvesson, Chapter 2, this *Handbook*). Where it refers to specific cultural forms found in traditional anthropological studies, such as rituals, rites, taboos, and totems, having counterparts in modern organizations, the metaphorical dimension seems clear enough if too often specious (Deal & Kennedy, 1982). The apotheosis of the functional approach was perhaps Harrison Trice and Janice Beyer's (1993) contribution; despite its predominantly functional premise, often prescriptive tone, and performative conclusions, it was historically informed, reflexive within its avowed limits and unsympathetically critical of those who, like Edgar Schein (1985), they saw misrepresenting and misusing anthropological scholarship. But the reference to culture as an abstract concept (rather than as its concrete exemplars) very quickly became itself the target term of the metaphor so that the linking of one abstraction (organization) to another (culture) at a metalevel, with a consequent loss of perspicacity (Morgan, 1986), was offered. This slippage created some confusion when conceptual and philosophical frames beyond the familiar interpretive and symbolic were introduced into the analysis. Accordingly, Stephen Linstead and Robert Grafton-Small (1992) indicated some relevant considerations that might guide explorations of culture in organizations in the light of post-structuralist and postmodern thinking.

Performing Post-Culture

Linstead and Grafton-Small's review (1992) of the contemporary field of organizational culture studies, identifying in particular a variety of critical orientations that had developed during the previous decade and were simultaneous with the growing dominance of the more moribund mainstream

approaches (varieties of "corporate culturism") of which Calás and Smircich (1987, 1997) were skeptical, emphasized strategies for the production of culture at the expense of the creativity shown by the consumers of culture (i.e., organizational members). Many critical interventions did not fit neatly into Calás and Smircich's (1987) framework. Indeed, these more critical approaches could be regarded as being evidence of the emergence of post-culturism, as discussed above. Problems emerging throughout this early work were classified as follows:

- *Organizational culture versus cultural organization*—where culture was objectified rather than seen as field, context, or process, with the organization as a site for the intersection of cultural influences from outside as well as inside the organization;
- *Cultural pluralities*—where the existence of conflicting interests in tension and the need to submerge these behind a façade of cohesion to facilitate operations leads to the paradox that a strongly asserted corporate culture may be a sign of powerful underlying tensions;
- *Rationality and the irrational*—where culture was either seen as irrational or sentimental rather than exhibiting alternate rationalities, or the symbolic was seen as reducible to banal logical messages;
- *Common knowledge and its constitution*—where the symbolic constitution of specific organizations is taken as a fact and relatively static rather than fragile and subject to continuous discursive reconstruction;
- *Power and ideology*—neglected by most mainstream corporate culture literature but central to the sort of cultural analysis conducted by Foucault through his concept of discourse and its analysis (although Foucault rejected the term ideology in his early work); and
- *Individualism and subjectivity*—where culture was seen to be predominantly a product of the actions of thinking, unitary, decision-making selves, negotiated through small groups and aggregated at organizational

level: the sum total of shared or overlapping meanings across subgroups and subcultures (see Linstead & Grafton-Small, 1992, pp. 335–340).

Linstead and Grafton-Small go on to present some core conceptual resources for rethinking culture as text, and what emerges from this consideration is a new fivefold postmodern approach to reading (rather than interpreting) culture in terms of the following:

- *Text and Subjectivity*—approaching culture as a text, but utilizing a poststructuralist understanding of the text as intertext, embedded in and connected to other already existing texts, rather than as the product of an author (or even an authorial collaboration). Meaning is an emergent outcome of an open and unfinished process of production (writing) involving authors, readers, texts, and other texts and is constitutive of the subjectivity of creators and consumers (drawing on Roland Barthes and Derrida);
- *Discourse*—approaching culture as a discursive complex of talk, text, institutions, attitudes, and entailed actions and examining the discourses that constitute it, their effects, rationales, and resistances (drawing on Foucault). Subjectivity is discursively constituted, determined, evaded, and resisted. For example, the discourse that every action should have a useful output will yield a different set of attitudes, behaviors, controls, structures, and models for action than one that prioritizes creativity for its own sake and sees application as a more downstream activity;
- *Paradox*—appreciation of the inevitable paradoxicality of culture as undecidable différance rather than shared meaning, as "shared meaning is nothing but the differal of difference" (Linstead & Grafton-Small, 1992, p. 345). Culture appears as an outcome of representational processes that shape subjectivity, rather than being a collective cumulation of individual interpretative strategies, thus drawing attention to its own opposite whilst seeking to suppress it (Young, 1989);

- *Otherness* (or alterity)—appreciation of the importance of the Other in supplementarity, culture as shaped through the trace, and the reciprocal operations of the principle of return in sting, gift, and desire. Culture is a fluid result of relationality and has an ethical dimension (drawing on Derrida, Elias Canetti, and Marcel Mauss); and
- *Seduction*—appreciation of the seductive processes of the formulation of culture and image as simulacra and the workings of manufactured desire against practical interest (drawing on Baudrillard, Deleuze and Guattari)

This set of considerations has methodological consequences in that it requires the ethnographic pursuit of a detailed articulation and analysis of everyday practices, exploring the marginal creativity of culture consumers in particular socioeconomic contexts and circumstances, studying the bricolage of organizational members within the Foucauldian microphysics of what Michel de Certeau (1984) calls the "tactics of everyday practice," with a reflexive awareness of the textuality and intertextuality of such constructions. It also drew attention to issues of how culture is written and represented and the consequences of this for common assumptions being made in organization studies at the time.

Reconsidering the Breach: Continuity in Culture as a Practical Concept

Barley et al. (1988) made a sharp distinction between academic literature on organizational culture and practitioner, performative literature aimed at intervention. Andrew Chan and Stewart Clegg (2002), however, retrospectively observe that the distinction was in practice rather more difficult to make than Barley et al. (1988) acknowledge. For Chan and Clegg, as for Carol Axtell Ray (1986), the corporate culture discourse was a form of symbolic control in continuity

with the historical objectives of bureaucratic control, but this was not a matter of a simple opposition of theory and practice: It was a translation of knowledge from one field to another in the light of emerging discursive technologies that were themselves technologies of practices that construct organizational conduct (Latour, 2005). As they put it,

> The culture discourses of the last two decades have been constructed in terms of a neoliberal rationality (Rose, 1993) whose logic is very different from that of the Human Relations School and the Welfare State. In a neo-liberal scenario, the cultural discourses of management act not only as discourses but also as technologies that construct more "free" and "responsible" workers. . . . These technologies *construct conduct* [italics added] (Gordon, 1991) in organizations through the application of abstract rules and procedures that are legitimized discursively by re-imaging the contemporary subject as an autonomous self of the new times. (Chan & Clegg, 2002, p. 268)

Chan and Clegg take Tom Peters and Robert Waterman at their word (Colville, Waterman & Weick, 1999) as having a deep respect for, and extensive knowledge of, organization and management theory (which as former Stanford academics, one would expect) and a desire to translate its insights for a wider audience that could put them into practice—which places them in a social science tradition extending at least to Auguste Comte. They reject cultural interventions as being a new knowledge project, arguing that the culture project has been consistent in its knowledge-interests and that pragmatic concerns are not new.

The corporate culture project, then, was an extension of previous discursive projects of control, which could be understood as extra-organizational, but this was also, and crucially, parasitical on scholarly developments in the broad field of organizational culture. This permeability of theory, practice, and everyday life in the construction of culture meant that any attempted demarcation of types or levels of culture within organizations became "by no means clear" for such authors as Martin Parker (2000, p. 2). He questioned Linstead and Grafton-Small (1992), who drawing on Smircich (1983) had made a distinction between *corporate culture* and what they called *workplace culture*, *culture in work*, or *organizational culture*:

> [Corporate culture is]A culture devised by management and transmitted, marketed, sold or imposed on the rest of the organization . . . with both internal and external images . . . yet also including action and belief—the rites, rituals, stories, and values which are offered to organizational members as part of the seductive process of achieving membership and gaining commitment. (Linstead & Grafton-Small, 1992, p. 333)

If such a distinction is to be worth maintaining at all, it certainly requires reformulation to avoid any suggestion of a simple dualism because both, essentially descriptive rather than abstract, categories are far more open than the original formulation might imply, each both formally and informally feeding off the other. Corporate culture as a term can be used to refer to any explicit and self-conscious attempts to create a cultural formula on behalf of a body—contrary to Parker's view, this does not have to be a corporation, just an organized group that perceives itself as a body corporate, and that may be incorporated in a variety of ways. The distinction is worth preserving here in that it identifies specific and reflexive corporate culture initiatives and interventions that continue to be initiated empirically. Furthermore, as Alvesson and Leif Melin (1987) observed, there are a variety of modes of acceptance or rejection of

these, from enthusiastic embrace, through grudging compliance, to subversion and resistance. It also allows for Chan and Clegg's (2002) arguments that such initiatives may, however, freely be translations of theory and that discursive continuity both within and without the organization may support the formation of subjectivities so that compliance, consent, or even co-construction become the more likely outcomes. Culture in work is that interactive, practice, and event-based set of orientations that emerges in any group through involvement in a practice—even a virtual or abstract one that requires only symbolic rubbing shoulders, such as that between communities of practice of knowledge producers. At times, and in specific contexts, corporate culture and culture in work might seem to be isomorphic and at and in others so dramatically differentiated as to constitute opposition on the precipice of revolution. Organizational culture then can be deployed conceptually to capture what Parker (2000) is interested in and to preserve his insight into the sites and spaces, material and epistemological, where these different alignments laminate, mesh, and coemerge—and in which novel understandings can develop that are more than either. So although sufficient discontinuity to posit both a surge into culture studies, and a reactive sidestep into post-culture, can be seen, it should not be forgotten that not only were there continuities, but that other disciplines that served as resources for the cultural shift continued to develop in often blissful unawareness of movements in organizational culture.

The Legacy of Post-Culture

The post-culture move was heterogeneous and had its beginnings even before the culture or corporate culture movement reached its height, as Hugh Willmott (1993) notes. For some realist writers, it was simply a

matter of not buying into corporate hype and seeing power and exploitation for what it was—cultural analysis was merely the explication and elaboration of new symbolic modes of control. Post-culture represented "a challenge to cultural analysis that would treat culture as merely communicative, symbolic, and openly political, 'you get what you see,' uncompromised by hidden meanings, displacements, and self-deceptions" (Fischer, 2007, p. 270). For others, such as Howard Schwartz (1990), it was a matter of applying a serviceable but alternate set of theoretical resources to what were now recognizable as cultural materials. Schwartz's brilliant psychoanalytic interrogation of the National Aeronautics and Space Administration (NASA) culture and its contribution to the *Challenger* shuttle disaster is exemplary, the more so since the 2003 *Columbia* disaster inquiry found that the same issues continued to persist in the organization.

For some researchers, the borrowed culture metaphor had provided an opportunity to enrich basically functionalist contingency approaches to organizing with the symbolically richer conceptual framework provided by structural-functionalism in anthropology. This essentially conservative move was popular and influential and was perhaps most thoroughly catalogued and appraised by Trice and Beyer (1993). It was, however, challenged by adoptions of insights from interpretive and symbolic anthropology, rooted in the 1960s and 1970s. Unfortunately, this influence was often superficial and led to the birth of what George Marcus called "thin ethnography," which ranged over the surface of corporations and institutions, adopted a narrow range of methods, and did not seek to trace deeper connections that may run beyond the boundaries of the organization.

Post-culture was partly a reaction not only to structural-functional approaches and to corporatist ones, but also to the

less rigorous varieties of the interpretive-symbolic approach, a position summarized by Paul Bate (1997). At the conservative end of the spectrum, Joanne Martin (2002) in several cumulative works, sought to integrate functional, interpretive, and postmodern perspectives in a tripartite (integration-differentiation-fragmentation) framework that ultimately, the more it was elaborated, revealed its inability to escape from an essentially functionalist formulation of the problem, one that seems crude when put beside anthropological contributions to thinking the problem through (Fischer, 2007). Other writers—ones most closely related to postmodernism in organization studies (see Cooper & Burrell, 1988, for a seminal text) or more pertinently those working on the insights of the new anthropology (Clifford & Marcus, 1986; Linstead, 1993; Marcus & Fischer, 1986)—connect the cultural approach to philosophical and social thought more broadly, keeping in mind that placing boundaries on cultural processes—writing culture—was traditionally an arbitrary and introspective strategy. This approach, on the one hand, turned back toward a fine-grained critique of the construction of theory about and accounts of organizational culture, and on the other hand, sought to develop new modes of constructing, writing, and representing cultures, using a range of approaches to collect data, a range of media for representing them, and challenging received notions of authorship both of culture and of accounts of culture. The work of Michael Rosen, collected in his 2000 retrospective, captures the range of these struggles with a nuanced grace.

At the end of the decade, Calás and Smircich (1999) noted, however, that postmodernism in organizational thought had generally adopted one of two theoretical-methodological styles: one of deconstruction, based on Derrida's thought but focusing very much on the postinterpretive analysis of texts, either about or produced by organizations, and the other, more popular approach, focusing on the analysis of organizational discourses and the workings of power and knowledge within them. Although this remains broadly true of nonmainstream direct or indirect treatments of organizational culture, other possibilities flagged by Linstead and Grafton-Small (1992) were relatively neglected. Baudrillard, for example, despite his massive popular impact in this period, remains a relative rarity in organizational culture studies unless one counts George Ritzer's (1990) deployment of his ideas (Hancock & Tyler, 2001; Letiche, 2004b). Lyotard is cited almost exclusively for his work on knowledge and information and for his critique of *grandes histoires* and advocacy of *petits reçus* (Jones, 2005; Letiche, 2004a), which was a rather brief excursion, rather than for his work on aesthetics, the sublime, and the différend (which were perhaps equally relevant to understanding the symbolic dimensions of culture and the nature of cross-cultural understanding).

Calás and Smircich (1999) argued that it was time to move beyond postmodernism in organization studies and to engage more directly with real-world concerns. They argued that the concentration on revealing the uncertainty and instability of theory (and indeed of culture), the decentering of the subject (and cultural subjectivity), the exposition of how power fixes the representations of knowledge and naturalizes them, the problematic relation of subject and author, the undecidability of meaning, and the end of reassuring and motivating metanarratives made it impossible not to read the world a different way, with much less assurance and greater reflexivity, but the challenge now was to engage with it in a different way.

Here, the problem is not of depth—the discussion of Derrida and Baudrillard is more than competent—but of breadth, especially the breadth associated with the understanding of culture anthropologically in terms of its multifaceted nature and its connectedness across obvious boundaries. Post-culture work, in common with much of the work Calás and Smircich (1999) cite, concentrated on a relatively narrow range of poststructuralist philosophical inspiration and seemed to have little appetite for new translations of Derrida and Foucault in particular that directly addressed ethics, gender, governance, and globalization. Some authors, as Alvesson notes (Chapter 2, this *Handbook*), took their cultural concerns into other areas, and the term culture dropped from their vocabulary. But other authors maintained their concern with culture while engaging with new theory, new concepts, new forms of organizing, and new modes of representation, carrying forward concerns from earlier periods into what could be regarded as post post-culture.

Post Post-Culture: An Established and Emerging Aesthetic and Political Field

Marcus (1994), having heralded the demise of post-culture in anthropology, recently remarked that, despite its advances, anthropology remains as a discipline stubbornly wedded to traditional methods and approaches. He argues that anthropologists need to move away from analyzing culture partly because "the culture concept is no longer viable analytically *and* it has been appropriated by everyone"—which includes management studies (Marcus, 2008, p. 3). Timothy Hallett (2003, p. 129) nevertheless argued that although academic interest in culture had

sunk into the bog of debate, the issue has regained topical interest in politics and the media. The recent spate of corporate scandals has been accompanied by outcries for cultures of responsibility within organizations . . . we need an approach that overcomes the deficiencies of earlier work. Though poised for a comeback, organizational culture needs an overhaul.

Seven years later, the scandals have not abated, nor have the calls for responsible cultures rather than bonus cultures, but the theoretical overhaul is, and has been, underway.

Post post-culture as an epoch began, in management and organization studies, toward the end of the 1990s, some half a decade or more behind anthropology, although it has visible and active beginnings before this. It has not by any means reached its apogee and is characterized by developments in realist and nonrealist thinking that reach both forward into new theory and methods and backward to rediscover both familiar and overlooked sources. It displays a willingness to translate the knowledge of other disciplines and fields into insights for organizational culture, to trace interconnections, and to intensify the development and application of theory with a renewed emphasis on methodological experimentation. Finally, it is much more likely to engage directly with issues of social, rather than simply organizational, change and to take a critical ethical and political stance. Some examples follow.

Theoretical translation. This sociologically influenced approach emerged via a critical engagement with cultural and media (particularly subcultural) studies into embracing the field of popular culture as an object of investigations for its organizational connections, both representationally and as an industry. As such, it has theoretical resources in work on consumption, commodification, commodity fetishism, and kitsch—work that has origins in Karl Marx and was a central

part of the anthropological canon for most of the 20th century (Fischer, 2007, p. 6).

This approach, attuned to the analysis of specific contemporary popular media outputs, argues that popular culture carries with it countercultural and counterhegemonic messages that undercut, in varying degrees, the comforting messages of the mainstream (Hassard & Holliday, 1998; Rhodes & Westwood, 2008). Sometimes, the same work may contain elements of both. The study of humor in organizations, which has a relatively recent history, is an example (Collinson, 1988; Linstead, 1985; Westwood & Rhodes, 2006). Popular culture outputs may both express and accommodate resistance, and indeed, the very expression may be the accommodation. Of course, it may also stimulate further resistance and the development of subcultures, so the process is complex. The critique extends to the consideration of carnival as a critique of social hierarchies and domination and as a space and time of resistance (Bakhtin, 1968; Hazen, 1993; Islam, Zyphur, & Boje, 2008; Rhodes, 2001, 2002). Attempts to integrate the idea of carnival, and its associated concept polyphony, have stretched the metaphor to varying degrees in relation to organizations (Belova, King, & Sliwa, 2008). Attempts to repress the dangerous carnivalesque impulse have contained its main form of expression from mediaeval times, but the onset of mass-popular culture has in particular facilitated its movement fluidly in all directions to find an outlet where one presented itself, in forms of popular culture including films and TV, cartoons, car-boot sales, rock'n'roll, "playful" workplaces, and even in modern versions of carnival itself. There is strong evidence that cultural formations and processes flow across organizational boundaries, and this indicates that there is a need to open organizational culture further to better absorb new evidence to readdress and challenge existing positions.

On a related note, Joanna Brewis and Gavin Jack (2009) argue that popular culture has established over the past 30 years some formidable conceptual tools for cultural analysis. Debates here in cultural studies are more complex than much of what has so far appeared in organization studies, but there are at last signs that more researchers studying organizational culture are beginning to take some of this material into account in their own thinking. One example, with its roots in the work of Adorno and Benjamin on the negative effects of mass culture, which combines and rethinks psychoanalysis and Marxism, is concerned with the ways in which mass culture purveys a bland and deadening sentimentalized version of reality to its consumers, as kitsch. This amuses, dazzles, comforts, reassures, and distracts them from fully realizing and responding to some of the harsher realities of their unemancipated state. Kitsch enables and promotes the circulation of images that turn thought and feeling into formula, and therefore, into products for consumption; help to ingrain and recycle existing modes of thought, even when quite technically inventive, about both the human and natural worlds; and consequently, contribute to stabilizing particular institutional structures (which both employ and are the object of kitsch representations, often in subtle ways), patterns of advantage and disadvantage, and power disparities. This understanding can be extended to organization theory as a cultural artifact and to representations of organizational culture itself, where it can be seen to connect to some aspects of the work of Max Weber on bureaucracy and rationality and to that of Baudrillard on simulation, as it does in the work of Ritzer (2000, 2005) on McDonaldization and enchantment, which embeds organizational culture in societal,

and even global, cultural processes (Böhm, 2005; Linstead, 2002a).

Theoretical intensification. During the past two decades, the initial interests of the field of organizational symbolism developed from their origins as an epiphenomenon of cultural concerns into a more philosophically informed and less experimental interrogation of organizational aesthetics (Gagliardi, 1990; Linstead & Höpfl, 2000; Strati, 1999, 2000; Turner, 1990). On the one hand, this showed itself in a deepening of the study of the scholarly roots of aesthetics in the humanities and, most particularly, in the importation of concepts and approaches from the arts, both theoretical and empirical. This has inter alia involved a reconsideration of the roles of creative processes and creative persons in the formation of organizational culture, including entrepreneurs. Although in some of its variants it has been largely uncritical of functionalist assumptions, in others, it has importantly contested them, especially those in Schein's (1985) almost universally familiar model of culture in which leaders provide the important foundational materials in setting values and are active in promoting their expression, and creatives are difficult to manage and remain on the margins (Guillet de Monthoux, Sjöstrand, & Gustafsson, 2007; Hjorth, 2004, 2005; Schein, 1985).

Concerns with postmodern thought, initially exclusively associated with the idea of the post, have not been superseded but developed by some commentators and researchers. Although far from exhausted, the work of Baudrillard, Deleuze and Guattari (Linstead & Thanem, 2007), Slavoj Žižek (Böhm & de Cock, 2005; de Cock & Böhm, 2007), Peter Sloterdijk (Kaulingfreks and Ten Bos, 2006), Paul Virilio (Redhead, 2004), and Michel Serres (Letiche, 2004c) among others, as well as the later ethical and political work of

Derrida and Foucault, have been opened up to organizational relevance. Furthermore, developments in the area of postpositivism have addressed the nature of realism and, in critical realism, have attempted to preserve the central role of objectivity while recognizing the insights of social constructionism (Ackroyd & Fleetwood, 2000; Archer, 1988, 2007). Contemporary moves are underway to establish productive dialogue over the nature of the "real" between constructionist and realist perspectives in the study of culture and the continued incorporation of new conceptual repertoires (e.g., Deetz, Newton, & Reed, in press).

Empirical expansion. Here, the new anthropology has made a significant contribution in providing evidence linking the cultures of globalizing capitalism to the cultures of the workplace (Holmes & Marcus, 2005, 2006; Marcus, 1998; Newfield, 1998; Ong & Collier, 2005; Tsing, 2004). For example, in a groundbreaking, book-length ethnography of Wall Street, Karen Ho (2009) studied (as she described it) the cultural production of liquidation. The culturally organized nature of a variety of new and changing sites including financial centers, advertising agencies, domestic and offshore call centers, elderly care homes, warehouses, casinos, online communities, merchant ships, the military, the police, firefighting, telecoms, sex work, the circus, security work, family firms, the motor industry, tattooing, and modeling has been documented across several journals, most notably in the journal *Culture and Organization*. A year-length ethnography of one of Augé's (1995) supermodern nonplaces—a major airport—has just been funded by the U.K.'s Economic and Social Research Council (*Daily Mail*, 2010).

The study of culture as gendered has acquired a substantial empirical base

since the 1980s, with key contributions from Silvia Gherardi (1995), Gherardi and Barbara Poggio (2007) and the journal *Gender, Work and Organization.* Connections between gender and other forms of difference, and hence potential sources of discrimination, were flagged as cultural by Joan Acker (2006), who argued for a view of organizational cultures as multifaceted inequality regimes. Bobby Banerjee and Linstead (2001) made a critical intervention in linking discourses of globalization to discourses of domestic multiculturalism, and Brewis and Jack (2009) summarized several important contributions to the analysis of culture using postcolonial theory; one should also add Loïc Wacquant's (2004) courageous study of race, class, and masculinity in his ethnography of a ghetto boxing training gym. Alongside the deployment of postmodern concepts, the work of Pierre Bourdieu (1977, 1992, 1999), who critically extended the concept of capital to include cultural, social, and symbolic capital, has provided theoretical and methodological inspiration for several researchers.

Methodological intensification. Experiments in representation, following Norman Denzin and Yvonna Lincoln's (2005) fifth and sixth moments of qualitative inquiry from 1990 to 2000, have taken place in several formats. The Standing Conference on Organizational Symbolism (SCOS), formed in 1982, provided a space for symbolic events from its earliest conferences, and even as it has grown more formalized, it has continued to create spaces for the gestation of ideas and their presentation in nontextual ways. Its journal, *Culture and Organization,* established in 1995 and published by Routledge, is replete with experiments in textual form and visual content, alongside articles from a diverse international community of scholars, including

the most eminent in the field. In 2002, building on work on aesthetics during the previous decade, a biennial conference, The Art of Management and Organization, was founded by SCOS members, and subsequently a journal, *Aesthesis,* was launched under the founding editorship of Ian King and Jonathan Vickery. The journal itself comprised an artwork in glossy A3 format with full-color illustrations, photographs, and often a CD, providing a space, and a motivation, for work that could not be accomplished any other way. The interest in sensuous methodology has led to active research programs on the visual (Warren, 2008), auditory (Corbett, 2003; Linstead, 2007), haptic (Rippin, 2006), and olfactory (Corbett, 2006) dimensions of culture and on the relation of bodily experience to cultural knowledge. Some of this work has also been related to a parallel thread on narrative and storytelling, a development related to but distinct from discourse analysis with grounds in folklore, myth analysis and psychoanalysis, and the deployment of narrative methods in culture analysis (Boje, 1991, 2001; Czarniawska, 1998; Gabriel, 2000; McCabe, 2009). Experiments in narrative presentation have been employed in work on cultural change in the police service (Bruining, 2006), painting has been used as a research tool on occupational therapy regimes (Kuiper, 2007), and the short film format has been used to explore the cultural and industrial context of solo climbing in a Deleuzian frame (Brown & Wood 2009; Wood & Brown, in press).

Ethics and politics. It was frequently asserted of postmodern thought during the post period of the 1990s that it was by turns pessimistic, deterministic, and radically relativist in advocating anything goes and had no grounds from which to make secure moral judgments or ethical

recommendations because it regarded knowledge, and hence evidence, as undecidable or uncertain. Even the better discussions of the time often entertained this line of criticism (Hancock & Tyler, 2001; Parker 2000). But the fact that this was never necessarily the case with postmodernism has been brought home emphatically by the availability of the later work of Derrida in particular, but also by the work of Foucault, Emmanuel Lévinas, and Paul Ricoeur (Linstead, 2004). The journal *ephemera* has played a significant role in introducing new continental thought to the study of organizations and organizational culture via the discussion of the work of a wide range of thinkers on ethics and politics, including Alain Badiou, Jean-Luc Nancy, Giorgio Agamben, Michael Hardt and Antonio Negri. Perhaps the most significant for the future, already a major influence in politics, is Jacques Rancière (2006), whose political aesthetics brings together the two areas often felt to be inadequately reconciled, or irreconcilable, in previous cultural work.

CONCLUSION

> Life, it seems, for almost all disciplines and specialties, has outrun the pedagogies in which we were trained, and we must work anew to forge new concepts, new forms of cultural understanding, and new trackings of networks across scales and locations of cultural fabrics. (Fischer, 2007, p. 38)

> There are no new ideas and none on the horizon, as well as no indication that . . . [the] traditional stock of [cultural] knowledge shows any sign of revitalization. (Marcus, 2008, p. 3)

It seems clear that researchers are post the sort of cultural approaches prevalent in the 1980s, and some of the post-cultural approaches that followed were perhaps inadequately formed. Culture as a concept is always parasitic on the field to which it is applied—organizational culture needs organizations, popular culture needs mass media—and hence is plastic, both spatially and temporally. At the same time, like any parasite, it irritates the system to which it is attached and provokes a response that researchers neither think of nor manage organizations in the same way when they think culturally (Serres, 2007). For Marcus, the concept of culture has now attached itself to and has been changed by so many systems that it can no longer stimulate anthropology usefully; for Fischer, it is still unfolding, challenging and challenged, dynamic over time. In organization studies, one style of thinking about culture is undoubtedly moribund, but this does not mean that culture has by any means become enervated as a concept. Not only does it need to change, but also the literature reviewed in this chapter indicates that it is indeed changing through theoretical translation, theoretical intensification, empirical expansion, and methodological intensification. But what recent developments emphatically underscore is that culture was always multifaceted, whether it has been recognized it or not, and researchers continue to need concepts and methods that are equal to the challenges of this recognition.

Regardless of approaches taken in organization studies, there are still many rich and dynamic ways to think culturally. But although researchers might not necessarily think of culture as they once did, cultural thinking about organizing has merely moved into a new space, rather than having been left behind. Researchers may be post post-culture, but only by recognizing that culture is post itself.

REFERENCES

Acker, J. (2006). Inequality regimes: Gender, class, and race in organizations. *Gender & Society, 20,* 441–464.

Ackroyd, S., & Fleetwood, S. (2000). *Realist perspectives on organization and management.* London: Routledge.

Alvesson, M., & Melin, L. (1987). Major discrepancies and contradictions in organizational culture. Paper presented at the Standing Conference on Organizational Symbolism and Corporate Culture, Universita Cattolica, Milan, Italy.

Archer, M. S. (1988). *Culture and agency: The place of culture in social theory.* New York: Cambridge University Press.

Archer, M. S. (2007). *Making our way through the world: Human reflexivity and social mobility.* New York: Cambridge University Press.

Augé, M. (1995). *Non-places: Introduction to an anthropology of supermodernity.* London: Verso.

Banerjee, S. B., & Linstead, S. A. (2001). Globalization, multiculturalism and other fictions: The new colonization for the new millennium. *Organization, 8*(4), 711–750.

Bakhtin, M. M. (1968). *Rabelais and his world.* Cambridge, MA: MIT Press.

Barley, S., Meyer, G., & Gash, D. (1988). Cultures of culture: Academics, practitioners and the pragmatics of normative control. *Administrative Science Quarterly, 33*(1), 24–60.

Bate, S. P. (1997). Whatever happened to organizational ethnography? *Human Relations, 50*(9), 1147–1175.

Belova, O., King, I., & Sliwa, M. (2008). Polyphony and organization studies: Mikhail Bakhtin and beyond. *Organization Studies, 29*(4), 493–500.

Böhm, S. (2005). Fetish failures: Interrupting the subject and the other. In A. Pullen & S. Linstead (Eds.), *Organization and identity* (pp. 127–161). London: Routledge.

Böhm, S., & de Cock, C. (2005). Everything you wanted to know about organization theory, but were afraid to ask Slavoj Žižek. *The Sociological Review, 53,* 279–291.

Boje, D. M. (1991). Stories of the storytelling organization: A postmodern analysis of Disney as "Tamara Land." *Academy of Management Review, 38,* 997–1035.

Boje, D. M. (2001). *Narrative methods for organizational and communication research* Thousand Oaks, CA: Sage.

Bourdieu, P. (1977). *Outline of a theory of practice.* New York: Cambridge University Press.

Bourdieu, P. (1992). *Language & symbolic power.* Cambridge, UK: Polity.

Bourdieu, P. (1999). *The weight of the world: Social suffering in contemporary society.* Cambridge, UK: Polity.

Brewis, J., & Jack, G. (2009). Culture: Broadening the critical repertoire. In M. Alvesson, H. Willmott, & T. Woodbridge (Eds.), *The Oxford handbook of critical management studies* (pp. 232–250). New York: Oxford University Press.

Brown, S., & Wood, M. (Producers). (2009). *Lines of flight: Everyday resistance along England's backbone* [film]. Sheffield: Brown Bear Productions.

Bruining, T. (2006). *Learning behind the frontline of public service.* Utrecht, Netherlands: KPC Groep/UvH.

Burrell, G., & Morgan, G. (1979). *Sociological paradigms and organizational analysis.* London, UK: Heinemann.

Calás. M., & Smircich, L. (1987). Organizational culture: A critical assessment. In F. M. Jablin, L. L. Putnam, K. H. Roberts, & L. W. Porter (Eds.), *Handbook of organizational communication: An interdisciplinary perspective* (pp. 228–264). London: Sage.

Calás. M., & Smircich, L. (1997). Post-culture: Is the organizational culture literature dominant but dead? *Comportamento Organizacioanl e Gestao, 3*(1), 29–56.

Calás, M., & Smircich, L. (1999). Past postmodernism? Reflections and tentative directions. *Academy of Management Review, 24,* 649–671.

Chan, A. (2000). *Critically constituting organization.* Amsterdam: John Benjamins.

Chan, A. (2003). Instantiative vs. entitative culture: The case for culture as process. In R. Westwood & S. Clegg (Eds.), *Debating organization: Point-counterpoint in organization studies* (pp. 311–320). Oxford, UK: Blackwell Press.

Chan, A., & Clegg, S. (2002). History, culture and organization studies. *Culture and Organization, 8,* 259–273.

Clifford, J., & Marcus, G. E. (Eds.). (1986). *Writing culture: The poetics and politics of ethnography.* Berkeley: University of California Press.

Collinson, D. (1988). Engineering humor: Masculinity, joking and conflict in shop floor relations. *Organization Studies, 9,* 181–199.

Colville, I., Waterman, R., & Weick, K. (1999). Organizing and the search for excellence: Making sense of the times in theory and practice. *Organization, 6,* 129–148.

Cooper, R., & Burrell, G. (1988). Modernism, postmodernism and organizational analysis: An introduction. *Organization Studies, 9*(1), 91–112.

Corbett J. M. (2003). Sound organization: A brief history of psychosonic management. *Ephemera: Critical Dialogues on Organization, 3,* 261–272.

Corbett, J. M. (2006). Scents of identity: Organization studies and the cultural conundrum of the nose. *Culture and Organization, 12,* 221–232.

Czarniawska, B. (1998). *Narrative approaches in organization studies.* Thousand Oaks, CA: Sage.

Daily Mail. (2010, January 25). Plane crazy? Meet the academic who will spend the next year living in an airport. Retrieved March 4, 2010, from http://www. dailymail.co.uk/ news/article-1245780/Plane-crazy-Meet-academic-spend-year-living-airport.html

Deal, T., & Kennedy, A. (1982). *Corporate cultures: The rites and rituals of corporate life.* Harmondsworth, UK: Penguin.

de Certeau, M. (1984). *The practice of everyday life.* Berkeley: University of California Press.

de Cock, C., & Böhm, S. (2007). Liberalist fantasies: Žižek and the impossibility of the open society. *Organization, 14,* 815–836.

Denzin, N. K., & Lincoln Y. S. (Eds.). (2005). *Handbook of qualitative inquiry* (3rd ed.). Thousand Oaks CA: Sage.

Deetz, S., Newton, T., & Reed, M. (Eds.). (in press). Special issue on responses to social constructionism and critical realism in organization studies. *Organization Studies* [Special issue].

Fischer, M. J. (2007). Culture and cultural analysis as experimental systems. *Cultural Anthropology, 22,*1–65.

Gabriel, Y. (2000). *Storytelling in organizations: Facts, fictions, and fantasies.* London: Sage.

Gagliardi, P. (Ed.). (1990). *Symbols and artifacts: Views of the corporate landscape* Berlin: De Gruyter.

Gherardi, S. (1995). *Gender and organizational culture.* London: Sage.

Gherardi, S., & Poggio, B. (2007). *Gendertelling in organizations: Narratives from male-dominated environments.* Malmö, Sweden: Liber and Copenhagen Business School Press.

Gordon, C. (1991). Governmental rationality: An introduction. In G. Burchell et al. (Eds.), *The Foucault effect: Studies in governmental rationality* (pp. 1–51). Hemel Hempstead, UK: Harvester Wheatsheaf.

Guillet de Monthoux, P., Sjöstrand, S.-E., & Gustafsson, C. (2007). *Aesthetic leadership: Managing fields of flow in art and business.* London: Palgrave Macmillan.

Hallett, T. (2003). Symbolic power and organizational culture. *Sociological Theory, 21,* 128–149.

Hancock, P., & Tyler, M. (2001). *Work postmodernism and organization: A critical introduction.* London: Sage.

Hassard, J., & Holliday, R. (1998). *Body and organization.* London: Sage.

Hazen, M. A. (1993). Towards polyphonic organization. *Journal of Organizational Change Management, 6*(5), 15–26.

Hjorth, D. (2004). Creating space for play/invention: Concepts of space and organizational entrepreneurship. *Entrepreneurship and Regional Development, 16,* 413–432.

Hjorth, D. (2005). Organizational entrepreneurship: With de Certeau on creating heterotopias (or spaces for play). *Journal of Management Inquiry, 14,* 386–398.

Ho, K. (2009) *Liquidated: An ethnography of Wall Street.* Durham, NC: Duke University Press.

Holmes, D., & Marcus, G. E. (2005). Cultures of expertise and the management of globalization: Toward the refunctioning of ethnography. In A. Ong & S. J. Collier (Eds.), *Global assemblages: Technology, politics and ethics as anthropological problems* (pp. 235–252). Oxford, UK: Blackwell Press.

Holmes, D., & Marcus, G. E. (2006). Fast capitalism: Para-ethnography and the rise of the symbolic analyst. In M. Fisher & G. Downey (Eds.), *Frontiers of capital: Ethnographic reflections on the new economy* (chap. 1). Durham, NC: Duke University Press.

Islam, G., Zyphur, M. J., & Boje, D. (2008). Carnival and spectacle in Krewe de Vieux and the Mystic Krewe of Spermes: The mingling of organization and celebration. *Organization Studies, 29,* 1565–1589.

Jeffcutt , P. (1994). From interpretation to representation in organizational analysis: postmodernism, ethnography and organizational symbolism. *Organization Studies, 15,* 241–274.

Jones, C. (2005). Theory after the postmodern condition. *Organization, 10,* 503–525.

Kaulingfreks, R., & Ten Bos, R. (2006). In praise of blowjobs. In J. Brewis, S. Linstead, D. Boje, & T. O'Shea (Eds.), *The passion of organizing* (pp. 39–50). Malmö, Sweden: Liber and Copenhagen Business School Press.

Kuiper, C. (2007). *The eventmaker: The hybrid art of performing professionals, work-setting rehabilitation.* Den Haag, Netherlands: Boom uitgevers Den Haag.

Latour, B. (1987). *Science in action: How to follow scientists and engineers through society.* Milton Keynes, UK: Open University Press.

Latour, B. (2005). *Reassembling the social: An introduction to actor-network-theory.* Oxford, UK: Oxford University Press.

Letiche, H. (2004a). Jean-Francois Lyotard. In S. A. Linstead (Ed.), *Organization theory and postmodern thought* (pp. 64–87). London: Sage.

Letiche, H. (2004b). Jean Baudrillard. In S. A. Linstead (Ed.), *Organization theory and postmodern thought* (pp. 137–160). London: Sage.

Letiche, H. (2004c). Talk & Hermès. *Culture & Organization 10,* 143–161.

Linstead, S. A. (1985). Jokers wild: The importance of humor in the maintenance of organizational culture. *Sociological Review, 33,* 741–767.

Linstead, S. A. (1993). From postmodern anthropology to deconstructive ethnography. *Human Relations, 46,* 97–120.

Linstead, S. A. (1994). Objectivity, reflexivity and fiction: Humanity, inhumanity and the science of the social. *Human Relations, 47*(11), 1321–1346.

Linstead, S. A. (2002a). Organizational kitsch. *Organization, 9,* 657–684.

Linstead, S. A. (2002b). Organization as reply: Henri Bergson and casual organization theory. *Organization, 9,* 95–111.

Linstead, S. A. (2004). *Organization theory and postmodern thought.* London: Sage.

Linstead, S. A. (2007). Exploring culture and collective identity through the radio-ballads. In A. Pullen, D. Sims, & N. Beech (Eds.), *Exploring identity: Concepts and methods* (pp. 251–273). London: Palgrave.

Linstead, S. A. (2009a). Poststructuralism. In A. Mills, G. Durepos, & E. Weibe (Eds.), *Encyclopedia of case study research* (pp. 703–710). London: Sage.

Linstead, S. A. (2009b). Postmodernism. In A. Mills, G. Durepos, & E. Weibe (Eds.), *Encyclopedia of case study research* (pp. 694–700). London: Sage.

Linstead, S. A., & Grafton-Small, R. (1992). On reading organizational culture. *Organization Studies, 13,* 331–355.

Linstead, S. A., & Höpfl, H. J. (Eds.). (2000). *The aesthetics of organization.* London: Sage.

Linstead, S. A., & Thanem, T. (2007). Multiplicity, virtuality and organization: The contribution of Gilles Deleuze. *Organization Studies, 28,* 1483–1501.

Linstead, S. A., Grafton-Small, R., & Jeffcutt, P. S. (Eds.). (1996). *Understanding management.* London: Sage.

Marcus, G. E. (1994). What comes (just) after the post? In N. K. Denzin & Y. S. Lincoln (Eds.), *Handbook of qualitative inquiry* (pp. 897–922). Thousand Oaks, CA: Sage.

Marcus G. E. (Ed.). (1998). *Corporate futures: The diffusion of the culturally sensitive corporate form.* Chicago: Chicago University Press.

Marcus, G. E. (2007). Ethnography two decades after writing culture: From the experimental to the baroque. *Anthropological Quarterly, 80,* 1127–1145.

Marcus, G. E. (2008). The end(s) of ethnography: Social/cultural anthropology's signature form of producing knowledge in transition. *Cultural Anthropology, 23*(1), –14.

Marcus G. E., & Fischer, M. (1986). *Anthropology as cultural critique: An experimental movement in the human sciences.* Chicago: University of Chicago Press.

Martin, J. (2002). *Organizational culture: Mapping the terrain.* Thousand Oaks, CA: Sage.

McCabe, J. (2009). Talk, tales and testimony: An inquiry into the discursive circulation of knowledge within and around organizations. Unpublished doctoral dissertation, University of York, UK.

Meek, V. L. (1988). Organizational culture: Origins and weaknesses. *Organization Studies, 9,* 453–473.

Morgan, G. (1986). *Images of organization.* Beverley Hills, CA: Sage.

Newfield, C. (1998). Corporate culture wars. In G. Marcus (Ed.), *Corporate futures: The diffusion of the culturally sensitive corporate form* (pp. 23–62). Chicago: Chicago University Press.

Ong, A., & Collier, S. J. (Eds.). (2005). *Global assemblages: Technology, politics and ethics as anthropological problems.* Oxford, UK: Blackwell Press.

Pacanowski, M. E., & O'Donnell-Trujillo, N. (1983). Organizational communication and cultural performance. *Communication Monographs, 50,* 126–147.

Parker. M. (2000). *Organizational culture and identity: Unity and division at work.* London: Sage.

Peters, T., & Waterman, R. (1982). *In search of excellence.* New York: Harper & Row.

Rancière, J. (2006). *The politics of aesthetics.* London: Continuum.

Ray, C. A. (1986). Corporate culture: The last frontier of control? *Journal of Management Studies, 23,* 287–297.

Redhead, S. (2004). *Paul Virilio: Theorist for an accelerated culture.* Edinburgh, UK: Edinburgh University Press.

Rhodes, C. (2001). D'Oh: The Simpsons, popular culture, and the organizational carnival. *Journal of Management Inquiry, 10,* 374–383.

Rhodes, C. (2002). Coffee and the business of pleasure: The case of Harbucks vs. Mr. Tweek. *Culture and Organization, 8,* 293–306.

Rhodes, C., & Westwood, R. (2008). *Critical representations of work and organization in popular culture.* London: Routledge.

Rippin, A. (2006). Stitching up the leader: Empirically based reflections on leadership and gender. *Journal of Organizational Change Management, 20,* 209–226.

Ritzer, G. (Ed.). (1990). *Frontiers of social theory: The new synthesis.* New York: Columbia University Press.

Ritzer, G. (2000). *The McDonaldization of society* (5th ed.). Thousand Oaks, CA: Pine Forge Press.

Ritzer, G. (2005). *Enchanting a disenchanted world: Revolutionizing the means of consumption* (3rd ed.). Thousand Oaks, CA: Pine Forge Press.

Rose, N. (1993). Government, authority and expertise in advanced liberalism. *Economy and Society, 22,* 283–299.

Rosen, M. (2000). *Turning words, spinning worlds.* London: Harwood.

Schein, E. (1985). *Organizational culture and leadership.* San Francisco: Jossey-Bass.

Schwartz, H. S. (1990). *Narcissistic process and corporate decay: The theory of the organizational ideal.* New York: NYU Press.

Serres. M. (2007). *The parasite.* Minneapolis: University of Minnesota Press.

Smircich, L. (1983). Concepts of culture and organizational analysis. *Administrative Science Quarterly, 28*(3), 339–358.

Strati, A. (1999). *Organization and aesthetics.* London: Sage.

Strati, A. (2000). The aesthetic approach in organization studies. In S. A. Linstead & H. J. Höpfl (Eds.), *The aesthetics of organisation* (pp. 13–34). London: Sage.

Trice, H., & Beyer, J. (1993). *The culture of work organizations.* Englewood Cliffs, NJ: Prentice Hall.

Tsing, A. (2004). *Friction: Ethnography of global connections.* Princeton, NJ: Princeton University Press.

Turner, B. A. (1990). The rise of organizational symbolism. In J. Hassard & D. Pym (Eds.), *The theory and philosophy of organizations* (pp. 83–86). London: Routledge.

Tyler, S. (1987). *The unspeakable: Discourse, dialogue, and rhetoric in the postmodern world.* Madison: University of Wisconsin Press.

Van Maanen, J. (1988). *Tales of the field.* London: Sage.

Wacquant, L. (2004). *Body and soul: Ethnographic notebooks of an apprentice-boxer.* New York: Oxford University Press.

Warren, S. (2008). Empirical challenges in organizational aesthetics research: Towards a sensual methodology. *Organization Studies, 19,* 559–580.

Westwood, R., & Rhodes, C. (2006). *Humour, work and organization.* London: Routledge.

Willmott, H. (1993). Strength is ignorance; slavery is freedom: Managing culture in modern organizations. *Journal of Management Studies, 30,* 515–552.

Wood, M., & Brown S. (in press). Lines of flight: Everyday resistance along England's backbone. *Organization.*

Young, E. (1989). On the naming of the rose: Interests and multiple meanings as elements of organizational culture. *Organization Studies, 10*(2), 187–206.

Material and Meaning in the Dynamics of Organizational Culture and Identity With Implications for the Leadership of Organizational Change

MARY JO HATCH

Although a small number of studies have provided empirical evidence to support linking organizational identity to organizational culture (Alvesson, 2001; Amodeo, 2005; Fiol, Pratt, & O'Connor, 2009; Ravasi & Schultz, 2006), the vast majority of organizational identity researchers either downplay the role of organizational culture or ignore it entirely (e.g., Albert & Whetten, 1985; Dutton & Dukerich, 1991; Elsbach & Kramer, 1996; Gioia, Schultz, & Corley, 2000; Gioia & Thomas, 1996; Glynn, 2000; Pratt & Foreman, 2000). This oversight has consequences for those studying organizational culture because organizational identity offers at least one way to explain how external influences work their way into and change an organization's culture (Gagliardi 1986; Hatch & Schultz 2008).

The contribution of this chapter is to present a model describing the mutual influences of organizational culture and identity and its implications for the leadership of organizational change. The chapter will combine two models, one representing the dynamics of organizational culture (Hatch, 1993) and the other representing organizational identity dynamics (Hatch & Schultz, 2002). Although this endeavor is limited by its focus on my prior work, a limited scope is needed in light of the difficulties involved in theorizing the interaction of these highly complex phenomena.

THE DYNAMICS OF ORGANIZATIONAL CULTURE AND IDENTITY

In the mid-1990s at the Sundance Conferences hosted by Brigham Young University and led by David Whetten, a group of American and a few European scholars came together to discuss how best to define and study the concept of identity in and of organizations. It was a contentious lot. One battle line drawn during these meetings concerned whether or not organizational identity should be linked to the concept of organizational culture. Most

agreed that organizational scholarship was bogged down in what Joanne Martin and Peter Frost (1996) described as the "organizational culture war games," and that it was time to move on. A subset, however, observed that not considering culture left the budding identity field with a definition of its core concept that was practically identical to that which had served as the early definition of organizational culture: shared understandings of who we are as an organization. In spite of the definitional similarity and, to the culture defenders, the seeming necessity of both differentiating and linking culture and identity, most at the conference were dead set against allowing culture into the discourse.

One product of the Sundance Conference was the collaboratively written *Identity in Organizations: Building Theory Through Conversations* (Whetten and Godfrey, 1998), into which Marlena Fiol, Karen Golden-Biddle, and I stubbornly contributed a small essay linking identity to the culture concept. In a sidebar to the chapter on the identity of organizations, we argued that "identity reflects how a social entity makes sense of itself in relation to the cultures it is a part of" and positioned it as "the essential linkage between observable manifestations of culture (organizational artifacts) and their underlying meanings," a link, we noted, that made of identity a potential lever for culture change (Fiol, Hatch, & Golden-Biddle, 1998, pp. 56–59).

Stuart Albert and David Whetten's (1985) foundational article on organizational identity mentioned culture only in passing, stating that whether or not a specific organizational identity was related to that organization's culture was strictly an empirical question. This stance was illuminated by Whetten's (2006) later equation of organizational identity with identity claims since identity claims made by or on behalf of the organization may have little to do with who or what the organization is when seen from within its culture.

That small band of researchers mentioned before, wanting a more central role for the culture phenomenon, continued to empirically examine possible links between culture and identity. The success of their endeavors has encouraged me to return to my earlier attempts to place organizational identity within the dynamics of organizational culture (Hatch, 1993; see also Hatch, 2000; Hatch, 2004). The result of this theory building effort, which borrows heavily from Ramona Amodeo's (2005) empirical study, is reported here.

The Dynamics of Organizational Culture

Hatch (1993) combined Edgar Schein's (1985) theory of culture (i.e., that tacit cultural assumptions manifest as values that, in turn, manifest in artifacts located at the culture's surface) with the symbolic view promoted by interpretivists such as Barry Turner (1971), Linda Smircich and Gareth Morgan (1982), Louis Pondy (1983), Pasquale Gagliardi (1986), and Barbara Czarniawska (1988). In the interpretive perspective, organizational members use symbols and symbolism to constitute their culture. In simple terms, the theory of cultural dynamics (see Figure 19.1) claimed that (1) meanings embedded in cultural assumptions manifest as values that are used to (2) realize material artifacts, some of which are (3) transformed into symbols via symbolization, and (4) when interpreted, (re)constitute meaning along with the culture in which that meaning is thereby embedded. Taken together, these four processes—manifestation, realization, symbolization, and interpretation—not only describe the dynamics within which members forge and maintain their cultures, but also respond to and change them.

The processes, rather than the assumptions, values, artifacts, and symbols that they produce and connect, were the focus of the original model. However, the processes were
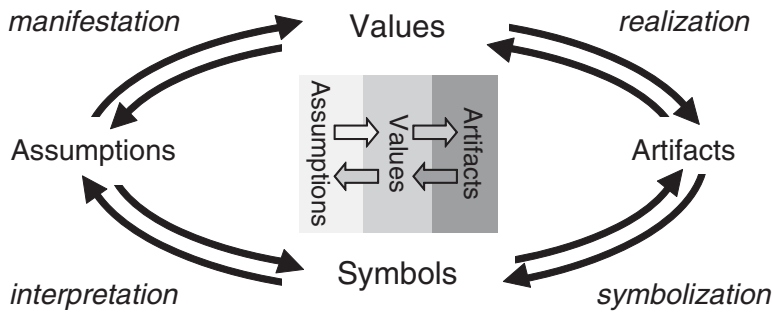
Figure 19.1   The dynamics of organizational culture. Edgar Schein's model is shown in the center as a reference point.

SOURCE: Adapted from Hatch, 1993, p. 685; Schein, 1985.

meant to be grasped in a more holistic way than most readings of Hatch (1993) suggest. The reviewers of that paper demanded that the processes be developed one by one and as a result the overall nature of cultural dynamism as it was intended to be understood was lost. The following section recovers the holistic point of departure for Hatch (1993), beginning with the four pairs of arcing arrows that represent each of the processes of cultural dynamics: manifestation, realization, symbolization, and interpretation (see Figure 19.2).

One of the arcs in each pair of arrows points in a clockwise (forward temporal) direction, and the other points counterclockwise (a backward temporal move). The four clockwise arcs described by the outer set of arrows in Figure 19.2 derive from the observation that human behavior is prospective and proactive and that it has material consequences. In this proactive-prospective realm, behavior is motivated and shaped by the symbols, assumptions, and values of culture and leaves artifacts in its wake. Behavior also combines artifacts to form the physical contours of human life within the culture, for example, by configuring built space (e.g., homes, offices, factories) and other aspects of human geography. Proactive and prospective processes thus give culture its materiality.

The counterclockwise arcs forming the inner set of arrows in Figure 19.2 describe the retrospective and retroactive human capacity to use memory to revisit the past, construct the present, and anticipate the future, all of which take place more or less publicly because, as Mikhail Bahktin (1981) showed for language, symbolic meaning always reflects the interpretations of others. In this realm, cultural processes spin what Clifford Geertz (1973, following Max Weber) called culture's web of meaning. Within the web, artifacts are shaped and imbued with symbolic significance drawn largely from past experiences. These artifacts then carry or convey meaning into the future. The retrospective and retroactive processes closely resemble what Karl Weick (1995) referred to as organizational sensemaking.

Considered together, the four arcs in the outer circle of Figure 19.2 represent the material forces of culture, while those of the inner circle represent the culturally contextualized forces of meaning. The two are, of course, interrelated. If one attends to the material world that surrounds him or her, one will notice that very little he or she sees has gone untouched by human hands. Even the great nature preserves on Earth (e.g., Denali National Park) are cultivated: They become preserved through human intervention, an act
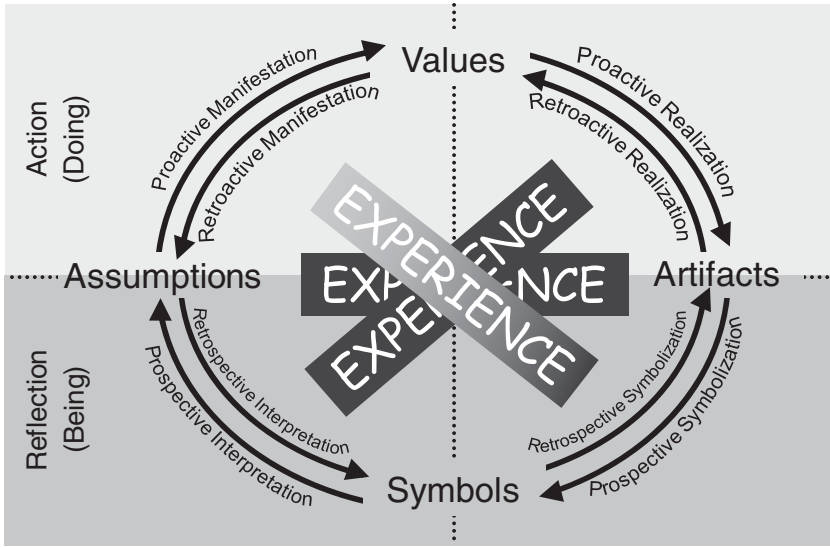
Figure 19.2   The dynamics of organizational culture showing the realms of action and reflection. The outer arcs spin culture's materiality, and the inner arcs spin its meaning.

SOURCE: Adapted from Hatch, 1993. Experience is shown in the center following Dewey (1934/1980).

that changes their meaning as well as their use. When one considers the opposite extremes of cityscapes and the design of various human habitats within them, cultural materiality becomes so obvious as to require little comment, yet once created it shapes the paths people follow in living and influences who and how they meet one another as they enact their lives and produce the culture that shapes their future selves and the built spaces, landscapes, and human geography they will occupy.

At the same time that the forces of materiality produce and arrange artifacts, the forces of meaning transform some material artifacts into symbols. The ongoing processes of meaning-making this implies pile meanings atop other meanings as artifacts and symbols accumulate in an endless hermeneutic via which old cultural meaning leaks into new cultural material, and old material is reimagined in light of new meanings. In other words, the materiality of the proactive-prospective forces influences the retrospective-retroactive forces of

meaning-making, and vice versa. These interacting forces produce the thread with which assumptions, values, artifacts, and symbols are spun and then woven into culture, as per Geertz's (1973) metaphor of the web of meanings that he used to define a culture.

Placing experience at the heart of the cultural dynamics model shown in Figure 19.2 follows from John Dewey (1934/1980), who claimed that material reality becomes what it is as people find out what they mean by their creations, or invest meanings in them that can then be communicated and elaborated by others as well as by their future selves. Dewey's contribution to the theory of cultural dynamics is his observation that "inner" experiences (i.e., images, observations, memories, emotions) interpenetrate the physical materials from which cultural symbols and meanings are constituted.

Dewey's idea suggested conceptualizing cultural materiality and meaning as counterbalancing forces. This fusion of meaning and

materiality transforms an artifact-strewn organization into a forest of symbols, to borrow Victor Turner's colorful phrase. For example, by making a gift of something, even if trivial, people associate themselves with it for the recipient and thus give the gift (and themselves) added significance. Over time, the sum of such meaning-making activity, ongoing throughout a culture, produces the rich and varied web of meaning that connects people to each other. The sharing of material reality imbued with meaning renders culture publicly accessible.

Although culture is mainly known in retrospect, people prospectively adjust their past understanding in light of the new material conditions of their socially constructed reality. Cultural dynamics suggests that pro-active-prospective cultural forces deliver the material reality of people's culturally embedded lives, while the retrospective-retroactive forces construct the meaning they give that materiality (i.e., their physical existence). Combining material and meaning forms the thread from which the web of culture is spun, but as it is spun, what appears always appears in and as experience.

The point of Hatch (1993) was to focus attention on the spinning (cultural dynamics) as opposed to the spun (culture or experience), which raises the question: Who or what does the spinning? Addressing this question return us to Sundance.

The Dynamics of Organizational Identity

Hatch and Schultz had come to Sundance seeking help in developing our theory of organizational identity dynamics (presented initially in Hatch & Schultz, 1997; see also Hatch & Schultz, 2002, 2008). Having come from organizational culture studies, we felt responsible for representing culture within the research community that was gathered around the concept of organizational identity. Because of its dynamic

quality, among the many ideas discussed at Sundance, George Herbert Mead's (1934) theory of individual identity as a conversation between the "I" and the "me" resonated most strongly with Hatch and Schultz.

Hatch and Schultz (2002) adapted Mead's identity conversation to the phenomenon of organizational identity, acknowledging that organizational identity involves far greater complexity due to the number and variety of people involved in the conversation (see Figure 19.3). On the organizational "me" or "us" side of the model stand the stakeholders of the organization who provide the images used by organizational members to form the "us." On the "we" side stand the organizational members who use their cultural self-understandings to form a "we" that responds to the "us."

Culture contributes to complexity on both sides of the identity dynamics model. Organizational culture is the context within which, and provides the symbolic material with which, organizational members form and express their "we." On the other side of the identity dynamics model, various societal subcultures provide contexts within which stakeholders form images of the organization and communicate them to organizational members. Back inside the organization, organizational culture filters the meanings stakeholder images transmit to the organization via feedback about its identity (i.e., from the perspective of organizational members this appears to be how "we" are seen by others).

Conversation between the "we" and the "us" sets up dynamic processes of *listening* (experiencing organizational identity mirrored in the images of "us" communicated by stakeholders and reflected on from within the context of the organization's culture) and *responding* (using cultural material from the organization to express organizational identity to stakeholders who use this symbolism to form their own impressions). The organization's responses are always
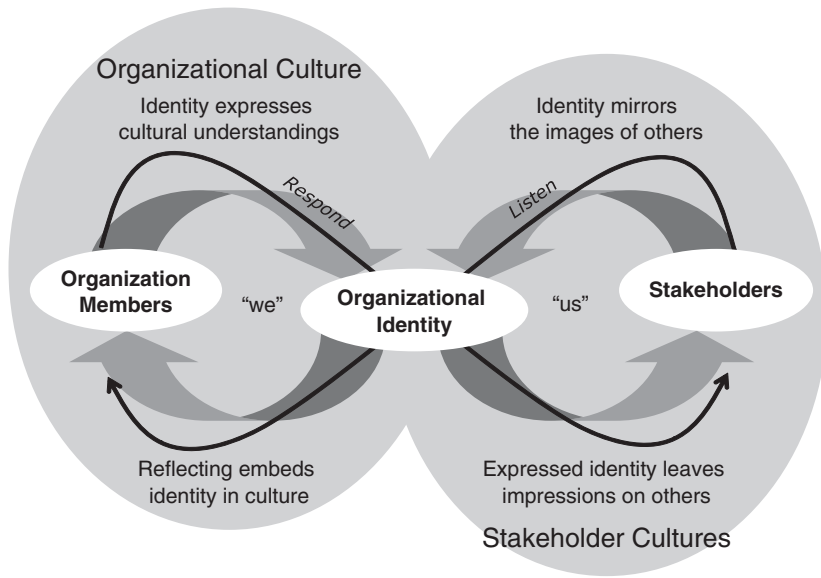
Figure 19.3   The Dynamics of Organizational Identity and Its Cultural Contexts

SOURCE: Adapted from Hatch & Schultz, 2002.

contextualized by the organization's cultural meanings, while the impressions these messages leave on stakeholders form the stuff of future images that will be contextualized by their cultures. The volume of this interpretive activity defines organizational identity as a distributed phenomenon, best depicted as occurring within dynamic webs of material and meaning (i.e., cultures) produced, carried, communicated, and remembered in various forms by all those involved (i.e., organizational members and external stakeholders).

A single pass through an organizational identity conversation might go like this: External stakeholders communicate their images of the organization to one another with some of the more interesting of these being picked up and reported in the media. These images are captured by press clipping analysis and market research techniques or delivered directly by customer feedback during service delivery encounters or other interactions that cross the organization's boundaries. Traces of these and other

stakeholder images become embedded in organizational culture through the perceptions of organizational members as they (re)construct the organizational "us" in relation to stakeholders' images they have encountered, imbued with any feelings they experience in regard to these images.

Of course, organizational culture inflects these experiences with certain response tendencies. Thus, culturally framed understandings produce a "we" able to react to the "us," which will happen if enough tension between the two is experienced. Where warranted by sufficient organizational discomfort, action will be taken to try to alter the external images. (Dutton & Dukerich, 1991, provided an empirical example that Hatch & Schultz, 2002, reanalyzed using the organizational identity dynamics model.) Such (re)action will express the organizational identity using cultural material (e.g., symbols and artifacts of culturally embedded meaning making) that will leave impressions on stakeholders whose images either will or will

not be altered, whereupon another round of the conversation begins.

It is important to recognize that the "we" can resist, conform to, or negotiate with the "us," but no matter in what combination these efforts are made, the conversation between the two sides continues. Identity emerges from this conversation implying that identity forms and reforms continuously throughout the life of the organization as new inputs to the "us" are offered and as the "we" formulates responses to them. If the conversation breaks down, the identity may become dysfunctional. For example, if the "us" ignores the "we," then the organization's identity is likely to become overly influenced by others (e.g., the organization becomes hyperadaptive as it chases after reputation rankings or moves away from its core competence to react to customer whims). When this occurs, organizations lose touch with their cultural heritage and the meaning their culture provides to everyday organizational life. Conversely, if the "we" ignores the "us," as can occur when an organization enjoys too much success, then the conversation becomes organizationcentric, and in extreme cases, narcissism takes hold. Although balanced identity conversations can be sustained over long periods of time, every organization will face periods of imbalance (i.e., identity crises). Hatch and Schultz (2008) provide detailed examples of positive and negative cases of organizational identity dynamics.

If the identity conversation maintains balance between the influences of the "we" and the "us," self-corrections for organizational narcissism and hyperadaptation are produced by organizational reflections on and applications of culture that occur prior to making choices about how the "we" should respond to stakeholders who are mirroring unwanted images toward the "us." In a well-balanced organizational identity conversation, this processing of meaning and the use of material culture to express it provides

coherence between culture and images that supports continually effective listening and responding. Defining the role of culture in the identity conversation begins to link the two dynamic models.

BRINGING CULTURE AND IDENTITY DYNAMICS TOGETHER

Linking two dynamic models requires complex maneuvering that can quickly spin to absurd heights of abstraction, so an empirical example will provide much-needed grounding. The example comes from Amodeo's (2005) research on Interface Inc., which made extensive use of Hatch and Schultz's (2002) identity dynamics model. In both her analysis and her conclusions, Amodeo linked the dynamic view of organizational identity to her observations of profound culture change within the organization. Her application of organizational identity dynamics theory suggests that changes in the opinions, attitudes, perceptions, and expectations of stakeholders accessed processes deeply embedded within the culture of Interface Inc. and thus prompted the organizational culture to change.

The Case for Culture and Identity Change at Interface Inc.

Amodeo (2005) analyzed Interface Inc.'s transformation from dependency on refined oil for the manufacture of its carpet products into a much-heralded exemplar of sustainable business. As she analyzed her data, Amodeo noticed distinct stages of organizational development that she characterized as awakening, cocooning, metamorphosis, emergence, and engagement (see Figure 19.4). Within each stage, she found that Hatch and Schultz's (2002) model helped explain how pressures outside the organization were translated into organizational

action that, in turn, triggered a redefinition of organizational identity. This happened over the course of several years and involved multiple interactions between the organization and its environment. Although all the details of this longitudinal study cannot be recounted in this chapter, a brief summary will serve the purpose of grounding the theory under development.

The Interface story began when founder and CEO Ray Anderson was approached by sales people with requests for sustainably produced carpet. These requests came from customers, mostly architects wanting to build "green" buildings for clients who themselves felt pressured to be more sustainable. Not long after, someone put a copy of Paul Hawken's book *The Ecology of Commerce* on Anderson's desk. Reading the book, according to Anderson, "felt like a spear in my chest" (Amodeo, 2005, p. 104). He claims to have had an epiphany at this moment stemming from identifying himself as a "plunderer of the earth" (Amodeo, 2005, p. 46) and recognizing what he and others like him had done to the planet his grandchildren will inherit. His response was to challenge his organization to use not one more drop of oil.

Amodeo (2005, p. 109) reports that the employees initially responded to their founder's new mission by wondering whether Anderson had "gone round the bend." Undaunted, Anderson enlisted Hawken and some likeminded others to help him present the case for sustainability to his employees while he worked with Interface engineers to find a way around using refined oil, a primary ingredient in carpet. The employees eventually came around to Anderson's views, particularly once he and his engineers found a solution to the challenge of using no more oil by developing a carpet recycling process. From that time on, the company began to rent rather than sell carpet, thus changing the Interface business model and thereby increasing the sustainability of the business dramatically. As employees bought into the mission, they followed Anderson's lead by finding additional ways to make the business sustainable (e.g., reducing waste along with the company's carbon footprint). Although the company was still only part of the way to its audacious goal at the time Amodeo published her study, it had changed enough of its behavior to report massive improvement on sustainability measures and some unanticipated cost savings as well.

In her data analysis, Amodeo (2005) described in detail how Anderson and the
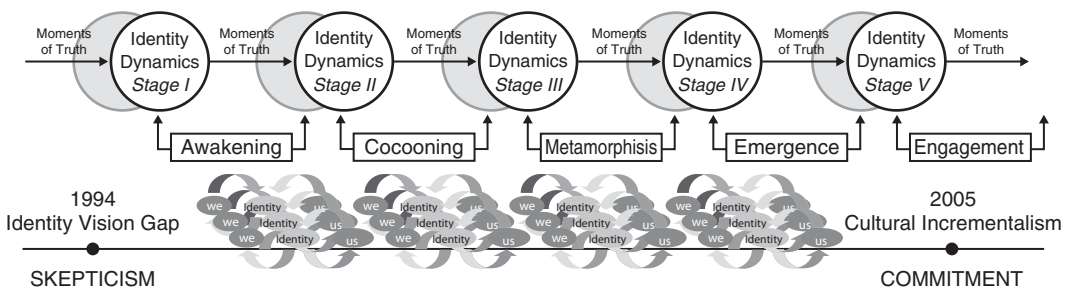
Figure 19.4 Identity Dynamics Within Transformational Culture Change

SOURCE: Adapted from Amodeo, 2005.

employees of his company made many passes through the organizational identity dynamics model on their way to sustainability (see Figure 19.4). She showed that these identity dynamics engaged the culture at its many distributed "touch points" throughout the organization, and did so repeatedly over several years. Amodeo concluded that identity dynamics incrementally changed the organizational culture at its deepest level, transforming basic assumptions about who they are as an organization and how they are going to work together toward newly defined goals.

Of course, one could argue that the change was entirely the result of Anderson's leadership, but even he does not make this claim (Anderson, 2009). Amodeo (2005) concluded that the organization's culture changed slowly in response to values unleashed as employees took the opportunity Anderson provided to express their changing sense of who they were in response to their potential to produce something new

in the world. The opportunities occasioned by the challenge of becoming sustainable brought the larger world and its problems inside the business and, from that moment on, according to Amodeo, the responses of cultural members, including Anderson, produced forces that engaged organizational identity dynamics and led to lasting cultural change for the organization.

The Interface example shows an organizational identity caught up in and reciprocally influencing the dynamic cultural forces of material and meaning, which is shown in a combined model of the dynamics of organizational culture and identity (see Figure 19.5).

The Dynamics of Organizational Culture and Identity

In Figure 19.5, the static concepts of assumptions, values, artifacts, and symbols (see Figures 19.1 and 19.2) are subsumed within the holistic cultural dynamics model
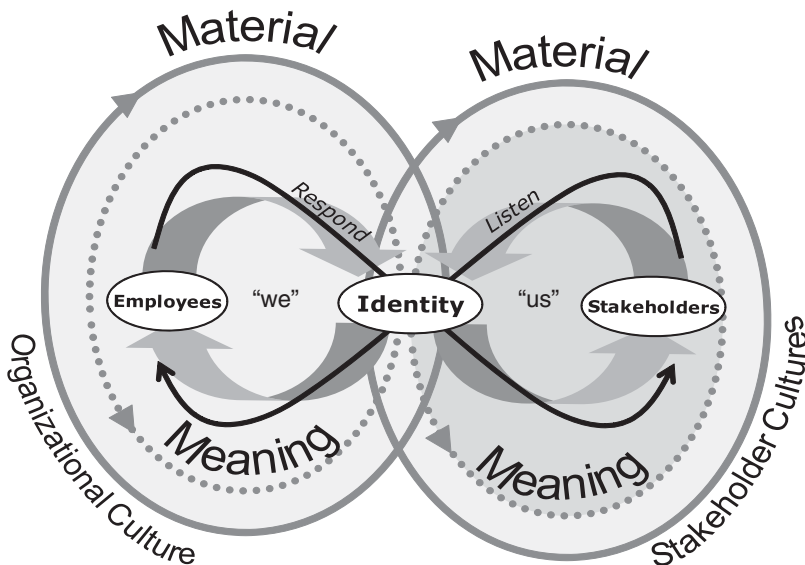
Figure 19.5   A Model Combining Organizational Identity and Cultural Dynamics

SOURCE: An extension of Hatch, 1993; Hatch & Schultz, 2002.

formed by the two counterbalancing forces of material and meaning that encircle the left side of the model. Of course, a similar set of forces surrounds stakeholders, so a second grouping of material and meaning is shown to the right. (One could well draw numerous sets of cultural dynamics forces on both sides of the model to capture more of the cultural and subcultural dynamics embedding employees and stakeholders, but to limit the visual complexity of the combined model, only two representative sets of forces are depicted.) To flesh out the links between the dynamics of culture and identity involved in the case, the events Amodeo (2005) reported will now be reanalyzed.

The potential to create a sustainable organization out of one that had been guilty of plundering the earth was communicated to Interface Inc.'s founder and CEO through contact with the outside world, first in the form of sales reports and later through reading Hawken's *The Ecology of Commerce*. These boundary-spanning activities brought negative images and artifacts (sales reports, Hawken's book) from the environment into the organization, setting up a mirroring process in which first Anderson and then the rest of the organization experienced its "us" in a new way.

For example, Anderson's reflections on Interface's "us" caused him to reevaluate the company's business model and practices, transforming them in Anderson's mind from being sources of good (profit, growth) to sources of shame. The sense of shame Anderson experienced along with his changed perception of "us" exposed him to the cultural influences of society in the form of expectations for sustainability and corporate citizenship. The influence of these external pressures would eventually alter the material reality of Interface Inc., but not before a change in organizational culture took place, one that worked through

processes established by Interface's idenity dynamics.

Anderson's reflections on his company's role in society were expressed in a new vision for Interface Inc. and a goal to achieve it: Not one more drop of oil. Thus, when it came time to respond to his new understanding of "us," Anderson moved from reflecting on Interface Inc.'s current identity, into a process of expressing his vision for its future. This move carried with it symbolic material from the organization's culture (e.g., the now reinterpreted product and business model as well as internal messages about them) and framed it with Anderson's newly awakened dream of a sustainable future business (a vision forged within a different cultural context than that of the organization, namely the context he encountered when he contacted Hawken). Anderson used this symbolic material to communicate to his employees the organizational "we" that he perceived and now personally owned—as a plunderer of the earth—and how he thought that "we" could be changed into the foundation for a sustainable business. Thus his vision contained the influential component Jim Collins and Jerry Porras (1994) referred to as an envisioned future.

Of course, Anderson's new vision would be only that until it worked its way into the feelings and actions of Interface employees. To help this process along, Anderson brought Hawken and some of his colleagues into the company to hold discussions with employees on the state of the planet and the role business could play to preserve it. This started a conversation between employees and environmentalist stakeholders that became part of the dynamics of Interface's organizational identity. In entering the organization itself, the environmentalists moved from the position of holding up the mirror, to participating directly in processes that formed Interface's "us."

Giving the environmentalists greater access to employees constitutes a political act on the part of Anderson, but the influence attempt would have been blocked had employees been unwilling to listen and respond. Nonetheless, it is important to see how Anderson used his power and influence inside the organization (as its founder and CEO) to introduce the potential for change into the identity dynamics processes of reflection and thereby provided access to the deep layers of culture (see Figure 19.3).

Meanwhile, Anderson worked on the company's core product—the material from which the carpet was made—to change it in ways that would align it with the sustainability vision. In this regard, he and his engineers took the perspective of the planet as their own and worked to serve its needs. Instead of seeing the organization as the rationale for acting, the entire enterprise including Interface's full range of stakeholders provided the context for reimagining the company's core product (and a key symbol within its culture). According to Amodeo (2005), many rounds of conversation occurred both inside the company and across its boundaries during months of activity. During this time, employees slowly changed their views of the company and themselves in relation to it. Identity change was underway at multiple locations and levels within Interface Inc.

As the identity change worked its way into Interface's products and practices, the outside world took note and began to form and mirror new images of the organization. For example, Anderson was featured as the only corporate "good guy" in the film *The Corporation*. This and other media reports featuring the sustainability efforts of Interface confirmed the new identity internally, which eventually worked its way into the deep layers of Interface Inc.'s culture. Amodeo provides evidence for this change,

for example, noting that more than one employee reported that whereas they used to get up in the morning to make carpet, now they went to work to make the world a better place in which to live. Inspired employees started finding their own ways of contributing to the sustainability effort, and, as their collective activities changed, they materially altered the company's business model and its significance to society—that is, the forces of identity dynamics (re)shaped culture inside the organization.

The company's materiality changed by producing carpet with fewer harmful effects on the planet (e.g., new procedures for collecting worn-out carpet were established, new manufacturing methods were introduced, there was less waste to send to the landfill, and fewer emissions released into the air with less use of refined oil). These material changes altered how employees felt about the company and how they interacted as they went about their work. The meaning added to their organizational lives by the significance of what they were achieving and lent gravitas and excitement to the work itself, motivating more efforts to achieve sustainability. Thus, meaning and material were simultaneously altered in the process of listening and responding to outside actors who convinced employees that Interface Inc. not only should, but also could change its behavior and its identity. As new meaning worked its way into the material reality of the firm and its relationship to society, organizational culture changed along with identity.

Identity dynamics contributed to culture change by altering the meaning of existing material artifacts (e.g., the carpet they make) and practices (e.g., how they make their carpet and distribute it to customers). Initially, influence came from outside the organization's culture and thus was embedded in other cultural dynamics than those of the organization. The outside influence worked

through Interface's organizational identity dynamics, but because identity is partly contextualized by organizational culture, the external influence, boosted by Anderson's example, tapped into the cultural dynamics of the organization to produce organizational culture change. In effect, Anderson opened a conversation between his organization and external agents who hoped to change the company.

Through his intervention, external influence directly engaged the dynamics of identity and cultural change inside the organization. Societal culture, however, shown on the right side of Figure 19.5, had been changing before this in response to the perceived devastation of the biosphere that sustains life on this planet, so larger cultural forces were also at work. Please note that although this chapter's version of the story ends here, the dynamic forces that changed Interface's culture at its deepest levels will continue to work either to sustain that change or to reverse it as organizational members continue to respond to external influences and the organization meets them via the same dynamics described in Figure 19.5. In other words, the processes of culture and identity dynamics are always and everywhere ongoing.

BUILDING ORGANIZATIONAL CHANGE AND LEADERSHIP INTO THE THEORY OF CULTURE AND IDENTITY DYNAMICS

Critics of organizational culture theory point to its overemphasis on stability and its failure to account for outside influences. The cultural dynamics model (Hatch, 1993) addressed the first of these criticisms by explaining that the same cultural processes (the manifestation of values out of assumptions, the realization of artifacts and their symbolization and interpretation)

can account for both stability and change. In one part of a culture, assumptions and values will realize artifacts that support existing interpretations of key symbols leading to continuity with the past and stability at the same time that, in other parts of the culture, change is underway. Cultural anthropologists such as Melville J. Herskovits (1948, 1964; see Hatch, 2004 for a review), who promote views of culture as dynamic, have long argued that cultural change requires the counterbalance of stability.

The criticism about ignoring outside influences on culture, especially influences involving power and politics, still remained. Combining identity dynamics and cultural dynamics, as proposed in this chapter, begins to address this criticism. The Interface example demonstrated the potential of the combined model to account for the politics of external influence (i.e., political pressure from environmental activists), as well as internal politics (i.e., Anderson's intervention of exposing employees to environmental activists). Whereas models of external influence on internal organizational power distributions have tended to focus attention on structure (e.g., Pfeffer & Salancik, 1978/2003, demonstrated how changes in internal power structures reflected changes in the external distribution of resources; Giddens, 1979, theorized the intersection of legitimation, symbolization and domination in organizations), the dynamic modeling used in this chapter emphasizes the processes of change rather than their structural relationships and results.

The politics of the Interface story raise issues about the role of leadership in culture and identity dynamics. For example, following from the dynamics described in Figure 19.5, negative images entering the identity conversation from the right side of the model produced the impetus for cultural

change on the left. Interestingly, however, these negative images were not directed specifically at Interface. It was Anderson who saw Interface in the mirror Hawken held up to industry in general, and it was Anderson's personalized interpretation of Hawken's message that began the transformation process inside the company.

Clearly, leadership was a moderating and influential factor in the Interface story. But there is more to be seen in the case of Interface and in Anderson's role in it. In changing how he perceived his company's "us," Anderson became caught up in the conversation in which he would later involve his employees by inviting Hawken and other activists to visit Interface to talk about sustainability. By opening himself to the forces of his organization's identity dynamics and listening and responding accordingly, Anderson became an effective change agent. This raises questions about the role(s) of leadership in the cultural change that took place at Interface, and in cultural and identity dynamics more generally.

In the first edition of this *Handbook,* Hatch (2000) contrasted the cultural dynamics model to Weber's theory of the routinization of charisma. There Hatch suggested that each theory complemented and extended the other. The retro (retrospective and retroactive) forces of meaning in cultural dynamics, Hatch (2000) argued, are tantamount to what Weber (1968/1978) described as routinization within which members of a culture accommodate new values and ideas (carried into the society or organization by its leader, typically from outside its boundaries) to existing political, religious, intellectual, and/or economic interests. Meanwhile, defining what matters, and how cultural members behave in response to the leader's influence, is shaped by and shapes the material (prospective and proactive) forces of culture.

Anderson's leadership activities were comprised of the following: (a) allowing himself to be changed by larger forces in the environment in which Interface is embedded, (b) expressing his transformational experience to others inside the company, (c) exposing employees to the sources of his transformation, and (d) encouraging their responses and any resultant change efforts. Anderson did not lead change in the sense of planning a change process or setting up systems of control to ensure desired change would happen; instead, he inspired change by his example while at the same time facilitating it through the identity conversation that he both started and encouraged.

This is transformational change at its best, but through the lens of the culture and identity dynamics model, one can see how transformational change taps into identity dynamics ongoing within the organization and through them achieves contact with the deep layers of culture to promote lasting change. The implication is that when a leader works with and respects the organizational culture in which he or she is embedded, lasting change of culture itself is possible—and identity dynamics is key to how leadership and culture interact. Thus, another implication of the model shown in Figure 19.5 is that messing with identity dynamics carries risks.

Anderson took a risk by inviting critics of business into the company because if the identity conversation became imbalanced, negative consequences might have ensued. Hatch and Schultz (2002) described two dysfunctions that can beset an organizational identity. A breakdown in the identity conversation can disrupt the change process if the organization responds to negative images by shutting down either its "we" or its "us." For example, encountering negative images could lead an organization to stop listening to those who

stand outside its boundary. By cutting off the right side of the identity dynamics model, the identity conversation becomes contained within the dynamics of the left side of the model where the only cultural influences permitted are those of the organization itself (i.e., narcissism prevails). This can result in failure to adapt the organization to new situations, which will imperil its chances for survival. Conversely, overadaptation to negative images can cause an organization to respond to external pressures without testing its responses against cultural values and assumptions. Hyperadaptation risks cultural degeneration when actions diverge from values. Avoiding the extremes of narcissism and/or hyperadaptation requires managing the identity conversation effectively and this introduces the need for leadership.

With the addition of organizational identity dynamics into the processes by which culture and leadership are related, a new understanding of their mutual influence and constitution can be attempted. Once again the Interface example aids theorizing in that Anderson demonstrated several leadership roles in managing change in his organization: inspiration, facilitation, and servant leadership. Figure 19.6 places these leadership roles in the context of the combined organizational culture and identity dynamics model. First, Anderson's response to external pressures to produce carpet in a sustainable way exemplified societal level servant leadership (i.e., changing the entire business model to better serve society). Anderson's ongoing efforts to encourage conversation between environmental activists and his employees offered an example of leadership as facilitation (as well as the political use of his power). His engineering team's successful innovation of a carpet recycling process provided an example of inspiration as their actions offered a model of how to

be creative in achieving sustainability and licensed other employees to take a larger view of the organization's purpose (i.e., to work for the benefit of society rather than exclusively for the profit and growth of the firm).

Adding the phenomena of leadership and change to the combined model suggests some surprising implications. One is that a leader whose actions align with organizational identity and with the meaning the culture provides not only will no doubt have an easier time achieving employee acceptance (because his or her actions violate no cultural expectations), but also will have a harder time changing employee behavior because nothing of substance in the dynamics of the organization's culture and identity changes. To effect change, a leader needs to step outside cultural expectations to encounter new ideas to bring into the organization. The identity dynamics of the combined model suggests multiple ways of doing this, as Anderson did at Interface. The leader can adopt (a) servant leadership with stakeholders to hear new ideas that have built in stakeholder appeal and (b) inspirational leadership with employees to introduce new ideas (and hence change) and motivate their being taken on board, while (c) facilitating direct interaction between employees and stakeholders so that listening and responding increases the ability of the organization to discover new ideas and implement them effectively. While engaging in facilitation, the leader must be wary of unbalancing the conversation, which can cause narcissism and an inability to change or hyperadaptation and a consequent loss of the organization's culture.

It no doubt helped Anderson tremendously to be the founder of Interface and, therefore, a key symbol and carrier of tradition (Schein, 1983). Invoking the
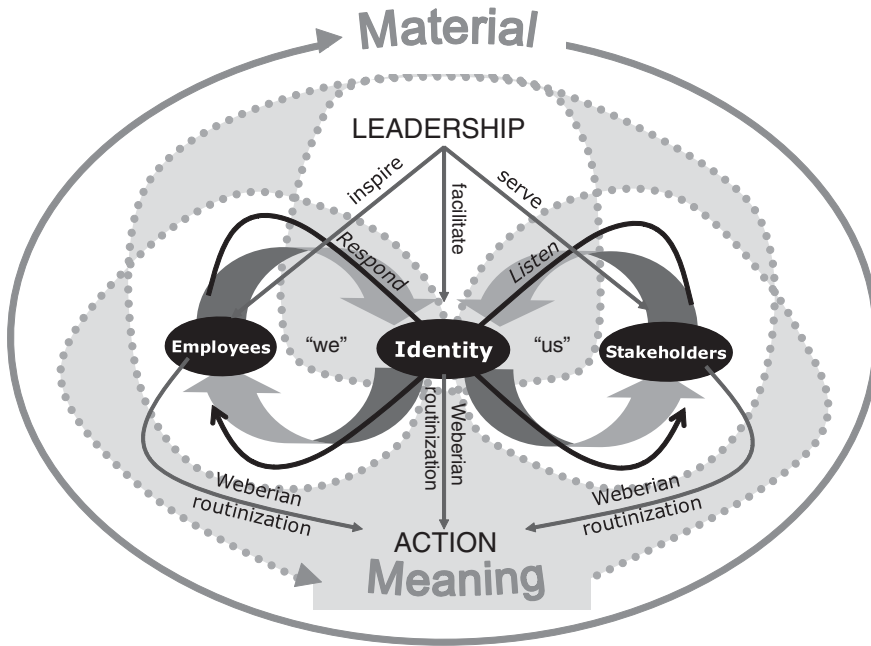
Figure 19.6 The dynamics of organizational culture and identity with leadership added. The forces of meaning are redrawn (dotted line) to reflect the effects of multiple interacting (sub) cultures (white areas inside the gray domain of meaning representing employee, executive and stakeholder cultures).

founder's originating vision could serve in the founder's place for successive generations of leadership. But one should never neglect the importance of power and the politics of change. Though the dynamics of identity and culture hold much promise for helping leaders forge desired change within an organization, overzealous use of power may actually destroy the processes that underpin change.

CONCLUSION

Material and meaning are fundamental to the way humans live and experience their lives and thereby construct their cultures. Yet theories of organizational culture do not immediately reveal the sources of cultural change arising from contact between organizations and their external environments. Something acts upon the processes that contextualize people in order that they might change that context to align it to contemporary needs, opportunities, and threats. Following Amodeo's (2005) study of Interface, this chapter has proposed that the dynamics of organizational identity offer one way to account for the influence of cultural and identity dynamics in the ongoing adaptation of organizations to their environments, and particularly to the influence exercised by stakeholders as they mirror the organizational images they hold up to the company and its members.

Combining the dynamics of organizational culture (Hatch, 1993) and organizational identity dynamics (Hatch & Schultz, 2002) took a step toward teasing out the

complex relationships between these two key organizational phenomena. Although much more work is needed to adequately theorize the interaction of these phenomena, it is hoped that the ideas put forth here will serve as inspiration for other integrative efforts. The core phenomena of organizations are not independent of one another, but efforts to recognize their interdependence require new approaches to theorizing able to confront the complexities involved. This chapter is intended as a step toward holistic understanding of the dynamics of culture and identity in organizations.

REFERENCES

Achbar, M., & Abbott, J. (Directors). (2003). *The corporation* [Documentary film]. British Columbia, Canada: Big Media Corporation.

Albert, S., & Whetten, D. (1985). Organizational identity. In L. L. Cummings & B. M. Staw (Eds.), *Research in organizational behavior* (Vol. 7, pp. 263–295). Greenwich, CT: JAI Press.

Alvesson, M. (2001). Knowledge work: Ambiguity, image and identity. *Human Relations, 54*(7), 863–886.

Amodeo, R. (2005). *Becoming sustainable: Identity dynamics within transformational culture change at Interface, Inc.* Unpublished doctoral dissertation, Benedictine University.

Anderson, R. (2009). *Confessions of a radical industrialist: Profits, people, purpose—doing business by respecting the earth.* New York: St. Martin's Press.

Bahktin, M. (1981). *The dialogic imagination: Four essays by M. M. Bahktin* (M. Holquist, Ed., V. W. McGee, Trans.). Austin: University of Texas Press.

Collins, J., & Porras, J. (1994) *Built to last – successful habits of visionary companies.* New York: Harper Business Essentials.

Czarniawska, B. (1988). *Ideological control in non-ideological organizations.* New York: Praeger.

Dewey, J. (1980). *Art as experience.* New York: Perigee. (Original work published 1934)

Dutton, J., & Dukerich, J. (1991). Keeping an eye on the mirror: Image and identity in organizational adaptation. *Academy of Management Journal, 34,* 517–554.

Elsbach, K. D., & Kramer, R. M. (1996). Members' responses to organizational identity threats: Encountering and countering the *Business Week* rankings. *Administrative Science Quarterly, 41*(3), 442–476.

Fiol, M., Hatch, M. J., & Golden-Biddle, K. (1998). Sidebar to Gioia, D., Bouchikhi, H., Fiol, M., Golden-Biddle, K., Hatch, M. J., Rao, H., Rindova, V. & Schultz, M. (with C. Fombrun, J. Kimberly & J. Thomas). The identity of organizations. In D. Whetten & P. Godfrey (Eds.), *Identity in organizations: Developing theory through conversations* (pp. 33–80). Thousand Oaks, CA: Sage.

Fiol, M., Pratt, M., & O'Connor, E. (2009). Managing intractable identity conflicts. *Academy of Management, 34,* 32–55.

Gagliardi, P. (1986). The creation and change of organizational cultures: A conceptual framework. *Organization Studies, 7,* 117–134.

Geertz, C. (1973). The *interpretation of cultures.* New York: Basic Books.

Giddens, A. (1979). *Central problems in social theory.* Berkeley: University of California Press.

Gioia, D. A., Schultz, M., & Corley, K. (2000). Organizational identity, image and adaptive instability. *Academy of Management Review, 25,* 63–82.

Gioia, D. A., & Thomas, J. B. (1996). Identity, image, and issue interpretation: Sensemaking during strategic change in academia. *Administrative Science Quarterly, 41,* 370–403.

Glynn, M. A. (2000). When cymbals become symbols: Conflict over organizational identity within a symphony orchestra. *Organization Science, 11,* 285–298.

Hatch, M. J. (1993). The dynamics of organizational culture. *Academy of Management Review, 18*(4), 657–693.

Hatch, M. J. (2000). The cultural dynamics of organizing and change. In N. Ashkanasy, C. P. M. Wilderom, & M. Peterson (Eds.), *Handbook of organizational culture and climate* (pp. 245–260). Thousand Oaks, CA: Sage.

Hatch, M. J. (2004). Dynamics in organizational culture. In M. S. Poole & A. Van de Ven (Eds.), *Handbook of organizational change and innovation* (pp. 190–211). New York: Oxford University Press.

Hatch, M. J., & Schultz, M. (1997). Relations between organizational culture, identity and image. *European Journal of Marketing, 31*(5), 356–365.

Hatch, M. J., & Schultz, M. S. (2002). The dynamics of organizational identity. *Human Relations, 55,* 989–1018.

Hatch, M. J., & Schultz, M. (2008). *Taking brand initiative: How corporations can align strategy, culture and identity through corporate branding.* San Francisco: Wiley/Jossey-Bass.

Hawken, P. (1993). *The ecology of commerce: A declaration of sustainability.* New York: HarperCollins.

Herskovits, M. J. (1948). *Man and his works.* New York: Knopf.

Herskovits, M. J. (1964.) *Cultural dynamics.* New York: Knopf.

Martin, J., & Frost, P. (1996). The organizational culture war games: A struggle for intellectual dominance. In S. Clegg, C. Hardy, & W. Nord (Eds.), *Handbook of organizational studies* (pp. 598–621). Thousand Oaks, CA: Sage.

Mead, G. H. (1934). *Mind, self and society.* Chicago: University of Chicago Press.

Pfeffer, J., & Salancik, G. R. (2003). *The external control of organizations.* Stanford, CA: Stanford University Press. (Original work published 1978)

Pondy, L. (1983). *Organizational symbolism.* Greenwich, CT: JAI Press.

Pratt, M. G., & Foreman, P. O. (2000). Classifying managerial responses to multiple organizational identities. *Academy of Management Review, 25,* 18–42.

Ravasi, D., & Schultz, M. (2006). Responding to identity threats: Exploring the role of organizational culture. *Academy of Management, 49*(3), 1–30.

Schein, E. (1983). The role of the founder in creating organizational culture. *Organizational Dynamics, 12*(1), 13–28.

Schein, E. H. (1985). *Organizational culture and leadership.* San Francisco: Jossey-Bass.

Smircich, L., & Morgan, G. (1982). Leadership: The management of meaning. *Journal of Applied Behavioral Science, 18*, 273.

Turner, B. (1971). *Exploring the industrial subculture.* New York: Seabury Press.

Weber, M. (1978). *Economy and society* (G. Roth & C. Wittich, Eds.). Berkeley: University of California Press. (Original work published 1968)

Weick, K. (1995). *Sense-making in organizations.* Thousand Oaks, CA: Sage.

Whetten, D. (2006). Albert and Whetten revisited: Strengthening the concept of organizational identity. *Joural of Management Inquiry, 15*(3), 219–234.

Whetten, D., & Godfrey, P. (Eds.). (1998). *Identity in organizations: Building theory through conversations.* Thousand Oaks, CA: Sage.

Three Dimensions of the Tip of the Iceberg

Designing the Work Environment

Iris Vilnai-Yavetz and Anat Rafaeli

I n August 2009, Israel's Minister of Education issued a formal call to school principals that teachers—in a system characterized by informality, egalitarianism, and lack of ceremony—should be required to come to work dressed in an appropriate and respectful fashion. "No shorts, undershirts, or crop tops will be accepted," he declared (http://www.haaretz.co.il/hasite/spages/1109507.html). The chair of the national parents' organization supported this call, noting that the new dress code would restore respect and status to Israel's teachers. A few years earlier, in the spring of 2005, the mayor of one of Israel's largest cities instructed municipal employees to wear a uniform of black or white shirts; this, he explained, would both enhance the respect shown toward residents by the organization and its employees and would encourage employees to provide better service. Around the same time, Israel's national public transportation company instructed all bus drivers to dress more formally, with buttoned shirts and ties, as a message to passengers of the company's commitment to service quality.

These three initiatives are examples of *employee branding*, where organizations use employees' appearance to influence the thoughts and behavior of their constituents, including both customers and the employees themselves (Harquail, 2006). In all three cases, management anticipated that more formal dress would signify seriousness, authority, and excellence, and so it would lead customers to react with deference, confidence, and respect. Yet, in fact, reactions to all three initiatives were mixed. Some constituents were supportive, viewing the dress measures as indicators of the organization's respect and commitment toward employees and customers. Others saw the required garments as ugly, inconvenient, and cumbersome and the new rules as a phony imposition. Yet available theory and research on organizational dress cannot account for these different reactions.

This chapter proposes a model for analyzing these and similar initiatives regarding symbols and physical artifacts in work environments. As the title suggests, Edgar Schein's (1990) cultural iceberg

model, which positioned artifacts as the most superficial and directly visible layer of organizational culture, will be elaborated. It is suggested that not only should artifacts be viewed through the three dimensions of instrumentality, but also there may be a gap or misalignment on these dimensions between the intentions of managers displaying physical artifacts and the perceptions and interpretations of these artifacts by employees in the work environment. Building on Anat Rafaeli and Iris Vilnai-Yavetz (2004a) and Kimberly Elsbach (2006), this chapter calls for careful attention to all three dimensions in the planning and designing of organizational artifacts—the tip of the cultural iceberg (see Figure 20.1).

ORGANIZATIONAL CULTURE AND THE CULTURAL ICEBERG

Organizational culture can loosely be defined as the set of explicit and implicit values and norms that guide and shape behavior in an organization (Chatman & Barsade, 1995; Martin, 1992; Trice & Beyer, 1993). These norms and values take shape in different ways, including rituals, rites, and symbols (Trice & Beyer, 1984). Schein's (1990) extremely influential analysis of culture suggests that culture manifests itself at three increasingly abstract levels: observable artifacts, values, and underlying assumptions. According to Schein, artifacts can offer a window on the more abstract levels of values and assumptions. Subsequent
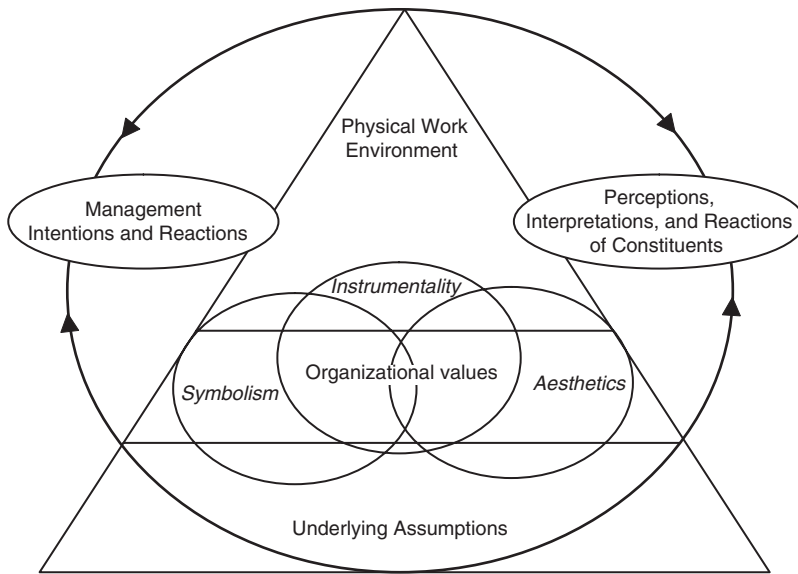
Figure 20.1   Three Dimensions of Organizational Culture(1): The Iterative Influence of Management and Constituents

1. Adapted from Schein, 1990.

2. Arrows represent a circular process of mutual influence of the intent of management and interpretations of constituents on the design of the work environment. Management intentions influence the organizational culture, values, and physical environment, but these are also attentive to and influenced by constituents' perceptions and interpretations of the physical work environment. Thus, designing the work environment is both a strategic act of influence and a dynamic reaction to external processes.

students of culture have shared with Schein the assumption that culture—in its multiple manifestations—determines employees' psychological reactions and behavior at work.

Schein's level approach to culture is widely used, but it is not undisputed. Analyses such as Paul DiMaggio's (1997) refer to the idea of culture as a tool kit or as a repertoire: a collection of heterogeneous notions that vary in both content and function and that constitute resources which are put to strategic use by organizational members. The important departure of DiMaggio and others is the focus on how people use culture rather than on how it is produced or how it is embedded in the physical environment. Under this approach, artifacts are still critical because they are the most apparent and observable element of any organized environment. The point of departure of this analysis is that understanding artifacts is a necessary part of any in-depth inquiry into organizational values and underlying assumptions, or into what DiMaggio labeled "the network of abstract central themes" (p. 267).

Common to Schein's, DiMaggio's, and many other analyses of culture is the view of artifacts as relatively concrete instantiations of culture. Artifacts may be physical objects (e.g., uniforms or merchandise). Alternatively, they may be visible or tangible even if not physical (e.g., logos), or they may exist in the intangible realm of language, story, and practice (e.g., an organization's structure, charter, and folklore). Artifacts comprise products of culture that may be touched, seen, or heard and are, therefore, accessible for interpretation. Physical and nonphysical artifacts provide an unobtrusive medium through which leaders articulate and reinforce their views of how the organization should function. Schein (1990) called them "the tip of the cultural iceberg" because they are cues that can be "read" and interpreted as indicators of the organization's

less-evident values and assumptions. In DiMaggio's (1997) analysis, cultural artifacts pull together the beliefs, attitudes, and strategies of organizational members; they represent the web of resources comprising the organizational culture. The way artifacts are used, according to DiMaggio, is an important and strategic issue itself, worthy of further attention. The model presented in this chapter helps set the foundations for such analyses.

The remainder of the chapter suggests that artifacts should be analyzed through a three-dimensional model of instrumentality, aesthetics, and symbolism. The chapter further suggests that strategic efforts to plan or design work environments and the specific artifacts they include must consider all three dimensions to be effective. The chapter will focus primarily on physical artifacts, but this analysis is also valid for virtual objects, such as software.

PHYSICAL ARTIFACTS IN THE WORK ENVIRONMENT: THE TIP OF THE ICEBERG

Physical artifacts are everywhere in the work environment. They include how employees decorate their offices, the cartoons they display on their doors, and the logo-embossed business cards managers carry. Physical artifacts can be seen in the appearance of employees, in the products produced by an organization, and in the buildings where the organization's work takes place (Rafaeli & Pratt, 2006). Artifacts are pervasive throughout all built work environments, be it through colors (Aslam, 2006; Frank & Gilovich, 1988; Sassoon, 1992), furnishings (Davis, 1984), windows (Leather, Pyrgas, Beale, & Lawrence, 1998), or photocopiers and watercoolers (Fayard & Weeks, 2007) of offices (Elsbach & Bechky, 2007; Hatch, 1992), stores (Cappetta & Gioia, 2006), and vehicles (Hirschman, 2003; Rafaeli

& Vilnai-Yavetz, 2004a). Organizations are one big conglomerate of physical artifacts, and an organization stripped of its artifacts may lack any evidence of its existence.

Physical artifacts are defined by the Oxford dictionary as "artificial products, something made by human beings and thus any element of a working environment" (Hornby, 1974, p. 43), but an important addition to this definition is that artifacts represent certain intentions, aiming to satisfy a need or a goal (Gagliardi, 1992, p. 3). Most critical to the work environment, which will be the focus here, are tangible organizational artifacts that this chapter defines as inanimate objects introduced by organizational members and managers into the work environment of an organization. Yet the understanding of what artifacts really are remains limited at best. Are they but a collection of physical matter? Most artifacts are more than that. Business cards, uniforms, and photocopiers allow people to do things and inspire people to feel or react a certain way, thus influencing and reflecting the organizational culture. Thus, effective artifact management and effective change of organizational artifacts in the context of a desired organizational culture require more comprehensive attention than has traditionally been given.

THREE DIMENSIONS OF PHYSICAL ARTIFACTS IN THE WORK ENVIRONMENT: INSTRUMENTALITY, AESTHETICS, AND SYMBOLISM

An unstated assumption in previous research is that artifacts can be classified into distinct categories. In organizational theory, most scholars have written about artifacts as symbols (e.g., Hatch, 1997; Ornstein, 1986; Pondy, Frost, Morgan, & Dandrige, 1983; Schultz, 2000). These authors tend to focus on symbolism and overlook additional

dimensions in which artifacts may vary. It is true that symbolism is important, but two additional dimensions—instrumentality and aesthetics—should also be considered in assessing any and all artifacts.

There are some hints in current theory that artifacts can embody conceptually distinct and independent qualities other than symbolism (Canter, 1997; Frost & Morgan, 1983; Lang, 1988). Thomas A. Markus (1987), for example, suggests that buildings can vary in form, space, and function, and Robert G. Hershberger and Robert C. Cass (1988) identify multiple factors on which buildings can be evaluated, including utility and aesthetics. Yet these and similar efforts still analyze distinct aspects of artifacts in isolation. For example, the form of a building has typically been considered only in terms of design, ignoring function (Markus, 1987), and the office environment is usually considered in terms of its functionality, ignoring its aesthetic and symbolic elements (Goodrich, 1982). The implicit assumption that an artifact must be analyzed in terms of one distinct quality or category limits understanding of the artifact and its influence on the organization.

An important exception to this discrete approach is Antonio Strati's (1992) "aesthetic approach," which argues that classifying artifacts into aesthetic objects and functional objects is inaccurate and misleading. Strati (1992, p. 571) notes that a picture is typically classified as "aesthetic" and a chair as "functional" but that chairs can have aesthetic properties and pictures functional ones. A stylized image of a boy on a door in an airport or restaurant, for example, has the important function of informing people that the door leads to the men's (rather than women's) toilet. Importantly, such pictures are equally functional whether they are aesthetic or unaesthetic (e.g., see Silva, 2009). Thus, aesthetics are not only separate from but also complementary to function.

A degree of functionality and a degree of aesthetics can characterize any artifact, with no clear positive or negative correlation between the functionality and aesthetics.

This argument—that artifacts inhabit separate and complementary dimensions—is the core assertion of this chapter. As described next, Rafaeli and Vilnai-Yavetz's (2003, 2004a) research on artifacts has identified three specific dimensions essential to analyses of artifacts: instrumentality, aesthetics, and symbolism. Rafaeli and Vilnai-Yavetz proposed elsewhere that these three dimensions have three types of effects—sensory, associative, and functional effects—and that these effects may facilitate or hinder the impact of artifacts on emotions and behaviors (2004a, 2004b). This analysis cannot be repeated in this chapter, but rather this chapter aims to apply the three-dimensional model of artifacts to the design of the work environment and of organizational culture.

Instrumentality

Instrumentality is the impact of an artifact on the tasks or goals of people, groups, or organizations. Instrumentality is high, or positive, if the probability of attaining a goal or accomplishing a task is increased by the presence of the artifact. Instrumentality is low, or negative, if the presence or qualities of an artifact diminish that probability. Thus, the instrumentality of an artifact is the extent to which it aids or hampers performance of individual tasks or accomplishment of individual or organizational goals—or, put more succinctly, the extent to which it affects efficiency and productivity. The term *instrumentality* overlaps with other terms that have been used in the literature, such as *affordances* in James J. Gibson's (1979) ecological approach and the *usability* of artifacts (Nielsen, 1994).

Illustrations of instrumentality can be found in the literature for all sorts of artifacts. David Canter (1997) discusses the instrumentality of physical spaces, as does Dvora Yanow (1998) in her work on public buildings such as museums. Vincent Flanders (2002, p. 135), meanwhile, looks at virtual spaces in showing how to "identify whether a Web site succeeds or fails at its main mission—effectively communicating what it's about and what product or belief they're trying to sell." The idea can likewise be applied to any physical or virtual object, from pencils to software.

Building on Sally A. Shumaker and Willow Pequegnat (1989), two modes of artifact instrumentality can be suggested. In a model of direct influence, the artifact directly helps or hinders performance. A physical workstation, for example, can impede performance through poor location or damaged or inappropriate equipment. An organizational website can facilitate performance through good design (Nielsen, 2000). In a model of indirect influence, an artifact can cause stress or other emotional reactions that, in turn, hamper performance (as many who have tried to master new software can attest). Reviews of environmental psychology (e.g., Garling & Golledge, 1989) consistently emphasize the key role that individuals' perceptions of an environment can play in facilitating performance in this environment.

Aesthetics

A second essential dimension of artifacts is their aesthetics—that is, the sensory experiences elicited by the artifact. Aesthetics appears as a key factor in Jack L. Nasar's (1994, 1997) typology of environmental cues, and Antonio Strati (1992, 2006) links architectonic aesthetics and organizational experiences, as do Pasquale Gagliardi (1992, 1996); James W. J. Dean, Rafael Ramirez,

and Edward Ottensmeyer (1997); and Rafael Ramirez (1991). Micki Eisenman (2004) explicitly positions aesthetics as a factor that, separate from instrumentality, can determine product and organizational success. She uses the design of the Apple iMac personal desktop computer to illustrate how aesthetics can serve as a means of differentiating products. Following the introduction of the iMac, with its "new, cool look," Apple Computers sold 6.5 million computers in 3.5 years, compared with a much lower sales forecast (Eisenman, 2004).

Aesthetics is separate from instrumentality but cannot be divorced from it because aesthetics is judged in the context of one's tasks or goals during an encounter with an artifact. In the example given earlier, the same stylized image of a boy might be considered pleasantly aesthetic on the door of the men's bathroom, but tacky and unaesthetic on a theater program. Similarly, people's aesthetic expectations for an amusement park logo, for example, are likely to be very different from those for the decor of a boardroom, although both logo and boardroom are important organizational artifacts.

In product design, aesthetics is often promoted even at the cost of instrumentality. Sometimes this works for marketers; sometimes it does not. As Virginia Postrel (2001) describes, the good looks of the Apple Power Mac G4 Cube did not make it a successful product most likely because its instrumentality was not up to par—it did not perform as well as its price demanded (see also Eisenman, 2004). Yet Postrel (2001) notes that, as a general matter, aesthetics sells, not only in computers, but also in other goods and services. A classic case of aesthetics profitably taking a lead over instrumentality is the design of cellular telephones. Ergonomic considerations recommend a certain angle for a telephone headset, but such angles produce bulky and less aesthetic cellular phones. The industry has navigated toward more aesthetic although less functional designs (Yun, Han, Hong, & Kim, 2001).

Symbolism

The third dimension of artifacts, and the most widely studied as far as organizational scholars are concerned, is symbolism. Symbolism involves the meanings or associations an artifact elicits. Mihaly Csikszentmihalyi and Eugene Rochberg-Halton (1981), Charlotte Fiell and Peter Fiell (2005), and Edward Tenner (2003) show that even simple or mundane things such as chairs and tables can bear symbolic meanings, which following Harrison M. Trice and Janice M. Beyer (1993) and Stephen Stern (1988) could represent organizational values. A similar perspective appears in the work of scholars who study the process of shaping and presenting personal and social identities via artifacts such as buildings (Yanow, 1998), personal dress (Harquail, 2006), organizational uniforms (Daniel, Johnson, & Miller, 1996), and logos (Baruch, 2006; Schultz, Hatch, & Ciccolella, 2006).

Advertising campaigns are the most vivid context in which symbolism is used to shape or create a desired identity (Aaker, 1994; Aaker & Myers, 1987; Avraham & First, 2003; Hirschman, 2003). But even outside the formal structure of advertising, organizations can employ the symbolic content of artifacts to influence people's attitudes and beliefs about the organization or its products. Suzyn Ornstein (1986) and Elsbach (2006) empirically illustrate that the physical layout of an organization reliably elicits certain associations. Mary Jo Hatch (1992) describes attitudinal and behavioral responses to the design of offices as products of meanings that individuals attribute to the work environment. Gagliardi (1992) focuses attention on how symbols and artifacts influence people's views of

corporations, and Per Olof Berg and Kristian Kreiner (1992) call the physical settings of organizations "symbolic resources."

A THREE-DIMENSIONAL ANALYSIS

It seems clear that many or most artifacts cannot be seen only through the light of aesthetics, functionality, or symbolism. It is less clear that all artifacts must be analyzed in terms of all three dimensions. But Rafaeli and Vilnai-Yavetz's research has shown that although an artifact may superficially appear to be aesthetic or symbolic, people still see all three dimensions in most artifacts. In other words, people integrate the three-dimensional model into their conceptualization of artifacts in the work world. Recognizing the three dimensions and integrating them into analyses of organizational artifacts and into managerial thinking regarding artifacts is, therefore, critical for a full understanding of the effects, implications, and interpretations of artifacts. A unidimensional view, which ignores the complexity of the three dimensions, can overlook critical aspects of an artifact choice or design.

For example, a survey of employees in various settings, including banks, industrial facilities, universities, and advertising agencies, showed the three-dimensional model as useful for analyzing the work environment and for predicting employee satisfaction and perceived sense of effectiveness (Vilnai-Yavetz, Rafaeli, & Schneider-Yaacov, 2005). The survey results showed both qualitatively and quantitatively that instrumentality was related to employee satisfaction and effectiveness. Furthermore, adaptability to personal needs (an important element of instrumentality) contributed significantly to employees' perceived sense of effectiveness. The effects of each dimension were distinct: Aesthetics was related only to job satisfaction, and symbolism was not related to satisfaction or effectiveness. Clearly, an analysis that did not include recognition of the three dimensions could have overlooked effects either on satisfaction or on effectivenes. In a similar vein, Talya Lavie and Noam Tractinsky (2003), using a factor analysis of survey results, confirmed that people distinguish between judgments of the instrumentality and aesthetics of websites. Noam Tractinsky and Dror Zmiri (2006), likewise, found that the dimensions of usability, aesthetics, and symbolism were distinct in a study of how users personalize the appearance of elements (professionally called "skin") like the size, color, or location of buttons in a graphical user interface. In other words, building on DiMaggio's (1997) culture-as-tool-kit idea, managers can focus on one or more aspects of an artifact (e.g., instrumentality or symbolism). But the introduction of an artifact will inevitably have effects in all three dimensions.

However, management efforts often fail to recognize the complexity of the three dimensions. For example, managerial attempts to adopt an employee-branding approach by controlling employees' appearance, such as those described in the opening of this chapter and by Celia V. Harquail (2006), represent an effort that is focused on one dimension: symbolism. The assumption underlying these management efforts in designing the tip of the iceberg is that employees' dress will convey recognition of specific symbolized values, namely authority, formality, and excellence. Management assumed that the formal dress code would function as a marker of commitment to service quality and would overrule the informality and egalitarianism characteristic of public service in Israel.

Yet the one-directional and one-dimensional view of employee dress presumed in these efforts necessarily limited managers' ability to predict, understand, or control reactions to the new dress code. Consistent with the three-dimensional

model, reactions to the employee dress initiatives were mixed. Some constituents were supportive, viewing the dress measures as indicative of the organization's respect and commitment toward employees and customers. But others saw the dress code as ugly (aesthetics) or as inconvenient and likely to reduce employee performance (instrumentality). For instance, some of the municipal employees found the uniform black-or-white dress to be unattractive, and the bus drivers rebelled against the buttoned shirts and ties they were asked to wear in Israel's hot climate. Moreover, even at the level of symbolism, the three episodes highlight the dangers of assuming constituents will understand a symbol as intended. Some saw the uniform dress codes as symbolizing not service quality and commitment, but other values, such as deindividualization, standardization, and an intrusion into personal freedom.

Essentially, the three-dimensional model provides the foundations for an explanation of the mixed reactions to these initiatives. Although in each case the formal dress code was aimed at communicating service quality and commitment, many employees had other thoughts in mind. The mixed reactions significantly limited the efficacy of the artifact change in changing perceptions of organizational culture. Yet the act was consistent with prevailing views on artifacts that consider them as representing a specific dimension. Recognition of the three dimensions, and more focused attention to each dimension and how it manifests in the artifact change, could have significantly improved the outcomes of the change effort.

The utility of the three-dimensional model is not limited to physical work spaces. It is highly relevant to virtual work spaces as well (Tractinsky & Zmiri, 2006; Vilnai-Yavetz & Tifferet, 2009). As such, the model can be highly useful in designing virtual landscapes. A newspaper report published on March 20, 2009, by CNET news (Shankland, 2009) presents a confrontation between two design philosophies. From one side, speaking for the design, or aesthetics, philosophy, Google's visual design leader Douglas Bowman explains his decision to leave the company:

> When a company is filled with engineers, it turns to engineering to solve problems. Reduce each decision to a simple logic problem. Remove all subjectivity and just look at the data . . . that data eventually becomes a crutch for every decision, paralyzing the company and preventing it from making any daring design decisions . . . Yes, it's true that a team at Google couldn't decide between two blues, so they're testing 41 shades between each blue to see which one performs better. I had a recent debate over whether a border should be 3, 4, or 5 pixels wide, and was asked to prove my case. I can't operate in an environment like that. I've grown tired of debating such minuscule design decisions . . . I won't miss a design philosophy that lives or dies strictly by the sword of data. (Shankland, 2009)

From the other side, speaking for the engineering, or instrumentality, philosophy, Google's vice president, Marissa Mayer, said the following about design: "On the Web in general, creating sites is much more a design than an art . . . You can find small differences and mathematically learn which is right" (Shankland, 2009). Stephen Shankland (2009) sums up by saying that there are plenty of considerations that go into design, and pragmatism can sometimes be at odds with passion, boldness, and innovation.

This example very explicitly demonstrates the need for the three-dimensional model in planning and designing a work environment, whether physical or virtual. The designer asks for

freedom, wants to be creative, and talks about style and aesthetics, while the vice president asks for technical and functional design based on hard data. But the truth, as always, is somewhere in between, and it appears that in this situation, both sides have valid arguments. For a good design of the work environment, be it physical or virtual, a designer should be creative and analytical at the same time. In designing a work environment, all three aspects—instrumentality, aesthetics, and symbolism—should be taken into account. The work environment should be functional, so should the process of designing; the work environment should be aesthetic, and aesthetics should be taken into account during the design process; and the symbolic aspect of the work environment should be managed to communicate messages such as those Google wishes to communicate, including globalization, effectiveness, creativity, and so on.

Shankland (2009) says he finds Google's approach to design refreshing and radical. He regards as fascinating the idea of choosing color shades and pixel widths on the basis of the behavior of millions of webpage users. This idea can be seen in light of DiMaggio's (1997) approach to organizational culture as a strategic tool. The virtual work environment—the virtual tip of the cultural iceberg—can be planned and designed based on the reactions of millions of web users, with the intention to evoke specific and desired reactions. But at the same time, one can look at this in light of Schein's (1990) approach, which sees organizational culture as reflecting the values and assumptions of the organization's various constituents. Thus, designing the virtual work environment is simultaneously a strategic act of influence, a reflection of organizational values, and a dynamic reaction to external processes.

DESIGNING A WORK ENVIRONMENT TO REFLECT OR IMPACT ORGANIZATIONAL CULTURE

Careful and creative management of organizational artifacts is critical for both external marketing goals and internal organizational goals. Both customer perceptions (Bitner, 1992) and employee values (Baron, 1994) are influenced by physical design, meaning that for organizations, the work environment can affect both the effectiveness of marketing and customer service activities and the well-being and performance of employees. Management actions, therefore, need to integrate multiple aspects of artifacts to accomplish strategic cultural goals (DiMaggio, 1997). Janetta Mitchell McCoy (2005) shows that attributes of the physical office environment can influence team creativity and interpersonal relations at work. James M. Higgins and Craig McAllaster (2004) and Higgins, McAllaster, Samuel C. Certo, and James P. Gilbert (2006) similarly discuss how organizational dynamics are determined or altered by features of the physical environment; they argue that management can shape organizational culture through the redesign of physical artifacts. Janet Turner Parish, Leonard L. Berry, and Shun Yin Lam (2008) describe these effects in a hospital setting and revealed how the physical environment can affect nurses' stress, satisfaction, and organizational commitment.

Clearly, workplace design both reflects and shapes workplace culture. Alfred P. West and Yoram (Jerry) Wind (2007) describe an organization that designed its workspace with chairs and desks on wheels and with artwork that could easily be rearranged to communicate a message of flexibility, creativity, and readiness for constant transformation. In a world in which the business environment can change overnight,

they claim, this design gives the organization the mindset to transform itself just as quickly.

All these authors implicitly or explicitly consider artifacts as symbols that represent the values of organizational cultures, continuing the approach of Tim R. V. Davis (1984); Harrison M. Trice and Janice M. Beyer (1993); Stephen Stern (1988); and Schein (1990). Recent analyses follow this reasoning, such as N. Anand's (2006) analysis of cartoons as markers of organizational culture. Anne-Laure Fayard and John Weeks (2007), drawing on a qualitative study of informal interactions in photocopy rooms, show how informal interactions serve as indicators of organizational culture, while Elsbach and Michael G. Pratt (2007) argue that physical design can determine whether a culture fosters in-group affiliation and inclusion or cross-group identification.

Because the design of the work environment and physical artifacts is so tied up with organizational culture, having the right physical environment is critical to successful cultural change. According to Gavin Turner and Jeremy Myerson (1998), top executives typically do not pay sufficient attention to this notion. Turner and Myerson suggest, for instance, that companies seeking a less bureaucratic or hierarchical culture have greater chance of success if they redesign the physical environment to communicate this change, for example, by making the offices of upper managers more easily accessible. Higgins and McAllaster (2004) and Higgins et al. (2006) support this perspective, arguing that changes in the physical layout of an organization can reinforce desired changes in culture and strategy.

Elsbach and Beth A. Bechky (2007) build on the three-dimensional model presented in Rafaeli and Vilnai-Yavetz's earlier work (2003, 2004a) to analyze the influence of an office environment on employees' reactions and organizational outcomes, such as decision making, collaboration, communication, individual distinctiveness, group status, place attachment, and more. They suggest that the value in seeing office design in terms of the three-dimensional model is that managers can leverage good design beyond the obvious. They present a framework that defines how office design features can be leveraged to meet instrumental, symbolic, and aesthetic needs of workers and their organizations. Elsbach and Bechky (2007) link organizational culture mainly to the dimension of symbolism, but as we have argued, organizational culture is equally affected by aesthetics and instrumentality. The instrumentality of a work setting can be seen as contributing to both "the ability to perform a task" and "the ability to adjust the work environment to the specific needs of an employee"—that is, giving employees more personal control over the physical space in which they work (Vilnai-Yavetz et al., 2005, p. 543). This must be seen in light of So Young Lee and Jay L. Brand (2005), who show that factors such as more personal control over the workspace and easy access to meeting places impact variables related to organizational culture, such as group cohesiveness. Possibly, more aesthetic workspaces are similarly likely to promote a more cohesive and productive work culture by encouraging employees to interact with each other and by reducing absenteeism (employees are more likely to want to come to work if they can do so in pleasant surroundings).

MANAGEMENT INTENTIONS VERSUS EMPLOYEES' REACTIONS IN WORKPLACE DESIGN

Firms are paying increasing attention to the physical environments in which work activities take place and designing environments that reflect strategic messages

(DiMaggio, 1997; Elsbach, 2006; Moultrie et al., 2007). As this chapter has noted, however, these messages may not necessarily create the intended reactions. Attributions assigned to an artifact are not necessarily those intended by the displayer, and artifacts may or may not be valid representatives of organizational values (Schein, 1990). Moreover, people may focus on instrumental or aesthetic features rather than on symbolic messages of an artifact, completely obviating managerial intentions.

Key to symbolism is that it depends on interpretation by observers, and as Elsbach (2006) notes, misinterpretation can and does occur as observers may make inferences and attributions based on their own associations. Elsbach explains that artifacts are visually salient, relatively permanent, and stand on their own, thus allowing for perceptual gaps or biases in how displayers and observers perceive, categorize, and interpret their meanings. Elsbach (2006) empirically illustrates such gaps in corporate office environments. She shows that although certain artifacts are unambiguous and perceived similarly by both displayers and observers (e.g., family photos), other artifacts are perceived differently (e.g., formal dress).

Many practical attempts to control organizational outcomes by design have been marked by unintended consequences (Davis, 1984; Fayard & Weeks, 2007). This phenomenon is nicely illustrated by an example Rafaeli and Vilnai-Yavetz (2004a) discussed in their earlier work. In that research, Rafaeli and Vilnai-Yavetz investigated how an Israeli public bus company sought to symbolically communicate environmental friendliness by coloring its buses green. The firm's management intended to evoke positive emotions through an association of the color green with environmental awareness (Bansal & Roth, 2000). However, the management failed to take into account that environmentalism is only one

association that might be elicited by the color green and that alternative associations were likely to elicit very different (and negative) emotions. Green is associated, for example, with emergency rooms, garbage trucks, and military camouflage. Constituents (passengers, employees, and the public) decoded the symbolism of the artifact very differently from how management intended. Moreover, as Joshua Karliner (2001) would have suggested, it is likely that even many constituents who correctly grasped the association with environmentalism responded negatively, as they saw the new design as hypocritical—making the buses literally green let the company off the hook vis-à-vis going green in the figurative (environmental) sense.

As it happens, the misjudgment in this case involved not only the symbolic aspects of the green buses, but also instrumental and aesthetic elements. With regard to the former, there were problems of safety and temperature. The dark green color chosen was described by engineers and drivers as unsafe because it blended with the color of the road and could not be seen at night. The color was also viewed as inappropriate for Israel's warm climate, as darker colors absorb more heat. Aesthetically, many people considered the green buses ugly in the context of the colorful street environment where the buses would operate.

The three-dimensional model of artifacts offered in this chapter suggests that had those involved in the design process considered all three elements—symbolism, instrumentality, and aesthetics—they might have acted differently and avoided the public relations strain that followed introduction of the new design. The company might still have decided to make the change, but it might have foreseen at least some of the problems and have been prepared to confront them, rather than being left to defend its organizational image.

SUMMARY

In sum, as Figure 20.1 suggests, physical artifacts in the workplace play roles in a circular process of mutual influence. The organizational culture influences management and employees and shapes their emotions, cognitions, and behaviors; and management and employees, in turn, influence the organizational culture and use it as a strategic mechanism. Designing the physical work environment is part of these efforts to use the organizational culture in a strategic way. Instrumentality, aesthetics, and symbolism are the aspects of the physical work environment which serve as strategic tools for management and employees in planning and designing the work environment, and more important, in influencing the organizational culture.

A view of any artifact through only one lens can be misleading. Yet professional training often creates a focus on only one dimension (Walsh, 1995). A focus on ergonomics creates a deep respect for instrumentality, marketing operates in a context that emphasizes symbolism, and design tends to focus on aesthetics and creativity. But artifacts are multidimensional and operate in broader organizational contexts. Effective artifact management in organizations requires recognition and integration of these multiple dimensions.

Since the consideration of all three dimensions from a single managerial perspective is almost impossible, due to the human tendency for "selective perception" (Dearborn & Simon, 1958), creative and proactive managerial and research methods should be used to unravel the multidimensional implications of symbols. Focus groups, test panels, and similar creative methods should be used to study consumer reactions to understand, analyze, and anticipate constituents' reactions to the work environment.

Effective management also requires recognition of the effects of selected artifacts, and especially of workplace design, on attributions, reactions, and workplace culture. Of particular concern are potential gaps between the intended effects of artifacts and constituents' actual interpretations and reactions. Artifacts are a part of the tool kit available to managers to develop and design an organizational culture (DiMaggio, 1997). But effective management entails an understanding of the web of potential effects and interpretations of artifacts and of potential gaps in perceptions and interpretations, requiring proactive attempts to avoid mishaps.

REFERENCES

Aaker, D. (1994). Building a brand: The "Saturn" story. *California Management Review, 36*(2), 114–133.

Aaker, D. A., & Myers, J. G. (1987). *Advertising management*. New York: Prentice Hall.

Anand, N. (2006). Cartoon displays as autoproduction of organizational culture. In A. Rafaeli & M. G. Pratt (Eds.), *Artifacts and organizations: Beyond mere symbolism* (pp. 85–100). Mahwah, NJ: Lawrence Erlbaum.

Aslam, M. A. (2006). Are you selling the right color? A cross-cultural review of color as a marketing cue. *Journal of Marketing Communication, 12,* 15–30.

Avraham, E., & First, A. (2003). "I buy American": The American image as reflected in Israeli advertising. *Journal of Communication, 53,* 282–299.

Bansal, P., & Roth, K. (2000). Why companies go green: A model of ecological responsiveness. *Academy of Management Journal, 43,* 717–736.

Baron, R. A. (1994). The physical environment of work setting: Effects on task performance, interpersonal relations, and job satisfaction. In B. M. Staw & L. L. Cummings (Eds.), *Research in organizational behavior* (Vol. 16, pp. 1–46). Greenwich, CT: JAI Press.

Baruch, Y. (2006). On logos and business cards: The case of UK universities. In A. Rafaeli & M. Pratt (Eds.), *Artifacts and organizations: Beyond mere symbolism* (pp. 181–198). Mahwah, NJ: Lawrence Erlbaum.

Berg, P. O., & Kreiner, K. (1992). Corporate architecture: Turning physical setting into symbolic resources. In P. Gagliardi (Ed.), *Symbols and artifacts: View from the corporate landscape* (pp. 41–67). New York: Aldine de Gruyter.

Bitner, M. J. (1992). Servicecapes: The impact of physical surroundings on customers and employees. *Journal of Marketing, 56,* 57–71.

Canter, D. (1997). The facets of place. In E. H. Zube & G. T. Moore (Eds.), *Advances in environment, behavior, and design* (Vol. 4, pp. 109–147). New York: Plenum Press.

Cappetta, R., & Gioia, D. (2006). Fine fashion: Using symbolic artifacts, sensemaking, and sensegiving to construct identity and image. In A. Rafaeli & M. Pratt (Eds.), *Artifacts and organizations: Beyond mere symbolism* (pp. 199–219). Mahwah, NJ: Lawrence Erlbaum.

Chatman, J. A., & Barsade, S. G. (1995). Personality, organizational culture, and cooperation: Evidence from a business simulation. *Administrative Science Quarterly, 40,* 423–443.

Csikszentmihalyi, M., & Rochberg-Halton, E. (1981). *The meaning of things: Domestic symbols and the self.* New York: Cambridge University Press.

Daniel, K., Johnson, L. W., & Miller, K. E. (1996). Dimensions of uniform perceptions among service providers. *The Journal of Services Marketing, 10,* 42–56.

Davis, T. R. V. (1984). The influence of the physical environment in offices. *Academy of Management Review, 9,* 271–283.

Dean, J. W. J., Ramirez, R., & Ottensmeyer, E. (1997). An aesthetic perspective on organizations. In C. L. Cooper & S. E. Jackson (Eds.), *Creating tomorrow's organization* (pp. 419–437). New York: Wiley.

Dearborn, D. C., & Simon, H. A. (1958). Selective perception: A note on the departmental identifications of executives. *Sociometry, 21,* 140–144.

DiMaggio, P. (1997). Culture and cognition. *Annual Review of Sociology, 23,* 263–287.

Eisenman, M. (2004). Aesthetic interfaces: A theory of symbolic differentiation. *Academy of Management Best Conference Proceedings,* C1–C6.

Elsbach, K. (2006). Perceptual biases and misinterpretation of artifacts. In A. Rafaeli & M. Pratt (Eds.), *Artifacts and organizations: Beyond mere symbolism* (pp. 61–81). Mahwah, NJ: Lawrence Erlbaum.

Elsbach, K. D., & Bechky, A. B. (2007). It's more than a desk: Working smarter through leveraged office design. *California Management Review, 49*(2), 80–101.

Elsbach, K. D., & Pratt, M. G. (2007). The physical environment in organizations. *The Academy of Management Annals, 1,* 181–224.

Fayard, A.-L., & Weeks, J. (2007). Photocopiers and water-coolers: The affordances of informal interaction. *Organization Studies, 28,* 605–634.

Fiell, C., & Fiell, P. (2005). *1000 Chairs.* Köln, Germany: Taschen.

Flanders, V. (2002) *Son of web pages that suck: Learn good design by looking at bad design.* San Francisco: Sybex.

Frank, M. G., & Gilovich, T. (1988). The dark side of self- and social perception: Black uniforms and aggression in professional sports. *Journal of Personality and Social Psychology, 54,* 74–85.

Frost, P., & Morgan, G. (1983). Symbols and sensemaking: A realization of a framework. In L. R. Pondy, P. Frost, G. Morgan, & T. Dandridge (Eds.), *Organizational symbolism* (pp 207–237). Greenwich, CT: JAI Press.

Gagliardi, P. (Ed.). (1992). *Symbols and artifacts: View from the corporate landscape.* New York: Aldine de Gruyter.

Gagliardi, P. (1996). Exploring the aesthetic side of organizational life. In S. R. Clegg, C. Hardy, & R. W. Nord (Eds.), *Handbook of organization studies* (pp. 565–580). London: Sage.

Garling, T., & Golledge, R. G. (1989). Environmental perception and cognition. In E. H. Zube & G. T. Moore (Eds.), *Advances in environment, behavior, and design* (Vol. 2, pp. 203–236). New York: Plenum Press.

Gibson, J. J. (1979). *The ecological approach to visual perception.* Boston: Houghton Mifflin.

Goodrich, R. (1982). Seven office evaluations: A review. *Environment and Behavior, 14,* 353–378.

Harquail, C. V. (2006). Employees as animate artifacts: Employee branding by "wearing the brand." In A. Rafaeli & M. Pratt (Eds.), *Artifacts and organizations: Beyond mere symbolism* (pp. 161–180). Mahwah, NJ: Lawrence Erlbaum.

Hatch, M. J. (1992). The symbolics of office design: An empirical exploration. In P. Gagliardi (Ed.), *Symbols and artifacts: View from the corporate landscape* (pp. 129–146). New York: Aldine de Gruyter.

Hatch, M. J. (1997). *Organization theory: Modern symbolic and post modern perspectives.* New York: Oxford University Press.

Hershberger, R. G., & Cass, R. C. (1988). Predicting user responses to buildings. In J. L. Nasar (Ed.), *Environmental aesthetics: Theory, research and applications* (pp. 195–211). New York: Cambridge University Press.

Higgins, J. M., & McAllaster, C. (2004). If you want strategic change, don't forget to change your cultural artifacts. *Journal of Change Management, 4,* 63–74.

Higgins, J. M., McAllaster, C., Certo, S. C., & Gilbert, J. P. (2006). Using cultural artifacts to change and perpetuate strategy. *Journal of Change Management, 6,* 397–409.

Hirschman, E. C. (2003). Men, dogs, guns, and cars: The semiotics of rugged individualism. *Journal of Advertising, 32,* 9–22.

Hornby, A. S. (1974). *Oxford advanced learner's dictionary of current English.* New York: Oxford University Press.

Karliner, J. (2001). A brief history of Greenwash. *CorpWatch.* Retrieved August 1, 2010, from www.corpwatch.org/campaigns/PCD.jsp?articleid=243

Lang, J. (1988). Symbolic aesthetics in architecture: Toward a research agenda. In J. L. Nasar (Ed.), *Environmental aesthetics: Theory, research and applications* (pp. 11–26). New York: Cambridge University Press.

Lavie, T., & Tractinsky, N. (2003). Assessing dimensions of perceived visual aesthetics of web sites. *International Journal of Human-Computer Studies, 15,* 1–30.

Leather, P., Pyrgas, M., Beale, D., & Lawrence, C. (1998). Windows in the workplace: Sunlight, view, and occupational stress. *Environment and Behavior, 30,* 739–762.

Lee, S. Y., & Brand, J. L. (2005). Effects of control over office workspace on perceptions of the work environment and work outcomes. *Journal of Environmental Psychology, 25,* 323–333.

Markus, T. A. (1987). Buildings as classifying devices. *Environment and Planning B: Planning and Design, 14,* 467–484.

Martin, J. (1992). *Cultures in organizations: Three perspectives.* New York: Oxford University Press.

McCoy, J. M. (2005). Linking the physical work environment to creative context. *Journal of Creative Behavior, 39,* 169–191.

Moultrie, J., Nilsson, M., Dissel, M., Haner, U., Janssen, S., & Van der Lugt, R. (2007). Innovation spaces: Towards a framework for understanding the role of the physical environment in innovation. *Creativity and Innovation Management, 16,* 53–65.

Nasar, J. L. (1994). Urban design aesthetics: The evaluative qualities of building exteriors. *Environment and Behavior, 26,* 377–401.

Nasar, J. L. (1997). New developments in aesthetics for urban design. In E. H. Zube & G. T. Moore (Eds.), *Advances in environment, behavior, and design* (Vol. 4, pp. 149–193). New York: Plenum Press.

Nielsen, J. (1994). *Usability engineering.* San Francisco: Morgan Kaufman.

Nielsen, J. (2000). *Designing web usability.* Indianapolis: New Riders.

Ornstein, S. (1986). Organizational symbols: A study of their meanings and influences on perceived psychological climate. *Organizational Behavior and Human Decision Processes, 38,* 207–229.

Parish, J. T., Berry, L. L., & Lam, S. Y. (2008). The effect of the servicescape on service workers. *Journal of Service Research, 10,* 220–238.

Pondy, L. R., Frost, P. J., Morgan, G., & Dandrige, T. C. (Eds.). (1983). *Organizational symbolism.* Greenwich, CT: JAI Press.

Postrel, V. (2001, July 12). Aesthetics and instrumentality: Can good looks guarantee a product's success? *New York Times,* C2.

Rafaeli, A., & Pratt, M. (2006) (Eds.). *Artifacts and organizations: Beyond mere symbolism.* Mahwah, NJ: Lawrence Erlbaum.

Rafaeli, A., & Vilnai-Yavetz, I. (2003). Discerning organizational boundaries through physical artifacts. In N. Paulsen & T. Hernes (Eds.), *Managing boundaries in organizations: Multiple perspectives* (pp. 188–210). Basingstoke, UK: Palgrave Press.

Rafaeli, A., & Vilnai-Yavetz, I. (2004a). Emotion as a connection of physical artifacts and organizations. *Organization Science, 15,* 671–686.

Rafaeli, A., & Vilnai-Yavetz, I. (2004b). Instrumentality, aesthetics, and symbolism of physical artifacts as triggers of emotions. *Theoretical Issues in Ergonomics Science, 5,* 91–112.

Ramirez, R. (1991). *The beauty of social organization.* Munich, Germany: Accedo.

Sassoon, J. (1992). Colors, artifacts, and ideologies. In P. Gagliardi (Ed.), *Symbols and artifacts: View from the corporate landscape* (pp. 169–183). New York: Aldine de Gruyter.

Schein, E. (1990). Organizational culture. *American Psychologist, 45,* 109–119.

Schultz, M. (2000). *Constructing symbols: New interfaces between management and design.* Paper presented at the Annual Meeting of The Academy of Management, Toronto, Canada.

Schultz, M., Hatch, M. J., & Ciccolella, F. (2006). Brand life in symbols and artifacts: The Lego company. In A. Rafaeli & M. Pratt (Eds.), *Artifacts and organizations: Beyond mere symbolism* (pp. 141–160). Mahwah, NJ: Lawrence Erlbaum.

Shankland, S. (2009). Google designer leaves, blaming data-centrism. *CNET news.* Retrieved March 11, 2010, from http://news.cnet.com/google-designer-leaves-blaming-data-centrism

Shumaker, S. A., & Pequegnat, W. (1989). Hospital design, health providers, and the delivery of effective health care. In E. H. Zube & G. T. Moore (Eds.), *Advances in environment, behavior, and design* (Vol. 2, pp. 161–199). New York: Plenum Press.

Silva, W. (2009). Toilet signs. Retrieved September 24, 2009, from http://toiletsigns.blogspot.com

Stern, S. (1988). Symbolic representation of organizational identity: The role of emblem at the Garrett Corporation. In M. O. Jones, M. D. Moore, & R. C. Snyder (Eds.), *Inside organizations: Understanding the human dimension* (pp. 281–295). London: Sage.

Strati, A. (1992). Aesthetic understanding of organizational life. *Academy of Management Review, 17,* 568–581.

Strati, A. (2006). Organizational artifacts and the aesthetic approach. In A. Rafaeli & M. Pratt (Eds.), *Artifacts and organizations: Beyond mere symbolism* (pp. 23–40). Mahwah, NJ: Lawrence Erlbaum.

Tenner, E. (2003). *Our own devices: The past and future of body technology.* New York: Alfred Knopf.

Tractinsky, N., & Zmiri, D. (2006). Exploring attributes of skins as potential antecedents of emotion in HCI. In P. Fishwick (Ed.), *Aesthetic computing.* Boston: MIT Press.

Trice, H. M., & Beyer, J. M. (1984). Studying organizational cultures through rites and ceremonials. *Academy of Management*, 9, 653–669.

Trice, H. M., & Beyer, J. M. (1993). *The cultures of work organizations.* Englewood Cliffs, NJ: Prentice Hall.

Turner, G., & Myerson, J. (1998) *New workspace, new culture: Office design as a catalyst for change.* Farnham, Surrey, UK: Gower.

Vilnai-Yavetz, I., Rafaeli, A., & Schneider-Yaacov, C. (2005). Instrumentality, aesthetics and symbolism of office design. *Environment and Behavior, 37,* 533–551.

Vilnai-Yavetz, I., & Tifferet, S. (2009). Images in academic web pages as marketing tools: Meeting the challenge of service intangibility. *Journal of Relationship Marketing, 8*, 148–164.

Walsh, J. P. (1995). Managerial and organizational cognition: Notes from a trip down memory lane. *Organization Science*, 6, 280–321.

West, A. P., Jr., & Wind, Y. (2007). Putting the organization on wheels: Workplace design at SEI. *California Management Review, 49*(2), 138–153

Yanow, D. (1998). Space stories: Studying museum buildings as organizational spaces while reflecting on interpretive methods and their narration. *Journal of Management Inquiry, 7,* 215–239.

Yun, M. H., Han, S. H., Hong, S. W., & Kim, J. (2001). Incorporating user satisfaction into the look-and-feel of wireless phones. In M. Helander, G. H. Khalid, & M. P. Tham (Eds.), *The international conference on affective human factors design* (pp. 423–429). London: Asean Academic Press.

Breaking the Silence

The Role of Gossip in Organizational Culture

AD VAN ITERSON, KATHRYN WADDINGTON, AND GRANT MICHELSON

F rom the early 1980s, the number of studies pertaining to organizational culture (OC) expanded tremendously. In the first decade of the corporate culture boom, researchers emphasized cultural values and focused on culture as an instrument by which managers could secure employee loyalty and facilitate strategic change. More recently, however, researchers identified new directions for research, such as the relationship between OC and organizational discourse (e.g., Alvesson, 2004). One of the most promising avenues in this second wave of OC research is the question of how, and to what extent, the personal use of cultural elements in organizations is strategic in nature as well as strongly filtered by human cognition (DiMaggio, 1997). Despite the trends toward the analysis of discourse in OC and of individual members' strategic use of cultural elements, relatively few OC scholars have explicitly examined the topic of gossip. This neglect seems surprising given the long-standing interest in gossip in the social sciences, as exemplified by numerous anthropological field studies (e.g., Cox, 1970; Gilmore, 1978; Gluckman, 1963; Haviland, 1977; Herskovits, 1937; Paine, 1967; Yerkovich, 1977). Such studies have shown that gossip is a discursive practice—often strongly ritualized—through which social values are communicated to, and reproduced by, the members of that culture. Also, gossip serves as a segregator: It helps to define and maintain who is an insider or outsider and reinforces power differentials (e.g., Elias & Scotson, 1994; Gluckman, 1963; Hannerz, 1967; Suls, 1977). One can easily recognize the same functions of gossip on the work floor of present-day organizations.

The main issue addressed in this chapter is what role gossip plays in the emergence, transmission, enactment, and transgression of (aspects of) an organization's culture. Gossip therefore needs to be differentiated from related culture-facilitating discursive devices such as myths, stories, folktales, rumors, and so on. To bring gossip to a more prominent place on the OC research and management agendas, this chapter first provides a definition of gossip and its main features, including its functions and participants. The discussion then proceeds with an exploration of the role of gossip in OC. In doing so, earlier

conceptualizations and studies of gossip in the social sciences literature as well as the OC literature from the early 1980s onward are reviewed. Next, the manageability of gossip in organizations is considered, followed by methodological issues: How can researchers study gossip? The conclusion maintains that gossip is a vital element of OC that should not be overlooked.

DEFINING GOSSIP: FUNCTIONS AND PARTICIPANTS

Gossip originated from the Old English word *godsibb,* meaning "kinsman" or "related," and characterized someone who held a close relationship with the family. Middle English removed the *d* and *gossib* took on the meaning of godparent, drinking companion, or "being a friend of" (Ben-Ze'ev, 1994, p. 15). The term was also used to describe the woman who attended a birth with a midwife who was subsequently sent out following the birth to make the event known to others (Laing, 1993). According to Marianne Jaeger, Anne Skleder, and Ralph Rosnow (1998), the Middle Ages were a particularly gossipy time, and censure of gossip flourished. Sylvia Schein (1994) attributes this censure to the influence of biblical writings that warned against slander and the association of gossip with transgressions such as malice, envy, and deceit. Schein further suggests that the structure of medieval society,

with its dependence on oral communication for news and strict codes of conduct, was an important determining factor in both the prevalence and censure of gossip at that time.

There were well-documented punishments designed to discourage gossiping and to publicly chastise and humiliate the gossiper. Nicholas Emler (1994) describes how gossipers were both disapproved of and punished by public shaming, being forced to wear masks of torture with tongue spikes, and burning. These punishments were most often given to women, and accusations of witchcraft were not uncommon (Stewart & Strathern, 2004). Furthermore, the apparently idle nature of gossip aligned it with the deadly sin of sloth (Jaeger et al., 1998). There are also associations with the Protestant work ethic in that gossip was associated with "idle talk," the assumption being that those who worked hard simply did not have time to gossip.

Providing a detached, scientific definition of gossip is difficult, not only because of its historically negative connotations, but also because it seems an ephemeral activity, difficult to catch in the act of being perpetrated. In addition, it is difficult to define gossip because it is closely related to other forms of organizational discourse, such as myths, stories, rumor, small talk, chitchat, urban legends, and so on. Gossip, like culture, has encouraged numerous definitions. An overview of the definitions of gossip over time and across disciplinary perspectives is provided in Table 21.1.

Table 21.1   Gossip Definitions Over Time

Definition of Gossip	Source	Comment
Informal communication, a device that serves to protect individual interests	Paine (1967)	Anthropological perspective, individual rather than social function
News about the affairs of others, or those of one's own, or any hearsay of a personal nature	Fine & Rosnow (1978)	Social psychology perspective, includes reference to self-disclosure

Table 21.1 (*Continued*)

Definition of Gossip	Source	Comment
Evaluative talk about a person who is not present	Eder & Enke (1991)	Sociological perspective with narrow parameters
Verbal and written communication, no obvious conscious purpose regarding the personal matters of a third party	Nevo, Nevo, & Derech-Zehavi (1993)	Psychological perspective, gossip as social action
Talk between two or more persons about the private life of another behind that person's back	Taylor (1994)	Emphasizes the secretive and potentially harmful nature of gossip
Idle relaxing activity, value lies in the activity itself, not the outcome	Ben-Ze'ev (1994)	Philosophical perspective, emphasis on process rather than outcome
The exchange of information about other people/social matters	Dunbar (1996, 2004)	Evolutionary psychology perspective, broad parameters
Informal communication transmitted to others irrespective of whether or not the content is factual	Michelson & Mouly (2000)	Conceptual study that uses gossip and rumor interchangeably
The act of sharing stories with others	Gabriel, Fineman, & Sims (2000)	Focus on organizational gossip and storytelling
Exchange of personal information in an evaluative way about absent third parties	Foster (2004)	Inclusive definition set in a context of congeniality, including both positive and negative aspects
Evaluative social talk about persons, usually not present, arising in the context of social networks	DiFonzo & Bordia (2007)	Social network perspective, essential functions relate to entertainment, group membership, solidarity, norms, and power structure
Evaluative talk between at least two persons that may be spoken (most common), written (less common), or visual	Waddington & Michelson (in press)	Multiperspective approach, draws attention to nonverbal aspects of gossip

A number of basic characteristics of gossip are apparent. Gossip is informal, everyday communication. It takes at least two people to engage in gossip. People gossip about a (usually absent) third party, such as an individual (Paine, 1967) or a group of people (Herskovits, 1937). The nature of gossip is evaluative; it is information with a positive or negative component. However, Sally Yerkovich (1977) states that no matter how scandalous the information may be, it is not gossip unless the participants know enough about the person or people involved to experience the thrill of revelation. Thus some intimate knowledge of the praised or blamed third party is essential. When the evaluative component is missing, it seems better to label the activity as small talk, or chitchat. It is also acknowledged that gossip can occur through different media and for a variety of purposes. The following composite definition has been adopted for this discussion: Gossip is evaluative talk between at least two persons about a third party that may be spoken (most common), written (less common), or seen (Waddington & Michelson, in press) and that fulfills "a variety of essential social network functions including entertainment, maintaining group cohesiveness, establishing, changing and maintaining group norms, group power structure and group membership" (DiFonzo & Bordia, 2007, p. 19).

The latter part of this definition echoes the conclusions of one influential anthropological study on gossip. Max Gluckman (1963) distinguishes three collective functions: (a) to create group morale, establishing and vindicating group norms and values; (b) to exert social control over newcomers and dissidents; and (c) to regulate conflicts with rival groups. Also, in sociology, it is acknowledged that gossip is about either private matters of newcomers and dissidents (e.g., talk of one's appearance, family, friends, or significant others) or about frictions between social groups such as established-outsiders gossip dynamics.

In contrast, Nicholas DiFonzo and Prashant Bordia define *rumor*—the concept that is most often used interchangeably with gossip—as "unverified and instrumentally relevant information statements in circulation that arise in contexts of ambiguity, danger or potential threat, and that function to help people make sense and manage risk" (2007, p. 13). Urban legends—the second concept with which gossip is often confused—are mere entertaining narratives, not necessarily targeted at a third party, meant to entertain or to establish, maintain, or impart cultural mores or values. For an overview of differences in context, content, and functions of gossip, rumor, and urban legend, see Table 21.2. DiFonzo and Bordia's differentiation of these discrete but related genres of communication may also be a helpful tool for OC scholars grappling with the other modes of transmission and maintenance of culture such as myths, stories, and folktales (see also Guerin & Miyazaki, 2006).

Most research on gossip is about spoken gossip ("talk") in more private settings. Written forms of gossip, such as graffiti, anonymous memos, email technology, social networking sites, and telephone text messaging, tend to remain a largely underinvestigated aspect in studies of gossip (for a notable exception, see Harrington & Bielby, 1995). However, because written forms of gossip tend to occur in more public settings, such as the comments "wall" of social networking sites and the Internet, it may well be easier to study than spoken gossip, which is more ephemeral. Further, as the definition of gossip notes, it may also include nonverbal (e.g., visual) forms of information and influence. While the exchange may be more limiting, the importance of gestures and looks—including, for example, raised eyebrows, the rolling of eyes, feigning a yawn—between two or more people in an

Table 21.2   Contexts, Content, and Functions of Rumor, Gossip, and Urban Legend

	Context	*Content*	*Group Function*
Rumor	Ambiguous or threatening events or situations	Instrumentally relevant information statements that are unverified	To make sense of ambiguity To manage threat or potential threat
Gossip	Social network building, structuring, or maintaining	Evaluative statements about individuals' private lives	To entertain To supply social information To establish, change, or maintain group membership, group power structure, or group norms
Urban legend	Storytelling	Entertaining narratives	To entertain To establish, maintain, or impart cultural mores or values

SOURCE: Reproduced with permission from DiFonzo & Bordia (2007).

NOTE: Each genre of communication may exhibit all contexts, contents, and functions in this table (e.g., rumor also functions to impart cultural mores, and gossip also functions to help the group make sense of ambiguity), though each genre's quintessential contexts, contents, and functions are listed here.

organization can also represent "talk" of an evaluative nature. In any case, the different media through which gossip occurs can significantly shape the processes and outcomes of gossip.

Inspired by Simmelian analysis, Jörg Bergmann's "triad of gossip" (1993) provides the basic social structure and process of gossip as an activity. In value-laden organizational gossip, three parties are involved: the gossiper, the recipient, and the target (or "gossipee"; see Jaeger, Skleder, Rind, & Rosnow, 1994). As gossip is used to describe both one who chatters about others and such talk itself, this discussion refers to the person who gossips as the gossiper. In general, the gossiper knows about the private situation of the individual or group being gossiped about, that is, the target. The gossiper transfers the knowledge-cum–moral judgment to a recipient. The recipient has the choice to withhold the gossip or to convey it to a fourth party, or even to the target. In the case of conveying the gossip, the recipient becomes a gossiper himself. The gossip chain can become quite long before it reaches the target, if it does at all. The factual and moral content can change significantly in the process. Often the gossip tends to become more extreme, far beyond the personal intentions of the subsequent gossipers. The advance of the gossip is, like all social interaction, characterized by unforseen and unintended consequences.

The interaction between the gossiper and the recipient is worthy of further consideration. In choosing the recipient, the gossiper has to keep in mind that the recipient may already have heard the gossip from someone else, unless the gossiper can be sure that it is otherwise. Telling a piece of gossip that is already known can cause embarrassment, although a slight one. More crucial, however, is that the gossiper has to take into account that the recipient must be a willing partaker. "Is he or she on my side when I tell the gossip?" Support of the moral judgment, embedded in the gossip, is sought when the gossiper looks on the recipient as someone who concurs with the blaming or praising of the target. Disagreement with the moral judgment is sought when the gossiper regards the recipient as someone who is also to blame and/or does not deserve any praise either. In other words, gossiping can also be primarily interactive in terms of strengthening relations between gossiper and recipient.

Another aspect of the dyad is that the gossiper is aware that, through gossiping, he or she discloses himself or herself as a gossiper. The gossiper may not be bothered if the recipient knows this, or they may have a special objective. As a rule, the gossiper does not want the target, and other parties, to know that he or she is spreading the gossip. The combination of disclosure/closure adds to the morally ambivalent nature of gossiping. Gossiping, although enjoyable to participate in, often elicits feelings of shame and guilt in the gossiper and occasionally also in the recipient. Therefore the blaming and praising of nonpresent organizational members has to be done in a refined, sophisticated manner. Of course, this is not easy, even if there is an attempt to periodically distance oneself from the activity of gossip (see the article title by Michelson & Mouly, 2002). In terms of its functions, gossip can be fun. But it is potentially dubious and dangerous entertainment. Because gossip also serves to establish, maintain, and alter the norms, power structure, and membership of the social network (see Table 21.2), the fun can occur at the cost of the gossip target's position and dignity. Gossiping is a risky form of staging (Clegg & van Iterson, 2009). In addition to the gossip functions of conveying cultural values, encouraging the development of social relationships and networks (Doyle, 2000; Emler, 1990, 1994), promoting closeness and friendship in general (Bosson, Johnson, Niederhoffer, & Swann, 2006), and keeping outsiders at a distance, there are also less obvious functions. Gossip may help shape and reshape meaning. Also it enables cultural and organizational learning (Baumeister, Zhang, & Vohs, 2004). For example, gossip allows employees to better understand and predict their bosses' behavior. In this case, gossip is used to communicate and manage emotions, providing a cathartic means of releasing anger and frustration for individuals and groups, which may be restorative and beneficial (Foster, 2004; Medini & Rosenberg, 1976; Waddington & Fletcher, 2005). Finally, gossip can boost self-esteem (Radlow & Berger, 1959).

Thomas Luckmann (in Bergmann, 1993, p. x) contends that gossip is "a genre of moral communication in a twofold sense: it moralizes and is moralized about." The popular view of gossip as a typically destructive or mischievous social phenomenon and form of indirect aggression (Foster & Rosnow, 2006) that may also be accompanied by unsubstantiated rumors is reflected in the general management and human resource literature. Much of this literature tends to see gossip as a negative activity—quite simply as a problem to be managed. In this view, the consequences of organizational gossip are largely harmful. Gossip leads to a blame culture in the

organization, causes physical or psychological injury and distress to organizational members, or destruction of an organization's reputation. Such gossip, leading to "a culture of fear," is considered and managed as a form of workplace bullying and violence (Einarsen, Hoel, Zapf, & Cooper, 2003) that represent an uncomfortable, distressing aspect of the "dark side" of an organization's culture. In the present discussion's perspective, this approach to gossip as a dismal and dangerous activity of "evil tongues" is one-sided. The next section looks at the more constructive roles gossip can play in organizations, and particularly in creating, maintaining, and changing OC.

INTRODUCING GOSSIP AS AN ELEMENT OF ORGANIZATIONAL CULTURE

Quite literally, gossip pervades human life. Robin Dunbar (1996) regards gossiping as the human version of primate grooming. When primates go over each other's skin and fur in a relaxed manner, their picking and pinching produces social bonding as well as pleasure. Dunbar theorizes that humans gossip to strengthen their social bond because they cannot groom each other.

In reality, however, humans cannot freely gossip about each other—not as freely as primates groom each other, in any case. In organizations, the activity mainly leads to an underground life, even though management generally encourages social bonding on the work floor and in teams. The underlying assumptions of organizational gossip are consistent with Erving Goffman's (1961) concept of the "organizational underlife" and Yiannis Gabriel's (1995) "unmanaged organization" thesis. Very briefly, the organizational underlife represents a convergence of social interaction, information games, and organizational

roles, while the landmarks of the unmanaged organization include stories, gossip, myths, and jokes. Gossip, then, can be seen as a type of storytelling discourse existing in the murky unmanaged spaces of organizations and also as a form of emergent story, occurring in the here and now (Boje, 2008; Gabriel, 1995, 2000). It is a way of talking that enables the communication of emotions, beliefs, and opinions about the experience of work and organizational life. As such, it is a discourse that exists as a "shadow theme," usually only expressed in small, trusted groups.

The discussion now turns to gossip as constitutive (the more manifest side) of OC. The first distinctive quality of gossip among the various other informal communication mechanisms for promulgating culture is that its target is typically an absent third party. In certain cases, however, the target may be present—for example, when the gossip can be put into words in such a way that the target does not realize that the talk is about him or her. As a rule, though, gossiping takes the figure of a dyadic activity against the ground of a triad, as discussed earlier. The positive or negative information about the third party will therefore be formulated differently from that in other communicative settings: more freely, more articulately, and it may also be more malicious or glorifying—in short, less constrained by certain standards of "civilized" organizational behavior. When gossip passes on organizational norms and values, inter alia, it can be exercised with significantly more potency, hence speeding up and intensifying the spread of these OC aspects.

The same can be said of gossip that fuels the change of organizational norms and values as well as group membership and power structure. With regard to communicating values through gossip, Harrison Trice and Janice Beyer (1993) refer to Gluckman (1963) when they argue that

gossip also helps to maintain group boundaries by asserting group values and marking those who are insiders from those who are outsiders. . . . The revelations of personal, intimate details that gossip often entails mark the objects, the sender, the receiver as part of a group of persons who care about what happens to one another. The evaluations of group members of these revelations also communicate shared group values about the behaviors in question. (p. 230)

In their classic study *Corporate Cultures: The Rites and Rituals of Corporate Life*, Deal and Kennedy (1982) note that

gossips are the troubadours of the culture. While priests will only talk in analogues—that is, tell you the scripture—gossips will know the names, dates, salaries and events that are taking place in the organization, *now*. The trivial day-to-day happenings are carried by gossips whom most people appreciate, even if they are wary of gossips' tongues. After all, without a steady diet of news about people one knows, life in most companies would be grim—and pretty dull. (p. 91)

But gossipers are not expected to be serious people, and they are not always expected to get the news right. As Deal and Kennedy observe, "They are expected simply to entertain. For this entertainment value alone they are tolerated, even liked" (1982, p. 91). The statement about gossipers not being expected to be serious can be challenged. Indeed, gossipers are often very serious and deliberate in their actions. Just as Trice and Beyer (1993) draw attention to the value enhancing quality of gossip, Deal and Kennedy argue that gossipers play a vital role in reinforcing a culture. Gossip, in this instance, can be reinterpreted as a form of nontrivial trivia. They further note, "Storytellers create the legends of the

company and its heroes, but the gossips help the hero-making process flourish by embellishing the heroes' past feats and spiffing up the news of their latest accomplishments" (Deal & Kennedy, 1982, p. 91). It is interesting to observe that the role of a gossip, in Deal and Kennedy's view, seems to be merely to reinforce a culture and not to help create it, or indeed to define and differentiate one organization's culture from another. "While storytellers and priests deal one-on-one with individuals, gossipers can spread their news more quickly because they talk to groups at the lunch table or during coffee break. They also have the unique ability to penetrate all levels of the organization" (Deal & Kennedy, 1982, p. 92). Here again we see the ability of gossip to circumvent the normal channels of communication, and to do so more rapidly. There is also an assumption here that gossip is seemingly more incidental, as it occurs at lunch or during break periods. But gossip is not limited to designated rest periods; gossip can occur throughout all periods of the workday. Gossip is continuous fuel for the organizational culture engine.

Researchers have also suggested that gossip plays a role in the socialization of organizational members (Bordia, DiFonzo, Haines, & Chaseling, 2005; Bordia, Jones, Gallois, Callan, & DiFonzo, 2006; DiFonzo & Bordia, 2007; Guerin and Miyazaki, 2006; Laing, 1993) and thus, indirectly, in the maintenance of OC. From a cultural learning perspective, gossip is communication that can teach us about our social environment (Baumeister et al., 2004), about "how the things are done around here." As Travis Grosser, Virginie Lopez-Kidwell, & Giuseppe Labianca (2010, p. 185) contend,

Learning about others' misfortunes indicates what behavior will fail in similar situations; hearing about others' successes helps us discern how to flourish in the

social system. Gossip can convey valuable information about the rules and boundaries of the culture. This cultural knowledge, in turn, can enhance individual performance.

Grosser and colleagues argue that, from a cultural learning perspective, listeners perceive that the gossiper deeply understands the rules and norms that exist in a given system (cf. Baumeister et al., 2004). This gives the gossiper increased social status and influence: The gossiper is portrayed as the expert on how to behave in a given environment.

The social exchange view portrays gossip as a transaction between two parties, whereby news is exchanged in return for a desired resource (Rosnow & Fine, 1976). Assuming that an individual who more actively engages in gossip can gain more hard-to-get information than one who is less engaged in gossip, it would follow that active gossipers have more "news" to exchange with others in the informal organizational marketplace. Thus peers should see those who gossip as more influential because of their rich information resources. Based on those arguments, peers will see as influential an individual who engages in positive or negative gossip. "Unlike whisperers, gossips have no proximity to power," Deal and Kennedy (1982, p. 92) note. But on the same page they assert that "gossips can become the leaders of the pack when it comes to de-Stalinizing a hero. They are the ones to provide the 'real' story behind the official announcements and memos." This clearly implies that gossipers do have power (see Kurland & Pelled, 2000).

In Rosabeth Moss Kanter's *Men and Women of the Corporation* (1977), secretarial gossip is demonstrated to be a powerful weapon that can be deployed to considerable effect by those who have little power other than inside information and the relational webs through which to spread it. In that study, cross-functional and cross-departmental gossiping occurred mainly through an informal network of female secretaries who communicated in this way to support each other in coping with common experiences. The network was so strong that the management frequently used it to get things done. Otherwise-closed channels could be opened with the help of the secretaries' informal everyday communication patterns. A similar observation was made among female secretaries in Japan and their male managers, with the latter group particularly concerned about how their reputations could be manipulated through secretarial gossip (Ogasawara, 1998). Having a relational position of familiarity and access, often being the gatekeepers of important organizational information, secretaries (as one group in organizations) are close to power. They can use the apparent familiarity and lack of excessive power difference that attach to relations which are highly interdependent and symbiotic to affect an organization's culture.

To summarize this section, it is important to study gossip as an element of organizational culture not only because gossip is a ubiquitous aspect of organizational and social life but also because gossip can affect OC in ways that differ from other forms of informal communication and storytelling. Unfortunately, most scholars in management and organization studies appear to have ignored gossip (for a notable exception, see Davis, 1953, 1969, 1973), or even trivialized and demonized the practice. It was only in the 1990s that serious scholarly studies of gossip in organizations began to emerge (Kurland & Pelled, 2000; Noon & Delbridge, 1993). The next section addresses the managerial question of what to do, if anything, when gossip is spreading or has been spread through the organization.

CONSEQUENCES OF GOSSIP FOR OC: TO BE MANAGED OR UNMANAGEABLE?

This section addresses the organizational consequences of gossip (cf. Houmanfar & Johnson, 2004) and those interventions that can be used in an attempt to manage gossip. As indicated earlier, on the one hand, much of the organizational and management discourse surrounding gossip in organizations is based on the assumption that gossip is detrimental to work productivity, which creates a climate of mistrust, innuendo, and poor morale (e.g., Baker & Jones, 1996; Burke & Wise, 2003; Greengard, 2001). On the other hand, gossip has also been viewed as a "social cement" holding organizations together, with significant benefits, such as encouraging the development of social networks and relationships (Doyle, 2000) as well as enabling cultural and organizational learning. Social and group norms, shared understandings, and trust are pertinent here for gossip to be acknowledged as an "accepted" form of organizational communication, and perhaps even encouraged by management or vilified as stigmatized discourse.

Awareness of organizational gossip is a source of power based on exchange of information and support, which enables managers to identify where coalitions are located, anticipate resistance to change, or identify and access support for action or change. Baumeister and colleagues (2004) argue that managers who are left out of gossip networks have considerably less power and control than those inside the networks and often do not stay at the top for long. Nancy Kurland and Lisa Pelled (2000) propose a conceptual model of gossip and power (subsequently revised by Noon, 2001) and make specific predictions relating to the linkages between positive and negative gossip and the gossiper's coercive, reward, expert, and referent

power over gossip recipients. Influenced by French and Raven's well-known construction of power, the model also predicts that the effects of gossip on different types of power will be moderated by gossip credibility, quality of interpersonal relationship, and organizational culture.

The present discussion challenges the assumption that managers must always do something about the "problem" of gossip and the associated view that gossip is inherently detrimental (see also Michelson, van Iterson, & Waddington, 2010). In examining the organizational consequences of gossip, and the managerial interventions advanced to remedy "the problem," the crucial question is, "Exactly what is the problem?" Is it the activity and content of gossip per se, as some of the management literature would have us believe (e.g., Burke & Wise, 2003; Greengard, 2001)? This literature reflects a view of gossip as shallow, inconsequential organizational talk. In some circumstances, and for some people, this may indeed be the case. But gossip may also be constitutive of deeper, more far-reaching, and more disturbing organizational issues that need to surface and be managed. In these circumstances, gossip is a form of information that portends a potential disaster, yet its importance and value as an early warning system often only becomes apparent in retrospective investigations into organizational disasters and failure (e.g., Stein, 2004).

Gossip can affect organizations through its effect on corporate reputation. Organizations and professions are not immune from gossip about themselves in the public arena, as evidenced by formal inquiries, the media, and trade reports (van Iterson & Clegg, 2008); hence they have a vested interest in reconstructing "gossip" about themselves in ways that portray them in a favorable light among external stakeholders and clients. Thus gossip can potentially conflict with information provided by formal channels

of communication and the various counter-measures employed to combat and manage erroneous information on the organizational "grapevine."

As individual and organizational outcomes of gossip may be simultaneously positive and negative, intended and unintended, inconsequential and significant, gossip is "a nightmare to manage" on many levels of understanding, interpretation, and analysis. For example, how should the positive consequences and benefits of gossip be managed? What are the implications and consequences of *not* managing gossip? Can gossip be transformed into useful and actionable organizational knowledge and management information? These questions need to be answered before some guiding principles can be created to enable us to begin to analyze and understand the role of gossip in OC. When the consequences of organizational gossip are harmful (e.g., physical or psychological injury and distress to employees or destruction of an organization's reputation), managerial action must be taken. In these circumstances, gossip may also be accompanied by unsubstantiated rumors and can take the form of workplace bullying and violence. The negative consequences of gossip that are associated with bullying and victimization are echoed in the dark side of gossip. The power of gossip is such that it has the potential to damage and destroy an individual's self-esteem, reputation, and dignity.

This power is also associated with occupying a particular position and role in a communication network. Consequently, it has been argued that the analysis of gossip should move toward a more explicit acknowledgment of its role in social relationships (see Bergmann, 1993; Foster & Rosnow, 2006; Noon & Delbridge, 1993; Spitzberg & Cupach, 1998). Power is manifest in the informal and unofficial discourse of gossip and the interpersonal relationships and networks it sustains and can be understood differently if it is examined from a micropolitical perspective. The term *micropolitics* is used here to refer to the understated and often unseen ways that power circulates in everyday organizational practices (Morley, 1999). It is suggestive of a shift in attention away from a macro-organizational analysis of power and politics to one that is more subtle. As Morley acknowledges, "Conflicts, tensions, resentments, competing interests and power imbalances influence everyday transactions in institutions" (1999, p. 45). The issues involved in micropolitics relate to the choices people make in accepting, challenging, or colluding with hegemonic practices that maintain rather than challenge the status quo (Morss, 2000, pp. 23–26). The crucial point, again, is that gossip is a potentially powerful influence in organizations, but the argument is complicated and paradoxical. Put simply, as long as gossip remains hidden in the informal and unmanaged spaces, it serves to maintain the status quo.

HOW SHOULD GOSSIP BE STUDIED IN ORGANIZATIONS?

A famous quote from the American writer E. B. White says that "analyzing humor is like dissecting a frog. Few people are interested and the frog dies of it." Something similar may be said of gossip. Academic analysis of the gossip activity often results in feelings of estrangement on the part of the readers. Taking the elements of the gossip act apart for the sake of scrutinizing the phenomenon can lead to disillusionment. The uniqueness and authenticity of the stories can easily get lost, and one could be left with rather meaningless abstraction. The dangers of alienation and dissatisfaction are higher in quantitative gossip analysis than in qualitative analysis. Nevertheless, survey instruments such as the Tendency to Gossip Questionnaire

(TGQ) developed by Nevo and colleagues (1993) may prove valuable in the exploratory phase of gossip research. The TGQ comprises 20 items, and factor analysis has revealed four subscales: achievement (e.g., "I like talking to friends about the salaries of our mutual friends"); physical appearance (e.g., "I like talking to friends about other people's clothes"); social information (about others' personal lives; e.g., "I tend to talk with friends about the love affairs of people we know"); and sublimated gossip (which is described as "intellectual" gossip; e.g., "I like reading biographies of famous people"). As the example items demonstrate, the TGQ is a self-reporting Likert-scale instrument that measures a psychological disposition. The authors warn against social desirability effects when surveying gossip tendency, noting, "Because gossip is generally regarded as a socially undesirable activity, people do not report their own gossiping conduct accurately" (Nevo et al., 1993, p. 232).

The use of semistructured interviews—widespread in OC research—is another way to capture gossip, although social desirability may be an even larger problem here. The periodic request by interviewees for the researcher to turn off the (tape) recorder is a case in point that indicates that some participants have a conscious tendency to report gossip. How often do scholars ignore such comments as irrelevant side issues? It is suggested that researchers should consider how such off-the-record remarks could provide important insights or clues to generate further lines of inquiry. If some OC researchers are periodically prepared to allow such details to inform their particular studies, how should researchers who are explicitly interested in capturing the meanings and processes of gossip in an organization approach their investigations? This question involves trying to make public what is an essentially private talk. The relevant methodological characteristics might include

the ethics of "eavesdropping" (see Kniffin & Wilson, 2010, for their discussion about third parties hearing the gossip) and other covert data collection methods (see Noon, 2001). Confidential "gossipy" conversations may be private among work colleagues and friends but secret to enemies, nonallies, and researchers because gossip is also a means of distancing and exclusion. Securing the consent of informants for their participation in a study on gossip might be difficult when one is seeking to create a more naturalistic setting vis-à-vis a participant observation study (Michelson & Mouly, 2002). In such scenarios, the researcher becomes part of the situation they are investigating, and covert and nonconsensual research, while not normally condoned by university ethics committees, could nonetheless still be possible in exceptional cases. One such case, as argued by Marco Marzano (2007, p. 422), is the study of gossip.

In addition to participant observation, overhearing naturally occurring conversations (e.g., in public spaces) seems a promising method (Dunbar, 1992, 1996; Dunbar, Duncan, & Marriott, 1997; Emler, 1994; Levin & Arluke, 1985). For example, Dunbar (1992) recorded overheard conversations in a university refectory, scoring the topic at 30-second intervals, and found that 70% of conversation time was spent talking about social relationships and experiences. About half of this was devoted to the relationships of third parties not present. In this public arena, both men and women gossiped equally, but men tended to talk about their own experiences, while women tended to talk mostly about other people's experiences. Only 5% of the conversations were devoted to criticism and negative evaluation of others, although this could be anticipated in a public setting. The ethics of such covert research methods could be called into question, yet it is difficult to envisage other ways of capturing the essence of what people

gossip about. There may be a problem of bias in categorizing and recording what was heard, and the reliability of data collecting instruments is clearly important (Nason & Golding, 1998). To date, few researchers have adopted such techniques. This chapter contends that they would allow for further investigation of gossip over time.

Diaries provide an excellent opportunity for organizational members to record—soon after the gossip exchange—their contributions and reactions to the exchange (Waddington, 2005), which then can also be used for longitudinal research. Of course, the present study recognizes the possibility that organizational members could censure their own diary entries, but this would be insufficient reason a priori to not consider using such techniques. Another methodological possibility includes secondary analysis of published data.

The beginning and end points of gossip are difficult to identify because gossip can be temporarily forgotten but then resurface within the same or even a different context at a future date. The temporal and processual aspects of gossip call for methods that can connect the past, the present, and future, which is the same general challenge facing the study of OC. To investigate such complex and recurring patterns both across time and within different organizational spaces requires openness to a variety of methodological techniques that particularly allow for longitudinal data to be collected.

Given the proliferation of different communication technologies including email, mobile telephone texting, social networking, and other electronic bulletin boards, the task of collecting relevant data is increasingly possible. On a related note, it would be interesting to evaluate the extent to which these technologies complement face-to-face gossip or substitute for it. An important difference to note, however, given this chapter's earlier definition of gossip, is that with

online or "e-gossip" there may be an absence of visual cues. There are very few studies in this area (for an exception, see Harrington & Bielby, 1995), but this chapter argues that research into the consequences of social networking sites (SNSs) such as Facebook is necessary because such sites duplicate many of the functions of gossip as a form of "social grooming" (Dunbar, 1996). Seen in this sense, gossip establishes and maintains relationships and is a way of understanding alliances and hierarchies. Similarly, users of SNSs display their own profiles and networks of "friends" and observe the profiles of others, presenting a public self for their community. As Tufecki (2008) notes, status verification, relationship confirmation, and mutual acknowledgment are publicly displayed features of SNSs.

CONCLUSION

This chapter sought to explore in depth the role of gossip in the emergence, transmission, enactment, and transgression of (aspects of) an organization's culture. It is by now widely accepted that language helps constitute organizations. Gossip is one vehicle through which one can identify a firm's emerging culture. This study's exploration suggests that gossip is not only a vital force in the creation and emergence of OC, but equally in its transmission, and that, above all, it is the speed with which news and moral judgments are transmitted that typifies the gossip activity. In addition to being rapid, gossip, which usually originates in the "underlife" of organizations, also penetrates deeply into all levels of the organization, as Deal and Kennedy (1982, p. 92) have already recognized. Further, gossip is one possibility, among many others, to enact OC. The organizational "underlife" enacted in and through gossip represents elements of OC that members of an organization, including

its leaders, should pay attention to, and to ignore this can be fatal. The crucial question is how organizational information enacted in gossip can be transformed into practices of everyday knowledge work. It is not safe to assume that organizational knowledge sharing will occur unless it is a recognized norm or expectation of an organization's culture (Balthazard, Cooke, & Potter, 2006). Repeated gossips are also one vehicle through which OC is maintained. Such discourse seems particularly helpful in the socialization of newcomers and cultural learning in general. But it can also help to maintain boundaries between groups in organizations; in that respect, gossip about other groups is consistent with the organizational subculture and counterculture literature (Martin & Siehl, 1983). Countercultures, one form of subcultures, are places where especially critical and negative gossip resides. This chapter has noted that the factual and moral content of gossip can alter significantly during the process of diffusion. Gossip tends to become more extreme the more it is transferred, often far beyond the gossiper's intentions. That is one reason why gossip more often than not leads to OC transgressions such as malice, envy, deceit, and sabotage, which are manifestations of dysfunctional cultures (Van Fleet & Griffin, 2006). The task ahead, then, for organizational scholars and practitioners is to simultaneously capture the positive consequences that arise from a deeper understanding of the role of gossip in OC while also acknowledging the potential negative and harmful consequences of gossip.

The multidisciplinary focus of the field of gossip is well understood. Gossip has been studied in anthropology, (urban) sociology, social psychology, linguistics, communication studies, and gender studies, although often as a phenomenon that is considered as marginal to a "larger," recognized issue, such as insider/outsider dynamics (e.g., Elias & Scotson, 1994). The investigation of gossip in management and organization studies is a more recent development (Noon & Delbridge, 1993), whereas the study of gossip in the subfield of OC studies is still in a relatively early stage of development. Gossip is a form of distributed cultural knowledge, with an evaluative component, and is marked by the gossiper-recipient-target triad, the latter of which is typically not present during the gossip act. Despite this consistent social structure, gossip's distribution and diffusion within and between organizations follows many paths. Again, there is little doubt that gossip plays a vital role in the emergence, transmission, enactment, and transgression of (aspects of) OC. The empirical question is, how precisely does this occur?

The scarce writings in organization and management about gossip are polarized around arguments that regard gossip as problematic for managers and their organizations, and those that are a little more circumspect, if not positive, in their conclusions. In a number of these studies, however, the argument has been based on assertion or hearsay, a characteristic not inconsistent with the topic of focus. As a consequence, there have been relatively few empirical studies that focus explicitly on gossip, and this issue deserves future attention. It is time to break the silence around gossip on the work floor in general and in research on organizational culture in particular.

REFERENCES

Alvesson, M. (2004). Organizational culture and discourse. In D. Grant, C. Hardy, C. Oswick, & L. Putnam (Eds.), *The Sage handbook of organizational discourse* (pp. 317–335). London: Sage.

Baker, J. S., & Jones, M. A. (1996). The poison grapevine: How destructive are gossip and rumor in the workplace? *Human Resource Development Quarterly, 7,* 75–86.

Balthazard, P. A., Cooke, R. A., & Potter, R. E. (2006). Dysfunctional culture, dysfunctional organization: Capturing the behavioral norms that form organizational culture and drive performance. *Journal of Managerial Psychology, 21,* 709–732.

Baumeister, R. F., Zhang, L., & Vohs, K. D. (2004). Gossip as cultural learning. *Review of General Psychology, 8,* 111–121.

Ben-Ze'ev, A. (1994). The vindication of gossip. In R. F. Goodman & A. Ben-Ze'ev (Eds.), *Good gossip* (pp. 11–24). Lawrence: University Press of Kansas.

Bergmann, J. R. (1993). *Discreet indiscretions: The social organization of gossip.* New York: Aldine de Gruyter.

Boje, D. M. (2008). *Storytelling organizations.* London: Sage.

Bordia, P., DiFonzo, N., Haines, R., & Chaseling, E. (2005). Rumors denials as persuasive messages: Effects of personal relevance, source, and message characteristics. *Journal of Applied Social Psychology, 35,* 1301–1331.

Bordia, P., Jones, E., Gallois, C., Callan, V. J., & DiFonzo, N. (2006). Management are aliens! Rumors and stress during organizational change. *Group & Organization Management, 31,* 601–621.

Bosson, J. K., Johnson, A. B., Niederhoffer, K., & Swann, W. B. (2006). Interpersonal chemistry through negativity: Bonding by sharing negative attitudes about others. *Personal Relationships, 13,* 135–150.

Burke, L. A., & Wise, J. M. (2003). The effective care, handling, and pruning of the office grapevine. *Business Horizons, 46,* 71–76.

Clegg, S. R., & van Iterson, A. (2009). Dishing the dirt: Gossiping in organizations, *Culture and Organization, 15,* 275–289.

Cox, B. A. (1970). What is Hopi gossip about? Information management and Hopi factions. *Man, 5,* 88–98.

Davis, K. (1953). A method of studying communication patterns in organizations. *Personnel Psychology, 6,* 301–312.

Davis, K. (1969). Grapevine communication among lower and middle managers. *Personnel Journal, 48,* 269–272.

Davis, K. (1973). The care and cultivation of the corporate grapevine. *Management Review, 62,* 308–315.

Deal, T. E., & Kennedy, A. A. (1982). *Corporate cultures: The rites and rituals of corporate life.* Reading, MA: Addison-Wesley.

DiFonzo, N., & Bordia, P. (2007). *Rumor psychology: Social and organizational approaches.* Washington, DC: American Psychological Association.

DiMaggio, P. (1997). Culture and cognition. *Annual Review of Sociology, 23,* 263–287.

Doyle, J. (2000). *New community or new slavery? The emotional division of labour.* London: Industrial Society.

Dunbar, R. (1992, November). Why gossip is good for you. *New Scientist, 21,* 28–31.

Dunbar, R. (1996). *Grooming, gossip and the evolution of language.* London: Faber & Faber.

Dunbar, R. (2004). Gossip in evolutionary perspective. *Review of General Psychology, 8,* 111–121.

Dunbar, R., Duncan, N., & Marriott, A. (1997). Human conversational behavior. *Human Nature, 8,* 231–246.

Eder, D., & Enke, J. L. (1991). The structure of gossip: Opportunities and constraints on collective expression among adolescents. *American Sociological Review, 56,* 494–508.

Einarsen, S. E., Hoel, H., Zapf, D., & Cooper, C. L. (Eds.). (2003). *Bullying and emotional abuse in the workplace: International perspectives in research and practice.* London: Taylor & Francis.

Elias, N., & Scotson, J. (1994). *The established and the outsiders.* London: Routledge.

Emler, N. (1990). A social psychology of reputation. *European Review of Social Psychology, 1,* 171–193.

Emler, N. (1994). Gossip, reputation, and social adaptation. In R. F. Goodman & A. Ben-Ze'ev (Eds.), *Good gossip* (pp. 117–138). Lawrence: University Press of Kansas.

Fine, G., & Rosnow, R. (1978). Gossip, gossipers, gossiping. *Personality and Social Psychology Bulletin, 4,* 161–168.

Foster, E. K. (2004). Research on gossip: Taxonomy, methods and future directions. *Review of General Psychology, 8,* 111–121.

Foster, E. K., & Rosnow, R .L. (2006). Gossip and network relationships. In D. C. Kirkpatrick, S. Duck, & M. K. Foley (Eds.), *Relating difficulty: The processes of constructing and managing difficult interaction* (pp. 161–180). Mahwah, NJ: Lawrence Erlbaum.

Gabriel, Y. (1995). The unmanaged organization: Stories, fantasies and subjectivity. *Organization Studies, 16,* 477–501.

Gabriel, Y. (2000). *Storytelling in organizations: Facts, fictions and fantasies.* New York: Oxford University Press.

Gabriel, Y., Fineman, S., & Sims, D. (2000). *Organizing and organizations.* London: Sage.

Gilmore, D. (1978). Varieties of gossip in a Spanish rural community. *Ethnology, 17,* 89–99.

Gluckman, M. (1963). Gossip and scandal. *Current Anthropology, 4,* 307–316.

Goffman, E. (1961). *Asylums.* Harmondsworth, UK: Penguin.

Greengard, S. (2001). Gossip poisons business: HR can stop it. *Workforce, 80*(7), 24–28.

Grosser, T., Lopez-Kidwell, V., & Labianca, G. (2010). A social network analysis of positive and negative gossip in organizational life. *Group & Organization Management, 35,* 177–212.

Guerin, B., & Miyazaki, Y. (2006). Analyzing rumors, gossip and urban legends through their conversational properties. *Psychological Record, 56,* 23–33.

Hannerz, U. (1967). Gossip, networks and culture in a Black American ghetto. *Ethnos, 32,* 35–60.

Harrington, C. L., & Bielby, D. D. (1995). Where did you hear that? Technology and the social organization of gossip. *Sociological Quarterly, 36,* 607–628.

Haviland, J. B. (1977). Gossip as competition in Zinacantan. *Journal of Communication, 7,* 186–191.

Herskovits, M. (1937). *Life in a Haitian valley.* New York: Alfred Knopf.

Houmanfar, R., & Johnson, R. (2004). Organizational implications of gossip and rumor. *Journal of Organizational Behavior Management, 23,* 117–138.

Jaeger, M., Skleder, A. A., Rind, B., & Rosnow, R. L. (1994). Gossip, gossipers, gossipees. In R. F. Goodman & A. Ben Ze'ev (Eds.), *Good gossip* (pp. 154–168). Lawrence: University Press of Kansas.

Jaeger, M. E., Skleder, A. A., & Rosnow, R. (1998). Who's up on the low down? Gossip in interpersonal relationships. In B. H. Spitzberg & W. R. Cupach (Eds.), *The dark side of close relationships* (pp. 103–117). Mahwah, NJ: Lawrence Erlbaum.

Kanter, R. M. (1977). *Men and women of the corporation.* New York: Basic Books.

Kniffin, K. M., & Wilson, D. S. (2010). Evolutionary perspectives on workplace gossip: Why and how gossip can serve groups. *Group & Organization Management, 35,* 150–176.

Kurland, N., & Pelled, L. (2000). Passing the word: Toward a model of gossip and power in the workplace. *Academy of Management Review, 25,* 428–438.

Laing, M. (1993). Gossip: Does it play a role in the socialization of nurses? *IMAGE: Journal of Nursing Scholarship, 25,* 37–43.

Levin, J., & Arluke, A. (1985). An exploratory analysis of sex differences in gossip. *Sex Roles, 12,* 281–286.

Martin, J., & Siehl, C. (1983). Organizational culture and counterculture: An uneasy symbiosis. *Organizational Dynamics, 122,* 52–65.

Marzano, M. (2007). Informed consent, deception and research freedom in qualitative research. *Qualitative Inquiry, 13,* 417–436.

Medini, G., & Rosenberg, E. H. (1976). Gossip and psychotherapy. *American Journal of Psychotherapy, 30,* 452–462.

Michelson, G., & Mouly, S. (2000). Rumor and gossip in organizations: A conceptual study. *Management Decision, 38,* 339–346.

Michelson, G., & Mouly, S. (2002), "You didn't hear it from us but . . .": Towards an understanding of rumour and gossip in organisations. *Australian Journal of Management, 27,* 57–65.

Michelson, G., van Iterson, A., & Waddington, K. (2010). Gossip in organizations: Contexts, consequences, and controversies. *Group & Organization Management, 35,* 371–390.

Morley, L. (1999). *Organizing feminisms: Micropolitics of the academy.* New York: St. Martin's Press.

Morss, J. (2000). Two cheers for postmodernism: Living the paradox. In L. Holzman & J. Morss (Eds.), *Postmodern psychologies, societal practice and political life* (pp. 12–28). New York: Routledge.

Nason, J., & Golding, D. (1998). Approaching observation. In G. Symon & C. Cassell (Eds.), *Qualitative methods and analysis in organizational research* (pp. 234–249). London: Sage.

Nevo, O., Nevo, B., & Derech-Zehavi, A. (1993). Gossip and counseling: The tendency to gossip and its relation to vocational interest. *Counselling Psychology Quarterly, 6,* 229–238.

Noon, M. (2001). Suggested revisions to Kurland and Pelled's model of gossip and power. *Academy of Management Review, 26,* 173–174.

Noon, M., & Delbridge, R. (1993). News from behind my hand: Gossip in organizations. *Organization Studies, 14,* 23–36.

Ogasawara, Y. (1998). *Office ladies and salaried men: Power, gender, and work in Japanese companies.* Berkeley: University of California Press.

Paine, R. (1967). What is gossip about? An alternate hypothesis. *Man, 2,* 278–285.

Radlow, R., & Berger, P. (1959). Relationship of degree of self-esteem to gossiping behavior. *Journal of Social Psychology, 50,* 153–155.

Rosnow, R. L., & Fine, G. A. (1976). *Rumor and gossip: The social psychology of hearsay.* New York: Elsevier.

Schein, S. (1994). Used and abused in medieval society. In R. F. Goodman & A. Ben-Ze'ev (Eds.), *Good gossip* (pp. 139–153). Lawrence: University Press of Kansas.

Spitzberg, B. H., & Cupach, W. R. (Eds.). (1998). *The dark side of close relationships.* Mahwah, NJ: Lawrence Erlbaum.

Stein, M. (2004). The critical period of disasters: Insights from sense-making and psychoanalytic theory. *Human Relations, 57,* 1243–1261.

Stewart, P. J., & Strathern, A. (2004). *Witchcraft, sorcery, rumors, and gossip.* New York: Cambridge University Press.

Suls, J. M. (1977). Gossip as social comparison. *Journal of Communication, 27,* 164–168.

Taylor, G. (1994). Gossip as moral talk. In R. F. Goodman & A. Ben-Ze'ev (Eds.). *Good gossip* (pp. 34–46). Lawrence: University Press of Kansas.

Trice, H., & Beyer, J. (1993). *The cultures of work organizations.* Englewood Cliffs, NJ: Prentice Hall.

Tufecki, Z. (2008). Grooming, gossip, Facebook and MySpace. *Information, Communication & Society, 11,* 544–564.

Van Fleet, D. D., & Griffin, R. W. (2006). Dysfunctional organization culture: The role of leadership in motivating dysfunctional work behaviors. *Journal of Managerial Psychology, 21,* 698–708.

van Iterson, A., & Clegg, S.R. (2008). The politics of gossip and denial in inter-organizational relations. *Human Relations, 61,* 1117–1137.

Waddington, K. (2005). Using diaries to explore the characteristics of work-related gossip: Methodological considerations from exploratory multimethod research. *Journal of Occupational and Organizational Psychology, 78,* 221–236.

Waddington, K., & Fletcher, C. (2005). Gossip and emotion in nursing and health-care organizations. *Journal of Health, Organisation and Management, 19,* 378–394.

Waddington, K., & Michelson, G. (in press). *Gossip and organizations.* London: Routledge.

Yerkovich, S. (1977). Gossiping as a way of speaking. *Journal of Communication, 27,* 192–196.

Changing Organizational Culture for Sustainability

Sally V. Russell and Malcolm McIntosh

I t is now clear that organizations must respond to issues in the natural environment. Organizations have played a significant role in the creation of environmental issues, and they must therefore play a role in redressing global environmental problems (Dunphy, Griffiths, & Benn, 2007; Shrivastava, 1995b; Starik & Rands, 1995). While industrial development has brought immeasurable wealth and prosperity, it has also created many significant environmental issues including climate change, deforestation and desertification, declining biodiversity, acid rain, industrial accidents, and toxic wastes (Shrivastava, 1995b; Stern, 2000). The urgency of such issues cannot be underestimated. In relation to climate change, for example, the Fourth Assessment Report by the Intergovernmental Panel on Climate Change (IPCC) states that "warming of the climate system is unequivocal" (IPCC, 2007, p. 5).[1] The report further articulates that it is very likely (90% probability) that observed increases in global average temperatures are due to human activity (p. 7). Faced with the realities of climate change and environmental problems more broadly, coupled with the increasing threat of future regulation, there is a vital need for organizations to operate more sustainably.

The last two decades have seen an increase in research that aims to examine the interrelationships between organizations and the natural environment, a research agenda that is often termed *business and the environment* (B&E; Berchicci & King, 2007). Popular prescriptions in the B&E literature suggest that the achievement of sustainability requires a shift in the culture of organizations (Jennings & Zandbergen, 1995) and the challenging of dominant thought paradigms (Gladwin & Kennelly, 1995; Hawken, Lovins, & Lovins, 1999; Margolis & Walsh, 2003). Researchers argue that organizations must go beyond technical fixes and embrace new environmentally responsible values, beliefs, and behaviors (Fineman, 1997; Harris & Crane, 2002; Shrivastava, 1995b; Stead & Stead, 1994). Yet few researchers have examined how this change might occur in practice.

This chapter examines current theoretical and empirical perspectives of how organizational culture might facilitate more sustainable organizational behavior. It examines the relationship between organizational culture and organizational response to sustainability issues. It identifies shortcomings and indicates how current understanding can inform future research and result in the reflection

of sustainability principles in organizational practice. The following sections provide a definition of the concept of sustainability and identify the importance of the relationship between sustainability and organizational culture.

Throughout this chapter the term *organizational culture* is used to refer to the organizational context that facilitates sustainability in organizations. This discussion subscribes to the perspective articulated by Daniel Denison that organizational culture and climate research address a common phenomenon: "the creation and influence of social contexts in organizations" (1996, p. 646). The primary goal in this chapter is to examine the social contexts that facilitate sustainability, and it does not serve this purpose well to draw an artificial distinction between organizational culture and organizational climate. Furthermore, this chapter uses the term *organizational culture* rather than *climate* to avoid confusion with the biophysical phenomenon of climate change (i.e., the observed changes in the climate of planet Earth).

In further defining organizational culture, this discussion subscribes to Edgar Schein's (1990) model that culture is made up of three manifest levels of artifacts, values, and assumptions. This chapter reviews research that examines observable artifacts as indicators of sustainability, including permanent archival manifestations such as sustainability policies and reports, as well as less tangible artifacts such as whether sustainability is included in training programs and communications. In line with Schein's definition, this chapter understands values to mean norms, ideologies, and philosophies. Finally, this chapter takes on Schein's definition of basic underlying cultural assumptions as the "taken-for-granted assumptions that determine perceptions, thought processes, feelings, and behavior" (1990, p. 112). In describing the level to which sustainability is embedded in organizational culture, this chapter refers to Schein's model and argues that sustainability must be congruent with the basic underlying values and assumptions of an organizational culture in order for organizations to become truly sustainable.

THE MEANING OF SUSTAINABILITY

The concept of sustainability, as it is most generally used today, largely stems from the concept of sustainable development. Coined by the World Commission on Environment and Development (WCED), sustainable development is

> development that meets the needs of the present without compromising the ability of future generations to meet their own needs. It contains within it two key concepts:
>
> - the concept of "needs," in particular the essential needs of the world's poor, to which overriding priority should be given; and
> - the idea of limitations imposed by the state of technology and social organization on the environment's ability to meet present and future needs. (Brundtland & WCED, 1987, p. 43)

The concept of sustainability is not new. In fact, many aboriginal cultures and indigenous tribes have recognized the interrelationships between the natural environment, society, and the economy. Humanity's recent history, however, has been defined by the industrial revolution and mass organization and production, which have been largely incompatible with notions of sustainability (Sharma, 2002). The idea that sustainability principles can be congruent with current capital-intensive systems of industry is a significant challenge.

Sustainability has become a widely accepted term in management and industry, yet how the term is understood varies widely. In line with the WCED definition, there is consensus that the triple bottom line dimensions of economic, social, and environmental issues are important in understanding sustainability (Elkington, 1994). Yet research suggests a broad variance in the relative emphasis placed on each of these three dimensions (Byrch, Kearins, Milne, & Morgan, 2007; Linnenluecke, Russell, & Griffiths, 2009; Russell, Haigh, & Griffiths, 2007).

Sally Russell and colleagues (2007), for example, explored managers' current understandings of corporate sustainability and identified four distinct understandings. They found that managers described corporate sustainability in terms of (a) a corporation working toward long-term economic performance, (b) a corporation working toward positive outcomes for the natural environment, (c) a corporation that supports people and social outcomes, or (d) a corporation with a holistic approach. The four understandings align well with theoretical conceptions of corporate sustainability in the literature, where sustainability is defined narrowly to include economic sustainability or is broadened to include environmental and social issues (see also Byrch et al., 2007).

Mark Starik and Gordon Rands (1995) define sustainable organizations in terms of their relationship to the natural environment, which suggests that sustainable organizations can exist and flourish indefinitely without negatively affecting earth as an ecosystem (see also Shrivastava, 1995b). In this definition, the social dimension of sustainability is implicit. In order to make this dimension explicit, the present chapter adopts Sanjay Sharma's (2002, p. 2) definition that sustainable organizations "build on natural capital, enhance human and societal welfare, and contribute to appropriate economic and technological development." This definition arguably reflects the definition of sustainable development most closely (Brundtland & WCED, 1987) and clearly reflects the need for sustainable organizations to pay heed to the triple bottom line dimensions of economic, social, and environmental issues (Elkington, 1999).

FROM REACTIVE TO SUSTAINABLE: THE IMPORTANCE OF ORGANIZATIONAL CULTURE

Within the B&E and corporate social responsibility (CSR) literature, firms have been classified according to the extent to which they proactively respond to environmental and social issues. Building on schema developed by Archie Carroll (1979) and Steven Wartick and Philip Cochran (1985), researchers such as Christopher Hunt and Ellen Auster (1990), Nigel Roome (1992), Stuart Hart (1995), Simon Zadek (2004), and Dexter Dunphy and colleagues (2007) have classified organizations according to their level of performance in relation to sustainability issues. The first of these typologies suggests that organizations can be classified on a continuum from reactive to proactive (e.g., Carroll, 1979; Wartick & Cochran, 1985). This chapter argues that as organizations progress from reactive to proactive strategies, an organizational culture that supports sustainability principles becomes increasingly important.

As noted in the introduction of this chapter, the environmental and social issues facing organizations are not going away. Rather, issues of sustainability are becoming more urgent, more complex, and more challenging to solve. While it is one thing to introduce a sustainability policy or initiate a recycling program in an organization, it is quite another to attempt to change an entire industrial model to end reliance on

nonrenewable fuels (Crane, Matten, & Spence, 2008). In line with theoretical prescriptions (Shrivastava, 1995b; Starik & Rands, 1995; Stead & Stead, 2004), this chapter contends that for organizations to truly realize sustainable behavior, a shift in culture is necessary. Furthermore, changes in organizational behavior can only occur if they are congruent with the underlying assumptions of the culture (Schein, 2000). In this way, it is inconceivable that an organization can become truly sustainable by relying on neoclassical economic assumptions (Shrivastava, 1995a). This chapter maintains that underlying cultural assumptions must shift before truly sustainable organizations will emerge.

At this point it should be noted that even as organizations become more proactive and begin to embed sustainability within the organizational culture, this does not of itself result in a sustainable organization. Many organizations are essentially antithetical to the sustainable organization by the nature of their core business. For example, global defense supplier Raytheon reports against triple bottom line criteria. Their corporate responsibility report is published on recycled paper and printed using soy ink and articulates the core value of "treat[ing] people with respect and dignity" (Raytheon, 2008, p. 2). The report clearly espouses values of environmental and social responsibility and reports on progress toward sustainability goals. Yet the core business of Raytheon is the manufacture of weapons to be used in war. Such a business is inherently incompatible with sustainability principles. Although the organization is addressing sustainability issues in some sense, it is far from a sustainable organization.

The following sections review the relationship between organizational culture and the five classifications of firm strategies in response to environmental issues. Based on an analysis of typologies of organizational response to sustainability issues, this chapter synthesizes the most frequently cited taxonomies and the artifacts, values, and assumptions that may be present in each organizational type. A summary of the analysis is presented in Table 22.1. The more general categorization scheme developed by Carroll (1979) is used and the further category of "Sustainable Organizations" is added so as to integrate more recent research on sustainable organizations (Dunphy et al., 2007; Stubbs & Cocklin, 2008a). The "Sustainable Organizations" category also closely reflects the categories of sustainable development as described by Hart (1995) and leading edge organizations as described by Roome (1992). In the following section, theoretical propositions and empirical findings are examined in relation to how organizations respond to environmental and social issues and the relationship between organizational responses and organizational culture.

Reactive Organizations

Reactive organizations are those that are operating without taking into consideration issues of sustainability. According to Carroll (1979), a reactive approach essentially involves very little or no action in response to social or environmental issues. This type of organization operates within the neoclassic economic paradigm that the goal of the organization is to maximize shareholder value. Organizations operating with this type of response to sustainability make very few, if any, changes to practice in response to social or environmental issues. Other terms used to describe this type of organization include noncompliant (Roome, 1992), beginner (Hunt & Auster, 1990), nonresponsive (Dunphy et al., 2007), or defensive (Zadek, 2004).[2]

Roome (1992) suggests that organizations taking this type of approach are often constrained by costs and cannot, or choose not to, react to environmental or social issues.

Table 22.1 Categorization of Organizational Culture for Sustainability

Category	Alternative Categories	Organizational Culture Examples
Reactive	Reactive (Carroll, 1979; Henriques & Sadorsky, 1999; Wartick & Cochran, 1985) Noncompliance (Roome, 1992) Beginner (Hunt & Auster, 1990) Defensive (Zadek, 2004) Rejection/Noncompliance (Dunphy et al., 2007)	Artifacts – Sustainability is not addressed – No integration of sustainability with strategic management – No employee training or involvement in sustainability – No sustainability policy, communication, or reporting – Minimal or no financial resource commitment Values – Core values reflect profit maximization Assumptions – Social and environmental issues are not legitimate organizational concerns
Defensive	Defensive (Carroll, 1979; Henriques & Sadorsky, 1999; Wartick & Cochran, 1985) Compliance (Roome, 1992; Zadek, 2004) Firefighter (Hunt & Auster, 1990) Pollution control (Hart, 1995) Reactive (Sharma & Vredenburg, 1998) Compliance (Dunphy et al., 2007)	Artifacts – Sustainability is addressed only when required to meet compliance obligations – Little integration of sustainability with strategic management – Limited employee training or involvement in sustainability – Piecemeal involvement of top management in sustainability – Sustainability policy may be present, but it is not clearly articulated or widely communicated – Sustainability reports produced only when required – Budget is allocated to problems as they occur Values – Core values reflect compliance Assumptions – Social and environmental issues should be addressed only as required to legally maintain compliance

(Continued)

Table 22.1 (*Continued*)

Category	Alternative Categories	Organizational Culture Examples
Accommodative	Accommodative (Carroll, 1979; Henriques & Sadorsky, 1999; Warrick & Cochran, 1985) Compliance plus (Roome, 1992) Concerned citizen (Hunt & Auster, 1990) Pollution prevention (Hart, 1995) Managerial (Zadek, 2004) Efficiency (Dunphy et al., 2007)	Artifacts – Sustainability management is important in quality management – Some integration of sustainability with strategic management – Some employee training or involvement in sustainability – Top management are theoretically involved in sustainability but this does not always translate into practical involvement – Sustainability policy is present and communicated internally – Sustainability is reported internally only – Minimal budget for sustainability initiatives Values – Core values reflect quality assurance Assumptions – Social and environmental issues are worthwhile organizational concerns
Proactive	Proactive (Carroll, 1979; Henriques & Sadorsky, 1999; Sharma & Vredenburg, 1998; Warrick & Cochran, 1985) Commercial and environmental excellence (Roome, 1992) Pragmatist (Hunt & Auster, 1990) Product stewardship (Hart, 1995) Strategic (Zadek, 2004) Strategic proactivity (Dunphy et al., 2007)	Artifacts – Sustainability is part of the core business of the organization – Sustainability is integrated with strategic management – Employees are trained in sustainability, and involvement is encouraged – Top management are aware and moderately involved in sustainability initiatives – Sustainability policy is clearly articulated and communicated internally and externally – Sustainability is reported mostly internally with some external reporting – Sufficient funding is allocated to sustainability initiatives

Category	Alternative Categories	Organizational Culture Examples
		Values
		– Core values are on the achievement of total quality
		Assumptions
		– Sustainability is an important business function
Sustainable	Leading edge (Roome, 1992) Proactivist (Hunt & Auster, 1990) Sustainable development (Hart, 1995) Civil (Zadek, 2004) Sustaining corporation (Dunphy et al., 2007) Sustainability business model (Stubbs & Cocklin, 2008a)	Artifacts
		– Sustainability is part of the core business of the organization
		– Sustainability is deeply integrated with strategic management
		– Employees are extensively trained in sustainability, and involvement is encouraged
		– Top management are actively involved and provide moral leadership on sustainability
		– Sustainability policy is clearly articulated and communicated internally and externally
		– Formalized reporting mechanisms in place for internal and external reporting on sustainability performance
		– Strong shared vision of sustainability
		– Sustainability initiatives have a high level of funding
		Values
		– Core values reflect sustainable development
		Assumptions
		– Sustainability is integral to organizational success

These types of organizations have little long-term vision and little concept of the significance of the sustainability imperative. Zadek (2004) also suggests that these organizations deny any responsibility for social or environmental issues and continue to resist organizational change for sustainability.

Empirical evidence suggests that organizations of this type are more likely to emphasize economic goals. In a study of the relationship between organizational culture and sustainability, Martina Linnenluecke and colleagues (2009) demonstrated that employees who perceive that their organizations emphasize internal processes such as control, rational rules, procedures, and formalized decision making are more likely to emphasize the economic dimension of sustainability. They also suggest that this type of culture is a good predictor of an economic understanding of sustainability.

Research by Irene Henriques and Perry Sadorsky (1999) also suggests that the cultural artifacts of reactive organizations do not reflect sustainability goals. In their study of 400 Canadian organizations, Henriques and Sadorsky examined cultural artifacts in organizations. These included having an environmental plan; the formalization of that plan; whether the plan was communicated to stakeholders; having a department responsible for environment, health, and safety; and whether top management demonstrated support for sustainability initiatives. In the case of reactive organizations, Henriques and Sadorsky found that none of these cultural artifacts were present.

Defensive Organizations

Some action on sustainability is evident in organizations that are classified as defensive, although this action tends to be in response to legislation (Roome, 1992) or external stakeholder pressure (Bansal & Roth, 2000; Zadek, 2004). The label "defensive" was initially used by Carroll (1979) and Wartick and Cochran (1985), and more recent labels of this type of organization include firefighter (Hunt & Auster, 1990), compliance (Dunphy et al., 2007; Roome, 1992; Zadek, 2004), and pollution control (Hart, 1995).

Many researchers in CSR and B&E have argued that firms can create a competitive advantage by addressing environmental and social concerns (e.g., Berchicci & King, 2007; Hart, 1995; Roome, 1992; Zadek, 2004). If, however, organizations wait until an issue is legislated, that issue is likely to already be fully developed in the social sphere, and organizations will thereby be less likely to create a competitive advantage. Defensive-type organizations do not usually anticipate changes in the sustainability agenda. As a consequence they tend to lag behind sustainability thinking in the wider community and are therefore less likely to create a competitive advantage by addressing sustainability issues (Roome, 1992; Zadek, 2004).

Defensive organizations generally respond to sustainability issues by introducing management techniques and the use of technologies where required by legislation (Roome, 1992). Hart (1995), for example, suggests that organizations of this type generally maintain a pollution control strategy. This strategy involves the trapping, storing, treating, and disposing of pollution in the form of emissions and effluents. In order to achieve this, organizations must invest in expensive, nonproductive pollution-control equipment. This mode of operating relies on "end-of-pipe" technology (Roome, 1992), which requires no change in organizational process. Nevertheless, pollution control technology is often expensive to install and results in no cost savings for the organization. In this sense, a defensive organization may reflect

an awareness of environmental and social issues, but there is likely to be no change in the organizational operations or culture.

In their empirical study, Henriques and Sadorsky (1999) found that defensive organizations tended to have environmental plans or policies, but these plans had been neither formalized in writing nor widely communicated to employees or stakeholders. Their results also showed that organizations of this type had environmental, health, and safety departments. Henriques and Sadorsky (1999) described defensive organizations as taking a piecemeal approach in addressing sustainability issues.

In their study of the oil and gas industry, Sanjay Sharma and Harrie Vredenburg (1998) found that organizations of the defensive type emphasized the reduction of risk and liabilities in relation to environmental accidents and spills. The focus was on compliance with regulation, and no voluntary practices were engaged by this type of organization.

A defensive strategy is essentially a "legislation push," and management respond in order to accommodate the demands that regulation places on management systems (Roome, 1992). Although defensive organizations are taking action on sustainability, this is not reflected in organizational culture. Rather, sustainability is addressed by add-ons to organizational practice rather than any meaningful change in the way the organization operates.

Accommodative Organizations

Organizations that fall within the accommodative category are beginning to be proactive in response to sustainability concerns. Accommodative organizations are starting to integrate social and environmental issues into their business strategy, going beyond what is required by law. In this way, organizations that respond to sustainability issues

are able to control the direction and pace of initiatives. Other terms that have been used to describe this type of organization include concerned citizen (Hunt & Auster, 1990), compliance plus and quality assurance (Roome, 1992), pollution prevention (Hart, 1995), efficiency (Dunphy et al., 2007), and managerial (Zadek, 2004). One of the critical differences between defensive and accommodative organizational types is the movement from a reactive to a proactive management style. This is evidenced in the commitment and willingness of senior management to challenge existing conventions and to encourage organizational change (Roome, 1992).

Roome (1992) argues that organizations operating with an accommodative approach to sustainability acknowledge the possibility of significant organizational change. In addition to taking up managerial techniques and technologies that are needed to measure, monitor, and control environmental impacts, this type of organization also develops managerial systems to ensure that those techniques work effectively. Movement from a defensive to an accommodative approach to sustainability is associated with the implementation of new management thinking and a change in organizational culture. Furthermore, this type of approach often requires champions within companies, particularly at the senior level. It is therefore a "management pull" strategy, with senior management accepting the need for the company to be committed to change organizational structures and management systems (Roome, 1992).

Hart (1995) describes accommodative organizations in terms of pollution prevention strategies, whereby emissions and effluents are reduced, changed, or prevented by changes in organizational processes or by process innovations. Drawing a parallel between total quality management (TQM) and pollution prevention,

Hart argues that this type of organizational response requires extensive employee involvement and continuous improvement of emission reductions. By preventing pollution, organizations can reduce costs by avoiding costly end-of-pipe technologies and increasing productivity and efficiency. By creating less waste, organizations are better able to utilize inputs.

Henriques and Sadorsky (1999) found that accommodative organizations had a written environmental plan and had communicated the plan to employees. A more pragmatic approach was taken in this type of organization, with more attention focused on dealing with environmental issues in a formal manner and with written policies and formal communications to employees. Results from Henriques and Sadorsky's study also demonstrated that this type of organization had some top management involvement and a board or management committee given the responsibility of responding to environmental issues.

Research by Lloyd Harris and Andrew Crane (2002) found that there is often discrepancy between the espoused company line on sustainability issues and the actual practices of managers within the organization (see also Hunt & Auster, 1990). Although accommodative organizations have many of the artifacts also found in proactive organizations, the link between espoused sustainability and actual sustainability may not be entirely congruent. Harris and Crane (2002) argue that the depth, degree, and diffusion of cultural change have a strong impact on the extent to which organizations take up sustainable behavior.

Proactive Organizations

Proactive organizations can be categorized as taking a long-term focus and actively engaging in the management of sustainability issues. While accommodative organizations can be described as taking a quality assurance approach, the proactive organization reflects the principles of total quality management (Hart, 1995; Roome, 1992). This approach is likely to apply both to environmental and social concerns and to more conventional business concerns. The proactive category has also been labeled pragmatist (Hunt & Auster, 1990), commercial and environmental excellence (Roome, 1992), product stewardship (Hart, 1995), strategic (Zadek, 2004), and strategic proactivity (Dunphy et al., 2007).

Henriques and Sadorsky (1999) found that proactive organizations generally had a written environmental plan that was communicated to stakeholders and a dedicated environment, health, and safety (EHS) unit or department. They also found that this type of organization frequently did not have a committee dedicated to environmental issues. On this point, Henriques and Sadorsky suggest that, while a dedicated committee may be important to jump-start company interest in environmental issues, it may not be important once sustainability is embedded in practice, as would be expected in this type of organization.

In assessing organizations in their study of oil and gas companies, Sharma and Vredenburg (1998) categorized organizations as proactive only when they exhibited a consistent pattern across a range of sustainability principles. These included reducing risk and environmental impact and practicing biodiversity preservation and waste reduction. Sharma and Vredenburg argued that an organization could only be categorized as proactive if they engaged in a range of activities that were not required by regulation and were not in response to isomorphic pressures within the industry to engage in best practice. Organizations also

had to demonstrate consistency in voluntary practice over time.

There is some debate about the extent to which proactive organizations subscribe to the moral dimension of sustainability and the degree to which sustainability is reflected in organizational culture. Roome (1992), for instance, suggests that it is reasonable to expect organizations within this category to have vision or mission statements that reflect sustainability principles (see also Shrivastava, 1995b; Starik & Rands, 1995; Stead & Stead, 2004). Roome (1992) further suggests that organizational change is embraced with an acceptance and development of a sustainability ethic among all employees of the organization. Consequently, employees become sustainability champions in the company.

In contrast, Carroll (1979) argues that proactive organizations take action on social and environmental issues, although this does not imply that management has accepted a moral obligation. According to Carroll's definition, then, it is possible for organizations to move into the proactive classification, without changing underlying cultural assumptions. Sustainable behavior may be adopted for reasons of maintaining competitive advantage rather than any underlying moral obligation to people or the planet.

Research by Andrew Crane (2000) is congruent with Carroll's (1979) proposition that a moral commitment is not necessary to address sustainability issues. Crane (2000) showed that organizations can be proactive without taking on the moral and ethical underpinnings of sustainability. He found that organizations responded conservatively to environmentalism, taking a utilitarian approach to addressing environmental issues. Referring to the "amoralization" of corporate greening, Crane's findings challenge the common prescription in B&E literature that only a strong ethical and moral organizational

culture can result in the radical shift necessary for sustainability to be achieved.

The work of Stephen Fineman (1996, 1997) also shows that some environmental change can occur without significant cultural changes within organizations. Fineman's findings showed that environmental managers in the United Kingdom integrated their environmental role into the existing culture of the organization without any shift in the underlying values or assumptions of those organizations. Rupert Baumgartner (2009) found similar results in the organizations he studied. Baumgartner's research demonstrated that for sustainability to be enacted it needed to be clearly aligned with shareholder value rather than any moral or ethical purpose. His research also showed that the progress of sustainability was hindered when employee rewards were not related to sustainability performance.

While organizations may take on sustainability principles without a cultural shift, any discrepancy between espoused sustainability policy and actual practice can have significant reputational consequences for organizations. Research by Fineman (1996) found that supermarkets risked reputational damage if their organizational practices were not congruent with espoused sustainability policies. Anat Rafaeli and Iris Vilnai-Yavetz (2004) further confirmed these findings in a study of a public transportation company that had communicated its sustainability values by painting buses green. In response to this artifact, customers accused the public transportation company of "green wash" (Peattie & Crane, 2005), highlighting that the practice of painting buses masked the negative environmental impact of air pollution created by the buses. Thus, while organizations can adopt sustainability policies without a cultural shift (Crane, 2000),

those that do may risk reputational damage by espousing a sustainability policy that is not congruent with the organization's cultural values and assumptions.

Research by Lynne Andersson and Thomas Bateman (2000) demonstrates how successful environmental champions adapt to the cultural context of the organization. Andersson and Bateman found that environmental champions were most often successful in selling environmental issues when they relied on formal business language and familiar business protocols. In contrast, where organizational culture reflected sustainable development principles, champions made use of dramatic or emotional appeals in selling environmental issues. This finding underscores the importance of organizational culture for sustainability and suggests that an instrumental approach is necessary in organizations where sustainability is not embedded within the organizational culture. In contrast, where an organizational culture reflects sustainability principles, a more passionate or emotional approach to addressing environmental issues may be successful.

Sustainable Organizations

Although organizations may reach the proactive category without a fundamental shift in organizational culture, many scholars argue that a shift in the deepest level of cultural values and assumptions is necessary (Fernandez, Junquera, & Ordiz, 2003; Fineman & Clarke, 1996; Harris & Crane, 2002; Shrivastava, 1995b; Stead & Stead, 1994). This categorization has remained a largely theoretical description (Roome, 1992; Shrivastava, 1995b; Starik & Rands, 1995); however, recent research has begun to describe how organizations are beginning to move toward this type of organizational type (see, e.g., Boyd, Henning,

Reyna, Wang, & Welch, 2009; Dunphy et al., 2007; Stubbs & Cocklin, 2008a).

The sustainable organization can be described as one that clearly reflects the definition of sustainable organizations as those organizations that "build on natural capital, enhance human and societal welfare, and contribute to appropriate economic and technological development" (Sharma, 2002, p. 2). These are innovative companies and leaders in their industries—they set the standard for other businesses (Roome, 1992). Sustainability principles are embedded across every aspect of the organization, and cultural assumptions reflect the legitimacy of social and environmental issues for business. Sustainable organizations adopt a long-term perspective that is underpinned by principles of social and environmental morality. Other labels that have been used to classify this type of organization include proactivist (Hunt & Auster, 1990), leading edge (Roome, 1992), sustainable development (Hart, 1995), civil (Zadek, 2004), sustaining corporation (Dunphy et al., 2007), and the sustainability business model (Stubbs & Cocklin, 2008a).

While other categories of organizational responses to sustainability take on some of the dimensions of sustainable development such as pollution prevention or product stewardship, organizations in this category have sustainability principles embedded in the deeper values and assumptions of organizational culture. For example, Hart (1995) argues that sustainable organizations build on the pollution prevention strategy of accommodative organizations and the product stewardship of proactive organizations. Sustainable organizations take these initiatives further in an effort to break the link between economic activity and the degradation of social and environmental values.

Pratima Bansal's (2003) research provides empirical evidence of how congruence between individual values and

organizational culture can progress the sustainability agenda. In an ethnographic study of the flow of environmental issues in two organizations, Bansal found that congruence between an individual's concern about an issue and the culture of the organization was essential for sustainability issues to be addressed. Bansal found that without this congruence, issues did not receive organizational attention and were not addressed.

The notion of the hybrid organization is perhaps one of the closest approximations of the sustainable organization. Brewster Boyd and colleagues (2009) describe organizations that blur the distinction between nonprofit and for-profit organizations, with emphases on values and missions for the common-good mission and on financial performance. Using surveys and case-study research, Boyd and colleagues examined new models of doing business that truly embody social and environmental missions. These organizations are characterized by a clear vision and an underlying raison d'être to contribute to resolving humanity's most pressing social and environmental issues. While Boyd and colleagues provide a valuable insight into hybrid organizations, it is clear that more research is needed to further understand how these types of organizations operate and the extent to which the sustainability mission is embedded within the culture of the organization.

Subculture and Sustainability

The previous section, in addition to Table 22.1, outlined literature that examines how organizational culture is reflected in response to sustainability issues. The research described up to this point has generally relied on the assumption that organizational culture in relation to sustainability is largely homogenous, with strong norms and shared meaning of sustainability. Recent research, however, has furthered understanding of organizational culture for sustainability by examining the depth of cultural change and the phenomenon of sustainability subcultures. These studies follow from findings in more general management research that organizational culture is commonly fragmented into multiple subcultures rather than being characterized by a normative organizational culture (Sackman, 1992). Findings by Harris and Crane (2002), Jennifer Howard-Grenville (2006), and Linnenluecke and colleagues (2009) illustrate that the diffusion of a sustainability culture can be influenced by the presence of various subcultures.

Research by Harris and Crane (2002) showed that when there was a conflict between a subculture and the sustainability agenda, cultural diffusion was hindered. In this way, subcultures acted as obstacles in the diffusion of a consistent sustainability culture. Howard-Grenville (2006) found that subcultures ascribed different meanings to sustainability, and this informed problem definition and resolution. Using a longitudinal ethnographic methodology, Howard-Grenville found that dominant subcultures could aid or impede action on sustainability. Results showed that the existence of multiple subcultures led to divergent interpretations and strategies for action on environmental issues. Furthermore, the relative power of the subcultures influenced the interpretations and strategies that were ultimately adopted by the organization as a whole.

The findings of Linnenluecke and colleagues (2009) provide further support for Howard-Grenville's (2006) research. In a quantitative survey study, Linnenluecke and colleagues (2009) found that organizational subcultures provided a context for how sustainability was understood. Specifically, subcultures that emphasized control, accountability, rules, and formalized decision making were more likely to interpret sustainability in terms of economic dimensions, with little emphasis on social or environmental issues.

Taken together, these studies suggest that organizational subcultures play an important role in how sustainability issues are understood and enacted within organizations. Furthermore, these studies raise questions regarding the efficacy of relying on cultural artifacts as indicators of sustainability culture. Most of the research that examines organizational responses to sustainability examines cultural artifacts and interprets these as indicators of the sustainability culture (see, e.g., Buysse & Verbeke, 2003; Henriques & Sadorsky, 1999; Sharma & Vredenburg, 1998). The assumption in much of this research is that these artifacts are indicators of a unified response to sustainability and the extent to which sustainability is embedded across the organizational culture.

While studies that have examined cultural artifacts have been successful in furthering understanding of how organizations respond to sustainability, research on sustainability subcultures suggests that these artifacts do not accurately represent the depth to which sustainability is embedded in organizational culture (Harris & Crane, 2002; Howard-Grenville, 2006; Linnenluecke et al., 2009). For example, an organization may have cultural artifacts that indicate a sustainability culture, including a sustainability policy and sustainability communications; however, the genuine belief in sustainability issues may be limited to a single department within the organization (Harris & Crane, 2002).

Schein (1990) also cautions against the use of cultural artifacts as indicators of organizational culture and suggests that while artifacts are tangible, they are not necessarily indicators of how organizational members react or behave in relation to these artifacts. In this way, an organization may have all of the artifacts of a sustainable organization, but the underlying values and assumptions, and indeed its core business, may be in conflict with sustainability principles. It is for this reason that future research must seek to examine the deeper layers of organizational culture in relation to sustainability.

CONCLUSION

Much of the B&E literature suggests that organizations must make a paradigm shift in order to take on more sustainable practices (see, e.g., Shrivastava, 1995b; Starik & Rands, 1995; Stead & Stead, 2004). Although it is clear that organizations can begin to address sustainability issues without changing their organizational culture (Baumgartner, 2009; Crane, 2000; Fineman, 1996, 1997), it is as yet unclear to what extent sustainability can be fully embedded without changes to the underlying assumptions of organizational culture. This chapter suggests that four key streams of research are necessary to progress understanding of the relationship between organizational culture and sustainability.

First, more research is needed to understand the nature of sustainable organizations. To date, descriptions of sustainable organizations have been largely theoretical, with few examples of organizations that truly embody sustainability principles in the underlying assumptions of the organizational culture. One notable exception is the work of Boyd and colleagues (2009) and of case-study research of organizations that are perhaps the closest approximations of sustainable organizations. These so-called hybrid organizations blur the boundaries between nonprofit and for-profit entities by being strongly mission driven while simultaneously focusing on financial performance (Boyd et al., 2009). There remains much to learn about hybrid organizations, particularly in the way that sustainability is embedded in the underlying assumptions and values of the organization. Research that further examines this type of organization will be essential in understanding the

changes required to redress global social and environmental issues.

A second key area for future research is to further examine how cultural change occurs. Inherent in this statement is an assumption that organizations *can* change to more sustainable forms. There is, however, little empirical evidence to demonstrate whether this can be achieved to the depth that is required to move to the level of the sustainable organization. Harris and Crane (2002) and Howard-Grenville (2006) are two studies notable for their efforts to unpack the complexity in understanding how organizations might change their organizational culture to more sustainable forms. These studies have, however, identified many difficulties and complexities in such change, and it is as yet unclear whether meaningful cultural change for sustainability is indeed possible. Crane (2000), for instance, discusses the concept of "amoralization" whereby sustainability principles are treated superficially rather than being embedded within the context of the organization. While organizations may respond to sustainability and begin to embed sustainability principles across the organization, this does not necessarily result in a sustainable organization.

The example of Interface Inc. is a useful case in point. As Mary Jo Hatch's chapter in this *Handbook* (Chapter 19) illustrates, Interface Inc. has been extremely successful in moving a resource-intensive carpet manufacturing firm toward sustainability. Since beginning their sustainability journey in 1995, the culture of Interface Inc. has transformed to a state in which the underlying values and assumptions appear to be congruent with sustainability principles (Stubbs & Cocklin, 2008a). This transformational change was initiated by the visionary leadership of CEO and founder Ray Anderson and was achieved with the hard-won support of employees across the organization (Anderson & White, 2009; Stubbs & Cocklin, 2008b). Although much has been achieved by the people at Interface Inc., the organization is not yet sustainable (Interface Inc., 2007).

In their in-depth case study, Wendy Stubbs and Chris Cocklin (2008a) found that the capacity for organizational cultural change for sustainability at Interface Inc. was limited by assumptions within the socioeconomic system. For example, Interface Inc. attempted to introduce a leased product into the market but found limited acceptance of that product by customers. Furthermore, the short-term focus of market analysis, unsustainable levels of consumption, and the relative neglect of environmental and social performance criteria provided challenges to the implementation of sustainability principles at Interface Inc. Stubbs and Cocklin (2008a) argue that sustainable organizations will engage with key external stakeholders (e.g., governments, industry bodies, supply chain entities, competitors, customers, media, and communities) in order to transform assumptions in the socioeconomic system to be aligned with sustainability. Further research is needed to explore the relationship between organizational cultural change and the assumptions of the socioeconomic system.

It would be valuable to compare cultural change in traditional organizations with mission-drive or hybrid organizations. While existing organizations may have organizational cultures that rest on the traditionally mechanistic and industrial assumptions, new organizations have an opportunity to adopt new organizational cultural forms that are congruent with sustainability. It would therefore be valuable to draw comparisons of culture between newly formed organizations (e.g., the electric vehicle company Better Place) and more

traditional organizations that are attempting to embed sustainability across their organizations (cf., Toyota). This type of comparison would shed new light on the extent to which a traditional organization can transform their culture to be congruent with sustainability principles.

A third key area that would be of value for future research is a more in-depth examination of organizational culture for sustainability. To date, much of the research on organizational culture and sustainability has relied on examining the presence or absence of cultural artifacts as indicators of sustainability culture (e.g., Buysse & Verbeke, 2003; Henriques & Sadorsky, 1999; Sharma & Vredenburg, 1998). There is, however, a danger in relying solely on artifacts as indicators of organizational culture (Schein, 1990) as they do not necessarily reflect the extent to which sustainability is embedded in underlying values and assumptions (Crane, 2000). The example used in the introduction to the corporate responsibility report of weapons manufacturer Raytheon is a useful illustration of this point. Raytheon has a clear and well-articulated sustainability policy and frequently publishes a corporate responsibility report (Raytheon, 2008). Yet these artifacts do not give an accurate indication of the underlying assumptions of the organizational culture, which may be firmly based on profit maximization. For this reason, more in-depth qualitative research is necessary to thoroughly understand the depth of cultural change for sustainability and whether or not sustainability principles are congruent with the underlying values and assumptions of organizational culture.

A fourth avenue for future research is an exploration of organizational subcultures in relation to sustainability. Three key studies have shown that organizational subcultures have a strong impact on how sustainability is understood (Linnenluecke et al., 2009) and subsequently acted upon in organizations (Harris & Crane, 2002; Howard-Grenville, 2006). Subcultures thus provide both a challenge and an opportunity in the diffusion of cultural change for sustainability. Howard-Grenville (2006) found that the most dominant subcultures had a strong influence on how sustainability issues were interpreted and enacted in organizations. While subcultures may present a barrier to the uptake of sustainability initiatives, they may also provide an opportunity. More research is needed to understand how subcultures influence cultural change for sustainability and how they might be harnessed to effectively facilitate change. It may be, for instance, that efforts to win support in dominant subcultures can be an effective mechanism for creating organization-wide support for sustainability initiatives. More empirical research is needed to further understand the role of subcultures in the diffusion of cultural change for sustainability.

This chapter has provided an overview of current research that examines organizational culture for sustainability. The aim was to highlight how organizational culture has been studied to date and to indicate paths for future research in order to facilitate more sustainable organizational behavior. The chapter synthesized the most frequently cited taxonomies of organizational response to sustainability and examined the artifacts, values, and assumptions of each organizational type. It also reviewed research that has examined organizational subcultures in relation to sustainability and how such subcultures may hinder or facilitate organizational change. The final section of this chapter identified four key paths for future research to enhance understanding of how organizations might change organizational culture and to achieve the transformation required for a sustainable future.

NOTES

1. Despite a number of disputations in the media, the IPCC report remains a solid and reliable document on the science of climate change (Füssel, 2009).

2. Although Zadek (2004) uses the term defensive, his description of this type of organization most closely reflects the category of "reactive," as described by Carroll (1979).

REFERENCES

Anderson, R. C., & White, R. (2009). *Confessions of a radical industrialist: Profits, people, purpose; Doing business by respecting the earth*. New York: St. Martin's Press.

Andersson, L. M., & Bateman, T. S. (2000). Individual environmental initiative: Championing natural environmental issues in U.S. business organizations. *Academy of Management Journal, 43*(4), 548–570.

Bansal, P. (2003). From issues to actions: The importance of individual concerns and organizational values in responding to natural environmental issues. *Organization Science, 14*(5), 510–527.

Bansal, P., & Roth, K. (2000). Why companies go green: A model of ecological responsiveness. *Academy of Management Journal, 43*(4), 717–736.

Baumgartner, R. (2009). Organizational culture and leadership: Preconditions for the development of a sustainable corporation. *Sustainable Development, 17,* 102–113.

Berchicci, L., & King, A. (2007). Postcards from the edge: A review of the business and environment literature. *Academy of Management Annals, 1*(1), 513–547.

Boyd, B., Henning, N., Reyna, E., Wang, D. E., & Welch, M. D. (2009). *Hybrid organizations: New business models for environmental leadership*. Sheffield, UK: Greenleaf.

Brundtland, G. H., & WCED. (1987). *Our common future*. Oxford: Oxford University Press.

Buysse, K., & Verbeke, A. (2003). Proactive environmental strategies: A stakeholder management perspective. *Strategic Management Journal, 24*(5), 453.

Byrch, C., Kearins, K., Milne, M., & Morgan, R. (2007). Sustainable "what"? A cognitive approach to understanding sustainable development. *Qualitative Research in Accounting and Management, 4*(1), 26.

Carroll, A. B. (1979). A three-dimensional conceptual model of corporate social performance. *Academy of Management Review, 4,* 497–505.

Crane, A. (2000). Corporate greening as amoralization. *Organization Studies, 21*(4), 673–696.

Crane, A., Matten, D., & Spence, L. J. (2008). *Corporate social responsibility: Readings and cases in a global context*. London: Routledge.

Denison, D. R. (1996). What is the difference between organizational culture and organizational climate? A native's point of view on a decade of paradigm wars. *Academy of Management Review, 21*(3), 619–654.

Dunphy, D., Griffiths, A., & Benn, S. (2007). *Organizational change for corporate sustainability: A guide for leaders and change agents of the future* (2nd ed.). London: Routledge.

Elkington, J. (1994). Towards the sustainable corporation: Win-win business strategies for sustainable development. *California Management Review, 36*(2), 90–100.

Elkington, J. (1999). *Cannibals with forks: The triple bottom line of 21st century business*. Oxford: Capstone.

Fernandez, E., Junquera, B., & Ordiz, M. (2003). Organizational culture and human resources in the environmental issue: A review of the literature. *International Journal of Human Resource Management, 14*(4), 634–656.

Fineman, S. (1996). Emotional subtexts in corporate greening. *Organization Studies, 17*(3), 479–500.

Fineman, S. (1997). Constructing the green manager. *British Journal of Management, 8*(1), 31–38.

Fineman, S., & Clarke, K. (1996). Green stakeholders: Industry interpretation and response. *Journal of Management Studies, 33*(6), 715–730.

Füssel, H.-M. (2009). An updated assessment of the risks from climate change based on research published since the IPCC Fourth Assessment Report. *Climatic Change, 97*(3–4), 469–482.

Gladwin, T. N., & Kennelly, J. J. (1995). Shifting paradigms for sustainable development: Implications for management theory and research. *Academy of Management Review, 20*(4), 874.

Harris, L. C., & Crane, A. (2002). The greening of organizational culture: Management views on the depth, degree and diffusion of change. *Journal of Organizational Change Management, 15*(3), 214–234.

Hart, S. L. (1995). A natural-resource-based view of the firm. *Academy of Management Review, 20*(4), 986–1014.

Hawken, P., Lovins, A. B., & Lovins, L. H. (1999). *Natural capitalism: The next industrial revolution. London*: Earthscan.

Henriques, I., & Sadorsky, P. (1999). The relationship between environmental commitment and managerial perceptions of stakeholder importance. *Academy of Management Journal, 42*(1), 87–99.

Howard-Grenville, J. A. (2006). Inside the "black box": How organizational culture and subcultures inform interpretations and actions on environmental issues. *Organization & Environment, 19*(1), 46–73.

Hunt, C. B., & Auster, E. R. (1990). Proactive environmental management: Avoiding the toxic trap. *Sloan Management Review, 31*(2), 7–18.

Interface Inc. (2007). *Sustainability*. Retrieved March 23, 2010, from http://www.interfaceglobal.com/

IPCC. (2007). *Climate change 2007: Synthesis report; Summary for policymakers*. Contribution of Working Groups I, II and III to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change [Core writing team, R. K. Pachauri and A. Reisinger (Eds.)]. Geneva, Switzerland: IPCC.

Jennings, P. D., & Zandbergen, P. A. (1995). Ecologically sustainable organizations: An institutional approach. *Academy of Management Review, 20*(4), 1015.

Linnenluecke, M. K., Russell, S. V., & Griffiths, A. (2009). Subcultures and sustainability practices: The impact on understanding corporate sustainability. *Business Strategy and the Environment, 18*, 432–452.

Margolis, J. D., & Walsh, J. P. (2003). Misery loves companies: Rethinking social initiatives by business. *Administrative Science Quarterly, 48*(2), 268–305.

Peattie, K., & Crane, A. (2005). Green marketing: Legend, myth, farce or prophesy? *Qualitative Market Research: An International Journal, 8*(4), 357–370.

Rafaeli, A., & Vilnai-Yavetz, I. (2004). Emotion as a connection of physical artifacts and organizations. *Organization Science, 15*(6), 672–686.

Raytheon. (2008). *Raytheon corporate responsibility report 2008*. Waltham, MA: Raytheon.

Roome, N. (1992). Developing environmental management systems. *Business Strategy and the Environment, 1*(1), 11–24.

Russell, S. V., Haigh, N., & Griffiths, A. (2007). Understanding corporate sustainability: Recognizing the impact of different governance systems. In S. Benn & D. Dunphy (Eds.), *Corporate governance and sustainability* (pp. 36–56). Abington: Routledge.

Sackman, S. A. (1992). Culture: The missing concept in organization studies. *Administrative Science Quarterly, 41*, 229–240.

Schein, E. H. (1990). Organizational culture. *American Psychologist, 45*(2), 109–119.

Schein, E. H. (2000). Commentaries: Sense and nonsense about culture and climate. In N. M. Ashkanasy, C. P. M. Wilderom, & M. F. Peterson (Eds.), *Handbook of organizational culture & climate* (pp. xxiii–xxx). Thousand Oaks, CA: Sage.

Sharma, S. (2002). Research in corporate sustainability: What really matters? In S. Sharma & M. Starik (Eds.), *Research in corporate sustainability: The evolving theory and practice of organizations in the natural environment* (pp. 1–29). Cheltenham, UK: Edward Elgar.

Sharma, S., & Vredenburg, H. (1998). Proactive corporate environmental strategy and the development of competitively valuable organizational capabilities. *Strategic Management Journal, 19*(8), 729–753.

Shrivastava, P. (1995a). Ecocentric management for a risk society. *Academy of Management Review, 20*(1), 118–138.

Shrivastava, P. (1995b). The role of corporations in achieving ecological sustainability. *Academy of Management Review, 20*(4), 936–960.

Starik, M., & Rands, G. P. (1995). Weaving an integrated web: Multilevel and multisystem perspectives of ecologically sustainable organizations. *Academy of Management Review, 20*(4), 908–935.

Stead, W. E., & Stead, J. G. (1994). Can humankind change the economic myth? Paradigm shifts necessary for ecologically sustainable business. *Journal of Organizational Change Management, 7*(4), 15.

Stead, W. E., & Stead, J. G. (2004). *Sustainable strategic management*. New York: M. E. Sharpe.

Stern, P. C. (2000). Toward a coherent theory of environmentally significant behavior. *Journal of Social Issues, 56*(3), 407–424.

Stubbs, W., & Cocklin, C. (2008a). Conceptualizing a "sustainability business model." *Organization & Environment, 21*(2), 103–127.

Stubbs, W., & Cocklin, C. (2008b). An ecological modernist interpretation of sustainability: The case of Interface Inc. *Business Strategy and the Environment, 17*(8), 512–523.

Wartick, S. L., & Cochran, P. L. (1985). The evolution of the corporate social performance model. *Academy of Management Review, 10*(4), 758–769.

Zadek, S. (2004). The path to corporate responsibility. *Harvard Business Review, 82*(12), 125–132.

Part V

ORGANIZATIONAL CULTURE AND ORGANIZATION THEORY

Organizational Culture and Organization Theory

MARK F. PETERSON

T he idea of organizational culture became popular during a time of transition in the field of organization theory (OT) that occurred during the late 1970s and early 1980s. Two of the paradigmatic approaches to organization theory were showing signs of wear. The contingency and systems theories that had dominated the field during the previous two decades were becoming complex enough that they were unwieldy to test (Katz & Kahn, 1978; Mintzberg, 1979), and their assumptions and findings were being intensively critiqued (Aldrich, 1972; Weick, 1974). In addition to organizational culture, W. Richard Scott and Gerald F. Davis (2006) identify a number of ecological-level, open-system models that provided alternatives to contingency and systems theories. These included neoinstitutional theory (DiMaggio & Powell, 1983), population ecology (Hannan & Freeman, 1977), and transaction cost/agency theory (Ouchi, 1980; Williamson, 1981). Advances in learning and knowledge theories were accelerating (March & Olsen, 1976; Weick, 1995), and a variety of qualitative perspectives stimulated by interpretive and critical movements in anthropology and sociology were appearing (e.g., Cooper & Burrell, 1988; Geertz, 1973; Smircich, 1983). Social capital and network theories began to migrate from sociology to management (Adler & Kwon, 2002; Nahapiet & Ghoshal, 1998; Powell, 1990). The chapters in this section of the present *Handbook* fit with several of these theoretical approaches.

Analyses of social processes that provided the base for organizational culture theory had been a traditional part of organization theory. Beginning from the Hawthorn studies (Roethlisberger & Dickson, 1939), Howard Trice and Janice M. Beyer (1993) chronicle the development of precursors to the invigoration of organizational culture analysis that occurred during the 1980s. Andrew W. Pettigrew (1979) helped to crystallize scholarly discussion about organizational culture. Terrence E. Deal and Allan A. Kennedy (1982), William Ouchi (1977, 1981), and Thomas J. Peters and Robert H. Waterman (1982) provided perspectives on culture that were accessible to managers as well as both explicitly drawing from and

contributing to scholarly discussion. Through the end of the millennium, major reviews by William Ouchi and Alan I. Wilkins (1985), Trice and Beyer (1993), and Joanne Martin (2002), as well as edited collections by Cary L. Cooper, Susan Cartwright, and P. Christopher Earley (2001) and the present *Handbook* editors (Ashkanasy, Wilderom, & Peterson, 2000) appeared. These reviews included sections about the implications that organizational culture has for the sort of organization-level phenomena and theoretical perspectives rooted in sociology, economics, political science, and anthropology that have been the traditional domain of organization theory.

The chapters in the organization theory section of the present *Handbook* include analyses of strategic human resources management (Carroll, Dye, & Wagar, Chapter 24), networks (Meckler, Chapter 25), and identity (Kreiner, Chapter 26) that illustrate the continuing influence of the organizational culture literature on OT. Consistent with these chapters, the present section introduction will limit discussion of projects that have a strong anthropological or psychological grounding or projects that focused on culture change or international contexts that are included in other *Handbook* sections.

ORGANIZATIONAL CULTURE IN THE TRANSACTION COST ECONOMICS LITERATURE: AN APPLICATION TO STRATEGIC HUMAN RESOURCE MANAGEMENT

Somewhat paradoxically, scholars who brought the economic analysis of transaction costs to bear on problems of management found the soft and ephemeral aspects of organizational culture to be particularly intriguing. Wendy R. Carroll, Kelly Dye, and Terry H. Wagar (Chapter 24) draw attention to the extensive use of transaction cost ideas in strategic human resource management (SHRM) research, particularly research that uses the competing values model of organizational culture (Quinn & Rohrbaugh, 1983). SHRM is an example of a larger strategy literature. This strategy literature took on the task of identifying actions, practices, or policies that senior organization leaders can enact that are likely to make substantial contributions to some aspect of organization performance. Organizational culture fits into this agenda to the extent that it is something that organization leaders can manage, something that shapes what leaders do, or something that either promotes or interferes with the success of leader initiatives. Jay B. Barney's (1986) argument that organizational culture can be a source of competitive advantage provides the most frequently evoked link between organizational culture and strategy. Not only can an organization's culture be adjusted to reduce monitoring costs to promote transaction efficiencies, but also other organizations find it difficult to imitate or transfer a unique organizational culture even through merger or acquisition.

The organizational culture literature brought forms of control such as clan cultures, strong cultures, and Theory Z control that combine market and hierarchy characteristics into organizational economics (Ouchi, 1980; Williamson, 1981). The transaction cost approach starts from the position that organizations (hierarchies) come to exist when it would be inefficient to produce and distribute goods and services in an only implicitly ordered marketplace. However, sometimes the managers who have the most power to control an organization are unable to effectively monitor either processes or outcomes (Ouchi, 1977). Under such circumstances, according to the transaction cost argument, managers could exert indirect control and reduce monitoring costs by

creating strong norms or a strong organizational culture. This transaction cost rationale for managing organizational culture lost some of its appeal when research seeking to link strong organizational cultures to effectiveness produced inconsistent results (Wilderom, Glunk, & Maslowski, 2000). Another related line of theory emerged that was based on the view that each organization developed a distinct organizational culture that could provide a basis for competitive advantage (Barney, 1986).

Discussions of the place that organizational culture has in reducing transaction costs, particularly monitoring or agency costs within organizations, are part of the competing values model (Cameron & Quinn, 1999) and the resource-based view. The competing values model of organizational culture now uses transaction cost labels—clan, adhocracy, market, and hierarchy. These labels adapt language designed for economic transactions in a marketplace to characterize qualities of transactions or norms about how transactions should be managed within an organization. In their discussion of SHRM, Carroll, Dye, and Wagar (Chapter 24) argue that organizational culture is part of the black box that needs to be opened to explain how SHRM practices promote organization performance. The authors explain how the perspective on organizational culture provided by Barney's (1986, 2001) explication of the resource-based view has provided a way to explain the processes that mediate the effects of human resources (HR) practices and principles on performance. Organizational culture is a way to describe the transformation of a group of individually competent hires into a functioning whole that prefers some ways of handling transactions over others.

Although discussions of the unique qualities of an organization's culture came to take precedence over generalized arguments for strong organizational cultures, the idea

that something about the social context of transactions could reduce monitoring costs never entirely disappeared. The theoretical position that a strong organizational culture had in this line of reasoning was replaced by the idea of trust (Rousseau, Sitkin, Burt, & Camerer, 1998). The concept of trust has stimulated micro research about interpersonal relationships within organizations and negotiation dynamics between people representing different organizations. It has also stimulated interorganizational research, particularly theory about alliances (Parkhe, 1998). At least two research streams drawing from trust research have organizational culture qualities. One that follows from Daniel J. McAllister's (1995) taxonomy of aspects of trust and their measurement has inspired an extensive, largely questionnaire-based line of research, typically but not exclusively at the individual level. At the individual level, trust is proposed to reduce the need to monitor the trusted party and hence to create efficiencies. The second stream is built on economic research, typically but not exclusively at the national level (Whitley, 1999). At the national level, trust is proposed to promote a broad range of efficient transactions. In both instances, part of the explanation for the effects of trust has to do with implications for what happens in the relationship of organizations with their members, and also what happens between organizations. Perhaps trust is part of the reason why SHRM practices that are associated with a particular type of organizational culture (clan, adhocracy, market, or hierarchy) promote organizational performance when the practices fit with a particular industry or societal context. More generally, explanations of the implications of trust for limiting transaction costs should be cautioned by the weak and inconsistent results of testing the closely related argument about the performance effects of strong cultures.

SOCIAL STRUCTURES: NETWORKS AND SOCIAL CAPITAL IN RELATION TO ROLE THEORY

Laurie J. Kirsch, Dong-Gil Ko, and Mark H. Haney (2010) suggest that the transaction cost formulation supporting the advantages of clan control requires the application of theories of social capital based on network theory, which appeared relatively recently. Mark Meckler (Chapter 25) reviews the current state of network perspectives on organization and links them to the organizational culture literature. In the first edition of the present *Handbook,* Martin Kilduff and Kevin G. Corley (2000) presented network theory and analysis methods as providing an underutilized ethnographic approach to studying organizational culture. The idea that social structure is best understood in networklike terms as patterns of action rather than patterns of expectations had been put forward in some systems theory perspectives (Katz & Kahn, 1978). The quantitative methods to analyze relationships that connect parties first appeared in group and organizational research as digraph theory (Harary, 1959). By the time organizational culture theory developed rapidly in the early 1980s, digraph theory had been supplemented by computer-supported quantitative analyses to display network structures (Krackhardt, 1987). Kilduff and Corley (2000) described the content that Marxian theory had long provided for theorizing about networks. Interest in the theoretical implications of network structures had been encouraged by sociologists who explained how their force had much in common with the force of financial capital. Coining the term *social capital* increased the legitimacy of network analysis first in sociology (Portes, 1998), then in organization theory (Adler & Kwon, 2002; Nahapiet & Ghoshal, 1998). Drawing from topics familiar from transaction cost, trust, and competing values theories, network

scholars have argued that trusting relationships, open communications, and shared cognitions are characteristics of social capital that clan control requires in order to operate (Kirsch, Ko, & Haney, 2010).

As in most organizational network analyses, Kilduff and Corley (2000) build from network links among individuals to links among hubs made up of interconnected sets of individuals. Meckler (Chapter 25) reviews recent work that takes this relatively concrete way of thinking about networks to a greater level of abstraction. He builds his analysis of networks around five propositions:

1. Organizations will spontaneously develop cultures in the sense of network patterns that have distinctive kinds of social actors and ways of thinking (i.e., values, ideologies, and rules). A small number of well-connected hubs in a network will disproportionately influence sensemaking throughout an organization.

2. Organizations are "nonessential" in the sense that they do not exist mainly because of legal explication or expectations and beliefs as such. Although activities associated with maintaining legal legitimacy and shaping expectations may affect organizations, organizations are evident from patterns of interactions that operate as hubs in relation to other organizations and external parties. Internally, organizations are not fundamentally networks made up of people but rather are networks made up of smaller networks. Meckler proposes that values, norms, ideas, and similar constructs popular in organizational culture discussions function as hubs no less than do social actors that are made up of physical, identifiable people.

3. Network formulations take it as commonplace that actors distant from a network see it in more concrete, stable terms than do more proximal actors. Organizational culture as an aspect of networks, then, has a more objective quality to outside parties than to insiders.

4. The propensity for small world networks to develop within larger networks explains some of the transaction economizing qualities attributed to organizational culture. Not only does trust matter, but knowledge underlying efficiencies that networks develop to rapidly connect or synchronize actions among the most appropriate nodes promotes efficiency.

5. Culture forms spontaneously as a consequence of cascades and other complexity processes in networks. Meckler takes the position that organizations, as do other social networks, follow laws of complexity more closely than principles of chaos.

Meckler's discussion of networks shows an interesting combination of distinctions from and connections to role theory formulations of organizational culture and organizational structure such as the one that Mark F. Peterson and Peter B. Smith (2000) provide in the first edition of the present *Handbook*. Role theory emerged as a very influential way of understanding social structure through the 1950s and 1960s (Biddle & Thomas, 1966). Role theory identifies particular categories of roles that are based on expectations that role incumbents and others share. Decision making and control, then, are affected by the influence of parties that occupy different role categories (e.g., Heller, Drenth, Koopman, & Rus, 1988). Even when role theory is not explicitly discussed, structural categories with role-based labels such as "supervisor" or "colleague" have come to be institutionalized as ways of defining topic areas and specialties in many areas of organizational studies. Robert L. Kahn, Donald M. Wolfe, Robert P. Quinn, J. Diedrick Snoek, and R. A. Rosenthal (1964) centered their analysis of roles on the specific contents of role expectations. By the late 1970s, however, most applications of role theory in organizational research had been simplified. From a way to characterize an organization's structure, role analysis had morphed into a set of individual-level psychological dimensions that were associated with role stresses—role conflict, role ambiguity, and role overload (Jackson & Schuler, 1985; Rizzo, House & Lirtzman, 1970).

The organizational culture literature brought a new perspective to role-based categories of organization members by drawing from categories traditionally used in anthropological research about societies. Deal and Kennedy (1982) repopulated organizations with a colorful cast of characters that bore only a loose resemblance to the traditional categories of superiors, subordinates, and colleagues typically used in organizational role theory. It also replaced the concepts of roles as expectations for particular categories of individuals as well as norms as expectations for broad classes of organization members with roles that different members had in shaping symbols, myths, and meanings. These included heroes who embody the organization's values and priests who monitor compliance with them. In the previous edition of the present *Handbook,* Peterson and Smith (2000) take another approach to updating role theory in a way that is informed by the organizational culture theme of managing meanings. They do so by treating categories of role incumbents as sources of meaning that can be used to make sense of work events rather than as sources of generalized expectations, as is more traditional in role theory. This view that roles, rules, and norms provide organization members with sources of guidance for handling work events has become a more established part of cross-cultural approaches to management than to management theory in general. Meckler (Chapter 25) indicates that his formulation of network theory has the potential to integrate theories of role

structures based on expectations supplemented by norms. Expectations become actions in the form of expressions of preferences. Norms take on a stable quality when social actors actively seek guidance from distant expressions of preferences by "them" or beliefs about what "they say."

INSTITUTIONAL THEORY, LEGITIMACY, AND IDENTITY

Glen E. Kreiner (Chapter 26) deals with identity from an organization-level standpoint, whereas other chapters in the present *Handbook* deal with it as an individual characteristic. Kreiner evokes an aspect of interpretive theory to explain the debt of both organizational culture and organizational identity theory to the dynamic between individually idiosyncratic and shared cognitions. Kreiner explains that the relationship between organizational culture and organizational identity owes much to the social actor perspective in institutional theory. From this perspective, an organization's leaders make claims about what distinguishes their organization from others, claims that if put forward persistently promote the social acceptance of an organization within an institutionalized field. Institutional theory emerged as a counterpoint to an excess of rationality in political science and economics just as culture theory provided a similar remedy for the sociology of systems. The institution-related idea of legitimacy also explained organizational change in a way that was consistent with the dynamic between organization-level irrationality and efficiency that was central to population ecology (Hannan & Freeman, 1977). Most organizational scholarship treats institutional theory as a competitor to culture theory, although some have attempted to give each a complementary theoretical domain. Innovation is sometimes modeled as an aspect of institutional change but can also be represented as a process that can be facilitated, impeded, or shaped by an organizational culture's norms, values, and beliefs (Bartel & Garud, 2009).

CONCLUSION

Organization theory has evolved from contingency theories that sought regular relationships between generalized constructs to include idiosyncratic, localized ideas that at most can be placed within a larger generalized domain at a higher level of abstraction. This change is reflected in the chapters in this section of the present *Handbook*. Chapters that deal with symbols and distinctive roles in other sections of the *Handbook* provide a number of other examples. The learning perspective arose from decision theory (March & Olsen, 1976), later accelerating with theories of knowledge development and transfer (Nonaka, 1994). A family of interpretive and critical theoretical perspectives that owe much to anthropology also have had a substantial influence on organizational theory. Each of these is represented by chapters in other sections of the present *Handbook*.

Organizational culture has drawn attention to systems of meanings, symbols, emotions, and implicit aspects of organizations. Organizational culture ideas are now only sometimes evoked in organizational theory topics in which their implicit influence is apparent. Perhaps the association of organizational culture research with practitioner-oriented publications or with research that resists norms of empirical replication and theoretical generalization has at different times both promoted and limited its influence in organization theory.

REFERENCES

Adler, P. S., & Kwon, S-W. (2002). Social capital: Prospects for a new concept. *Academy of Management Review, 27*(1), 17–40.

Aldrich, H. E. (1972). Technology and organizational structure: A reexamination of the findings of the Aston group. *Administrative Science Quarterly, 17,* 26–43.

Ashkanasy, N. M., Wilderom, C. P. M., & Peterson, M. F. (Eds.). (2000). *Handbook of organizational culture and climate*. Thousand Oaks, CA: Sage.

Barney, J. B. (1986). Organizational culture: Can it be a source of sustained competitive advantage? *Academy of Management Review, 11,* 656–665.

Barney, J. B. (2001). Resource based theories of competitive advantage: A ten-year retrospective on the resource-based view. *Journal of Management, 27,* 643–650.

Bartel, C. A., & Garud, R. (2009). The role of narratives in sustaining organizational innovation. *Organization Science, 20,* 107–117.

Biddle, B. J., & Thomas, E. J. (1966). *Role theory: Concepts and research*. New York: John Wiley.

Cameron, K. S., & Quinn, R. E. (1999). *Diagnosing and changing organizational culture: Based on the competing values framework*. Reading, MA: Addison-Wesley.

Cooper, C. L., Cartwright, S., & Earley, P. C. (2001). *International handbook of organizational culture and climate*. New York: John Wiley & Sons.

Cooper, R., & Burrell, G. (1988). Modernism, postmodernism, and organizational analysis: An introduction. *Organization Studies, 9,* 91–112.

Deal, T. E., & Kennedy, A. A. (1982). *Corporate cultures: The rites and rituals of corporate life*. Reading, MA: Addison-Wesley.

DiMaggio, P. J., & Powell, W. W. (1983). The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields. *American Sociological Review, 48,* 147–160.

Geertz, C. (1973). *The interpretation of cultures*. New York: Basic Books.

Hannan, M. T., & Freeman, J. (1977). The population ecology of organizations. *American Journal of Sociology, 82,* 929–964.

Harary, F. (1959). Status and contrastatus. *Sociometry, 22,* 23–43.

Heller, F., Drenth, P. J. D., Koopman, P. L., & Rus, V. (1988). *Decisions in organizations: A three-country comparative study*. Newbury Park, CA: Sage.

Jackson, S. E., & Schuler, R. S. (1985). A meta-analysis and conceptual critique of research on role ambiguity and role conflict in work settings. *Organizational Behavior and Human Decision Processes, 36,* 16–78.

Kahn, R. L., Wolfe, D. M., Quinn, R. P., Snoek, J. D., & Rosenthal, R. A. (1964). *Organizational stress*. New York: Wiley.

Katz, D., & Kahn, R. L. (1978). *The social psychology of organizations* (2nd ed.). New York: John Wiley.

Kilduff, M., & Corley, K. G. (2000). Organizational culture from a network perspective. In N. M. Ashkanasy, C. P. M. Wilderom, & M. F. Peterson (Eds.), *Handbook of organizational culture and climate* (pp. 211–224). Thousand Oaks, CA: Sage.

Kirsch, L. J., Ko, D. G., & Haney, M. H. (2010). Investigating the antecedents of team-based clan control: Adding social capital as a predictor. *Organization Science, 21,* 469–489.

Krackhardt, D. (1987). Cognitive social structures. *Social Networks, 9*(2), 109–134.

March, J. G., & Olsen, J. P. (1976). *Ambiguity and choice in organizations*. Bergen, Norway: Universitetsforlaget.

Martin, J. (2002). *Organizational culture: Mapping the terrain*. Thousand Oaks, CA: Sage.

McAllister, D. J. (1995). Affect- and cognition-based trust as foundations for interpersonal cooperation in organizations. *Academy of Management Journal, 38*(1), 24–59.

Mintzberg, H. (1979). *The structure of organizations.* Englewood Cliffs, NJ: Prentice Hall.

Nahapiet, J., & Ghoshal, S. (1998). Social capital, intellectual capital, and the organizational advantage. *Academy of Management Review, 23*(2), 242–266.

Nonaka, I. (1994). A dynamic theory of organizational knowledge creation. *Organization Science, 5,* 14–37.

Ouchi, W. (1981). *Theory Z: How American business can meet the Japanese challenge.* Reading, MA: Addison-Wesley.

Ouchi, W., & Wilkins, A. I. (1985). Organizational culture. *Annual Review of Sociology, 11,* 457–483.

Ouchi, W. G. (1977). The relationship between organizational structure and organizational control. *Administrative Science Quarterly, 22,* 95–113.

Ouchi, W. G. (1980). Markets, bureaucracies, and clans. *Administrative Science Quarterly, 25,* 129–141.

Parkhe, A. (1998). Understanding trust in international alliances. *Journal of World Business, 33,* 219–240.

Peters, T. J., & Waterman, R. H. (1982). *In search of excellence: Lessons from America's best run companies.* New York: Harper & Row.

Peterson, M. F., & Smith, P. B. (2000). Sources of meaning, organizations, and culture: Making sense of organizational events. In N. M. Ashkanasy, C. P. M. Wilderom, & M. F. Peterson (Eds.), *Handbook of organizational culture and climate* (pp. 101–115). Thousand Oaks, CA: Sage.

Pettigrew, A. W. (1979). On studying organizational cultures. *Administrative Science Quarterly, 24,* 570–581.

Portes, A. (1998). Social capital: Its origins and applications in modern sociology. *Annual Review of Sociology, 24,* 1–24.

Powell, W. W. (1990). Neither market nor hierarchy: Network forms of organization. *Research in Organizational Behavior, 12,* 295–336.

Quinn, R. E., & Rohrbaugh, J. (1983). A spatial model of effectiveness criteria: Towards a competing values approach to organizational analysis. *Management Science, 29,* 363–377.

Rizzo, J. R., House, R. J., & Lirtzman, S. I. (1970). Role conflict and ambiguity in complex organizations. *Administrative Science Quarterly, 15,* 150–163.

Roethlisberger, F. J., & Dickson, W. J. (1939). *Management and the worker.* Cambridge, MA: Harvard University Press.

Rousseau, D. M., Sitkin, S. B., Burt, R. S., & Camerer, C. (1998). Not so different after all: A cross discipline view of trust. *Academy of Management Review, 23,* 393–404.

Scott, W. R., & Davis, G. F. (2006). *Organizations and organizing: Rational, natural and open systems perspectives.* Englewood Cliffs, NJ: Prentice Hall.

Smircich, L. (1983). Concepts of culture and organizational analysis. *Administrative Science Quarterly, 28,* 339–358.

Trice, H. M., & Beyer, J. M. (1993). *The cultures of work organizations.* Englewood Cliffs, NJ: Prentice Hall.

Weick, K. E. (1974). Middle range theories of social systems. *Behavioral Science, 19,* 357–367.

Weick, K. E. (1995). *Sensemaking in organizations.* Thousand Oaks, CA: Sage.

Whitley, R. (1999). *Divergent capitalisms: The social structuring and change of business systems.* Oxford: Oxford University Press.

Wilderom, C. P. M., Glunk, U., & Maslowski, R. (2000). Organizational culture as a predictor of organizational performance. In N. M. Ashkanasy, C. P. M. Wilderom, & M. F. Peterson (Eds.), *Handbook of organizational culture and climate* (pp. 193–209). Thousand Oaks, CA: Sage.

Williamson, O. E. (1981). The economics of organization: The transaction cost approach. *American Journal of Sociology, 87,* 548–577.

The Role of Organizational Culture in Strategic Human Resource Management

Wendy R. Carroll, Kelly Dye, and Terry H. Wagar

Strategic human resource management (SHRM) researchers generally agree that producing competitive advantage and enhancing firm performance require the development of a human resources (HR) system (Delery & Doty, 1996). The developments in SHRM research have served to strengthen it both theoretically (Boxall, 1996; Wright, Dunford, & Snell, 2001) and methodologically (Wall et al., 2004; Wall & Wood, 2005; Wright, Dunford, et al., 2001). SHRM researchers have signaled a need to move beyond the current examination of the direct linkages among business strategy, human resource management (HRM), and firm performance to explore more complex indirect and moderated relationships (Becker & Huselid, 2006; Bowen & Ostroff, 2004; Roehling et al., 2005; Wright & Boswell, 2002). This new direction has in turn prompted a more substantive focus on the "black box" between HRM and firm performance, drawing researchers' attention from questions relating to "Does

HRM affect firm performance?" to those asking, "How does HRM contribute to firm performance?" Some of the answers to the "how" question draw on theories of organizational culture and climate either as the context within which SHRM is enacted or as a mediating mechanism linking SHRM to firm performance.

As a result of this new direction in SHRM research, there has been a call for more studies that examine linkages between HR and firm performance (Bowen & Ostroff, 2004; Ferris, Arthur, Berkson, & Kaplan, 1998). Initial calls have focused on examining the linkages among various firm performance outcomes. Firm performance outcomes have been defined in various ways in the SHRM literature. Although many studies use the term *firm performance* broadly, it represents more of an umbrella heading for the subcategories of performance outcomes that are studied. For example, Sean Way and Diane Johnson (2005) observed that performance outcome

measures span HR (employee satisfaction, employee withdrawal, workforce), operational (productivity, quality, service), financial (profitability, return on investment [ROI], sales growth), and capital market (stock value, shareholder return) outcomes. Studies have shown links between employee outcomes such as turnover and operational performance (productivity; e.g., Batt, Colvin, & Keefe, 2002; Huselid, 1995; Shaw, Gupta, & Delery, 2005). Other studies have shown varying results when examining the intermediate linkages. For example, Jason Shaw, John Delery, Douglas Jenkins, and Nina Gupta (1998) found that certain productivity measures had negative effects on employee outcomes, such as voluntary turnover, and mediated the relationship with financial performance. Further, James Guthire (2001) found that organizations with elevated investments in high performance work practices (HPWPs) had higher levels of employee retention, resulting in increased levels of productivity. Although results may vary, these studies have shown that a "chain" of linkages affects financial performance, either directly or indirectly (Collins & Smith, 2006; Guthrie, 2001; Shaw et al., 1998).

SHRM researchers have also signaled a need to examine other contextual realities of organizations as linkages, such as workplace climate and organizational culture (Roehling et al., 2005). Organizational culture has been recognized as playing a critical role in both business strategy implementation and human capital relations (Belcourt, 2001). For example, strategy researchers have indicated that organizational culture affects strategy implementation and is a source of sustainable competitive advantage (Barney, 1986). Also, HRM researchers have shown that perceptions of organizational culture influence employees' intentions to stay with an organization (Sheridan, 1992). Therefore, examining the effects of

organizational culture provides a bridge between the effectiveness of strategy implementation and the importance of HRM on outcomes relating to human capital.

This chapter follows the evolution of SHRM research, provides an overview of research that examines the position of organizational culture in the SHRM field, and concludes with thoughts about the future of research on organizational culture and SHRM.

SHRM AND ORGANIZATIONAL CULTURE

To examine the relationship of organizational culture with SHRM, it is helpful to first discuss the evolution of the theoretical framework and empirical research that informs the field.

The Evolution of SHRM

The early 1990s highlighted the confusion and debate in SHRM research. Ultimately, researchers resolved the confusion and debate surrounding the SHRM field by including concepts central to the organizational culture literature. In a seminal work, Patrick Wright and Gary McMahan (1992) endeavored to provide both definitional and theoretical clarifications to guide empirical investigations. Definitional refinement emerged based on the various approaches taken by micro and macro SHRM researchers. Approaches that focused on individual HRM practices were considered micro, whereas those that considered the interplay between and among practices were considered macro. Wright and McMahan defined SHRM as "the pattern of planned human resource deployments and activities intended to enable an organization to achieve its goals" (1992, p. 298). They further asserted that this definition provided the backdrop for establishing the key

variables for SHRM research that should be theoretically concerned with HR practices, human capital, and human resource behaviors and included associations with business strategy and firm performance outcomes.

Wright and McMahan's (1992) theoretical review was one of many that emerged over the next decade. These reviews criticized the field of SHRM for lacking a coherent theoretical approach, evidenced by the wide array of theories applied. These include behavioral (Schuler, Galante, & Jackson, 1987; Schuler & Jackson, 1987), contingency (Lengnick-Hall & Lengnick-Hall, 1988), configurational (Doty, Glick, & Huber, 1993), and transaction cost (Bowen & Jones, 1986; Jones & Hill, 1988) theories. However, interest by academics and practitioners over the past 20 years has strengthened the concentration of SHRM research. This attention by both groups has contributed to the development of foundational theoretical and methodological approaches to SHRM.

Initially, researchers examining SHRM relationships were not unified in their approach and often made definitional and methodological decisions early in the research process that served to stratify SHRM research (Osterman, 2000). For example, SHRM researchers seeking to examine the relationship between HR practices and firm performance must first select HR measurement scales. This study's review of the literature revealed that most researchers use Randall Schuler and Susan Jackson (1987) and Jeffrey Pfeffer (1998) for guidance in measuring HR practices. Research guided by Jackson's five areas is typically referred to as "practice oriented" (e.g., Michie & Sheehan, 2005), and that guided by Pfeffer's (1998) seven areas is "principle oriented" (e.g., Gelade & Ivery, 2003; Hoque, 1999). In other words, practice oriented refers to approaches focused on individual HR practices such as quality monitoring or 360

degree peer evaluations, whereas principle oriented focuses on the principles that guide the development of the practice such as the amount of emphasis an organization places on selecting the right person for the job.

This distinction between HR practice and principle (Wright & Gardner, 2003) is integral to researchers' decisions about modes of theorizing about SHRM (Colbert, 2004). Three distinct modes of theorizing have emerged. First, researchers examining the effects of individual practices to develop a suite of best practices use a universalistic approach. This perspective seeks direct, linear relationships between independent and dependent variables. Researchers using a universalistic approach examine individual practices and isolate those practices that increase firm performance to develop a suite of best practices.

Second, a configurational approach to examining the effect of the system of HR practices considers both the internal consistency of the HR system of practices and the effect of the bundle of those practices. Mark Huselid (1995) tested the internal fit of consistency or horizontal alignment of HR practices and found that the system of HR practices helped to explain more of the effects on firm performance outcomes than did individual practices alone. This result has been further supported in subsequent studies (Delaney & Huselid, 1996; Hoque, 1999; Michie & Sheehan, 2005).

Third, researchers have also been concerned with understanding the effects of external fit or vertical alignment with the HR system of practices, which is referred to as the contingency approach. This approach moves toward understanding how different kinds of independent variables combining HR practices with other variables relate to dependent variables (Colbert, 2004). More specifically, researchers have focused on the linkage of HR practices with business strategy (Devanna, Fombrun, Tichy, & Warren,

1982; Tichy, Fombrun, & Devanna, 1982). Such research has found that organizations with more quality and/or innovative business strategies along with higher HRM investment have higher firm performance (Delaney & Huselid, 1996; Guthrie, Spell, & Nyamori, 2002; Hoque, 1999; Michie & Sheehan, 2005).

Defining HR practices and establishing an approach to theorizing about SHRM are central decisions for researchers. Researchers most often establish a "principle" approach to measures as it relates to HR practices. According to Colbert (2004), this approach is most appropriate, especially when considering the effects of the HR system of practices. Although researchers infrequently state which mode of theorizing they are using, there has been a relatively consistent application of the universalistic, contingency, and configurational approaches. Huselid's (1995) study advanced the research from conceptualizations about these approaches to operationalizing them. Empirical studies that followed from universalistic and configurational approaches established horizontal alignment or internal fit of the HR system (Delaney & Huselid, 1996; Huselid, 1995; Huselid, Jackson, & Schuler, 1997; Youndt & Snell, 2004) and, from a contingency perspective, vertical alignment or external fit when examining HRM and firm performance as contingent on business strategy (Guthrie et al., 2002; Hoque, 1999; Horgan & Muhlau, 2003).

Linking Culture and SHRM

In the early 1990s, the SHRM discipline was charged with lacking a cohesive theoretical framework (Wright & McMahan, 1992). Although empirical investigations had emerged that focused on various measurement instruments, these works either lacked theoretical considerations or varied widely in theoretical approaches and applications. Thus

a call for the development of a theoretical framework emerged. Researchers in the discipline felt that without such a framework, it was difficult to discern SHRM research from HRM research. SHRM researchers then turned to the resource-based view (RBV) of the firm to provide theoretical underpinnings (Wright, Dunford, et al., 2001). The RBV of the firm emerged from the strategic management field and provides the link from business strategy to internal firm resources, such as human, organizational, and physical capital (Barney, 2001; Priem & Butler, 2001). It provides the essential link from business strategy to HR practices and enables researchers to examine the effects on firm performance (Barney, 1991). This connection led to the RBV's popularization and acceptance in the fields of strategy management and SHRM. The shift in the RBV to focus more specifically on the effects of internal resources, including human capital, promoted its application by SHRM researchers. As noted by Peter Boxall, "By hiring and developing talented staff and synergizing their contributions within the resource bundle of the firm, HRM may lay the basis for sustained competitive advantage" (1996, p. 66). In other words, a firm's ability to stabilize relationships with employees enhances its ability to increase firm performance and survive in the future. RBV has been noted as providing the important "accessible" theoretical bridge between strategy and HRM (Wright, Gardner, et al., 2001) and an important backdrop against which to present SHRM research (Delery & Doty, 1996).

The RBV is focused on strategy implementation rather than strategy formulation. Its broader purpose in SHRM research is twofold. First, it highlights the importance of human resources within the firm from both a practice and a research perspective (Colbert, 2004). Second, it provides the groundwork for considering the HRM bundle or system of practices rather than a focus on individual practices in isolation and takes us "deeper"

into the SHRM field to focus on imperfect imitability (Barney, 2001). Imperfect imitability is one of four basic assumptions of RBV, along with value, rareness, and substitutability, that supports sustained competitive advantage (Barney, 1991). The notion of social complexity is embedded within the assumption of imperfect imitability. Social complexity assumes that a wide variety of an organization's internal resources are part of more complex social phenomena, including interpersonal relationships among managers and an organization's reputation, customers, and culture (Barney, 1991). Jay Barney more directly suggested organizational culture as a source of sustainable competitive advantage and concluded that culture could differentiate one firm from another and hold promise for superior firm performance (1986, p. 664). He further supported this position in subsequent work aimed at developing the RBV as a theoretical framework (Barney, 2001). According to Barney (2001), culture is a source of sustained competitive advantage and addresses all four basic assumptions of the RBV—perfect imitability, value, rareness, and substitutability.

As a result, the RBV provides a rich theoretical framework for examining organizational culture in SHRM research. According to Colbert, "While the socially complex phenomena that give rise to ambiguity do change over time, deliberately orchestrating those changes is often beyond management's control" (2004, p. 347). In other words, understanding organizational complexity through an examination of organizational culture assists with extending the RBV into SHRM.

EXAMINING ORGANIZATIONAL CULTURE AS A LINKAGE IN SHRM

Although there has been much discussion in the SHRM literature about examining organizational culture's role in SHRM, few empirical studies have been conducted to date. In this section, the handful of studies that have been conducted are reviewed to highlight the insights and further research required in this area.

Workplace Climate and Organizational Culture in SHRM Research

Examining the "strategic logic" between HRM and firm performance has been highlighted as an important theoretical challenge in SHRM research (Becker & Huselid, 2006). More directly, this call has focused attention on developing an understanding of other linkages in the SHRM relationship model apart from business strategy. In a review, Brian Becker and Mark Huselid (2006) referred to these relationships as the "black box," placing an emphasis on mediators and intermediate outcomes and their relationships to HRM and firm performance. Emerging literature has now begun to explore some of these intermediate linkages in areas such as voluntary turnover (Batt et al., 2002; Guthrie, 2001; Shaw et al., 1998). However, to examine strategy implementation and mediating relationships more directly (Becker & Huselid, 2006), researchers have begun to focus attention on social context and complexity by using concepts related to organizational culture and workplace climate (Ferris et al., 1998).

Recent reviews of the relationship between organizational culture and SHRM suggest that culture plays a significant role in strategy implementation, sustaining competitive advantage, and firm performance (Dyer & Ericksen, 2005; Roberts & Hirsch, 2005; Roehling et al., 2005). When examining social complexity and context, researchers typically discuss both workplace climate and organizational culture. However, there are clearly distinguishable differences

between the two. Initially, these differences were thought to be in the type of research approach adopted. Namely, qualitative approaches represented organizational culture, and quantitative approaches represented climate (Denison, 1996). However, after a review of the literature, Denison argued that the difference between the two was more than methodological and that both organizational culture and workplace climate literatures address the creation and influence of social contexts within organizational settings. Denison differentiates between the two by attributing thoughts, feelings, and behaviors of various organizational members as relating to climate, whereas deeper, more historically contextual values and beliefs are cultural. While climate can be more easily manipulated, culture cannot (Denison, 1996, p. 644).

Organizational climate has received more research attention in the SHRM literature than culture, although with mixed results (Bowen & Ostroff, 2004). The focus on workplace climate may be driven by the availability of well-established measures developed to gather quantitative information relating to workplace climate within an organizational setting. Studies examining workplace climate have shown that simply introducing HRM in the absence of a supportive workplace climate does not yield optimal firm performance (Rondeau & Wagar, 2001). For example, Kent Rondeau and Terry Wagar's (2001) study of nursing home health care workers found that workplace climate mediates the relationship between HR and firm performance. Several other studies have also found that workplace climate partially mediates the relationship between HRM and aspects of firm performance (Gelade & Ivery, 2003; Rogg, Schmidt, Shull, & Schmitt, 2001). One study found a moderating relationship between workplace climate and firm performance for organizations with a differentiation-type business strategy (Neal, West, & Patterson, 2005). Although Garry Gelade and Mark Ivery (2003) and Kirk Rogg and colleagues (2001) do not specifically address whether they consider the connection of HR practices to workplace climate as an aspect of internal or external fit, Andrew Neal and colleagues (2005) state that workplace climate is an aspect of internal fit with HR. Finally, a study of IT companies revealed a mediated relationship in which HR investment with high commitment practices was positively related to higher levels of workplace climate, which, in turn, increased financial performance (Collins & Smith, 2006).

Although a focus on workplace climate is useful to help management target an area to make improvements, workplace climate has been criticized for narrowing in on a specific "slice" of the organization (Gillespie, Denison, Haaland, Smerek, & Neale, 2008). To examine social complexity, more studies that examine culture in the SHRM relationship model are required. There have been many developments in quantitative approaches to measuring organizational culture in the past 30 years (e.g., Cameron & Quinn, 2006; Denison, 1996). For example, Kim Cameron and Robert Quinn's competing values framework is often used by SHRM researchers to quantitatively diagnose organizational culture based on four culture types, namely clan (i.e., social or HR), adhocracy (i.e., entrepreneurial), market (i.e., competitive), and hierarchy (i.e., bureaucratic; Cameron & Quinn, 2006). In SHRM research, examining organizational culture produces a much broader set of organizational characteristics that shed light on shared basic assumptions and values than when only explicit strategy and HR practices are considered.

Overview of Extant Research

Search Procedure. Having considered the historical process by which organizational culture has become integral to SHRM research, the present study sought to identify the current status of empirical research that incorporates organizational culture into SHRM. Searches for existing empirical research on SHRM, organizational culture, and firm performance were conducted using research databases. For example, two searches were conducted using the search terms "Strategic Human Resource" and "Culture," and "Human Resource Management" and "Culture." Using these terms in EBSCOHost's Business Search Premier identified 282 articles. References from these articles were traced to capture any qualifying research that may not have been captured by the database search. We filtered the list of articles by seeking projects that met the following criteria:

1. The article had to present empirical research. Book reviews and theoretical pieces were eliminated.

2. The research had to focus specifically on organizational culture, as opposed to country of origin or geographical culture.

3. The article had to contain some element of SHRM. Many articles did not specifically identify SHRM but did refer to elements of HRM that are consistent with conceptualizations of SHRM.

4. The research had to incorporate some aspect of organizational culture theory and explicitly outline a measure of organizational culture such as type of culture (e.g., market orientation).

This search identified 11 studies. Though few research studies focus on SHRM, organizational culture, and firm performance, the findings are rich and varied in the constructs measured, theoretical frameworks used, and focus employed. We found that the best way to categorize the findings of the search was according to the hypothesized and/or demonstrated role of organizational culture in the SHRM-performance relationship. For the most part, researchers argued either that organizational culture was a mediator of the SHRM-firm performance relationship, that SHRM was an antecedent to culture, that culture was an antecedent to SHRM, or that culture moderated SHRM's impact on firm performance. This study's review revealed three overall themes, including research focused on fit or the contingency perspective, culture and SHRM as antecedents, and culture as a mediator or moderator. This review of the overarching themes and a summary of the studies can be found in Table 24.1.

Examining Culture in SHRM. A number of studies that examine organizational culture in relation to SHRM focused explicitly on a fit or contingency perspective. For example, Irene Chew and Sharma Basu (2005) in their study of companies in Asia used a contingency approach to examine the effect of culture and HR on firm performance. These authors carried out a content analysis of public documents to assess cultural values for each organization. The findings suggested that organizations with "elite" or "leader" value profiles, with a complementary HR system, achieved higher financial performance (Chew & Basu, 2005). Irene Chow and Liu Shan (2007) looked specifically at knowledge-driven HR practices, knowledge-related performance measures, and corporate culture using data from 132 organizations in China's technology industry. HR practices, corporate culture, and business strategy measures were positively correlated. All were also significantly correlated with firm performance. More specifically, they found that incentive system matching, when combined with a supportive

Table 24.1   SHRM and Organizational Culture Study Review

Study	Region	SHRM Measure	Culture Framework and Measure	Performance Variables	Findings
Harris & Ogbonna (2001)	UK	Delery & Doty (1996); Huselid et al. (1997)	Market orientation (Narver & Slater, 1990)	1. Perceived short-term and long-term performance 2. Perceived evaluation of five performance variables rated on a 7-point Likert scale	There is a direct link between market orientation and performance. The relationship between SHRM and performance is mediated by market orientation. SHRM is an antecedent to market orientation.
Panayotopoulou, Bourantas, & Papalexandris (2003)	Greece	60-item questionnaire	Adaptation of Quinn & Rohrbaugh (1981); Cameron & Quinn (1999)	1. Perceived growth/innovation 2. Perceived organizational performance 3. Perceived market performance 4. Perceived financial performance	When HRM and competitive strategy are consistent, financial performance is positively affected. HRM flexibility positively influences market performance, and HRM control negatively influences market performance under certain conditions.
Chan, Shaffer, & Snape (2004)	Hong Kong	Modification (Huselid, 1995)	Modification of Denison & Mishra (1995)	1. Perceived organizational performance 2. Perceived market performance	High performance human resource practices (HPHR) practices and culture did not influence performance. Some culture dimensions by themselves did correlate positively with firm performance.
Den Hartog & Verburg (2004)	Netherlands	HRM Inventory	Competing values framework (Quinn, 1988) FOCUS (Van Muijen & Koopman, 1999)	1. Perceived economic outcomes 2. Perceived beyond contract behaviors 3. Absenteeism	HPWP are positively correlated with innovative, novative, goal, and support cultural orientations, and HPWPs are positively correlated with perceived performance. Directionality could not be tested.

Study	Region	SHRM Measure	Culture Framework and Measure	Performance Variables	Findings
Wei & Lau (2005)	China	1. Perceptual and objective measure 2. Competency measures 3. Adaptation (Huselid, 1995; Zhao, 2001)	Market orientation—adaptation of Gunnigle, Turner, & Morley (1998) and Deng & Dart (1999)	Not measured	Market orientation, HRM importance, and HRM competency all significantly influenced the adoption of SHRM. The anticipated moderating effects of ownership type and firm size were not as strong as predicted.
Chew & Basu (2005)	Singapore	Content analysis	Kabanoff, Waldersee, & Cohen (1885)	Financial ratios	Organizations with "elite" or "leader" value profiles, with a complementary HR system achieved higher financial performance.
Khatri, Wells, McKune, & Brewer (2006)	Midwest United States	Three qualitative interview questions	Culture characteristics using three qualitative interview questions	Perceived performance	The community hospital had a much better understanding of the relationship between organizational culture and human resource management and was better able to manage their culture. They experienced better clinical outcomes as a direct result.
Chow & Shan (2007)	China	HRM Inventory	Wallach (1983) 18-item culture scale	1. Perceived research and development (R&D) spending 2. Perceived number of products on the market 3. Perceived levels of each rated on 5-point scale	HR practices, corporate culture, and business strategy measures were significantly positively correlated. All were also significantly correlated with firm performance.

Table 24.1 (*Continued*)

Study	Region	SHRM Measure	Culture Framework and Measure	Performance Variables	Findings
Ngo & Loi (2008)	Hong Kong	Bhattacharya, Gibson, & Doty (2005)	Competing values framework (Quinn, 1988) three-item scale; adaptability culture (Denison & Mishra, 1995); Lau & Ngo (1996)	1. Perceived human resource–related performance 2. Perceived market-related performance	The study finds empirical support for the hypothesis that culture (in this case, an adaptability culture) mediates the relationship between HR flexibility and firm performance.
Wei & Lau (2008)	China	11-item instrument adapted from SHRM Index (Huselid, 1995)	Market orientation; adaptation of Gunnigle et al. (1998) and Deng & Dart (1999)	1. Perceived net profit 2. Perceived new product development 3. Perceived efficiency 4. Perceived return on assets (ROA)	"Good" culture supports better SHRM practices, which may lead to better organizational outcomes. The hypotheses that SHRM had a positive effect on corporate culture and that culture mediates the link between SHRM and firm performance was not supported.
Chow & Shan (2009)	China	HRM Inventory	Wallach (1983) 18-item culture scale	1. Employee turnover 2. Perceived overall performance outcomes: productivity, quality of products, R&D capability, market share; all subjective measures on 5-point Likert scale	Organizations with a supportive culture foster information sharing and cooperative teamwork. Organizational culture did not have an interaction effect with HR types on performance outcomes. Organizational culture appears to have a strong influence on which HR system is chosen.

corporate culture, was positively related to higher levels of organizational performance.

Using a quantitative study of 104 organizations in Greece, Panayotopoulou and colleagues (2003) attempted to develop a new model of HRM and to further examine the relationships between HRM orientation and firm performance. Through an adaptation of Cameron and Quinn's (1999) work, a model for HRM orientation was developed that consisted of four orientations: human relations model, open system model, internal process model, and the rational goal model. Although not explicitly measuring organizational culture, the use of the competing values framework to determine HRM orientation suggests a relationship between organizational culture and the researchers' notion of HRM orientation. Findings suggest that when HRM and competitive strategy are consistent, financial performance is positively affected. Other findings suggest that HRM flexibility positively influences market performance, and HRM control negatively influences market performance under certain conditions.

Culture and SHRM as Antecedents. Several studies have examined SHRM as an antecedent to culture (Den Hartog & Verburg, 2004; Khatri et al., 2006). Deanne Den Hartog and Robert Verburg (2004) conducted a study of senior managers and chief executive officers from 175 organizations in the Netherlands about HRM practices, organizational culture, and performance outcomes. The authors were most interested in assessing the linkages between high performance work systems and organizational performance and, to a lesser extent, the relationships between these and Robert Quinn's (1988) and Jaap Van Muijen and Paul Koopman's (1999) organizational culture orientations. They acknowledged three perspectives in their research—that HPWP affects culture, that culture affects adoption of HPWP, and that performance is best when HRM fits

with culture. The focus of the study, however, was to test the hypothesis that HPWP would impact organizational culture. Results indicated that HPWP were positively correlated with innovative, goal, and support (to a lesser extent) cultural orientations and that HPWPs were positively correlated with perceived performance. Directionality could not be tested.

A second study examining SHRM as an antecedent to culture was conducted by Khatri and colleagues (2006). Of the 11 studies, this study was the only one to conduct qualitative research. Khatri and colleagues (2006) used semistructured interviews to explore the relationships between SHRM, strategic objectives, and organizational culture in a university hospital and a community hospital. Findings suggested that interviewees in both hospitals (members of senior management teams) were unclear about their organizations' strategic objectives. They also suggest that the community hospital had a very good understanding of the relationship between organizational culture and human resource management. It was felt that this hospital was better able to manage their culture because of "better" HRM and experienced better clinical outcomes as a direct result.

The following three studies found evidence of organizational culture as an antecedent to SHRM (Chow & Shan, 2009; Wei & Lau, 2005, 2008). Citing evidence of the SHRM-performance link, L.-Q. Wei and C.-M. Lau (2005) aimed to gain a deeper understanding of the factors leading to the adoption of SHRM. They examined three such factors: market orientation, HRM importance, and HRM competency. Although they did not explicitly measure organizational culture, they did include the factor of market orientation, which is often regarded as a "culture type" (Deng & Dart, 1999; Gunnigle et al., 1998). This study of 600 Chinese firms revealed that all three

factors significantly influenced the adoption of SHRM. The anticipated moderating effects of ownership type and firm size were not as strong as predicted.

In another study of 223 Chinese organizations, Wei and colleagues (2008)sought to establish a mediating relationship between organizational culture and SHRM, citing their study as the first to examine how the SHRM process is influenced by any one organizational-level factor. Instead of finding support for a mediating relationship, they found that organizational culture is an antecedent of SHRM. That is, they found "empirical support for the proposition that the design of SHRM practices is aligned with or based on corporate culture or, in other words, corporate culture facilitates the development of SHRM" (Wei et al., 2008, p. 789). Using the competing values framework (Quinn & Rohrbaugh, 1983), they found that developmental and group cultures facilitate the adoption of SHRM, which in turn positively impacts firm performance. This research supports the culture determinism argument (Wei et al., 2008) that "good" culture supports better SHRM practices, which may lead to better organizational outcomes. The researchers achieved the intended purpose of examining how the SHRM relationship is influenced by any one factor—in this case, culture. However, the hypotheses that SHRM had a positive effect on corporate culture and that culture mediates the link between SHRM and firm performance were not supported.

Citing a large gap in the understanding of the relationships between SHRM, organization culture, firm strategy, and firm performance, Chow and Shan (2009) tested the extent to which culture and business strategy match HR systems. Findings indicated that organizations with a supportive culture fostered information sharing and cooperative teamwork. Organizational culture did not have an interaction effect with HR types on performance outcomes. However, organizational culture appeared to have a strong influence on which HR system is chosen.

Culture as Mediator or Moderator in SHRM. Results from studies that examine the relationship between SHRM and organizational culture as a mediator or moderator have been mixed. Two studies in particular reported evidence that culture mediates the relationship between HRM and firm performance. First, Lloyd Harris and Emmanuel Ogbonna (2001) used a multi-industry sample of more than 1,000 units to examine the relationships between a specific culture type (market orientation), SHRM, and firm performance. Findings from this study suggest that both SHRM and market orientation are related to organization performance. However, the linkage between SHRM and performance is thought to be indirect and is mediated by the degree to which the firm adopts a market orientation. Second, in their study of 181 HR directors and managers of multinational corporations (MNCs)located in Hong Kong, H.-Y. Ngo and R. Loi (2008) explored the relationships among HR flexibility, organizational culture, and firm performance. Considered by some to be one element of SHRM, Hang-Yue Ngo and Raymond Loi refer to Patrick Wright and Scott Snell's definition of HR flexibility as "the extent to which the firm's human resources possess skills and behavioral repertoires that can give a firm options for pursuing strategic alternatives in the firm's competitive environment" (Wright & Snell, 1998, p. 761). They worked from Daniel Denison and A. K. Mishra's (1995) typology of organizational culture, which is similar to Quinn's (1998) competing values framework. Using this framework, the authors hypothesized that HR flexibility would affect use of an adaptability culture (similar to Quinn's developmental culture). This culture would then lead to high HR-related and market-related

performance. The results of the study provide empirical support for the hypothesis that culture (in this case, an adaptability culture) mediates the relationship between HR flexibility and firm performance.

Although several studies have set out to examine the moderating effect of organizational culture between HRM and firm performance, none have shown evidence to support this hypothesis. For example, Lismen Chan and colleagues (2004) in their study of firms in Hong Kong drew on SHRM, organizational culture, and competitive strategy theories to examine the linkages between culture, high performance human resource practices (HPHR), and firm performance. They hypothesized that organizational culture would positively moderate the impact of HPHR on firm performance. However, they found a negative moderating effect for three interaction terms and no significant effect for the others and thus did not find any support for their hypothesis.

CONCLUSION

It is interesting to note that many of the studies summarized in this chapter share limitations and challenges. For example, the cross-sectional nature of the studies, and the subsequent inability to test directionality, is noted in most of the studies (Chan et al., 2004; Chow & Shan, 2007, 2009; Den Hartog & Verburg, 2004; Harris & Ogbonna, 2001; Ngo & Loi, 2008; Wei & Lau, 2005; Wei et al., 2008). In addition, although there is an argument that supports the use of subjective measures versus objective measures in SHRM research (Wall et al., 2004), almost all of the studies relied solely on subjective firm performance measures (Chan et al., 2004; Chow & Shan, 2009; Den Hartog & Verburg, 2004; Panayotopoulou et al., 2003). Studies have demonstrated that self-reported measures of

firm performance are correlated with objective measures (Delaney & Huselid, 1996). However, this issue has not been entirely resolved and continues to plague researchers without access to objective measures. Common method variance seemed less of a limitation but was noted in a few of the studies (Chow & Shan, 2007, 2009; Ngo & Loi, 2008). Finally, most of the studies were conducted in specific and limited geographic regions, thus limiting generalizability (Chan et al., 2004; Chow & Shan, 2007, 2009; Den Hartog & Verburg, 2004; Harris & Ogbonna, 2001; Ngo & Loi, 2008; Wei & Lau, 2005; Wei et al., 2008).

As this chapter has demonstrated in its review of existing research on SHRM, organizational culture, and firm performance, further research is required. Findings are as varied as the approaches taken, and few conclusions can be drawn in terms of the relationships between SHRM, organizational culture, and firm performance. Despite mixed findings and an inability to conclude that organizational culture serves as a mediator, a moderator, or an antecedent, the research indicates that a relationship between SHRM, organizational culture, and firm performance does exist. This finding is promising and signals the need for further research. As suggested by Wei and colleagues (2008), longitudinal studies are needed to capture causality and issues of common method bias, sample size, and broader notions of performance, and well-being (i.e., employee satisfaction) should also be addressed. In addition, many of the studies (7 out of 11) in this area to date were conducted in Asia (China, Hong Kong, and Singapore). Additional studies in other geographic regions would allow comparative analysis and a better understanding of how country-of-origin culture affects organization culture (Hofstede & Peterson, 2000). This study suggests that more qualitative research should be conducted to facilitate a more intimate understanding of how

organizational culture affects SHRM and, ultimately, firm performance.

Despite some progress in organizational culture and SHRM research, a considerable gap exists, as scholars have acknowledged in several conceptual works that emphasize the centrality of organizational culture and workplace climate as linkages of strategy to organizational performance (Bowen & Ostroff, 2004). In addition, although theoretical frameworks have been proposed to further examine such linkages, there is little empirical evidence to support the models. The difficulty of accessing organizations to gather such information has likely contributed to the challenging nature of this research and the corresponding lack of studies in the field. However, if the understanding of "how HRM contributes to firm performance" (Bowen & Ostroff, 2004, p. 203) is to be advanced, research that addresses issues within the "black box," such as organizational culture, must be championed.

REFERENCES

Barney, J. B. (1986). Organizational culture: Can it be a source of sustained competitive advantage? *Academy of Management Review, 11*(3), 656–665.

Barney, J. B. (1991). Firm resources and sustained competitive advantage. *Journal of Management, 17*(1), 99–120.

Barney, J. B. (2001). Resource-based theories of competitive advantage: A ten-year retrospective on the resource-based view. *Journal of Management, 27*(6), 643–650.

Batt, R., Colvin, A. J. S., & Keefe, J. (2002). Employee voice, human resource practices, and quit rates: Evidence from the telecommunications industry. *Industrial & Labor Relations Review, 55*(4), 573–594.

Becker, B. E., & Huselid, M. A. (2006). Strategic human resource management: Where do we go from here? *Journal of Management, 32*(6), 898–925.

Belcourt, M. (2001). Measuring and managing the HR function: A guide for boards. *Ivey Business Journal, 65*(3), 35.

Bhattacharya, M., Gibson, D. E., & Doty, D. H. (2005). The effects of flexibility in employee skills, employee behaviors, and human resource practices on firm performance. *Journal of Management, 31*(4), 622–640.

Bowen, D. E., & Jones, G. R. (1986). Transaction cost analysis of service organization-customer exchange. *Academy of Management Review, 11*(2), 428.

Bowen, D. E., & Ostroff, C. (2004). Understanding HRM-firm performance linkages: The role of the strength of the HRM system. *Academy of Management Review, 29*(2), 203–221.

Boxall, P. (1996). The strategic HRM debate and the resource-based view of the firm. *Human Resource Management Journal, 6*(3), 59.

Cameron, K. S., & Quinn, R. E. (1999). *Diagnosing and changing organizational culture: Based on the competing values framework*. Reading, MA: Addison-Wesley.

Cameron, K. S., & Quinn, R. E. (2006). *Diagnosing and changing organizational culture*. San Francisco: Jossey-Bass.

Chan, L. L. M., Shaffer, M. A., & Snape, E. (2004). In search of sustained competitive advantage: The impact of organizational culture, competitive strategy and human resource management practices on firm performance. *International Journal of Human Resource Management, 15*(1), 17–35.

Chew, I. K. H., & Basu, S. (2005). The effects of culture and HRM practices on firm performance: Empirical evidence from Singapore. *International Journal of Manpower, 26*(6), 560.

Chow, I. H.-S., & Shan, S. L. (2007). Business strategy, organizational culture, and performance outcomes in China's technology industry. *Human Resource Planning, 30*(2), 47–55.

Chow, I. H.-S., & Shan, S. L. (2009). The effect of aligning organizational culture and business strategy with HR systems on firm performance in Chinese enterprises. *International Journal of Human Resource Management, 20*(11), 2292–2310.

Colbert, B. A. (2004). The complex resource-based view: Implications for theory and practice in strategic human resource management. *Academy of Management: The Academy of Management Review, 29*(3), 341.

Collins, C., & Smith, K. G. (2006). Knowledge exchange and combination: The role of human resource practices in the performance of high-technology firms. *Academy of Management Journal, 49*(3), 544.

Delaney, J. T., & Huselid, M. A. (1996). The impact of human resource management practices on perceptions of organizational performance. *Academy of Management Journal, 39*(4), 949.

Delery, J. E., & Doty, H. D. (1996). Modes of theorizing in strategic human resource management: Tests of universalistic, contingency. *Academy of Management Journal, 39*(4), 802.

Deng, S., & Dart, J. (1999). The market orientation of Chinese enterprises during a time of transition. *European Journal of Marketing, 33*(5/6), 631–654.

Den Hartog, D. N., & Verburg, R. M. (2004). High performance work systems, organisational culture and firm effectiveness. *Human Resource Management Journal, 14*(1), 55–78.

Denison, D. R. (1996). What is the difference between organizational culture and organizational climate? A native's point of view on a decade of paradigm wars. *Academy of Management: The Academy of Management Review, 21*(3), 619.

Denison, D. R., & Mishra, A. K. (1995). Toward a theory of organizational culture and effectiveness. *Organizational Science, 6*, 204–223.

Devanna, M. A., Fombrun, C., Tichy, N., & Warren, L. (1982). Strategic planning and human resource management. *Human Resource Management (pre-1986), 21*(1), 11.

Doty, D. H., Glick, W. H., & Huber, G. P. (1993). Fit, equifinality, and organizational effectiveness: A test. *Academy of Management Journal, 36*(6), 1196.

Dyer, L., & Ericksen, J. (2005). In pursuit of marketplace agility: Applying precepts of self-organizing systems to optimize human resource scalability. *Human Resource Management, 44*(2), 183.

Ferris, G. R., Arthur, M. M., Berkson, H. M., & Kaplan, D. M. (1998). Toward a social context theory of the human resource management: Organization effectiveness relationship. *Human Resource Management Review, 8*(3), 235.

Gelade, G. A., & Ivery, M. (2003). The impact of human resource management and work climate on organizational performance. *Personnel Psychology, 56*(2), 383.

Gillespie, M. A., Denison, D. R., Haaland, S., Smerek, R., & Neale, W. S. (2008). Linking organizational culture and customer satisfaction: Results from two companies in different industries. *European Journal of Work and Organizational Psychology, 17*(1).

Gunnigle, P., Turner, T., & Morley, M. (1998). Strategic integration and employee relations: The impact of managerial styles. *Employee Relations, 20*(1–2), 115–131.

Guthrie, J. P. (2001). High-involvement work practices, turnover, and productivity: Evidence from New Zealand. *Academy of Management Journal, 44*(1), 180–190.

Guthrie, J. P., Spell, C. S., & Nyamori, R. O. (2002). Correlate and consequences of high involvement work practices: The role of competitive strategy. *International Journal of Human Resource Management, 13*(1), 183–197.

Harris, L. C., & Ogbonna, E. (2001). Strategic human resource management, market orientation, and organizational performance. *Journal of Business Research, 51*(2), 157–166.

Hofstede, G., & Peterson, M. F. (2000). National values and organizational practices. In N. M. Ashkanasy, C. P. M. Wilderom, & M. F. Peterson (Eds.), *The handbook of organizational culture and climate* (pp. 401–414). Thousand Oaks, CA: Sage.

Hoque, K. (1999). Human resource management and performance in the UK hotel industry. *British Journal of Industrial Relations, 37*(3), 419–443.

Horgan, J., & Muhlau, P. (2003). The adoption of high performance human resource practices in Ireland: An integration of contingency and institutional theory. *Irish Journal of Management, 24*(1), 26.

Huselid, M. A. (1995). The impact of human resource management practices on turnover, productivity, and corporate financial performance. *Academy of Management Journal, 38*(3), 635.

Huselid, M. A., Jackson, S. E., & Schuler, R. S. (1997). Technical and strategic human resource management effectiveness as determinants of firm performance. *Academy of Management Journal, 40*(1), 171.

Jones, G. R., & Hill, C. W. L. (1988). Transaction cost analysis of strategy structure choice. *Strategic Management Journal, 9*(2), 159.

Kabanoff, B., Waldersee, R., & Cohen, M. (1885). Espoused values and organizational change themes. *Academy of Management Journal, 38*(4), 1075–1104.

Khatri, N., Wells, J., McKune, J., & Brewer, M. (2006). Strategic human resource management issues in hospitals: A study of a university and a community hospital. *Hospital Topics, 84*(4), 9–20.

Lau, C. M., & Ngo, H.Y. (1996.) The HR system, organizational culture and product innovation. *International Business Review, 13,* 685–703.

Lengnick-Hall, C. A., & Lengnick-Hall, M. L. (1988). Strategic human resources management: A review of the literature. *Academy of Management Review, 13*(3), 454.

Michie, J., & Sheehan, M. (2005). Business strategy, human resources, labour flexibility and competitive advantage. *Human Resource Management, 16*(3), 445–464.

Narver, J. C., & Slater, S. F. (1990). The effect of a market orientation on business profitability. *Journal of Marketing*, 20–35.

Neal, A., West, M. A., & Patterson, M. G. (2005). Do organizational climate and competitive strategy moderate the relationship between human resource management and productivity? *Journal of Management, 31*(4), 492–512.

Ngo, H.-Y., & Loi, R. (2008). Human resource flexibility, organizational culture and firm performance: An investigation of multinational firms in Hong Kong. *International Journal of Human Resource Management, 19*(9), 1654–1666.

Osterman, P. (2000). Work reorganization in an era of restructuring: Trends in diffusion and effects on employee welfare. *Industrial and Labor Relations Review, 53*(2), 179.

Panayotopoulou, L., Bourantas, D., & Papalexandris, N. (2003). Strategic human resource management and its effects on firm performance: An implementation of the competing values framework. *International Journal of Human Resource Management, 14*(4), 680–699.

Pfeffer, J. (1998). Seven practices of successful organizations. *California Management Review, 40*(2), 96.

Priem, R. L., & Butler, J. E. (2001). Is the resource-based "view" a useful perspective for strategic management research? *Academy of Management Review, 26*(1), 22–40.

Quinn, R. E. (Ed.). (1988). *Beyond rational management: Mastering the paradoxes and competing demands of high performance*. San Francisco: Jossey-Bass.

Quinn, R. E., & Rohrbaugh, J. (1981). A competing values approach to organizational effectiveness. *Public Productivity Review, 5,* 122–140.

Quinn, R. E., & Rohrbaugh, J. (1983). A spatial model of effectiveness criteria: Towards a competing values approach to organizational analysis. *Management Science, 29*(3), 363–377.

Roberts, R., & Hirsch, P. (2005). Evolution and revolution in the twenty-first century: Rules for organizations and managing human resources. *Human Resource Management, 44*(2), 171.

Roehling, M. V., Boswell, W. R., Caligiuri, P., Feldman, D., Graham, M. E., Guthrie, J. P., et al. (2005). The future of HR management: Research needs and directions. *Human Resource Management, 44*(2), 207.

Rogg, K., Schmidt, D., Shull, C., & Schmitt, N. (2001). Human resource practices, organizational climate, and customer satisfaction. *Journal of Management, 27*(4), 431.

Rondeau, K. V., & Wagar, T. H. (2001). Impact of human resource management practices on nursing home performance. *Health Services Management Research, 14*(3), 192.

Schuler, R. S., Galante, S. P., & Jackson, S. E. (1987). Matching effective HR practices with competitive strategy. *Personnel, 64*(9), 18.

Schuler, R. S., & Jackson, S. E. (1987). Linking competitive strategies with human resource management. *Academy of Management Executive, 1*(3), 207.

Shaw, J. D., Delery, J. E., Jenkins, G. D., & Gupta, N. (1998). An organizational-level analysis of voluntary and involuntary turnover. *Academy of Management Journal, 41*(5), 511–525.

Shaw, J. D., Gupta, N., & Delery, J. E. (2005). Alternative conceptualizations of the relationship between voluntary turnover and organizational performance. *Academy of Management Journal, 48*(1), 50.

Sheridan, J. E. (1992). Organizational culture and employee retention. *Academy of Management Journal, 35*(5), 1036–1056.

Tichy, N. M., Fombrun, C. J., & Devanna, M. A. (1982). Strategic human resource management. *Sloan Management Review (pre-1986), 23*(2), 47.

Van Muijen, J. J., & Koopman, P. L. (1999). Organizational culture: The FOCUS questionnaire. *European Journal of Work and Organizational Psychology, 8*(4), 551–568.

Wall, T. D., Michie, J., Patterson, M., Wood, S., Sheehan, M., Clegg, C. W., et al. (2004). On the validity of subjective measures of company performance. *Personnel Psychology, 57*(1), 95–118.

Wall, T. D., & Wood, S. (2005). The romance of human resource management and business performance, and the case for big science. *Human Relations, 58*(4), 429–462.

Wallach, J. F. (1983). Individuals and organizations: The culture match. *Training and Development Journal, 37*(2), 28–35.

Way, S. A., & Johnson, D. E. (2005). Theorizing about the impact of strategic human resource management. *Human Resource Management Review, 1*(19), 1.

Wei, L.-Q., & Lau, C.-M. (2005). Market orientation, HRM importance and competency: Determinants of strategic HRM in Chinese firms. *International Journal of Human Resource Management, 16*(10), 1901–1918.

Wei, L.-Q., & Lau, C.-M. (2008). The impact of market orientation and strategic HRM on firm performance: The case of Chinese enterprises. *Journal of International Business Studies, 39*(6), 980–995.

Wright, P. M., & Boswell, W. R. (2002). Desegregating HRM: A review and synthesis of micro and macro human resource management. *Journal of Management, 28*(3), 247.

Wright, P. M., Dunford, B. B., & Snell, S. A. (2001). Human resources and the resource based view of the firm. *Journal of Management, 27*(6), 701–721.

Wright, P. M., & Gardner, T. M. (2003). Theoretical and empirical challenges in studying the HR practice: Firm performance relationship. In D. Holman, T. Wall, C. Clegg, P. Sparrow, & A. Howard (Eds.), *The new workplace: People, technology, and organizations* (pp. 311–328). West Sussex, UK: John Wiley & Sons.

Wright, P. M., Gardner, T. M., Moynihan, L. M., Park, H. J., Gerhart, B., & Delery, J. (2001). Measurement error in research on human resources and firm performance: Additional data and suggestions for future research. *Personnel Psychology, 54*(4), 875.

Wright, P. M., & McMahan, G. C. (1992). Theoretical perspectives for strategic human resource management. *Journal of Management, 18*(2), 295–320.

Wright, P. M., & Snell, S. A. (1998). Toward a unifying framework for exploring fit and flexibility in strategic human resource management. *Academy of Management: The Academy of Management Review, 23*(4), 756.

Youndt, M. A., & Snell, S. A. (2004). Human resource configurations, intellectual capital, and organizational performance. *Journal of Managerial Issues, 16*(3), 337.

Zhao, S. (2001). *Human resource management studies*. Beijing: People's University Press.

Links and Synchs

Organizations and Organizational Culture From a Network Point of View

Mark Meckler

This chapter develops five propositions about networks and how they apply to organizations and organizational culture. The propositions are synthesized from research across multiple disciplines. Each proposition has implications for managing organizations and working with organizational culture. The chapter is organized around five topics that appear in the network literature: (a) organizational cultures as manifestations of networks; (b) the nonessential nature of organizations; (c) network locations of the observer and the observation; (d) small-world social networks; and (e) networks, chaos, and complexity. These five topics will be discussed in turn, each one concluding with a proposition. Next the discussion considers the joint implications of the propositions on organizational culture and on the development of measures for future work. Last, in light of the propositions, a number of network theory terms that are used in this chapter are explicated.

THE MANIFESTATION OF ORGANIZATIONAL CULTURES AS SCALE-FREE/POWER-LAW NETWORKS

Networks are often described as impermanent (Fuchs, 2001), but they are not wholly unpredictable. Paul Erdős and Alfred Rényi (1960) modeled network growth, and at each step two nodes were randomly chosen and linked. While it is certainly the case that some unpredictable ties form between social actors, not *all* ties between social actors are random or unpredictable (Barabasi & Albert, 2002). Albert-Laszlo Barabasi and Reka Albert (2002), for example, argue that many social networks do not form randomly and that our social world is predictable in the sense that networks form and that many networks form predictable patterns. Furthermore, these patterns are often based on two basic principles: the scale-free/power-law principle and the nesting principle.

While there are differences between social networks and physical networks, both may take the scale-free form. Scale-free social networks are characterized by the presence of hubs, growth through increasing preferential attachment (Barabasi & Albert, 1999), and power laws (Barabasi & Albert, 2002). That is, as a scale-free social network grows, a smaller percentage of nodes account for more and more of the network interactions/transactions. So, while we cannot predict how connected any particular node will be, a predictable macro-level structure does emerge. Organized by power laws and affiliations, social actors (often called "egos") have at least somewhat predictable network ties. This means that it may be expected that a few egos will become giant hubs, allowing the majority of egos to enjoy network efficiencies while operating quite locally and relatively independently.

Applying these principles to organizational culture is straightforward. The scale-free network point of view suggests that it takes relatively few cultural entities (hubs), very broadly accessed, to have an effective (and efficient) culture. The specific culture that emerges depends on the particulars of these critical cultural hubs, the particulars of the social actors, the dynamics of the sense-making rules, and the idiosyncratic network resources. In other words, to the extent that a culture may be said to have emerged from a particular set of resources, actors, and ideas, it is an *organizational* culture. In short, organizational culture is an outgrowth of a particular group of networked actors, ideas, and resources that becomes structurally dominated by a relatively small subset of all these. These dominating entities are cultural hubs.

Furthermore, as organizational culture takes a scale-free form, efficiencies are gained by having only a few major cultural hubs, together with a relatively few long ties between them all. This is simply a manifestation of the small-world network effect (see Proposition 4 later in this chapter). To the extent that efficiency is a driver in organizational life, the network of organizational culture may be expected to grow in this (somewhat) predictable way. Such predictability in processes makes it possible to talk about organizational structure without relying on ideas of explicit or even consciously formed parts and agreed upon understandings.

It should be expected that each organizational sub-culture will be different due to local specifics within the broader network field. However, each will also exhibit a non-trivial degree of homophily. Homophily is the idea that "similarity breeds connection," and "the result is that people's personal networks are homogeneous" (McPherson, Smith-Lovin, & Cook, 2001, p. 416). Daniel Brass (1985) noted that observed growth of local network homophily is good evidence of growth in shared social norms of organizational members (Brass, 1985; Marsden, 1990). The contemporary network perspective updates this notion: Homophily will be in evidence around a few highly prevalent norms, while the organization may be largely heterogeneous and broken into clusters on much of everything else (Kossinets & Watts, 2009).

Another key claim by Barabasi (2002) is that when networks are nested, at each scale the basic network patterns are similar. At every level one can observe similar densities of network clusters and nodes, and ties between them. Furthermore, the strength of the ties in any given network is not related to the strength of the ties of the more macro- or more micro-level networks with which that given network is linked. That is, ties are not "weaker" at more micro levels and "stronger" at more macro levels, or vice versa. One can observe the same strength of network ties in very micro networks as in very macro networks, and all networks in between.

Fractals offer a good model for understanding this scale-free quality of many social networks (Sheard, 2009). A fractal is a rough geometric shape that exhibits self-similarity at any level of magnification at any random spot on its frontier (Mandelbrot, 1982). Ties also go between levels of networks (Kogut, 2000; Kogut & Walker, 2001). A micro network can be tied more or less strongly to a macro network than to the local level network. Therefore a manager's ties to his within-department colleagues will have no tendency to be less strong than department-to-department ties. Nor will they tend to be stronger—network scale is immaterial.

Social network paths and hub formations are prone to upward and downward spirals in adoption due to network externalities, commonly referred to as the "network effect." Network externalities exist when the value of something is directly related to the number of users of that thing. Network externalities may be direct or indirect. Direct network externalities exist when the increase (or decrease) itself is the source of the added (or reduced) value. Indirect network externalities exist when an increase in the size of a network attracts outsiders to make increasing complementary and supplementary items available to the members of the network. On an upward spiral, direct, complementary, and supplementary externalities increase the value of the network attracting more members, which in turn creates even stronger network effects (Schilling, 2008). This process of preferential attachment (Barabasi, 2002), also described as increasing returns to adoption in the path dependency literature (Arthur, 1987), leads to increased attractiveness of a network path as transaction traffic grows. This "rich get richer and poor get poorer" phenomenon occurs with network hubs in power-law networks (Barabasi, 2002; Barabasi & Albert, 2002). Very rapidly accelerating spirals of adoption (and defection) are associated with

network "cascades." Cascading is the process through which rapid transformation and information/innovation diffusion occurs in networks (Watts, 2002). A cascade results from microactivity at the individual social-actor and local-tie level. Downward spirals are no less frequent or likely than upward spirals. As an organization, an idea, a value, or any other hub loses ties or traffic, the more there are reduced returns to adoption. Reduced ties motivate fewer complementary and supplementary network ties, thus lowering the hub's value, and so forth. Duncan Watts (2003) offers an in-depth review of node "vulnerability" conditions under which upward or downward spirals of adoption (cascades) most likely will begin to occur. In general, a node is vulnerable to adoption if "it has a low threshold (thus, a predisposition for change); or because it possesses only a very few neighbours, each of which thereby exerts significant influence" (Watts, 2003, p. 233).

> Proposition 1: Organizational cultures manifest themselves in the same nested and scale-free ways as other power-law social networks.

THE NONESSENTIAL NATURE OF ORGANIZATIONS AND THE ROLE OF ORGANIZATIONAL CULTURE

Stephan Fuchs (2001) demonstrated how society (and culture) can be described as a network of fields, forces, and flows. A social actor does not have an identity apart from its location in a network context (Fuchs, 2001). Fuchs's network location theory attempts to eliminate "essentialism" from the idea of what an organization is. "Essentialism searches for the intrinsic 'nature' of things as they are, in and of themselves. The opposite strategy is relationalism" (Fuchs, 2001, p. 12). Network location theory is relational and accounts for the observer and for network location, without eliminating objectivity.

From the "nonessential" perspective, a network is not an object; it is a collection of forces, activities, and dynamics—and that is all that it is. This contrasts with theories in which organizations are conceived as objects based on explicit legal arrangements, a set of stable understandings among participants, or as a network of physical nodes and pipes. An organization is a linked collection of (social and/or physical) processes, actors, resources, and activities at a particular moment in time. Pathways are not essentially "pipes" or "pipelines" or necessarily anything more specific than artifacts of forces with direction.

Organizational network research often analyzes nodes that correspond to traditional structural units that are conceived of as based on legal or other forms of explicit legitimization. Another element of Fuchs's (2001) thesis, however, is that making and sharing meaning, and making sense of observations, occurs in the culture network nested within the broader network of an organization or society. This begs the question that if organizational culture is also a network, then what kinds of things may count as nodes or as hubs in these networks? With essentialism abandoned, network parts and pieces need not be fundamentally physical things or explicitly legitimated social objects, and there is then room for the constructs that are so much a part of culture. Social constructs such as institutional facts, values, theories, and missions may just as appropriately be included as nodes within the culture network as a physical organization member, a building, a department, or any other social actor.

The claim that ideas and meanings should be understood as networks is not new, nor should it be considered overly controversial. For example, there is general agreement in the education literature that internal representations of knowledge resemble organized webs or networks of ideas (Williams, 1998), and concept maps (Kolb & Shephard, 1997; Novak & Cañas, 2008) have long been used to measure and represent networks of ideas. What is new is how physical or explicit social networks impact belief network structures (Ghosh & Velázquez-Quesada, 2009), and the proposition that those concepts with a disproportionately large number of links to other nodes are functioning as hubs in the culture network. This means that a cultural hub could just as well be a nonphysical entity such as a dominant logic, a schema, or a social norm as it could be a physical entity such as a person, an office, or a building. For example, if social actors constantly link and, in a sense, "lean upon" an organizational value or a particular theory to make sense out of ongoing events at work, then that value with its many ties to organizational actors is functioning as a local hub.

Building on Proposition 1, it should be expected that scale-free network rules apply to all cultural entities, including ideas, schemas, and sensemaking rules. That is, it should be expected that some ideas in an organization will become widely adopted and utilized, while most ideas are only utilized on a very limited and very localized basis. *Utilized* means used to make sense of events, used to deal with events, and used to make decisions. Put simply, organizational members are expected to frequently utilize a relatively small set of sources when they are working, although many potential sources exist and the network is searchable. Furthermore, in a small-world organizational network, the vast majority of knowledge (ideas that have been demonstrated as true) and of live hypotheses (ideas that could be true) are not frequently used within the organization (Meckler, 2001). This chapter proposes that this flexible, nonessential collection of hubs, nodes, and interactions nested within the general organization network is organizational culture. Furthermore, Fuchs (2001) argues that society may be understood as the sum of

network activity at a given moment. Therefore, beyond the transactions and fluctuations of a local actor network, there is no organizational culture object.

> Proposition 2: Organizations and social actors are temporary, nonessential manifestations of network flows.

NETWORK LOCATIONS OF THE OBSERVER AND THE OBSERVATION

Fuchs (2001) demonstrated that network stability and wholeness is relative to an observing actor's location in the network. That is, the more locally a social actor is observed, the less solid and unified it is. The farther the observational location, the more stable and "structured" the organization, a society, a culture, or other social entity will be. Organizational forms should be understood as nothing more or less than patterned paths of flows that may be observed when studying a node or cluster of nodes from a distance.

Networks behave in a way that brings doubt upon the existing ontology of organizations. From a distant location, an organization is a node in a broader network, linked to other nodes. From a closer location, an organization is a hub, embroiled in transactions. From an even closer location, an organization is a network that contains its own nodes, hubs, and links. From within, an organization is a collection of networks. An organization is all of these things, depending on the location of the observer: a network, a hub, and a node. Furthermore, none of these entities are essential—*node* is simply a word used to describe a relatively tightly linked cluster of network flows in a broader system of more loosely linked network flows. That is, nodes are networks in themselves, and clusters are what appear from a distance to be a group of nodes with short ties to each other. Organizations are,

at the same time, nodes within networks, hubs in network fields, and clustered networks of nodes in themselves. To be consistent, organizational forms should also be understood as nonessential and location dependent. That is, forms are essentially nothing more than patterned paths of flows that may be observed when studying an organization from a distance.

In the same light, organizational culture is a network in itself, a node within the organization network, and in some organizations, a critical hub. Organizational culture from a distant location is a node; from closer observation, it is a hub; and locally it is a network. The closer the observational location, the more variable and fluid and less "essential" the organizational culture is. Forms of organizational culture (e.g., Trompenaars's 1993 guided missile, Eiffel Tower, incubator, family) are likewise nonessential patterned paths of social thought and action as observed from a distant location.

Note that this is how the network "is" and not how the network "appears." This move reflects a major contribution by Fuchs (2001) to the understanding of social networks. In short, relativity to network position does not undermine a social actor's ability to make factual nonsubjective observations about networks and social actors. Network actors simply are more specific and essential as the network position of any observer increases in distance. Nonsubjective means that multiple social actors can still make consistent, repeatable, predictable, and truthful observations from these different levels of reflexive location. Therefore any meaningful subjectivity is not so much an individual social actor as it is a function of network location. For insiders, their network is less essential than it is for an outsider. As observers are positioned at more distant levels of aggregation, the subject becomes more defined and the operations within that culture more essential.

Social *structure,* then, is a matter of degree between more or less fluid and essential.

Because of close proximity, it would then be expected that organizational members would experience organizational norms and behaviors as highly context sensitive, flexible, nuanced, and nonabsolute. At the same time it would be expected that outside observers would see the same organizational culture more concretely and rule based as network distance of the observer increases. Importantly, both observations are true and are not subject to individual interpretation. From up close, organizations, departments, and their cultures are full of semistructured, ill-defined, and sometimes even random decision situations, while from a distance they are structured and defined black boxes with inputs and outputs. Thus there is no inconsistency in claiming, for example, that a culture measured on Trompenaars's (1996) eight dimensions are true, while also admitting that within that culture those same truths may or may not hold true.

> Proposition 3: Social actors are less specific and essential the closer the network location is to an observer, and more specific and essential the farther away the network location of observation.

SMALL-WORLD SOCIAL NETWORKS

In 1998, Duncan Watts and Steven Strogatz used the term *small-world networks* to describe networks with a very large degree of clustering and a very small average shortest path length of ties. Their work had its roots in seminal research in the 1960s by Stanley Milgram (Milgram, 1967; Travers & Milgram 1969), who inspired thinking about how few degrees of separation there are between any two people. The evidence for the small-world hypothesis grew when Mark Granovetter (1973) demonstrated the importance of weak ties in networks. Watts and Strogatz (1998) showed how a very small

proportion of randomly distributed long ties (strong or weak) and nonrandomly distributed and highly clustered nodes produce the small-world phenomena. Long ties are direct paths between nodes that skip over possible short-path local nodes. They connect with nodes in locations beyond local clusters.

There is evidence that social networks are somewhat different from other networks. Watts (2004) reviews how work by Jon Kleinberg (2000) and by Mark Newman (2003) advanced understanding of how social networks compare with other networks. Social networks have characteristics such as clustering, short average tie length, and a small percentage of long ties (Watts & Strogatz, 1998). Social networks also have been found to be readily amenable to searches for information from any network location (Kleinberg, 2000) and to contain networks of affiliated social actors (Newman, 2003). James Nebus (2006), for example, makes use of both affiliation and the search to explain advice networks in organizations. The small-world concept has been used to study national ownership networks (Kogut & Walker, 2001), scientific collaborations (Newman, 2001), board interlocks (Davis, Yoo, & Baker, 2003), and Broadway play producers (Uzzi & Spiro, 2005). It turns out that social networks are similar in their basic architecture to many other kinds of networks, such as neurons in the brain (Manev & Manev, 2005; Scannell, 1997), the World Wide Web (Barabasi & Arthur, 2002), food webs in ecosystems, and even streams and rivers in watersheds (Barabasi & Albert, 2002). One major difference is that social networks are searchable while physical networks may or may not be searchable (Kleinberg, 2000).

Networks allow synchrony between otherwise disparate nodes. Synchrony exists when two nodes/actors behave at the same time as though they are in agreement. Smith (1935) discussed synchrony in the

seemingly miraculous rhythmic flashing of fireflies separated by relatively great distances. Small-world networks reduce connectivity requirements without sacrificing too much in transmission speed and accuracy, allowing even somewhat distant and disconnected nodes to synchronize, thus solving Smith's (1935) firefly problem. From the organizational point of view, small-world networks function as effective economizers (Latora & Marchiori, 2001).

In this chapter, the term *synchrony* is used liberally, so that any kind of agreement between nodes or similarity in characteristics between nodes on or about anything can count as synchrony. A *synch* is a synchrony instance. In general, a synch implies a link. Synchrony requires connectivity, a high transmission speed, and transmission accuracy.

> Proposition 4: Small-world social networks of actors and affiliations are searchable, have highly clustered nodes loosely linked by a low percentage of long ties, and allow high synchronization efficiencies between distant nodes.

NETWORK EFFICIENCIES AND NETWORK ECONOMICS

Despite repeated calls, network effectiveness has not been well examined in the empirical organizational literature (Kim, Oh, & Swaminathan, 2006; Podolny & Page, 1998; Provan & Milward, 1995, 2001). K. G. Provan and P. Kenis define network effectiveness as "the attainment of positive network-level outcomes that could not normally be achieved by individual organizational participants acting independently" (2007, p. 230). And what, in general, is a positive network-level outcome? The present discussion suggests, first, that "network effectiveness" means at least the extent to which a network successfully ties nodes together and the extent to which the

network synchronizes the various desired states of those linked nodes. If a network fails to link nodes together, we cannot claim it is effective. Second, if two nodes engage in a transaction, the network is effective to the extent that both nodes indicate that what they acquired from the link is synchronized with what they desired from the link.

While effectiveness is one core contributor to overall performance, network performance is also a function of efficiency in transferring knowledge and other resources (Etzkowitz, Kemelgor, Neuschatz, Uzzi, & Alonzo, 1994; Etzkowitz, Kemelgor, & Uzzi, 2000; Reagans & McEvily, 2003). Weak ties across otherwise disconnected structural holes are beneficial, acquiring unique information (Burt, 1992, 2004; Granovetter, 1973). Network ties do not tend to form if they are not efficient or effective (Nebus, 2006).

However, not all ties increase local efficiency. That is, some ties are negative in the sense of differences or heterogeneity in the characteristics of two nodes or some sort of disagreement or mutually incompatible behavior when nodes are social actors. There is at least some evidence that a negative tie between two nodes can be destructive to one or the other (LaBianca & Brass, 2006). A negative relationship, however, does not preclude network synchrony. There are both synchronous and nonsynchronous negative relationships. When two (or more) nodes agree that they disagree, there is synchronization. Learning occurs when network actors take the negative into account when establishing subsequent ties. However, nonsynchronous negative relationships can be quite disruptive to a network. For example, one of the tied parties may believe the relationship is positive, while the other actually has a negative disposition (Labianca & Brass, 2006). Barabasi and Albert (2002) discuss a watershed network of brooks, streams, and rivers. In this circumstance, almost all local

ties are negative, leaving flowing water only a relatively few possible paths downhill. In general, the path of least resistance to gravity is followed and the network is highly efficient. In general, then, we expect that as network synchrony increases, network efficiency also increases, regardless of whether the synchronous ties are positive or negative.

Applying these principles of network efficiency and effectiveness to organizations, organizations function as hubs that enhance network synchrony. That is, nodes and resources organize as they do into a cluster that constitutes an organization to facilitate either local synchrony with another network actor or to facilitate synchrony between two or more remotely located network actors.

Physical network flows, as do water drainage and electricity, finding the path of least resistance toward synchronization, structure themselves in predictable ways characteristic of other scale-free, power-law networks (Barabasi, 2002). Social networks follow similar if not equivalent patterns (Collar, 2007). Oliver Williamson's (1981) thesis about the economic position of organizations to reduce transaction costs is consistent with this expectation of networks. That is, if economies are networks, then business organizations are clusters in these networks. Organizational culture plays an important role in organizational and broader network efficiency. In their comprehensive review of network theory research, Stephen Borgatti and Pacey Foster (2003) report that homophily breeds efficiency to the extent that similarity aids the transmission of tacit knowledge, simplifies coordination, and avoids potential conflicts. From the general network perspective, efficiency and economizing mean providing network flows with paths of lesser resistance to their destination. Alternatively, when there is not a set destination for a network flow, the network will tend toward

a path of lesser resistance in the intended direction of the flow. This is a general way of saying that if an agent cannot efficiently broker a transaction between two parties, over time a more efficient broker will be employed.

Organizations are these network "brokers." Organizations persist because they offer network transfer efficiencies. From a broad network perspective, a business organization is a sociotechnical device that organizes economic resource transactions and extracts a reasonable amount of energy from a network as profit. Within this network at a micro level, a manager is a network efficiency/effectiveness device who solves throughput handling and transaction issues that nonthinking machines cannot handle.

While efficiency and effectiveness are hallmarks of business organizations, social networks on their own are not necessarily driven by maximized efficiency of synchronization. Social actors have a multitude of reasons to engage in organization. Some social actors may resist change that would otherwise be implicit in the search for increased efficiency or effectiveness by others. Strategy from a network point of view can be seen as clever attempted manipulations of network synchrony. Organizations that function strategically may be said to synchronize the social desires of one network by disturbing synchrony in another network.

When an organization becomes institutionalized within a larger network, it is forced to operate consistently within a broader community of goals and norms (Selznik, 1957). For example, the institutionalized business organization may turn aside somewhat from economic network forces as it succumbs to the demands of a broader social network of stakeholders. The business organization remains an economizing cluster, but with the institutional constraints that come from operating within a broader network field. Walter Powell,

Douglas White, Kenneth Koput, and Jason Owen-Smith (2005) provide an excellent overview of how network fields evolve as diverse interest networks come together and interact. From an economic standpoint, institutionalization may seem to restrict the efficiency of economic flows. However, this is a narrow understanding. Networks are prior to individual organizations and institutions; to a large extent, network flows and fields (and their synchronization imperative) drive an organization's form and function. The institutionalized organization is not so much inefficient as it is shaped by strong ties to alter networks with noneconomic synchronization needs. When noneconomic institutional network forces intrude to the point that it makes an organization a less efficient transfer point than other accessible clusters, economic network traffic will likely take another path. The organization then risks triggering a downward cascade and failing.

Sustainability is demonstrated by a node or cluster that draws on the resources of a larger network without reducing the energy of the network. That is, in a sustainable economic or business network, any energy removed from the network flow by an organization is offered back in terms of synchronization efficiencies. "Profiteering," or taking more from the network than is given back in synchronization efficiency/ effectiveness, is possible until the network finds an adequate alternative path of lesser resistance. Disruptive network transformation leaves formerly critical nodes surviving only on their own stored energy, consuming themselves until they disappear.

A network functions most sustainably with minimal resistance along its paths. A node is "sustainable" only insofar as the total transaction cost associated with flowing through that node does not exceed the efficiency the network gains by including that node. When a firm, for example, adds a very high total transaction cost to the network in terms of salaries, prices, rents, profits, time, and so forth, it may drain too much from the network. The network would experience this as high resistance to its flow, and subsequently the transaction flow may migrate away from that firm. In that sense, it may be said that the firm is not sustainable or that the transaction costs to the network are not sustainable. It might then be expected that the firm will enter into a downward spiral driven by decreasing returns to adoption. Thus a firm's mandate is to fulfill its "hub" role as quickly as possible and to send outputs to destination nodes that head the overall transaction through the most efficient and effective future paths to its desired end states.

Assigning Value. Organizations in an economic network have pressure to economize in their role in value chains to the extent that the broader economic institution encourages efficiency. Rents can be understood as the gains to an organization for the increased synchrony efficiency or effectiveness that it provides to the broader network flow. Organizations may add value by contributing local resources and by directing network flows in ways that increase the synchronization in the network.

By thinking differently about organizations and incorporating knowledge from multiple fields, network scholars have gained useful information from nontraditional contexts. Brian Uzzi and Jarrett Spiro's (2005) realization that Broadway playbills are artifacts that can be used to measure the movement of social actors within a closed network was highly innovative. Further, cross-referencing these movements with gate receipts and other artifacts from this industry produced important insights about networks from an empirical setting that is quite different from settings such as equity joint ventures, strategic alliances, and supplier networks that have been studied more frequently. Watts (2007) suggests that enough

network data will eventually be available to successfully model and perhaps forecast human social behavior. Although questions about network constraints, performance, value, and failure rose to prominence in the late 1990s (Podolny & Page, 1998), most management questions are about network efficiency, effectiveness, and value (Holloway, 2009; Kim et al., 2006).

Using Old Measures for New Things. Whereas Uzzi and Spiro (2005) successfully designed new measures to study old topics, another way to move forward is to use old measures of new things. From the present review so far, it does not appear that networks are so radically different from previous conceptions of organization that existing measures cannot be successfully applied. At least for the more macro examinations of networks, there may already be a host of available measures and descriptors that can be reconceptualized for network application. First, a researcher might borrow measures from business administration and economics. For instance, network valuation might be approached using financial valuation techniques. Even simple financial models that value bundles and flows of transactions are consistent with network concepts. For example, a simple accounting ratio such as inventory turnover might be useful as a measure of network flow. That is, when quantities and values are put on inventory flows with economic and cost-accounting measures, flow and value measures of network transactions are also being provided. Furthermore, fluctuating financial markets provide a continuous flow of information about the changing monetary value of things. Old measures such as trade volumes and frequencies seem very much in the spirit of network descriptions and measures.

Thus one of the unsung benefits of understanding organizations in network terms is that it allows us to simplify measurement. Researchers require observations of network input flows, throughput flows, and output flows, where these flows come from, and where these flows go. In many cases, these data are located in growing digital email archives, detailed sales records and marketing databases, and electronic purchasing records. Some of these sources have already been used to measure dimensions of various sorts of networks (e.g., Albert, Jeong, & Barabasi, 1999; Bollobas & Riordan, 2003). Using old measures of these new network data sets may provide unexpected insights.

Furthermore, as discussed earlier, recent findings (Barabasi, 2002) provide a statistical distribution to use as a base for hypothesis tests: Specifically, the binomial, fat-tailed, power-law distribution. So there are at least two tools for prediction and testing. First, there is the power-law distribution. Second, there is all the measures of volume, resistance, and flow. Finally, there may also be endpoints that constrain these measures. That is, if networks are scale free, they not only contain each other, they constrain each other.

Rationally speaking, almost any measures related to connectivity, flow, throughput resistance, and accuracy might prove useful to organizational scholars. Economic transactions, resource bundles, and resource flows are not materially different from information exchanges, packets of data, and data flows that move through the Internet. We might borrow from microwave physics, applying amplitude and voltage measures to represent networks. Voltage drop might be used to measure efficiency or the net transaction cost of a firm embedded in a broader economic network. Amps might be used to measure the velocity at which network flows move through an organization. Measures of flowing water may also provide an excellent menu of useful measures. From basic

measures such as volume to complex mathematical models such as those that describe fluid dynamics in areas of confluence, previously developed measures are available that can be applied in a straightforward way to anything that flows.

In general, if organizations are networks and if networks are in flux and defined by flows, then the measures that may be most useful will likely be the same ones that are used to measure other dynamic and efficient networks. Output flows relative to input flows will tend to reveal the efficiency of transaction flow through an organization. Furthermore, if small-world social networks really are scale free, then these same old and simple measures might do just fine at the micro level for measuring a social actor's value added toward synchronization.

Organizational Culture, Networks, Chaos, and Complexity

Networks are complex but are not always chaotic. The development of culture is a complex process, full of variables and feedback loops (Chick, 1997; DiMaggio, 1997). Yet demonstrating that something is complex is not the same as showing that it is chaotic. Chaos describes a particular situation or subset of complexity in which there is some predictable underlying order that manifests itself and dissolves on unpredictable scales of frequency, reliability, and strength. Complexity refers to situations in which there is feedback among and between nodes. Complexity is characterized by rapidly evolving indeterminacy. Complexity may exist when there are many or only a few nodes. The indeterminacy of complex situations, systems, and networks stems largely from general unpredictable sensitivity to micro-level variation and general unpredictable sensitivity to macro-level variation (Brock, 1986; Devaney, 1986).

Arjun Chatrath, Bahram Adrangi, and Kathy Dhanda (2002) modeled and tested for chaos using financial market data and provide a good short summary of the properties and various tests for chaos.

Chaotic paths will have the following properties that should be of special interest to those attempting to understand organizational culture: (a) the universality of certain routes are independent of the details of the culture map; (b) paths are extremely sensitive to microscopic changes in the parameters that define the system, and this property is often termed *sensitive dependence* upon initial condition; and (c) observations appear stochastic even though they are generated by deterministic systems. That is, the vast majority of empirical data of chaotic series are the same as those generated by random variables, which implies that chaotic series will not be identified as such by most standard techniques.

Are Social Networks Chaotic? Some characteristics of networks are consistent with the principle of chaos. For example, in the small world (Watts, 1999) of the work group, culture does develop around initial contextual conditions. Specific network path formation is unpredictable, and the behavior of nodes is also unpredictable as the network is forming. The various cultural norms, values, beliefs, expectations, and behaviors that form are subsequently at least somewhat predictable. Furthermore, the actual network routes that emerge and the behaviors of the nodes will be independent of micro-level details. Once these paths are begun and a network is established, they are at least somewhat deterministic, even if micro-level instances of behaviors appear random. Social networks have many of these properties. For example, social networks exhibit the same micro-level variance and macro-level determinism.

However, social networks have important properties that are not chaotic. Recent

research (Albert & Barabasi, 2002; Barabasi, 2002) reports that many social networks are subject to power laws. We know that hubs develop, and we know that powerful path dependencies develop. It has been well demonstrated that these scale-free social networks are highly stable in the face of micro-level changes in conditions (Albert, Jeong, & Barabasi, 2000; Dodds, Watts, & Sabel, 2003). In organizational cultures, process expectations are set, behavioral habits develop, rules for humor emerge, work intensity stabilizes, and allocation rules for work inputs become settled.

Networks Are Both Robust and Highly Vulnerable. A multitude of strong short ties ensures that work culture is strong and robust. In most social networks, each social actor has multiple ties, which ensures that the network is durable despite a broken tie here or there. In organizations, minor nodes are frequently removed or fail. Bruce Kogut and Gordon Walker (2001) demonstrated that in a power-law network, many minor and even not-so-minor nodes or ties can be removed and the network most likely will remain stable, adjusting quickly and easily. Organizational culture fits this description. Employees and policies may come and go, product lines may be introduced and expire, and still the culture remains generally recognizable and persistent. Organizational culture, at least in its mature form, is apparently not chaotic. Organizational culture is better understood as developing out of complexity to delicate chaos, then to robust network.

Power-law networks are also highly vulnerable to catastrophic failure as a major node or cluster fails or falters. Much like the airline industries' hub-and-spoke system, if a major hub such as Atlanta were to shut down, then the whole network can fall apart very quickly. Even without complete failure, sudden bottlenecks in

transaction processes can quickly have a domino effect on a network, creating huge queues and backups in the process. Once backups occur, it can take a lot to restart the system and get things moving again.

Another source of network vulnerability is rapid transformation. When a new node or a new context is introduced, a cluster may form at that node because of some new synchronization efficiency or effectiveness it offers. When a cluster forms into a hub and subsequently reaches a critical upper boundary of ties, then the network can rapidly cascade and transform. Cascades and network transformation that stem from micro-level "percolation" is another unique source of network instability and change. And although network transformation is not frequent, it is also not unusual. It can be deduced, then, that network models and chaos models are different manifestations of complexity and that they have different properties. Organizational culture is chaotic only at the very boundaries of formation, dissolution, and the very local micro levels. At the macro level, and seen from any distance other than the very local, organizational culture is better described using the network model of complexity than using the chaos model of complexity.

> Proposition 5: Organizational culture is a network subordinate to complexity laws but only subject to chaos at the time of initial formation and final late-stage dissolution.

Networks, Synchrony, and Organizational Culture

The preceding discussion of network characteristics included examples of applications to organizational culture issues. The remaining discussion considers several aspects of organizational culture. Networks research has provided a good answer to explain synchrony in a very complex world. What started as a way to understand the synchronous

flashing of fireflies (Smith, 1935) by applying small-world principles (Granovetter, 1973) led to the explanation of synchrony in neural networks (Castelo-Branco, Goebel, Neuenschwander, & Singer, 2000) and the brain (Chicurel, 2001). Organizational culture is certainly understandable in these terms. For example, one can understand why it is something complex and relatively stable because it is a network. It is not easily disrupted like chaos. Each department is a network cluster of flows through ties. Flows that require guidance, combination, and forwarding "arrive" and push through the department. Local behaviors, meanings, values, and assumptions are generated through direct association with those flows and transactions. Organizational culture is the collection of interfaces between social actors and network flows in a cluster. The network of a department has short strong ties between department members. Behavioral norms get set within that kind of network rather quickly and hold as strongly as the ties. Strong ties indicate close interaction and thus broadly shared meaning between members. This powers a strong local organizational subculture. A few short strong ties sometimes form between departments, and frequently a few long ties develop between a member or two of different departments. It is the occasional long ties across major divisions within a firm that become critically important if a small-world network is to provide cultural and operational synchrony.

What Sort of Actor (Ego or Hub) If Removed Is Most Likely to Radically Alter the Culture?
Although generally robust, cultural networks can certainly be disrupted. Although it is expected that organizational culture is generally resilient to the removal of noncritical nodes and hubs, the removal of a critical cultural hub would likely fundamentally alter the culture. If an organizational culture is in the scale-free, small-world network

state, Barabasi and Albert (2002) suggest that removing just one critical hub can cause a scale-free network to crash. Within industries, organizations, departments, and groups, certain social actors are highly central network hubs (Brass, 1984). If a major hub is removed or disabled in a small-world culture network, the network may become highly disrupted and dysfunctional.

It follows from the present discussion about hubs that relatively few organizational centers of interaction, power, decision making, sensemaking, social prominence, and so on are critical to the culture. What these hubs will be in any particular organization is indeterminate and must be observed locally, as they will emerge through a complex interaction of organization-specific factors. Examples of possible cultural hubs include a meeting room, a repeating event/ceremony attended by many members, a core policy or belief, a building, a value, a person, and even a common assumption that allows members to make sense of events. What they have in common is that a large percentage of network actors connect with that hub on a regular basis.

A cultural hub is a highly frequented network node that influences local sensemaking (Weick, 1995). A cultural hub sets meaning in a way that an outsider who is not utilizing that hub would find distinctive. If department members very frequently made sense of events by thinking of some prime directive, then that directive is a cultural hub. If that particular directive lost its legitimacy so that members could not rely on it, then researchers could predict the culture to morph substantially because it was a critical hub. In the absence of another efficient (i.e., in terms of its sensemaking capability) directive that could absorb the now displaced and unfulfilled need to make sense of things, the department's culture might even collapse.

If a manager takes away a conference room, some employees, a few policies, or

an incentive plan, they may be missed, but the culture will not be impacted in any significant way if these were not critical hubs. However, if the manager were to remove a room, an employee, or an incentive that is a major source of meaning, the culture network could crash.

Phase Transition and Culture. Although generally robust, organizational cultures sometimes undergo transformation. One of the more captivating findings is a network's capability for *phase transition,* the rapid and sometimes dramatic shift from one network state to another. A phase transition may occur when a network is sufficiently connected so that most of the nodes have joined a cluster. At that stage, adding just a few random-length ties to the loose network can cause a very rapid transformation from a loosely linked, not well-synchronized system into a "giant component." Common physical science examples include water freezing and iron magnetizing. No particular molecule is responsible for the transformation event; it is a decentralized, rapidly emergent process. Small events, such as behavioral changes and individual choices, are said to "percolate" through the system, leading to the massive transformation (Watts, 2003).

Social networks are neither completely rational nor entirely random. Organizational cultures are made up of close-knit clusters formed by functional task, common technology, functional department, geography, specialization, and so forth. These clusters are intersected by long-distance links to other clusters within the organization. This is the small-world network. The long-distance connections are boundary spanners that become shortcuts between clusters.

Why Are Organizations Special? This can be answered by exploring the question, why are there hubs? Hubs are clusters. Organizations are at least techno-social clusters and are probably better described as techno-physico-socio clusters. That is just a fancy way of saying that hubs may be a joining of physical resource networks, technological networks, and social networks. A hub is an organization. An organization is a hub. A previous section described how hubs form as a result of power laws and increasing returns to adoption. But why do hubs form? Hubs form in networks for a number of reasons. One is that they may form by chance. Another is that they exist in response to social institutional–level forces that impinge on otherwise random transaction flows. Still another is that they exist in response to constantly percolating local requests for connection, transaction, and synchronization. In addition, if cultures are also networks, then we can expect core cultural sources of meaning to be quickly accessible from very remote and seemingly localized locations. This would imply that managers need not worry that organizational culture cannot successfully spread across a physically scattered organization. And if it is true that only a few long ties are needed for cultures to spread, then spreading culture so that meaning is synchronized across an organization's parts need not be a resource-intensive activity.

Within a department, ties will tend to be strong if the level of specialization and complexity is lower, and ties will tend to be weaker as specialization and task complexity build (Fuchs, 2001). Weak ties exist both within an organization and between organizations. For example, ties between competitors often exist but are rarely strong. However, in more mature industries, competitor ties will tend to be stronger, as evidenced by synchronization of pricing and promotion practices. Ties to suppliers and other stakeholders will vary somewhere between weak and strong. To some extent, owners and governors set the strength of ties between the organization and its stakeholders by declaring in the

organizational charter which stakeholders matter most, and which matter least. Furthermore, suppliers and buyers may be more or less tightly linked. For example, an integrated just-in-time inventory pull system would be a tight link; regular outsourced subcontracting relationships with law firms, cleaning company/maintenance, and shipping contracts are less strong ties, yet are not weak ties.

Network theory has advanced over the past decade. While management scholars have paid a lot of attention to network theory, the majority of the advances have come from outside of the field of management. Some of these advances affect understandings of organizations and the nature of organizational culture. The propositions and discussion in this chapter highlight five areas of network theory that have advanced significantly in the last decade. These propositions, if true, support claims that organizational culture develops around a relatively few core sources of meaning (see Peterson & Smith, 2000; Smith & Peterson, 1988) widely used by organizational members when they make sense of events (Weick, 1995). These sources include ideas, objects, people, events, and schemas. Furthermore, if established networks are relatively stable, robust, and chaotic in the birth and demise stages, then managers should expect changing an organizational culture to be very difficult and risky. If network stability is robust to the removal of noncore hubs, the disappearance of a major sensemaking hub should lead to cultural chaos. Furthermore, the disappearance of a nonmajor sensemaking hub will likely "heal" without any appreciable disruption to the functioning of the network in general. It is further implied that managers may "seed" a cultural network by directing organizational members to utilize particular meaning sources until those sources become hubs. However, if (a) networks are complex, (b) networks emerge in a (small-world) way that promotes efficient network node synchronization, and (c) networks naturally grow within broader networks, then management decisions to direct what hubs are operant may lead to suboptimal and/or unexpected results.

Finally, this network approach implies that top management is intensely aware of the operant cultural hubs and does not overfocus attention upon espoused cultural hubs. There are espoused and operant ideas within a culture, but it is failure of the operating hubs that defines the risk. Failure of an operant core hub puts an organization at risk of critical failure.

TERMINOLOGY APPENDIX

Following are short descriptions of common network theory–related terms that are used throughout this chapter that stand out as fundamental to the discussion. They are offered as updates for previous definitions and interpretations of common network theory terms offered in the literature, in light of the five propositions presented earlier. This chapter makes no claims that these usages always conform with any specific usage previously offered in the literature. They are a synthesis of previous, widely held definitions of these terms and contemporary research perspectives on networks as of 2010.

Alter The term used for any network actor that has a tie with an ego.

Cascade The process through which rapid transformation and information/innovation diffusion occurs in networks. A cascade results from microactivity at the individual social-actor and local-tie level. Cascades are the network versions of rapidly accelerating spirals of adoption (and defection) described in innovation diffusion theory and path dependency theory.

Chaos A type of complexity in which there is (at least some) predictable order or patterning that emerges and dissolves on an unpredictable schedule at unpredictable strengths.

Cluster A description of what appears from a distance to be a group of nodes with local short ties to each other.

Complexity Refers to situations in which there is feedback among and between nodes. Complexity is characterized by rapidly evolving indeterminacy. Complexity may exist when there are many or only a few nodes. The indeterminacy of complex situations, systems, and networks stems largely from general unpredictable sensitivity to micro-level variation and general unpredictable sensitivity to macro-level variation.

Culture Culture from a network perspective is a cluster of subnets of ideas, sensemaking tendencies, emotions, self-interest profiles, action rules, and subsequent artifacts shared within and between social actor networks. A culture is the whole cluster, everything included. Network homophily is an artifact of a culture (see McPherson et al., 2001, for an extensive review of homophily).

Ego A variable term used to note the specific social network actor that is being discussed as central.

Homophily The idea that "similarity breeds connection," and "the result is that people's personal networks are homogeneous" (McPherson et al., 2001, p. 416). "Homophily is the principle that a contact between similar people occurs at a higher rate than among dissimilar people. The pervasive fact of homophily means that cultural, behavioral, genetic, or material information that flows through networks will tend to be localized" (p. 416). Homophily is used to explain social actors connecting with others like themselves most of the time.

Idea Any cognitive construct counts as an idea.

Link Links attach two nodes. Linked nodes form a network. Growing hubs have increasingly attractive links as they grow. As links increase in number and strength, alters are able to make broad, cross-cutting interconnections across all group members (Putnam, 2000). Low resistance, speed, and accuracy define link efficiency and effectiveness.

Long tie paths Long ties are direct paths between nodes that skip over possible short-path local nodes. They connect with nodes in locations beyond local clusters. Long ties allow networks to economize on the average number of degrees of separation between network nodes. Long ties allow efficient synchronization in broad networks.

Network Semiordered fields (Powell, White, Koput, & Owen-Smith, 2005; Watts, 2004). Networks are primary (Fuchs, 2001) and enable synchronous action. Networks are also the result of synchronous actions/transactions. That is, no synchronous action is independent of a network, and no network is independent of synchronous action.

Node Outcomes of networks. "Node" is also a notation for a network actor (cf. Borgatti & Foster, 2003). Actors can be social actors or technological actors or other physical actors. Neither "node" nor "actor" implies any particular level of aggregation or disaggregation.

Path The actual node-to-node journey of ties taken between nodes by a transmission stream to its end state.

Path dependency Path dependency as generally demonstrated by Arthur (1987) describes a spiraling feedback process that increases or decreases the likelihood that a subsequent event will synchronize with a prior event. This happens when prior events create increasing efficiency and effectiveness

associated with a path, which makes the path more and more attractive relative to other possible paths, and increased adoption is positively related with increased efficiency and/or effectiveness of the path. Antonelli (1997) calls it "the set of dynamic processes where small events have long-lasting consequences that economic action at each moment can modify yet only to a limited extent . . . generated by the overlapping of irreversibility, indivisibility and structural actions of agents" (p. 643).

People Egos and alters that are human.

Power law/Scale free In scale-free networks, level of aggregation does not impact overall structure rules, and ties are not normally distributed among actors. Many networks exhibit this architecture, including many social networks. Networks in which the vast majority of nodes have very few ties, while a very few nodes have a large number of ties, are said to be "scale free" and subject to the power law. Power-law and scale-free networks have "hubs," which are nodes that have a disproportionately large number of ties. The power law is a result of increasing returns to adoption: The probability of a new node joining to an existing node is proportional to the number of network links or network synchs that hub already has completed.

Short tie paths Network paths between local nodes. A short tie can exist between nodes within the local cluster or can be between nodes in a closely located external cluster.

Small world The term used for a network that has a very low average degree of separation between any two nodes relative to the maximum number of degrees of separation in that network (Baum, Shipilov, & Rowley, 2003; Watts, 1999). Long ties that bridge local alters and clusters make this possible. Small-world networks are searchable (Kleinberg, 2000), tend toward low

average shortest path length, and have a high clustering coefficient (Watts & Strogatz, 1998). They are efficient networks (Schilling, 2005; Uzzi & Spiro, 2005). When there are forces for increased efficiency and/or increased effectiveness, small-world networks tend to be in evidence. In social networks, affiliation networks of actors and groups (Newman & Park, 2003) make this possible.

Society The current sum of network activity at a given moment (Fuchs, 2001).

Strong ties, Weak ties The strength of a network tie is determined by synchronicity compliance between nodes. A strong tie is characterized by a high likelihood of compliance between two or more nodes. This is similar to Granovetter's (1973, p. 1361) seminal definition of tie strength as a "(probably linear) combination of the amount of time, the emotional intensity, the intimacy (mutual confiding), and the reciprocal services which characterize the tie." Compliance is inferred from synchronous behavior. Strength is also characterized by ties that do not break under above-normal variation in the network. This is similar to Capaldo's (2007) adaptation of the tie-strength construct. Capaldo suggested that greater resource commitments and a longer duration of a tie increase tie strength. A weak tie is one characterized by low likelihood of compliance and synchronicity between nodes. Fewer repeated ties, more ties with a greater number of partners, ties with fewer resource commitments, and ties lasting for shorter durations characterize weak ties (Capaldo, 2007). Weakness also refers to ties that break due to small variations introduced into the network field.

Synch A synchrony instance (see *synchrony*).

Synchrony Exists when two network nodes/actors behave at the same time as

though they are in agreement. When non-random synchrony is evidence of links and transactions and thus a network. A "synch" is a synchrony instance. In general, a synch implies a link, and the occurrence of both implies a network. Strategically speaking, the "reason" networks have links is to promote synchs, so synchs are a good base unit for network performance. Synchrony requires connectivity, a high speed of transmission, and accuracy of transmission. Synchrony is functionally concurrent node agreement or equivalence on or about anything. For example, evidence of synchrony includes shared understanding about something; physical agreement; agreement about meanings of words, sentences, or phrases; agreement about meanings of a contract; exchange arrangements; and same energy output level, same wavelength, and matched expression of internal or external states of being between nodes—that is, anything.

Tie The result of a connection between two network nodes. Ties connect pairs of actors and can be directed or undirected, dichotomous or valued (Borgatti & Foster, 2003). Link values and node relationships may be negative as well as positive (Labianca & Brass, 2006). A tie is evidenced by some degree of past or present synchrony between nodes.

Transformation A major change in network architecture that may or may not include a change in local components. Transformation is also known as a phase transition in some physical networks.

REFERENCES

Albert, R., & Barabasi, A. (2002). Statistical mechanics of complex networks. *Reviews of Modern Physics, 74*(1), 47–97.

Albert, R., Jeong, H., & Barabasi, A. L. (1999). Diameter of the World Wide Web. *Nature 401*, 130–131.

Albert, R., Jeong, H., & Barabasi, A. (2000). Error and attack tolerance of complex networks. *Nature, 406*(6794), 378.

Antonelli, C. (1997). The economics of path-dependence in industrial organization. *International Journal of Industrial Organization, 15*(6), 643.

Arthur, W. B. (1987). Competing technologies: An overview. In G. Dosi, C. Freeman, R. R. Nelson, G. Silverberg, & L. L. G. Soete (Eds.), *Technical change and economic theory* (pp. 590–607). London: Frances Pinter.

Barabasi, A. (2002). *Linked: The new science of networks.* Cambridge, MA: Perseus.

Barabasi, A., & Albert, R. (1999). Emergence of scaling in random networks. *Science, 286*(5439), 509.

Barabasi, A., & Albert, R. (2002). Emergence of scaling in complex networks. In S. Bornholdtand and H. G. Schuster (Eds.), *Handbook of graphs and networks: From the genome to the Internet* (pp. 69–84). Berlin: Wiley-VCH.

Baum, J. A. C., Shipilov, A., & Rowley, T. (2003). Where do small worlds come from? *Industrial and Corporate Change, 12*(4), 697–725.

Bollobas, B., & Riordan, O. (2003). Mathematical results on scale-free random graphs. In S. Bornholdt & H. G. Schuster (Eds.), *Handbook of graphs and networks: From the genome to the Internet* (pp. 1–34). Berlin: Wiley-VCH.

Borgatti, S. P., & Foster, P. C. (2003). The network paradigm in organizational research: A review and typology. *Journal of Management, 29*(6), 991–1014.

Brass, D. (1984). Being in the right place: A structural analysis of individual influence in an organization. *Administrative Science Quarterly, 29*(4), 518–539.

Brass, D. (1985). Men's and women's networks: A study of interaction patterns and influence in an organization. *Academy of Management Journal, 28*(2), 327–343.

Brock, W. A. (1986). Distinguishing random and deterministic systems. *Journal of Economic Theory* (40), 168–195.

Burt, R. S. (1992). *Structural holes: The social structure of competition.* Cambridge, MA: Harvard University Press.

Burt, R. S. (2004). Structural holes and good ideas. *American Journal of Sociology, 110*(2), 349–399.

Capaldo, A. (2007). Network structure and innovation: The leveraging of a dual network as a distinctive relational capability. *Strategic Management Journal* (28b), 585–608.

Castelo-Branco, M., Goebel, R., Neuenschwander, S., & Singer, W. (2000, June 8). Neural synchrony correlates with surface segregation rules. *Nature, 405,* 685–689.

Chatrath, A., Adrangi, B., & Dhanda, K. (2002). Are commodity prices chaotic? *Agricultural Economies, 27*(2), 123–137.

Chick, G. (1997). Cultural complexity: The concept and its measurement. *Cross-Cultural Research, 31*(4), 275–307.

Chicurel, M. (2001, July 19). Windows on the brain. *Nature, 412,* 266–268.

Collar, A. (2007). Network theory and religious innovation. *Mediterranean Historical Review, 22*(1), 149–162.

Davis, G. F., Yoo, M., & Baker, W. (2003). The small world of the corporate elite, 1982–2001. *Strategic Organization, 1*(3), 301–336.

Devaney, R. L. (1986). *An introduction to chaotic dynamical systems.* Menlo Park, CA: Benjamin/Cummings.

DiMaggio, P. (1997). Culture and cognition. *Annual Review of Sociology, 23,* 263–287.

Dodds, P. S., Watts, D. J., & Sabel, C. F. (2003). Information exchange and the robustness of organizational networks. *Proceedings of the National Academy of Sciences of the United States of America, 100*(21), 12516–12521.

Erdős, P., & Rényi, A. (1960). The evolution of random graphs. *Magyar Tud. Akad. Mat. Kutato Int. Kozl.* (5), 17–61.

Etzkowitz, H., Kemelgor, C., Neuschatz M., Uzzi, B., & Alonzo, J. (1994). The paradox of critical mass for women in science. *Science, 266,* 51–54.

Etzkowitz, H., Kemelgor, C., & Uzzi, B. (2000). *Athena unbound: The advancement of women in science and technology.* Cambridge: Cambridge University Press.

Fuchs, S. (2001). *Against essentialism: A theory of culture and society.* Cambridge, MA: Harvard University Press.

Ghosh, S., & Velázquez-Quesada, F. R. (2009). Expressing belief flow in assertion networks. In *Lecture Notes in Computer Science,* Vol. 5422/2009: Heidelberg, Germany: Springer Berlin.

Granovetter, M. S. (1973). The strength of weak ties. *American Journal of Sociology, 78*(6), 1360–1380.

Holloway, S. (2009). When does the network organization form fail? Examining the impact of project characteristics on organizational structure and performance. Unpublished doctoral dissertation, University of Oregon.

Kim, T., Oh, H., & Swaminathan, A. (2006). Framing interorganizational network change: A network inertia perspective. *Academy of Management Review, 31*(3), 704.

Kleinberg, J. (2000). Navigation in a small world: It is easier to find short chains between points in some networks than others. *Nature, 406*, 845.

Kogut, B. (2000). The network as knowledge: Generative rules and the emergence of structure. *Strategic Management Journal, 21*(3), 405–426.

Kogut, B., & Walker, G. (2001). The small world of Germany and the durability of national networks. *American Sociological Review, 66*, 317–335.

Kolb, D. G., & Shepherd, D. M. (1997). Concept mapping organizational cultures. *Journal of Management Inquiry, 6*(4), 282–295.

Kossinets, G., & Watts, D. (2009). Origins of homophily in an evolving social network. *American Journal of Sociology, 115*(2), 405.

Labianca, G., & Brass, D. (2006). Exploring the social ledger: Negative relationships and negative asymmetry in social networks in organizations. *Academy of Management: The Academy of Management Review, 31*(3), 596–614.

Latora, V., & Marchiori, M. (2001). Efficient behavior of small-world networks. *Los Alamos National Laboratory Archives.*

Mandelbrot, B. B. (1982). The fractal geometry of nature. San Francisco: W. H. Freeman.

Manev, R., & Manev, H. (2005). The meaning of mammalian adult neurogenesis and the function of newly added neurons: The "small-world" network. *Med Hypotheses, 64*(1), 114–117.

Marsden, P. (1990). Network data and measurement. *Annual Review of Sociology,* (16), 435–463.

McPherson, M., Smith-Lovin, L., & Cook, J. (2001). Birds of a feather: Homophily in social networks. *Annual Review of Sociology,* (27), 415–444.

Meckler, M. (2001). Influences on the performance of organizational knowledge transfer. Doctoral dissertation, Florida Atlantic University.

Milgram, S. (1967). The small world problem. *Psychology Today,* (2), 60–76.

Nebus, J. (2006). Building collegial information networks: A theory of advice network generation. *Academy of Management Review, 31*(3), 615–637.

Newman, M. (2001). The structure of scientific collaboration networks. *Proceedings of the National Academy of Sciences,* (98), 404–409.

Newman, M. (2003). The structure and function of complex networks. *SIAM Review,* (45), 167–256.

Newman, M., & Park, J. (2003). Why social networks are different from other types of networks. *Physical Review E, 68*(036122).

Novak, J., & Cañas, A. (2008). The theory underlying concept maps and how to construct and use them. *Technical Report IHMC CmapTools 2006–01 Rev 01–2008, Florida Institute for Human and Machine Cognition,* available at http://cmap.ihmc.us/Publications/ResearchPapers/TheoryUnderlyingConceptMaps.pdf

Peterson, M. F., & Smith, P. B. (2000). Sources of meaning, organizations and culture: Making sense of organizational events. In N. M. Ashkanasy, C. P. M. Wilderom, & M. F. Peterson (Eds.), *Handbook of organizational culture and climate* (pp. 101–115). Thousand Oaks, CA: Sage.

Podolny, J. M., & Page, K. L. (1998). Network forms of organization. *Annual Review of Sociology, 24,* 57.

Powell, W. W., White, D. R., Koput, K. W., & Owen-Smith, O. (2005). Network dynamics and field evolution: The growth of interorganizational collaboration in the life sciences. *American Journal of Sociology,* 110–114.

Provan, K. G., & Kenis, P. (2007). Modes of network governance: Structure, management, and effectiveness. *Journal of Public Administration Research & Theory, 18*(2), 229.

Provan, K. G., & Milward, H. (1995). Preliminary theory of interorganizational network effectiveness: A comparative study of four community mental health systems. *Administrative Science Quarterly, 40,* 1.

Provan, K. G., & Milward, H. (2001). Do networks really work? A framework for evaluating public-sector organizational networks. *Public Administration Review, 61*(4), 414.

Putnam, R. D. (2000). *Bowling alone: The collapse and revival of American community.* New York: Simon & Schuster.

Reagans, R., & McEvily, B. (2003). Network structure and knowledge transfer: The effects of cohesion and range. *Administrative Science Quarterly, 48*(2), 240–267.

Scannell, J. W. (1997, April 3). Determining cortical landscapes. *Nature, 386,* 452.

Schilling, M. (2005). A "small-world" network model of cognitive insight. *Creativity Research Journal, 17*(2), 131.

Schilling, M. (2008). *Strategic management of technological innovation.* Boston: McGraw-Hill/Irwin.

Selznick, P. (1957). Leadership in administration. Evanston, IL: Row, Peterson.

Sheard, S. (2009). Complex adaptive systems in engineering and management. *Handbook of Systems Engineering and Management, 2,* 1283.

Smith, H. M. (1935). Synchronous flashing of fireflies. *Science, 82,* 151.

Smith, P. B., & Peterson, M. F. (1988). *Leadership, organizations and culture: An event management model.* London: Sage.

Travers, J., & Milgram, S. (1969). An experimental study of the small world problem. *Sociometry, 32,* 425.

Trompenaars, F. (1993). *Riding the waves of culture: Understanding diversity in global business.* Homewood, IL: Irwin.

Trompenaars, F. (1996). Resolving international conflict: Culture and business strategy. *Business Strategy Review, 7*(3), 51.

Uzzi, B., & Spiro, J. (2005). Collaboration and creativity: The small world problem. *American Journal of Sociology, 111*(2), 447.

Watts, D. (1999). *Small worlds.* Princeton, NJ: Princeton University Press.

Watts, D. J. (2002). A simple model of global cascades on random networks. *Proceedings of the National Academy of Sciences of the United States of America, 99*(9), 5766.

Watts, D. J. (2004). The "new" science of networks. *Annual Review of Sociology, 30,* 243.

Watts, D. J. (2007). A twenty-first century science. *Nature, 445*(7127), 489.

Watts, D. J., & Strogatz, S. H. (1998). Collective dynamics of "small-world" networks. *Nature, 393*(6684), 440.

Watts, Duncan. (2003). *Six degrees.* New York: Norton.

Weick, K. (1995). *Sensemaking in organizations.* Thousand Oaks, CA: Sage.

Williams, C. (1998). Using concept maps to assess conceptual knowledge of function. *Journal for Research in Mathematics Education, 29*(4) 414–442.

Williamson, O. E. (1981). The economics of organization: The transaction cost approach. *American Journal of Sociology, 87*(3), 548–577.

Organizational Identity

Culture's Conceptual Cousin

Glen E. Kreiner

I remember my first introduction to the construct of organizational culture. It was in a graduate course on organizational behavior at Brigham Young University. Our guest lecturer was Alan Wilkins, who was one of the early scholars in the area of organizational culture. The two things I remember from that day left a clear impression on me about the meaning—and value—of the culture construct.

First, Alan engaged us in a brief experiential exercise. You can try it as you read along—you might want to try this in class some day. He had each of us fold our arms. Then he asked us to take a look at which arm was on top, and *reverse* the arms so that the on-top arm was now folded as the bottom arm. "How does that feel?" he asked us. People shouted out, "Weird." "Strange." "I don't like it." "Unnatural." Indeed! Alan went on to explain that we never really think about how we fold our arms—we just do it. He likened this to organizational culture—people behave in certain ways because "We just do it that way." His point sunk in.

So much of what we do flows from something in us or around us that is so taken for granted that only upon a sudden change are we aware of what we are doing or why. Even now, some 15 years later, I use this activity when I introduce the notion of culture to my students.

The second memory I have from Alan's lecture was an example he gave of McDonald's responding to allegations of using worms in their hamburger meat. Their response was to take out a full-page newspaper ad saying, in effect, "At $10 a pound, why would we use worms instead of hamburger meat?" To dispel the rumors, they were playing up their culture, identity, and image as a low-cost, budget organization. I remember thinking about the *congruence* between who they were and what they showed to insiders and outsiders. Taken together, these two memories illuminate how culture and identity are intertwined—both rely on underlying values and assumptions, and although perhaps hard to "access," both are powerful tools

for communication and action once tapped. Little did I know then that a few years later I would begin studying organizational and individual identity in earnest. In this chapter, I demonstrate how much of organizational identity's premise and promise are rooted in culture, and I suggest some future avenues for research. Certainly, organizational identity owes much of its flourishing to culture, yet it stands now on its own as an ever-growing body of literature.

ORGANIZATIONAL IDENTITY

While the construct of organizational culture was in its adolescence, organizational identity (OI) was in its infancy. Introduced to organizational scholars by Stuart Albert and David Whetten (1985), identity was soon compared with and contrasted to the more established construct of organizational culture (e.g., Fiol, 1991). Now, with organizational identity in its adolescent years (Corley, Harquail, Pratt, Glynn, Fiol, & Hatch, 2006), the construct has found rich theoretical elaborations yet still yearns for legitimacy through empirical support and connections to other research areas. In this chapter, I review the key tenets of organizational identity and link them to organizational culture. Specifically, I develop a model that demonstrates how the two main approaches to organizational identity (the social actor and social constructionist perspectives) can be seen both to draw on and contribute to organizational culture. I also consider how identity and culture are manifested through duality and multiplicity as well as how they shape individual identity. Finally, I end by proposing avenues for future research that both capitalize on and depart from identity's ties to culture.

Organizational identity answers the "Who are we?" question about an organization and consists of three major facets: *definitional* (institutionalized identity claims arising from central, enduring, and distinctive organizational characteristics), *ideational* (the shared beliefs of organizational members), and *phenomenological* (identity-related discourse relating to important organizational events) (Albert & Whetten, 1985; Whetten, 2007). Two main approaches to OI have emerged over the years: the social actor perspective and the social constructionist perspective. Both perspectives agree that OI is an organizational-level construct. That is, when we speak of OI the referent should be, literally, *organizational* identity, not the identities of the individuals in or out of the organization. I agree with Davide Ravasi and Majken Schultz (2006), who point out that scholars in these two perspectives often focus on complementary features of the same phenomenon. As such, I consider how both approaches are linked to culture as well as how they might be considered in tandem to better understand the identity–culture link.

Other approaches or conceptual relatives to identity at a macro level also exist, but their emphasis is sufficiently different from OI and culture that I do not include them in this chapter. These include "corporate identity," which derives from the marketing literature and focuses on how the distinguishing characteristics of an organization are communicated to various audiences (Margulies, 1977), and "organizational image," which is generally defined as how outsiders perceive the organization or, in the case of *construed external image,* how insiders perceive outsiders to perceive the organization (Dutton, Dukerich, & Harquail, 1994).

Social Actor Perspective

Let's first take a look at the social actor perspective, which owes its roots to institutional theory. This camp argues that OI is "the property of the organization as an

entity or 'social actor' that can be discerned only by the patterns of that organization's entity-level commitments, obligations, and actions" (Corley et al., 2006, p. 87). As such, the emphasis is on the organization as a player along with other like organizations. From this perspective, OI derives from institutional claims available to organizational members (Whetten & Mackey, 2002); it tends to focus on the potential for continuity and consistency for member sensemaking provided by these institutional claims (Ravasi & Schultz, 2006).

Whetten (2007) notes that modern society grants organizations a social status similar to that of individuals, giving them similar rights and responsibilities. Organizations, like individuals, must be known and distinguishable from others. They become known through distinguishable features that are accepted by other organizations and individuals (Whetten, 2007). A key part of the "Who are we?" question for organizations involves a "Who are we not?" component. Organizational leaders must therefore fashion an organizational identity that separates the organization from others, especially within their institutional field or industry. Like individuals, organizations must negotiate the tension between similarity to and difference from other organizations in order to achieve some kind of optimal balance (c.f., Kreiner, Hollensbe, & Sheep, 2006a).

Social Constructionist Perspective

If the social actor approach is about *leadership* providing *consistency,* the social constructionist approach is about *membership* and *fluidity.* Contrary to the social actor perspective of OI, the social constructionist perspective focuses on individuals' cognitions about what the organization is and how it is distinct from other organizations (Dutton & Dukerich, 1991; Gioia, Schultz & Corley, 2000; Fiol,

2002). But these cognitions are dealt with in terms of being *shared* rather than fully idiosyncratic. Hence, OI resides in the "collectively shared beliefs and understandings about central and relatively permanent features of an organization" (Ravasi & Schultz, 2006, p. 434). From this vantage point, OI is based on collective cognition coupled with shared individual cognitions. Or, as Kevin Corley et al. (2006) put it, the "two wings of the same bird" are (1) individuals' cognitions about OI, and (2) the collective beliefs about OI. These individual and shared cognitions interact dialectically in the organization to produce OI (Haslam & Ellemers, 2005) and can be considered as "mutually constitutive" (Gioia, Price, Hamilton, & Thomas, 2010). Note that these shared cognitions may or may not map neatly onto the version of OI shaped by leaders.

LINKAGES BETWEEN ORGANIZATIONAL CULTURE AND IDENTITY

Having briefly considered the two main approaches to OI, we now turn to considering some key differences and linkages between OI and organizational culture. As the chapter title suggests, I consider the two to be "conceptual cousins," and my choice of that term is quite deliberate. For some who are outside of the field of OI, it might appear that culture and OI are closer relatives than cousins—siblings, perhaps, or even identical twins! Indeed, Mary Jo Hatch and Majken Schultz (2000) likened the myriad terms and constructs related to culture, identity, and image to the Tower of Babel—since few of us were using the same language while talking about similar things. But despite an early and somewhat continuing confusion between the two constructs, in reality much work—conceptual and

empirical—has carefully laid out differences and similarities between the two.

Previous Conceptual Linkages

Previous research has argued that organizational culture tends to be tacit, autonomous, and embedded in shared practices, whereas OI is relational and consciously self-reflexive (Ravasi & Schultz, 2006). In addition, Hatch and Schultz (1997), two of the earliest and most frequent writers about the interrelations between culture and identity, noted that OI is "grounded in local meanings and organizational symbols and thus embedded in organizational culture, which we see as the internal symbolic context for the development and maintenance of organization identity" (p. 358). Hence, they argued that culture should be considered in understanding the origins and adaptations to OI. Similarly, Hatch (1993) noted that since identity is about how we define ourselves, the process is inherently influenced by the assumptions and values of the culture. So, culture is the context in which identity dynamics occur. Furthering this line of thinking, Marlene Fiol, Mary Jo Hatch, and Karen Golden-Biddle (1998) provide the example of a business school defined by its cultural values such as research being more important than other aspects of academic life. They add that culture provides the behavioral expectations that define a social system, whereas identity provides the contextual understanding of that system; this contextual understanding then governs how people understand themselves vis-à-vis the larger social system.

Hatch and Schultz (2000), in their insightful book linking identity, reputation, and brand, outline three primary ways that culture and OI are related yet distinct constructs: textual versus contextual, explicit versus tacit, and instrumental versus emergent. In the *textual versus contextual* dimension, they argue that culture

provides *context,* while identity provides *text* of who we are as an organization. This works in tandem with the narrative view of organizational identity, as identity is formed via "texts" (stories, either oral or written) about who we are, as embedded in a cultural context (Czarniawska, 1997). In the *explicit versus tacit* dimension, Hatch and Schultz (2000) note that "reflections on the organization's identity are assumed to take place at a more conscious level than that at which cultural knowledge resides, because they involve organizational members being explicit about the existence of an organization" (p. 25). In fact, OI by definition has a reflexive element—a level of explicit self-awareness—that is not inherent in culture. Hence, culture resides at a more taken-for-granted level, whereas identity involves a more explicit construction and communication process. That said, Hatch and Schultz (2000) also note that this is a *general* tendency and distinction, as some identity processes may "run as deep or deeper" (p. 26) than culture. Finally, in the *instrumental versus emergent* dimension, they note how symbols are often used instrumentally to cue a desired identity or to demonstrate that identity to others (e.g., through naming, slogans, logos). Conversely, symbols are emergent as they are developed as part of the sensemaking processes inherent in creating and interpreting organizational culture.

Empirical Linkages

As has been the case with organizational identity research as a whole, conceptual work on identity's link to culture far outpaces the empirical work. In one of the few exceptions to the dearth of empirical work in the area, Ravasi and Schultz (2006) demonstrated how culture shapes responses to organizational identity threats. Specifically, they highlighted the role of culture in

the sensemaking and sensegiving processes that were triggered by identity threats. They found that these external changes (threats) spurred organizational members to reevaluate aspects of the organizational identity, supporting previous conceptual work positing a dynamic relationship among culture, image, and identity. Corley (2004) also demonstrated some empirical linkages between culture and identity, but with regard to organizational strategy. He found that members in higher levels of the hierarchy tended to frame identity in terms of the organizational strategy, whereas members in lower levels of the hierarchy tended to frame it in relation to organizational culture. This was manifested through members' beliefs about the nature of the identity, the most important discrepancies about the identity, and how identity related to organizational change.

Subcultures and Multiple Organizational Identities

As noted by Francis Yammarino and Fred Dansereau (Chapter 4 of this *Handbook*), any given *level* of analysis can also be viewed by its *unit* of analysis: whole (focusing between entities) or parts (focusing within entities). Sometimes, researchers get into a trap of believing that culture or identity (at the organizational or individual level) is merely comprised of a unitary whole. However, the predominant viewpoint is that identity (at both levels) and organizational culture have multiple components. Hence, I believe we can look at both parts *and* whole when simultaneously considering organizational identity and culture.

Organizations, like individuals, have more than one aspect to their identities, and these aspects can develop or change over time. This change can occur as organizations acquire other companies, grow in size or complexity, or respond to external threats or changes (e.g., Pratt & Foreman, 2000). Hybrid identities are those organizations "that embody two or more identities at the same time. What is core, distinctive, and at least relatively enduring about the organization is that it is both an X *and* a Y" (Albert & Adams, 2002, p. 25). Hybrid (two) or multiple (more than two) organizational identities have been theorized since Albert and Whetten's (1985) first treatment of identity and have been recognized in instances such as rural cooperatives (as both community based and business based, Foreman & Whetten, 2002), family businesses (as comprising both family and business aspects of identity, Sundaramurthy & Kreiner, 2008), not-for-profits (as having both a volunteer and a business aspect of identity, Golden-Biddle & Rao, 1997), and in arts-based organizations (e.g., a symphony torn between artistic and business identities, Glynn, 2000). Hybrid or multiple identities can be complementary and synergistic or competing and contradictory, and conflicting organizational identities can have negative consequences for individuals (Kreiner, 2007; Kreiner & Ashforth, 2004). In fact, hybrid identities have been shown to vary across three key dimensions: the extent to which they are *inviolate* (aspects of the hybrid cannot be compromised), *indispensible* (aspects of the identity cannot be deleted), and *incompatible* (conflict with one another) (Albert & Adams, 2002). Similarly, research on culture has demonstrated a myriad of ways in which organizational cultures have multiple parts, such as subcultures (Trice & Beyer, 1993). Joanne Martin (2002) defined three theoretical views of organizational culture, each of which represents a unique perspective that has been taken by researchers of culture.

The first is *integration,* in which "each cultural manifestation is consistent with the next, creating a net of mutually

reinforcing elements" (Martin, 2002, p. 95). In this approach, researchers demonstrate similarities within the whole rather than variance among the parts (to use the levels terminology). The emphases are on organization-wide consensus and consistency among manifestations of culture, whereas ambiguity is essentially excluded from analysis.

The second theoretical view of culture is *differentiation*, in which culture is interpreted inconsistently (Martin, 2002). This can occur in two ways. First, the same people in the organization can have different interpretations of culture and its meaning. For example, organizational members can acknowledge a different way of communicating to outsiders than to insiders. The second way to manifest differentiation is that different groups see culture differently—their unique vantage point changes the way culture is interpreted and enacted. The emphases with the differentiation approach are on consensus within subcultures, inconsistency among manifestations of culture, and ambiguity channeled outside of subcultures. This approach is consistent with the "idiographic" vein of the social actor approach to organizational identity, as well as some of the research on hybrid identity in the social construction approach (Albert & Whetten, 1985; Foreman & Whetten, 2002).

The third theoretical view of culture is that of *fragmentation,* in which multiplicity, flux, ambiguity, and paradox are fully included and emphasized in analysis. Martin (2002) posits that this approach to culture includes fragmentation that not only results from ignorance or confusion but "also encompasses the complications that the clear oppositions of dichotomous thinking omit. It includes irreconcilable tensions between opposites, sometimes described as ironies, paradoxes, or contradictions" (p. 104). The emphasis with this approach is that there is a lack of consensus about culture, culture's manifestations are either not clearly consistent or inconsistent, and ambiguity is acknowledged. A parallel can be drawn between this approach to culture and the social constructionist approach to organizational identity, which inherently allows for dissensus and strives to include disparate voices in analysis.

Although most empirical studies use only one of the three approaches to studying culture, Martin advocates using all three of the cultural theoretical perspectives together in studying a culture, noting that a three-pronged approach helps overcome each perspective's blind spots and limitations. Identity researchers would do well to consider adapting that advice within identity research. On the one hand, it might seem overly complex to include all three approaches in a study. On the other, when was the last time an interesting organization's identity was simple? For example, we might consider what aspects of organizational identity are shared within an organization being studied, what aspects are agreed to be present by all but valued differently, and what aspects are contended differently by subgroups. An organization can have some aspects of each type.

As an example of the potential fruitfulness of this approach, in our study of the Episcopal church, my colleagues and I found that there is high consensus by nearly everyone at all levels of the organization around *some* aspects of identity (such as it being Christ centered, focused on worship services, and heavily influenced by the *Book of Common Prayer*). Yet, around other aspects of identity (such as "inclusion focused"), most subgroups agree that it is an important aspect but have vastly different interpretations of what it means (e.g., conservatives disagree with liberals about whether gays should be included). Last, for still other aspects of identity, some groups would claim them as central, whereas other subgroups would not recognize their importance or presence at all. Only by including all three perspectives can we fully understand how identity dynamics play out in this complex organization. In sum, focusing on identity

aspects can allow us to see how all three approaches Martin (2002) advocates for culture research can apply to identity research as well.

INTEGRATING ORGANIZATIONAL IDENTITY PERSPECTIVES AND CULTURE

Having explored the basics of organizational identity and culture, I now suggest a conceptual model that integrates both of the dominant perspectives on organizational identity with organizational culture. My basic premise with this model is that culture and identity are mutually shaped. I go beyond this general assertion to consider how we might take into account both the social actor and social constructionist perspectives of identity when considering the reciprocity between culture and identity. While the two approaches are usually seen as incommensurate—because they take on very different assumptions about what identity "is"—some "perspective borrowing"

has taken place to see how one approach informs the other (e.g., Gioia et al., 2010; Ravasi & Schultz, 2006; Whetten, 2007). I therefore outline an approach to understand how *both* perspectives might inform the identity–culture interface. I begin with an overview and then detail each part of the model.

The basic premise of the model, presented in Figure 26.1, is that OI and culture draw on each other in reciprocal fashion. Further, each approach to OI offers a unique perspective on how that mutual process occurs. Specifically, because the social actor approach focuses on sense*giving,* whereas the social construction approach focuses on sense*making,* the two perspectives should be examined together to understand their reciprocal effects on OI construction, maintenance, and change (Gioia et al., 2010; Ravasi & Schultz, 2006). Hence, by simultaneously considering culture and the two dominant approaches to OI, we can flesh out a more complete understanding of how organizations and individuals enact these processes.
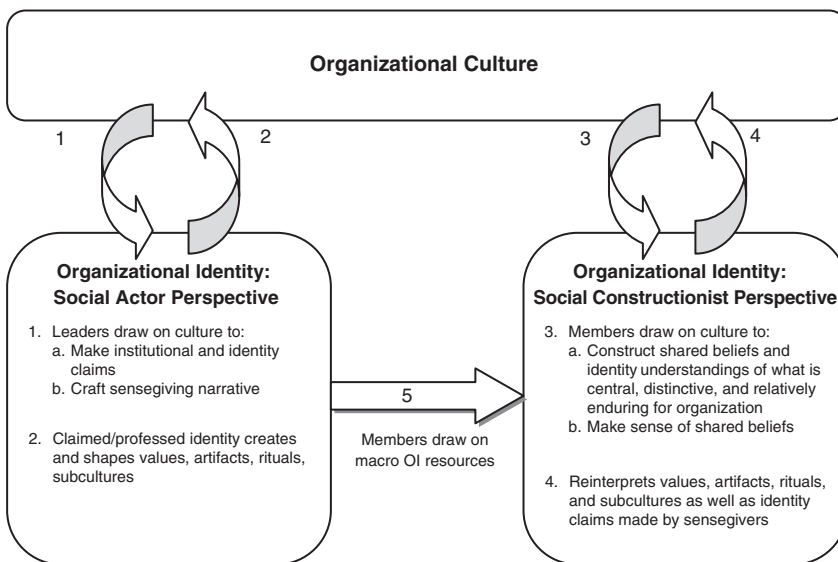
Figure 26.1   Integrating Organizational Culture and Organizational Identity Perspectives

NOTE: Numbered arrows correspond to sections of numbered text.

In one key dynamic of the model, arrows 1 and 3 in Figure 26.1 demonstrate how culture is drawn upon in shaping OI. Culture is a source of meaning-making for individuals (Peterson & Smith, 2000). Conversely, arrows 2 and 4 show how OI can reinforce culture as a claimed identity shapes and reinterprets values, artifacts, rituals, and subcultures. Finally, arrow 5 demonstrates how members draw on the macro OI resources produced by organizational leaders' institutional claims and sensegiving narratives.

Arrow 1: Social Actor Perspective (Culture as Resource for OI)

Organizational culture can serve as a resource for OI from the *social actor perspective*, which emphasizes the institutional constraints that shape members' interpretations (Czarniawska, 1997). Whetten (2007) argues that culture can serve as a signifier of OI and can provide a resource as organizational leaders are fashioning distinctions between the organization and other organizations. From the social actor perspective, the components of culture (such as values, artifacts, rituals, and subcultures) are fodder for making institutional claims about distinctiveness (Albert & Whetten, 1985).

The sensegiving role of leaders is important in this process (Gioia & Chittipeddi, 1991). These components of culture provide the raw materials with which leaders can craft sensegiving narratives (e.g., speeches, reports) for organizational members. That is, leaders can draw upon stories of successes, reinforce rituals, and point out key artifacts that cohere into a unified narrative about "who we are" as an organization. These narratives and claims are then drawn upon by organizational members as they sense-make about OI (arrow 5 in Figure 26.1). Hence, while the social

actor approach focuses on the discursive resources created by leaders, we can see the complementariness of the social construction approach, which focuses on organizational members drawing on those macro resources in creating and adapting their constructions of OI.

Arrow 2: Social Actor Perspective (OI as Resource for Culture)

Arrow 2 of Figure 26.1 illustrates how the organizational identity claimed and professed by leadership can create and shape aspects of organizational culture. I argue that the OI "produced" by leadership provides (1) physical and symbolic texts and memories that become part of the organizational culture (arrow 2), and (2) a resource for members' sensemaking (arrow 5). Ravasi and Schultz (2006) show evidence from their case study of a Danish producer of audio-video systems how organizational identity claims were embedded in organizational culture. First, OI was illustrated via cultural features such as design principles and established practices. Second, OI was diffused through the organization via cultural artifacts such as manuals, posters, and an exhibition that traced the roots of the identity through its history. Third, identity was presented to the organization in terms of its core competencies. Fourth, OI was diffused through rituals, including company "value seminars." Hence, we see that culture can be informed and shaped by the identity-related sensegiving of organizational leaders.

Arrow 3: Social Constructionist Perspective (Culture as Resource for OI)

While the social actor approach focused on institutional resources for leaders'

framing of OI, the *social constructionist perspective* emphasizes human agency, or the "freedom that organizational members enjoy in renegotiating shared interpretations about what their organization is about and what its official identity claims really mean to them" (Ravasi & Shultz, 2006, p. 436). I argue that organizational culture *and* the identity claims and narratives from organizational leaders provide bedrocks on which these interpretations can take place. The social constructionist view focuses on how members construct shared beliefs about what is central, distinct, and relatively enduring for the organization. It also illustrates how members draw on culture to make sense of their shared beliefs. As Hatch and Schultz (1997) argue,

> The symbolic construction of corporate identity is communicated to organizational members by top management, but is interpreted and enacted by organizational members based on the cultural patterns of the organization, work experiences and social influence from external relations with the environment. Thus, organizational identity emerges from the ongoing interactions between organizational members (including middle-level managers) as well as from top management influence. (p. 358)

Marlene Fiol (1991) argues that visible and tangible artifacts are symbolic of underlying cultural norms and values, and that organizational members interpret how they behave vis-à-vis OI. Similarly, Ravasi and Schultz (2006) suggest that OI provides a context within which members not only interpret but "assign profound meaning to surface-level behavior" (p. 437). Hence, I suggest that the social construction approach to OI allows us to better understand the sensemaking process that organizational members experience as they draw upon cultural resources to create and sustain OI.

Arrow 4: Social Constructionist Perspective (OI *as Resource for Culture*)

The final step of the organizational identity–culture interfacing process is that organizational members' sensemaking process around identity reinforces the organizational culture. The "product" of the sensemaking process includes a reinterpretation of the values, artifacts, rituals, and subcultures upon which the culture is built. As members enact these, the culture is changed or preserved. This approach is consistent with a discursive perspective of organizations, which argues that people's micro in situ talk and texts such as conversations or emails ("little *d* discourse") can become macro resources over time that are subsequently drawn upon by others for sensemaking ("big *D* Discourse") (Alvesson & Karreman, 2000; Potter & Wetherell, 1987). That is, the aggregation of words and ideas that are produced via oral and written communication on a daily basic can, over time, become ensconced in the organization and become a resource for interpreting and building culture and OI.

In my own work with Episcopal priests (Kreiner et al., 2006a, 2009), my colleagues and I found that rituals can be effective tools for managing identity as well as the emotions tied up with cultures and identity. In fact, rituals and behaviors that are born out of the identity sensemaking process can inform the culture. That is, the routines and physical markers that are generated as a result of the identity sensemaking process become cultural resources to be drawn upon later. For example, many priests we interviewed had developed rituals to help them prepare mentally and emotionally for upcoming events that would be emotionally, mentally, and/or physically demanding, such as funerals or weddings (Hollensbe,

Kreiner, & Sheep, 2003). Rituals for this population included "warm-up pitches" for services, lighting candles for spiritual engagement, and putting on vestments in a certain manner for ceremonies. These rituals not only drew upon cultural artifacts (e.g., vestments and candles) but *added to the culture* by providing practices that others could imitate. Rituals in this context and others, then, serve at least two functions: (1) they help the individual and collective to prepare for identity and culture expectations, and (2) they reinforce the meanings and values associated with the organization.

THE IMPACT OF ORGANIZATIONAL IDENTITY AND CULTURE ON INDIVIDUAL IDENTITY

Thus far my focus has been at the organizational level of analysis. I move away from that exclusive focus now to draw links between the macro issues of organizational culture and identity and the micro issues of individual identity. Given that culture and OI serve as the context for sensemaking and sensegiving, individual identity can be partly shaped and informed by these macro influences (Hatch & Schultz, 2000; Ravasi & Schultz, 2006). This is particularly true given that individual identity is *also* the result of a sensemaking process, much of which occurs embedded in the organizational culture and identity.

D. A. Gioia (1998) notes five similarities between organizational and individual identity, each of which are worth considering as we contemplate how individual identity can be shaped by organizational identity and culture. First, at both levels of analysis we can say that identity comprises that which is central, distinctive, and relatively enduring to the entity. Both organizations and individuals "decide who they are by employing some classification scheme and then

locating themselves within that scheme" (Gioia, 1998, p. 21). Second, identity is relational and comparative; both individuals and organizations maintain identity through interacting with other entities—a process of comparison over time. Third, at both levels of analysis, identity involves balancing claims of distinctiveness (how the entity is different from other entities) and claims of similarity; individuals and organizations sometimes appear similar to others and sometimes different from others. Fourth, both levels of identity can reveal a multiplicity of identities within the entity. Individuals and organizations can be different things to different people, cuing the aspect of identity most pertinent or salient for the moment or particular audience at hand. Fifth, both levels of identity attempt to balance the two forces of stability and fluidity. On the one hand, we strive for consistency of identity (which provides coherence and predictability); on the other hand we strive for adaptability and growth (which meet diverse and changing needs).

The most recent theorizing about individual identity posits that it is comprised of three parts: personal identity, relational identity, and social identity. Let's take a look at each one and consider how organizational identity and culture affect it.

Personal Identity

According to Marilynn Brewer (1991), *personal identity* is the individuated self that is comprised of the characteristics that differentiate a person from others. This portion of the self consists of those aspects that form a unique profile or constellation that distinguishes a person from others. Aspects of personal identity include personal values, unique life history, and personality. When a person describes him- or herself based on personal qualities such as "honest," "fair," or "compassionate," personal identity is invoked.

Macro forces such as organizational culture and identity affect personal identity *over time*. Newcomers to the organization may face challenges to their personal identity as their values come into conflict with those of the organization (Trice & Beyer, 1993). Individuals may recognize such incongruity in a variety of ways. This would include interaction with supervisors and peers that reveals discrepancies between the individual's values and those of the organization. Similarly, the cultural artifacts of the organization might put into bold relief a contradiction of values, such as a religious conservative finding gay rights advocacy posters in their workplace. Over time, the individual may move toward or away from the organization's values. That is, while some people adopt the organization's values over time, others become even more entrenched in their own beliefs, perhaps even becoming "tempered radicals" who try to change the organization (Meyerson, 2003).

Social Identity

Stemming from social identity theory (Tajfel & Turner, 1986), *social identities* are defined as categorizations of the self that are cast into more inclusive social units, thereby depersonalizing the self-concept (Brewer, 1991). For example, an individual might see part of his identity as deriving from any or all of these social identities: Hispanic, manager, father. A continuing struggle between an individual's personal identity and his or her social identities typically exists, as the pressures of the social identities toward conformity infringe upon the pressures for uniqueness of the personal identity (Brewer, 1991, 2003; Kreiner et al., 2006a).

Organizational cultures provide a veritable smorgasbord of potential social groups with which an individual may identify more or less strongly. In addition to the social groups available in the broader

extra-organizational culture, such as race, gender, or religion, organizations also provide group memberships such as management or specific occupational groups. Social identities are not merely about categorization, however; extra-organizational and organizational cultures provide *meaning* and *value* to membership in these groups. Broader societal norms place greater prestige on positions higher in the organizational and occupational hierarchies, while within-organization cultural norms interpret and reify which groups, categories, and positions have greater honor. Indeed, cultural stories of the organizations heroes (and failures) provide not-so-subtle cues of which groups are more valued.

Relational Identity

Relational identities stem from one's role relationships, such as teammate–teammate, boss–subordinate, or professional–client. This portion of identity involves "how role occupants enact their respective roles vis-à-vis each other" (Sluss & Ashforth, 2007, p. 11). Understanding of one's roles largely comes from the vast network of interrelated roles. Sluss and Ashforth (2007) have noted that relational identities "knit the network of roles and role incumbents together into a social *system*" (p. 11, emphasis in original). Indeed, I argue that this system informs an important aspect of individual identity.

Further, relational identities are also informed by extra-organizational and organizational culture. The broader society tells us what the general expectations are for us in role-bound relationships; what is a good mentor, a good boss, a good coworker? Specific organizational cultures also define what is valued in these particularistic relationships. Here in my department at Penn State, for example, there are strong norms about how to define the mentoring relationship with doctoral students. Many of these

norms differ from other institutions I've worked at or attended.

Multiple Identities

As mentioned previously, we need to be careful not to fall into a trap of conceptualizing individual identity as a unitary whole. Just as organizational identity and culture have been shown to have multiple aspects (e.g., multiple identities, subcultures), individual identity is typically considered to be multilayered and complex. In fact, it has long been advocated among psychologists and sociologists (e.g., Markus & Wurf, 1987; Mead, 1934) that individuals are comprised of multiple identities. Recent work applying social identity theory (e.g., Ashforth & Johnson, 2001) has shown that individuals have a "repertoire of identities that are made salient by various roles and contexts" (Kreiner, Hollensbe, & Sheep, 2006b, p. 1317). These multiple conceptualizations of self (or "aspects") are based on factors including personal history, position in the organization, and various social classifications (Corley, 2004; Markus & Wurf, 1987; Pratt & Foreman, 2000). Not only is individual identity comprised of multiple aspects, but some aspects of one's identity are more core or central than other aspects and are therefore more likely to be accessible and salient across varying social situations (Ashforth & Johnson, 2001; Markus & Kunda, 1986). For example, while I consider several aspects of my identity to be important (e.g., Christian, management professor, husband, father, gardener), the "gardener" aspect of identity is less central in the sense that it is salient far less often and across fewer situations than the others. (Indeed, given the cold climate I live in, that identity is, shall we say, rather "dormant" for several months out of the year as I wait for spring to reappear!) Hence, while we each have multiple aspects of identity,

these aspects are embedded "in a context of more tentative self-conceptions that are tied to the immediate social circumstances" (Markus & Kunda, 1986, p. 859). These "social circumstances" can include organizational identity and culture, providing a glimpse into the links between individual and organizational identity.

Congruence. How, then, might we further tie this notion of multiple selves to multiple organizational identities and multiple organizational subcultures? Let's consider how the macro- organizational aspects of culture and identity might interact with the micro-individual aspects of identity. Specifically, we can examine how the various aspects of macro and micro identity would be either in congruence or incongruence with one another across levels. That is, since the organization is comprised of various aspects of identity, individual members may perceive that some of these aspects "fit" with aspects of their own individual identities, whereas others do not. For example, when a politically conservative individual works in a politically conservative organization, those aspects of identity are in congruence across levels. But if that individual is *also* highly competitive and the organization values cooperation, the individual would experience incongruence on that aspect. Previous research has argued that *incongruence* between identity aspects across individual and organizational levels can occur in two ways—via "work-self intrusion" or "work-self distance" (Kreiner et al., 2006b).

Intrusion. Similar to early theories of value formation (e.g., Rokeach, 1968, 1973), in the case of work–self intrusion the individual perceives that an aspect of the organization's identity or culture is intruding upon his or her own personal identity and/or values. This might occur if an individual

believes a particularly strong or salient organizational identity aspect is requiring him or her to change personal values or individuality (Kreiner et al., 2006b). For example, an organizational member might experience work–self intrusion when asked to violate his or her own ethical principles in order to fit in with the company identity aspect of "competitive" or the cultural value of "win-at-any-cost." "Greedy institutions" (Coser, 1974), dirty work occupations (Ashforth & Kreiner, 1999; Ashforth, Kreiner, Clark, & Fugate, 2007), and other strong situations (Mischel, 1977) likely breed work–self conflict, as individuals are often held to stricter expectations—not just of behavior, but of psychological buy-in and identity change. Indeed, some managers overtly attempt to manage employees' identities as a form of normative control (Barley & Kunda, 1992; Casey, 1995). When personal values and individual identities match organizational values and identities, these attempts might be benign enough, but in the case of incongruence, considerable emotional and psychological cost can ensue for the individual. Indeed, this incongruence may result in significant emotional labor, cognitive dissonance, and values conflict for the individual, which might ultimately result in disidentification or ambivalent identification (Kreiner & Ashforth, 2004).

Distance. Whereas work–self intrusion was about the attempt to replace individual identity with organizational identity, work–self *distance* reflects a desire on the individual's part for the organization to provide *more* of a meaningful identity aspect or cultural value (Kreiner et al., 2006b). That is, the individual feels distance between him or herself and the organization—a "sense of longing or an unwanted separation . . . a craving for a deeper meaning, a desire for a stronger bond, a yearning for a closer connection" (p. 1329). Some individuals, for example, desire to find a higher purpose in life vis-à-vis the work they do and the organization for which they work. As noted by M. Teresa Cardador and Deborah E Rupp (Chapter 10 of this *Handbook*), organizational culture can be directly linked to the meaningfulness of work. Additionally, the workplace spirituality literature demonstrates that many people desire a greater connection between their life goals and their work (Ashforth & Pratt, 2003; Sheep, 2006). Indeed, integration of the whole self is one of the four key dimensions repeatedly surfacing in the workplace spirituality literature (Ashmos & Duchon, 2000; Pfeffer, 2003). If an individual finds his organization lacking in providing this deeper meaning, work–self distance is occurring.

Another driver of this phenomenon is the need for organizational identification, which is defined as an individual's need to "maintain a social identity derived from membership in a larger, more impersonal social category of a particular collective . . . and incorporate salient organizational attributes as part of the self" (Glynn, 1998, pp. 238–239). The need for organizational identification is an individual difference regarding a person's fairly stable preference to affiliate with an organization that can help him or her complete a sense of identity. If the organization is not providing this via an identity aspect, work–self distance occurs.

In summary, although organizational identity is conceptualized as a collection of various identity aspects, one or more of these aspects can be in sharp incongruence with aspects of individual identity, creating work–self intrusion or distance.

LOOKING FORWARD: FUTURE RESEARCH

Looking forward, here are a few thoughts on where we might head as we consider

not merely the linkages between OI and culture, but between other constructs as well.

First, I encourage less writing *only* on organizational identity and more writing on identity coupled with existing and emerging research streams. Sometimes, as identity scholars, we look at the mirror too much and are too concerned with nuances *within* identity rather than understanding how identity relates to other research streams. Let's move the identity mirror a tad so that it doesn't reflect itself, but rather itself vis-à-vis other issues. I've often envisioned a book simply titled *Identity and . . .* in which each chapter explores the linkages between identity and some other important construct. Chapters could include "Identity and Emotion," "Identity and Leadership," "Identity and Change." There would be plenty of room for individual and organizational levels of identity.

Second, I suggest—maybe even plead—that we let identity be identity, not something else. What do I mean by that? Because of the interest in identity since the mid 1980s , many authors wish to write about identity but in fact are writing about something else entirely. Maybe it's culture. Maybe it's institutional logics. Oftentimes identity is mentioned or invoked, but the phenomenon at hand isn't really identity. Authors too often try to channel the spirit of identity without grounding their study in evidence of any identity phenomenon. I have reviewed numerous manuscripts in which this is the case. (In fact, I confess that I recently had returned to me one of

my own manuscripts in which two of the reviewers and the associate editor asked, Is *this* really identity? That hurt—I hadn't taken my own advice.)

Third, I'm very inspired by the recent launch of a movement toward integrating identity with Positive Organizational Scholarship and encourage more efforts in that direction. Laura Morgan Roberts and Jane Dutton's (2009) book provides a great start. So often in the organizational sciences we look to the dysfunctions, pathologies, and failures for learning. These absolutely have their place. But let's also ask questions about what identity tells us that is generative, forward thinking, and inspiring. Taking Figure 26.1 with that spirit, we can see how identity and culture can feed each other in a positive *upward* spiral; leaders can draw upon and showcase positive themes in the values, create and reinforce positive artifacts and rituals, and foster healthy subcultures. The sensegiving process and culture can then provide positive resources for member sensemaking processes; this helps members further reify the positive identity and culture.

In summary of this chapter, the conceptual cousins of organizational identity and culture share a rich and fruitful history and also a promising trajectory. Understanding their differences and similarities helps us understand both past and prologue for these constructs. Also, understanding how they link to more microprocesses within organizations furthers their potential impact and widens our scope for understanding cross-level identity dynamics.

REFERENCES

Albert, S., & Adams, E. (2002). The hybrid identity of law firms. In B. Moingeon & G. Soenen (Eds.), *Corporate and organizational identities* (pp. 35–50). New York: Routledge.

Albert, S., & Whetten, D. A. (1985). Organizational identity. In L. L. Cummings & M. M. Staw (Eds.), *Research in organizational behavior* (Vol. 7, pp. 263–295). Greenwich, CT: JAI.

Alvesson, M., & Karreman, D. (2000). Varieties of discourse: On the study of organizations through discourse analysis. *Human Relations, 53,* 1125–1149.

Ashforth, B. E., & Johnson, S. A. (2001). Which hat to wear? The relative salience of multiple identities in organizational contexts. In M. A. Hogg & D. J. Terry (Eds.), *Social identity processes in organizational contexts* (pp. 31–48). Ann Arbor, MI: Taylor & Francis.

Ashforth, B. E., & Kreiner, G. E. (1999). "How can you do it?": Dirty work and the challenge of constructing a positive identity. *Academy of Management Review, 24,* 413–434.

Ashforth, B. E., Kreiner, G. E., Clark, M. A., & Fugate, M. (2007). Normalizing dirty work: Managerial tactics for countering occupational taint. *Academy of Management Journal, 50,* 149–174.

Ashforth, B. E., & Pratt, M. G. (2003). Institutionalized spirituality: An oxymoron? In R. A. Giacalone & C. L. Jurkiewicz (Eds.), *Handbook of workplace spirituality and organizational performance* (pp. 93–107). Armonk, NY: M. E. Sharpe.

Ashmos, D., & Duchon, D. (2000). Spirituality at work: A conceptualization and measure. *Journal of Management Inquiry, 9,* 134–145.

Barley, S. R., & Kunda, G. (1992). Design and devotion: Surges of rational and normative ideologies of control in managerial discourse. *Administrative Science Quarterly, 37,* 363–399.

Brewer, M. B. (1991). The social self: On being the same and different at the same time. *Personality and Social Psychology Bulletin, 17,* 475–482.

Brewer, M. B. (2003). Optimal distinctiveness, social identity, and the self. In M. R. Leary & J. P. Tangney (Eds.), *Handbook of self and identity* (pp. 480–491). New York: Guilford.

Casey, C. (1995). *Work, self and society: After industrialism.* London: Routledge.

Corley, K. G. (2004). Defined by our strategy or our culture? Hierarchical differences in perceptions of organizational identity and change. *Human Relations, 57,* 1145–1178.

Corley, K. G., Harquail, C. V., Pratt, M. G., Glynn, M. A., Fiol, C. M., & Hatch, M. J. (2006). Guiding organizational identity through aged adolescence. *Journal of Management Inquiry, 15,* 85–99.

Coser, L. A. (1974). *Greedy institutions.* New York: Free Press.

Czarniawska, B. (1997). *Narrating the organization: Dramas of institutional identity.* Chicago: University of Chicago Press.

Dutton, J., & Dukerich, J. (1991). Keeping an eye on the mirror: Image and identity in organizational adaptation. *Academy of Management Journal, 34,* 517–554.

Dutton, J. E., Dukerich, J. M., & Harquail, C. V. (1994). Organizational images and member identification. *Administrative Science Quarterly, 39,* 239–263.

Fiol, C. M. (1991). Managing culture as a competitive resource: An identity-based view of sustainable competitive advantage. *Journal of Management, 17,* 191–211.

Fiol, C. M. (2002). Capitalizing on paradox: The role of language in transforming organizational identities. *Organization Science, 13,* 653–666.

Fiol, M., Hatch, M. J., & Golden-Biddle, K. (1998). Organizational culture and identity: What's the difference anyway? In D. Whetten & P. Godfrey (Eds.), *Identity in organizations: Developing theory through conversations* (pp. 56–59). Thousand Oaks, CA: Sage.

Foreman, P. O., & Whetten, D. A. (2002). Members' identification with multiple-identity organizations. *Organization Science, 13,* 618–635.

Gioia, D. (1998). From individual to organizational identity. In D. Whetten & P. Godfrey (Eds.), *Identity in organizations: Developing theory through conversations* (pp. 17–31). Thousand Oaks, CA: Sage.

Gioia, D. A., & Chittipeddi, K. (1991). Sensemaking and sensegiving in strategic change initiation. *Strategic Management Journal, 12,* 443–458.

Gioia, D. A., Price, K., Hamilton, A. L., & Thomas, J. B. (2010). Forging an identity: Processes involved in the formation of organizational identity (An insider-outsider study). *Administrative Science Quarterly, 49,* 173–208.

Gioia, D. A., Schultz, M., & Corley, K. (2000). Organizational identity, image and adaptive instability. *Academy of Management Review, 25,* 63–82.

Glynn, M. A. (1998). Individuals' need for organizational identification (nOID): Speculations on individual differences in the propensity to identify. In D. A. Whetten & P. C. Godfrey (Eds.), *Identity in organizations: Building theory through conversations* (pp. 238–244). Thousand Oaks, CA: Sage.

Glynn, M. A. (2000). When cymbals become symbols: Conflict over organizational identity within a symphony orchestra. *Organization Science, 11,* 285–298.

Golden-Biddle, K., & Rao, H. (1997). Breaches in the boardroom: Organizational identity and conflicts of commitment in a nonprofit organization. *Organization Science, 8,* 593–611.

Haslam, S. A., & Ellemers, N. (2005). Social identity in industrial and organizational psychology: Concepts, controversies and contributions. In G. P. Hodgkinson (Ed.), *International review of industrial and organizational psychology* (Vol. 20, pp. 39–118). Chichester, UK: Wiley.

Hatch, M. J. (1993). The dynamics of organizational culture. *Academy of Management Review, 18,* 657–693.

Hatch, M. J., & Schultz, M. (1997). Relations between organizational culture, identity and image. *European Journal of Marketing, 31,* 356–365.

Hatch, M. J., & Schultz, M. S. (2000). Scaling the Tower of Babel: Relational differences between identity, image and culture in organizations. In M. Schultz, M. J. Hatch, & M. H. Larsen (Eds.), *The expressive organization: Linking identity, reputation, and the corporate brand* (pp. 13–35). Oxford, UK: Oxford University Press.

Hollensbe, E. C., Kreiner, G. E., & Sheep, M. L. (2003, August). *Emotion shape-shifting: A study of emotion transitions at work.* Presented at the 63rd annual meeting of the Academy of Management, Seattle.

Kreiner, G. E. (2007). The struggle of the self: Identity dysfunctions in the contemporary workplace. In J. Langan-Fox, C. L. Cooper, & R. J. Klimoski (Eds.), *Research companion to the dysfunctional workplace: Management challenges and symptoms* (pp. 75–89). Cheltenham, UK: Edward Elgar.

Kreiner, G. E., & Ashforth, B. E. (2004). Evidence toward an expanded model of organizational identification. *Journal of Organizational Behavior, 25*, 1–27.

Kreiner, G. E., Hollensbe, E. C., & Sheep, M. L. (2006a). Where is the "Me" among the "We"? Identity work and the search for optimal balance. *Academy of Management Journal, 49,* 1031–1057.

Kreiner, G. E., Hollensbe, E. C., & Sheep, M. L. (2006b). On the edge of identity: Boundary dynamics at the interface of individual and organizational identities. *Human Relations, 59,* 1315–1341.

Kreiner, G. E., Hollensbe, E. C., & Sheep, M. L. (2009). Balancing borders and bridges: Negotiating the work–home interface via boundary work tactics. *Academy of Management Journal, 52,* 704–730.

Margulies, W. (1977, Jul–Aug). Make the most of your corporate identity. *Harvard Business Review,* 66–72.

Markus, H. R., & Kunda, Z. (1986). Stability and malleability of the self-concept. *Journal of Personality and Social Psychology, 51,* 858–866.

Markus, H. R., & Wurf, E. (1987). The dynamic self-concept: A social psychological perspective. *Annual Review of Psychology, 38,* 299–337.

Martin, J. (2002). *Organizational culture: Mapping the terrain.* Thousand Oaks, CA: Sage.

Mead, G. H. (1934). *Mind, self, and society.* Chicago: University of Chicago Press.

Meyerson, D. E. (2003). *Tempered radicals: How everyday leaders inspire change at work.* Boston: Harvard Business School Press.

Mischel, W. (1977). The interaction of person and situation. In D. Magnusson & N. S. Endler (Eds.), *Personality at the crossroads: Current issues in interactional psychology* (pp. 333–352). Hillsdale, NJ: Lawrence Erlbaum.

Peterson, M. F., & Smith, P. B. (2000). Sources of meaning, organizations, and culture: Making sense of organizational events. In N. M. Ashkanasy, C. P. M. Wilderom, & M. F. Peterson (Eds.), *Handbook of organizational culture and climate* (pp. 101–115). Thousand Oaks, CA: Sage.

Pfeffer, J. (2003). Business and the spirit. In R. A. Giacalone & C. L. Jurkiewicz (Eds.), *Handbook of workplace spirituality and organizational performance* (pp. 29–45). Armonk, NY: M. E. Sharpe.

Potter, J., & Wetherell, M.. (1987). *Discourse and social psychology: Beyond attitudes and behavior.* Beverly Hills, CA: Sage.

Pratt, M. G., & Foreman, P. O. (2000). Classifying managerial responses to multiple organizational identities. *Academy of Management Review, 25*, 18–42.

Ravasi, D., & Schultz, M. (2006). Responding to organizational identity threats: Exploring the role of organizational culture. *Academy of Management Journal, 49,* 433–458.

Roberts, L. M., & Dutton, J. E. (Eds.). (2009). *Exploring positive identities and organizations: Building a theoretical and research foundation.* Mahwah, NJ: Lawrence Erlbaum.

Rokeach, M. (1968). *Belief, attitudes and values.* San Francisco: Jossey-Bass.

Rokeach, M. (1973). *The nature of human values.* New York: Free Press.

Sheep, M. L. (2006). Nurturing the whole person: The ethics of workplace spirituality in a society of organizations. *Journal of Business Ethics, 66,* 357–375.

Sluss, D. M., & Ashforth, B. A. (2007). Relational identity and identification: Defining ourselves through work relationships. *Academy of Management Review, 32,* 9–32.

Sundaramurthy, C., & Kreiner, G. E. (2008). Governing by managing identity boundaries: The case of family businesses. *Entrepreneurship Theory and Practice, 32,* 391–591.

Tajfel, H., & Turner, J. C. (1986). The social identity theory of intergroup behavior. In S. Worchel & W. G. Austin (Eds.), *Psychology of intergroup relations* (2nd ed., pp. 7–24). Chicago: Nelson-Hall.

Trice, H. M., & Beyer, J. M. (1993). *The cultures of work organizations.* Upper Saddle River, NJ: Prentice Hall.

Whetten, D. A. (2007). A critique of organizational identity scholarship: Challenging the uncritical use of social identity theory when social identities are also social actors. In C. A. Bartel, S. L. Blader, & A. Wrzesniewski (Eds.), *Identity and the modern organization* (pp. 253–272). Mahwah, NJ: Lawrence Erlbaum.

Whetten, D. A., & Mackey, A. (2002). A social actor conception of organizational identity and its implications for the study of organizational reputation. *Business and Society, 41,* 393–414.

Part VI

INTERNATIONAL THEMES IN ORGANIZATIONAL CULTURE RESEARCH

International Themes in Organizational Culture Research

Mark F. Peterson

Organizational culture theory has had a close, dynamic relationship with national culture theory since organizational culture emerged as a central topic in organization studies during the 1980s. A practical reason for scholarly interest in the links between the two has been to exchange insights from all over the world about how to make organizations effective. A theoretical reason has been to draw from concepts, perspectives, and methods developed in branches of social science that analyze societies and nations. Both reasons rest on expected similarities among the basic social processes that bring about cultural qualities in organizations and societies. Perhaps paradoxically, Catherine T. Kwantes and Marcus W. Dickson (Chapter 28 of this volume) draw attention to Michelle J. Gelfand, Lisa M. Leslie, and Ryan Fehr (2008), who describe organizational culture as a distinctly individualistic, Western attempt to grasp hold of something mystically foreign.

FUNCTIONAL, INSTITUTIONAL, AND CRITICAL EVENT EXPLANATIONS OF CULTURE ORIGINS

Management research on organizational culture is based on theories of how culture emerges that identify points in the process at which managers may be able to intervene to change an organization's culture. Explanations for societal and organizational culture emergence and change draw eclectically from three explanations for culture: functional explanations, institutional explanations, and critical event (or complexity) explanations.

Functional explanations appeal to the survival or performance implications of culture characteristics. Edgar H. Schein's (1985) formulation of organizational culture built on Florence R. Kluckhohn and F. L. Strodtbeck's (1961) framework. This framework indicates that in order to survive, any society (Kluckhohn & Strodtbeck) or

organization (Schein) must deal with a set of basic problems: human nature, the relationship of people to nature, time, activity, and relationships. Thoroughly functional explanations for the way that such problems are handled are portrayed as physical or social necessities that fit a specific setting. Sometimes, as in the Schwartz Value Survey (Sagiv, Schwartz, & Arieli, Chapter 29 of this *Handbook*) and the Competing Values Model (Kara & Zellmer-Bruhn, Chapter 30 of this *Handbook*), functional taxonomies are linked to more basic taxonomies of explanations for choices between ways of fulfilling functions.

Institutional explanations need not be radically antifunctional, but they place emphasis on coercion, normative influence, or imitation that may or may not promote survival or success (e.g., Krasner, 1988; Meyer, Boli, Thomas, & Ramirez, 1997). Institutional theories applied to national governments and work organizations have developed together. To some extent, institutional explanations have competed with cultural explanations drawing from anthropology. Kwantes and Dickson (Chapter 28 of this *Handbook*) combine the two kinds of theory. They argue that societal forces, including coercion (e.g., toward social responsibility), normative influence (e.g., codes shaping professionals), and imitation (e.g., of successful organizations), shape organizational cultures. Similarly, Lilach Sagiv and colleagues (Chapter 29) explain that explicit national institutions such as legislative systems, laws, and judicial systems that are shaped by national culture also shape organizational culture by coercing compliance. Functional explanations and institutional explanations are also linked by both of these formulations that suggest a functional need for legitimacy.

Critical event (or *complexity*) explanations draw attention to unique experiences of an organization or nation with origins that defy functional or institutional explanation.

For example, the storied actions of a founding chief executive (Martin, Feldman, Hatch, & Sitkin, 1983; Schein, 1983; Shamir, House, & Arthur, 1993) can affect organizational culture in ways similar to the stories of the founders of Chinese culture (Fu Xi, Shen Nong, and Huang Di) or the heroes of ancient Greece (e.g., Odysseus). The institutional effects of these events sometimes can be historically traced, but their origins are more problematic. Critical events also have an important position in the complexity theory view that large divergences between groups can result from very small differences in initial conditions (McKelvey, 1997). The irregular, unpredictable qualities of critical events support the value of qualitative historical and ethnographic analyses that reflect interpretive (e.g., Geertz, 1973) and structuration (Giddens, 1979) viewpoints.

Once scholars develop plausible explanations for the emergence of cultural characteristics, national political leaders or organization managers have a handle that can be twisted to engineer culture. For example, Part V of the present *Handbook* includes chapters that present explanations for culture emergence and recommend how managers can use these explanations to shape organizations. Many explanations and interventions throughout the present *Handbook* have an international basis in that they are based on implicit beliefs that principles formulated for societies also apply to organizations.

CHINA AND THE CHANGING INTERNATIONAL INSPIRATION FOR ORGANIZATIONAL CULTURE LEARNING

In the first edition of the *Handbook*, Mary Yoko Brannen and Jill Kleinberg (2000) described how interest in what others can learn from Japan inspired early organizational culture research, whereas Daniel Denison,

Katherine Xin, Ashley M. Guidroz, and Lily Zhang (Chapter 31 of this *Handbook*) show how the global learning process of Chinese organizations is now energizing the field. The lesson from Japanese national culture for organizational culture was that a strong organizational culture could rely on the force of social norms akin to those in a collective societal culture rather than on rules and supervisors. The practical problem of learning from the success of Japanese manufacturers drew attention to functional forces, institutional forces, and critical events that shaped Japanese culture. For example, a possible functional influence is that Japanese collectivism emerged from the necessities of rice farming. An institutional influence might be that Japanese holistic thinking resulted from imitation of Chinese calligraphy. Critical event influences might follow from the events that ended the thoroughly nonmodern Tokugawa shogunate. I had not anticipated the centrality of recent research in China to strategic issues in organizational culture until reading the Strategic Human Resource Management chapter (Chapter 24) in Part V of this *Handbook*.

Denison and colleagues (Chapter 31) are able to draw from a large, recent culture change literature to comment on forces reshaping organizational culture in China. In the first edition of the *Handbook*, Cherlyn S. Granrose, Qiang Huang, and Elena Reigadas (2000) explained how transformational leadership could refashion Chinese organizations that were influenced by ancient philosophical traditions and an evolving system of Chinese socialism. Denison and colleagues describe the institutional change that foreign organizations have brought about in China despite these established cultural traditions bound to influential historical events, functional requirements of China's geography, and established local institutions. They offer refinements to early explanations based on collectivism and what Geert Hofstede and

Michael H. Bond (1988) termed *Confucian dynamism*. Although foreign institutional influence is pervasive, Hofstede and Bond's analysis describes differences among the ways in which state-owned enterprises (SOE), privately owned enterprises (POE), foreign-invested enterprises (FIE), and joint ventures (JV) emulate foreign organization cultures. For example, SOEs show a greater emphasis on hierarchy due to the close control by the government than do the other ownership forms.

Denison and colleagues' analysis (Chapter 31 of this *Handbook*) also reflects paradoxes about globalizing influences in China that appeared in the Granrose et al. (2000) discussion of transformational leadership in China. Some arguments indicate that nationality is relatively inconsequential for organizational culture in China and, by inference, for organizational culture everywhere. Further, the prestige of imitating foreign organizations is indicated by language suggesting that organizations having ownership types that promote foreign-like organizational cultures are "advanced." Being advanced includes using practices like strategic planning and individual performance-based human resource systems. Foreign influence also appears when expatriates are used to promote culture change. Location in Chinese regions with high foreign exposure promotes culture change, as do unique strategic choices, industry characteristics, and the leadership heritage of particular organizations. Colorful accounts of symbols, metaphors, and stories in particular Chinese organizations have many of the idiosyncratic, distinctive qualities of discussions of organizational culture anywhere.

In contrast to evidence for globalization effects in China, Denison and colleagues (Chapter 31) also underscore the uniqueness of Chinese organizational culture. Indigenous research (Tsui, Wang, & Xin, 2006) suggests that foreign theories often miss key elements

of Chinese organizational culture. For example, the Chinese Communist Party plays a distinctive role that the authors describe as having no counterpart elsewhere. The party often takes on culture-building, communication, and regulatory functions and promotes ethical and environmentally positive management practice. Chapter 31 of this volume suggests the influence of two paradoxical values. On one hand, the value of global legitimacy supports the view that Chinese organizations thoroughly reflect global institutions, while on the other, the value of local legitimacy supports the view that Chinese organizational culture is shaped by local institutions having a heritage of functional necessity and critical local events.

The Centrality of Values: The Schwartz Value Survey and the GLOBE Project

Both national and organizational culture scholars have found values to be the most tractable aspect of culture. Milton Rokeach (1968) introduced value dimensions into psychology to explain what motivates large domains of human behavior. The representations of values in the national and organizational culture literatures show quite a complex, dynamic interrelationship. International management scholars followed the lead of Hofstede's (1980) *Culture's Consequences* to extensively study the implications of four (later five) dimensions of national cultural values (Hofstede & Peterson, 2000). This work led to similarly extensive efforts to study personal values that were analogous to these societal constructs (Dorfman & Howell, 1988; Kirkman, Lowe, & Gibson, 2006). The first edition of the *Handbook* presented several measures of organization values that reflect functional taxonomies. Neal M. Ashkanasy, Lyndelle E. Broadfoot, and Sarah Falkus (2000) summarized 18 culture dimension

projects that they drew from when designing their own 10-dimension Organizational Culture Profile. Robert A. Cooke and Janet L. Szumal (2000) presented a model of 12 categories of constructive, passive/defensive and aggressive/defensive organizational norms. These dimensions take their labels from organization functions. In the international section of the present edition, the Denison Culture Model (Denison et al., Chapter 31) underlies portions of the discussion of organizational culture in China, and the Competing Values Model (Zammuto, Gifford, & Goodman, 2000) provides the basis for an analysis of teams in multinational organizations (Kara & Zellmer-Bruhn, Chapter 30 of this *Handbook*).

Scholars have measured values (or at least espoused values), assigned theoretical meaning to them, and explained how managers can influence them. Values are theorized as having force. Societal values frameworks are typically built around taxonomies of the functions that societies need to fulfill, such as dealing with the dynamic between individuals and a community. Organizational values frameworks are typically built around the functions, such as task accomplishment and social maintenance, that organizations need to fulfill. Theories about the choices that societies or organizations make between ways of fulfilling these functions tend to be based on the survival value of alternatives. As a societal example, traditional qualities of rice cultivation have been argued to facilitate community cooperation, whereas wheat cultivation favors small family groups. As an organizational example, the requirement for routinization in large manufacturing organizations gives a survival (or performance) advantage to values supporting conformity, whereas the requirement for individual self-management in professional organizations gives an advantage to values supporting autonomy and personal professional development. Institutional

explanations for societal values have to do with their spread through coercion (e.g., conquest), normative influence (e.g., evangelism or education), or through less deliberate social learning processes and imitation. Similarly, the organizational explanations that follow an institutional logic suggest that forces like regulation (coercion), pressure from clients (norms), and social learning through interorganizational contact (imitation) produce value congruence. For both sorts of social settings, sometimes things just happen (such as the 2008 global financial crisis or the 2010 volcano eruption in Iceland that disrupted air traffic throughout Europe) that have substantial consequences, but the origins of which are difficult to theorize. Organization culture scholars often seek to conceptualize where values come from, then to propose how an organization's leaders can produce countervailing forces to shape them. In this part of the *Handbook* (Part VI), Sagiv and colleagues (Chapter 29) base their framework on theories of both individual and societal functions. Their extension of this framework to cultural clusters of nations suggests that forces that shape nations have also shaped global society. Another chapter, by Kwantes and Dickson (Chapter 28), describing the GLOBE project makes direct use of dimensions of societal or national cultural values.

Sagiv and colleagues (Chapter 29) update the discussion of organizational applications of the Schwartz Value Survey (SVS) framework that Lilach Sagiv and Shalom H. Schwartz (2000) presented in the first edition of the *Handbook*. Reconceptualizing and adapting the Rokeach (1968) theory of values for global application, the Schwartz Value Survey (SVS) has been used in several dozen management studies in the past 10 years. Culture includes assumptions, beliefs, and values that shape actions and provide the rationales that leaders use to justify their actions. Cultures exist for social collectives at multiple levels, including organizations and societies. Further, organizational culture is influenced both by societal values and by the values of organization members.

A number of studies use the *society-level* dimensions of embeddedness versus autonomy, hierarchy versus egalitarianism, and mastery versus harmony to explain various aspects of organizational culture. As described previously, Sagiv and colleagues (Chapter 29) use institutional arguments that societal and organizational cultures are closely linked because organizations maintain legitimacy by conforming to societal values. Several projects document specifics, such as the culturally unique meaning of organizational symbols like uniforms. Particular societal values also predict typical emphasis on roles, rules, and norms as sources of guidance for managers (e.g., embeddedness predicts reliance on rules and superiors) in different societies. Societal values also predict climate-like attitudes. For example, hierarchy predicts role conflict and overload, intellectual autonomy predicts internal locus of control, and mastery and hierarchy promote task orientation. Societal culture also affects cognitive structures related to negotiation tactics. For example, societal autonomy values promote attention to individual rather than joint goals, whereas egalitarian values promote discussing issues rather than using power to negotiate. The institutional explanations are typically based on voluntary efforts to maintain legitimacy rather than on coercion.

The SVS is also used to consider how the personal values that individuals express affect organizations. Ten specific individual-level value dimensions reflect specific aspects of more basic tensions of self-enhancement versus self-transcendence and of openness to change versus conservation. Both specific value dimensions and composites representing the two more basic tensions have been used to predict many aspects of

organizational culture and behavior. Despite some global consistency in their profiles (e.g., high levels of achievement and power values), manager values also reflect unique societal norms. Personal values affect reactions to change, support for stakeholders (versus shareholders only), innovation, a self-enhancement approach to a career, and conflict resolution style. In addition to their direct effects, personal values moderate the organizational effects of variables related to organizational identification, response to reward allocations, and work experiences that predict performance. Perhaps even more consequential than these separate findings is the observation that personal values are reflected in interactions among organizational members that shape organization culture.

Kwantes and Dickson (Chapter 28) describe another values-based approach to organizational culture that draws from national culture dimensions. The GLOBE project sought to improve on the *Culture's Consequences* (Hofstede, 1980, 2001) societal culture dimensions (House, Hanges, Javidan, Dorfman, Gupta, & GLOBE Associates, 2004) and then apply them to organizations as well as societies. Kwantes and Dickson recommend how international organizational culture research should be conducted and describe the successes and struggles that the GLOBE group experienced. GLOBE sought to avoid reductionism by studying multiple-society clusters, societies, organizations, and individuals. Believing that global characteristics of a multinational organization's culture can interact in complex ways with local organizational cultures, the GLOBE project studied only locally owned organizations. In some industries in some nations, this meant studying very small organizations, so that the multiple respondents needed to represent organizational culture could not be obtained. In other industries in other nations, it meant studying

a single organization, and multiple organizations in the nation could not be compared. With this caveat, industry type was found to be less consequential than nation for distinguishing among organization cultures.

Kwantes and Dickson (Chapter 28) describe both how societal culture can influence organization culture and how the reverse can occur. National characteristics such as degree of industrialization and cultural tightness have implications beyond societal culture values for typical organization culture characteristics. Prevailing organization culture characteristics (e.g., tradition of unionization) and propensity to imitate lead organizations (e.g., Japanese companies imitating Toyota) can shape societal culture. Self-selection of Dutch people into U.S. and Dutch accounting firms reflects individual differences in support for nation-linked organizational culture differences. Basic theory and measures are now in place to allow GLOBE-based organizational culture projects to advance.

GENDER AND ORGANIZATIONS THROUGHOUT THE WORLD

Betty Jane Punnett's (Chapter 32 of this *Handbook*) discussion of gender and organizational culture throughout the world illustrates the complex relationships between functional and institutional forces in societies and organizations. As technologies become broadly institutionalized and reduce the survival advantage of having women in supportive rather than leadership roles, other functional and institutional considerations come to play. Punnett characterizes the distinctive role that women have in organizations in representative nations and regions. Gender-related barriers in organizations have changed but generally have not been reduced. In multinational organizations, female expatriates are more accepted

in leadership roles in many societies than are local women. However, women abroad can confront local institutional constraints (e.g., driving in Saudi Arabia) and legal constraints on their roles and activities. Punnett argues that because few women hold senior leadership roles, the influence of women in organizations is due more to the emergent effects of their presence as members than to their leadership influence. Organizations that exclude women from decision making not only miss out on the best available talent, they also miss out on those people who are most likely to engage in holistic thinking and display a range of constructive leadership behaviors.

COMPETING VALUES AND MULTI-CULTURAL TEAMS

The chapters in Part VI of this volume that I have considered to this point focus on organizational culture differences between societies and the potential for learning across societies. Aycan Kara and Mary Zellmer-Bruhn (Chapter 30) apply the Competing Values Model to the use of teams in multinational organizations (MNOs). In recent years, multicultural virtual teams have moved from being a way to deal with secondary operational issues that multinationals confront to a way of handling major issues of broad strategic consequence. Other approaches to studying organization values, although either inspired by or at least supported by the values zeitgeist of culture analysis, designed values measures specifically for organization use. The Competing Values Model uses transaction cost labels by distinguishing among clan, adhocracy, hierarchy, and market cultures. Kara and Zellmer-Bruhn's application of this model complements the very limited amount of theory about organizational context, particularly organizational culture, in research about multicultural virtual teams. Their view

that the way in which teamwork is conceptualized varies by national and organizational culture draws them into an ideological perspective on organizational culture. In the first edition of the *Handbook,* Raymond F. Zammuto and colleagues (2000) described the ideological element in the Competing Values Model. Expressed values in themselves are certainly an aspect of culture, but they also reflect ideologies in the sense of shared cognitive structures and implicit systems of causal explanations. Central to their argument is the view that trust development, conflict resolution, and communication are substantially more challenging for multinational teams than for domestic teams. Consequently, a supportive organizational culture is particularly necessary. Functional, institutional and critical event explanation for the origins of culture can be considered to anticipate whether organizations are likely to spontaneously use multicultural teams or to plan how to change organization culture to promote their use.

The Schwartz and GLOBE project directly use value dimensions developed principally for another level of analysis and show their application to organizations. The Competing Values Survey has proven to be the most frequently referenced in the literature reviewed throughout the chapters in the present *Handbook.*

ETHICS

Praveen Parboteeah, Kelly D. Martin, and John B. Cullen (Chapter 33 of this *Handbook*) consider the ethical slant on organizational climate as it affects organizations that attempt to manage operations in multiple nations. They begin with examples of ethical lapses by government leaders and executives of large businesses throughout the world. Ethical climate, in their formulation, is about organizational norms that center on

egoism, benevolence (toward an in-group), or principle and three main loci of analysis: the individual, local, and cosmopolitan levels. This formulation is similar to the more broadly encompassing formulations of societal or organizational culture in that it proposes dimensions of norms or values. One difference is that while the analysis of ethical climate is more narrowly focused, it picks up aspects of values that most culture formulations either leave implicit or overlook entirely. In particular, the concepts in this formulation of ethical climate pick up dimensions reminiscent of aspects of societal culture that are more similar to those in societal culture schemes than in organizational culture schemes. This difference suggests that both traditional concerns of functional theories of organizations with performance in the interest of owners and satisfaction in the interest of employees de-emphasize ethics in the interest of societies.

Parboteeah and colleagues (Chapter 33 of this *Handbook*) review research undertaken in many nations that has been conducted to validate the main constructs in the Ethical Climate Questionnaire and to refine the questionnaire for local application. Results show implications for national culture and occupational culture. More positive ethical climate types have positive implications for work attitudes and constructive workplace behavior. Cross-cultural and comparative research considering cultural and institutional distance is needed. Links to other theory (e.g., anomie) is needed. More group-level rather than individual-level work is needed. Equivalence checks are needed. Long-term collaborations are needed.

CONCLUSION

The chapters in this *Handbook* about international issues in organizational culture research show the implications of functional theory, institutional theory, and explanations based on critical events. Most of the chapters rely on a taxonomy of culture dimensions that has a functional theory basis. The chapters that consider the Schwartz Value Survey (Sagiv et al., Chapter 29) and Project GLOBE (Kwantes & Dickson, Chapter 28) rely on sets of dimensions based on problems or functions that whole societies and their members are viewed as needing to handle. The chapters based on measures of organizational culture dimensions like the Denison model of culture and the Competing Values Survey (Denison et al., Chapter 31) show the influence of functional taxonomies of organizations. Interestingly, the chapter most concerned with ethics (Parboteeah et al., Chapter 33) uses dimensions that are more akin to societal theories rather than to organizational theories of functions. Occasionally, a functional rationale is provided for the prevalence of an organization's selection among alternative ways of handling particular functions. Some functional thinking is evident in all discussions that suggest that a cultural practice will work well for reasons of economic efficiency or performance quality rather than for reasons of conformity or legitimacy. Kara and Zellmer-Bruhn's (Chapter 30) discussions of teams in multinationals has some of that quality.

All three explanations for culture also became part of the Japan-inspired literature about organizational culture change. William Ouchi (1980) provided a popular analysis that recognized the substantial difference between national and organizational culture. The functions of nations differ from the functions of organizations, and the combination of institution development and unique events limit imitation. Despite limitations, a substantial amount of institutional learning was recommended. Hofstede qualified this recommendation by emphasizing the difference between the extensive primary socialization through which societies shaped the "mental programming" of their members as compared to the more limited

selection and socialization that contributed to creating organizational cultures (Hofstede, Neuijen, Ohayv, & Sanders, 1990; Hofstede & Peterson, 2000). Subsequent discussion about the relationship between national and organizational culture has become more nuanced (Hofstede, 2001; House et al., 2004; Kwantes & Dickson, Chapter 28; Sagiv et al., Chapter 29).

Institutional thinking is evident either alone or in combination with functional arguments in many explanations for the origins of culture or the processes that maintain it. Punnett's (Chapter 32) discussion of gender alludes to the reduction in biological functional constraints on the role of women, such that present norms about gender roles have more to do with the institutionalization of practices that no longer have the functional basis that they had in earlier times. Punnett's and Parboteeah and colleagues' chapters (Chapters 32 and 33) refer to coercive institutional influences in the form of enforced legal constraints on gender-related practices and ethical behavior, respectively. Denison and colleagues (Chapter 31) analyze the role of the Chinese Communist Party in a way that has both functional and coercive institutional aspects. The party is described as having evolved to fulfill its institutionalized role in what are in China considered key ethical matters, yet doing so in a way that has a functional advantage of promoting organization performance by freeing managers to focus on other performance-related responsibilities. Throughout that chapter, the institutional spread of organizational culture practices through deliberate imitation and perhaps not so deliberate social learning is evident.

Explanations for organizational culture that are based on critical events in these chapters mainly have to do with culturally symbolic actions. Some of these are actions leaders take that have influence that the leaders did not intend their actions to have. Others are actions that organizational leaders take in an effort to create a desired organizational culture or to counterbalance forces that would take an organization in less desired directions. The "desired" qualities of these events mean that leaders intend them to be rational in a functional sense. Such transformational leadership is presented as important to organizational culture change in China (Denison et al., Chapter 31). The history of the various 20th-century regimes in China makes it clear that the intended consequences of actions to solve societal problems and fulfill social functions often misfire. Punnett (Chapter 32) notes that the misfiring of what were intended to be rational, aggressive, risky, masculine choices of major businesses throughout the world led to the global financial cataclysm of 2008. She suggests that this cataclysm may prove to be an unexpected critical event that would have the equally unpredicted result of increasing global support for a less male-oriented approach to management.

In this introductory chapter to Part VI, I have highlighted some changes from the corresponding section of the first edition of the *Handbook*. The chapters in Part VI of the present *Handbook* show some advances and some changes in the discussion of international issues in organizational culture compared to the corresponding part of the first edition. The interest of scholars in the United States and Europe in imitating practices in any other part of the world has declined since their interest in learning from Japan declined in the early 1990s. The subsequent period has been marked by interest by Chinese scholars and, from my personal contact, scholars in emerging economies of learning from organizations in other parts of the world. The concern about organizational climates supporting socially responsible organizational behavior, specifically ethical behavior in multinational organizations, was not considered in the first edition and can be included here because of advances in research on the topic.

REFERENCES

Ashkanasy, N. M., Broadfoot, L. E., & Falkus, S. (2000). Questionnaire measures of organizational culture. In N. M. Ashkanasy, C. P. M. Wilderom, & M. F. Peterson (Eds.), *Handbook of organizational culture and climate* (pp. 131–145). Thousand Oaks, CA: Sage.

Brannen, M. Y., & Kleinberg, J. (2000). Images of Japanese management and the development of organizational culture theory. In N. M. Ashkanasy, C. P. M. Wilderom, & M. F. Peterson (Eds.), *Handbook of organizational culture and climate* (pp. 387–400). Thousand Oaks, CA: Sage.

Cooke, R. A., & Szumal, J. L. (2000). Using the Organizational Culture Inventory to understand the operating cultures of organizations. In N. M. Ashkanasy, C. P. M. Wilderom, & M. F. Peterson (Eds.), *Handbook of organizational culture and climate* (pp. 147–162). Thousand Oaks, CA: Sage.

Dorfman, P. W., & Howell, J. P. (1988). Dimensions of national culture and effective leadership patterns: Hofstede revisited. In E. G. McGoun (Ed.), *Advances in international comparative management* (Vol. 3, pp. 127–149). Greenwich, CT: JAI Press.

Geertz, C. (1973). *Interpretation of cultures*. New York: Basic Books.

Gelfand, M. J., Leslie, L. M., & Fehr, R. (2008). To prosper, organizational psychology should . . . adopt a global perspective. *Journal of Organizational Behavior, 29*(4), 493–517.

Giddens, A. (1979). *Central problems in social theory: Action, structure and contradiction in social analysis*. London: Macmillan.

Granrose, C. S., Huang, Q., & Reigadas, E. (2000). Changing organizational cultures in Chinese firms. In N. M. Ashkanasy, C. P. M. Wilderom, & M. F. Peterson (Eds.), *Handbook of organizational culture and climate* (pp. 483–496). Thousand Oaks, CA: Sage.

Hofstede, G. (1980). *Culture's consequences*. Beverly Hills, CA: Sage.

Hofstede, G. (2001). *Culture's consequences* (2nd ed.). Thousand Oaks, CA: Sage.

Hofstede, G., & Bond, M. H. (1988). The Confucius connection: From cultural roots to economic growth. *Organisational Dynamics, 16,* 5–21.

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

Hofstede, G., & Peterson, M. F. (2000). Culture: National values and organizational practices. In N. M. Ashkanasy, C. P. M. Wilderom, & M. F. Peterson (Eds.), *Handbook of organizational culture and climate* (pp. 401–416). Thousand Oaks, CA: Sage.

House, R. J., Hanges, P. J., Javidan, M., Dorfman, P. W., Gupta, V., & GLOBE Associates. (2004). *Culture, leadership, and organizations: The GLOBE study of 62 societies*. Thousand Oaks, CA: Sage.

Kirkman, B. L., Lowe, K. B., & Gibson, C. B. (2006). A quarter century of *Culture's Consequences*: A review of empirical research incorporating Hofstede's cultural values framework. *Journal of International Business Studies, 37,* 285–320.

Kluckhohn, F. R., & Strodtbeck, F. L. (1961). *Variations in value orientations*. Evanston, IL: Row, Peterson.

Krasner, S. D. (1988). Sovereignty: An institutional perspective. *Comparative Political Studies, 21,* 66–94.

Martin, J., Feldman, M., Hatch, M. J., & Sitkin, S. (1983). The uniqueness paradox in organization stories. *Administrative Science Quarterly, 28,* 438–453.

McKelvey, B. (1997). Quasi-natural organization science. *Organization Science, 8,* 352–380.

Meyer, J. W., Boli, J., Thomas, G. M., & Ramirez, F. O. (1997). World society and the nation-state. *American Journal of Sociology, 103,* 144–187.

Ouchi, W. (1980). *Theory Z: How American business can meet the Japanese challenge.* Reading, MA: Addison-Wesley.

Rokeach, M. (1968). A theory of organization and change within value-attitude systems. *Journal of Social Issues, 24,* 13–33.

Sagiv, L., & Schwartz, S. H. (2000). A new look at national culture: Illustrative applications to role stress and managerial behavior. In N. M. Ashkanasy, C. P. M. Wilderom, & M. F. Peterson (Eds.), *Handbook of organizational culture and climate* (pp. 417–435). Thousand Oaks, CA: Sage.

Schein, E. (1983). The role of the founder in creating organizational culture. *Organizational Dynamics, 12*(1), 13–28.

Schein, E. (1985). *Organizational culture and leadership: A dynamic view.* San Francisco: Jossey-Bass.

Shamir, B., House, R. J., & Arthur, M. B. (1993). The motivational effects of charismatic leadership: A self-concept based theory. *Organization Science, 4,* 577–594.

Tsui, A. S., Wang, H., & Xin, K. R. (2006). Organizational culture in China: An analysis of culture dimensions and culture types. *Management and Organization Review, 2,* 345–376.

Zammuto, R. F., Gifford, B., & Goodman, E. A. (2000). Managerial ideologies, organizational culture, and the outcomes of innovation. In N. M. Ashkanasy, C. P. M. Wilderom, & M. F. Peterson (Eds.), *Handbook of organizational culture and climate* (pp. 261–278). Thousand Oaks, CA: Sage.

Organizational Culture in a Societal Context

Lessons From GLOBE and Beyond

Catherine T. Kwantes and Marcus W. Dickson

With the increasing expansion of business across national boundaries and the increasingly diverse workforces within many nations, interest in organizational culture as a level of analysis nested within the larger societal level of analysis has increased. Francis Yammarino and Fred Dansereau in Chapter 4 of this *Handbook* provide an overview of some of the issues related to multiple levels in the conceptualization and methodology of research in organizational climate and culture. In this chapter, we review some of the challenges related to understanding organizational cultures nested within societal cultures, present how Project GLOBE (Global Leadership and Organizational Behavior Effectiveness; House, Hanges, Javidan, Dorfman, & Gupta, 2004) addressed many of these challenges, and discuss the remaining challenges to both theory and research methodology in organizational culture research across societal boundaries.

Researchers interested in issues of interactions between organizational and societal culture have used several different conceptualizations of the level of theory and level of analysis in their studies. For example, Latta (2009) examined how culture can influence the effectiveness of various leader actions in bringing about change. Kwantes and Boglarsky (2004) focused on industry-level differences in preferences for different aspects of organizational cultures. Wen-Dong Li, Yong-Li Wang, Paul Taylor, Kan Shi, and Dan He (2009) tested whether organizational culture had an impact on employee ratings of whether specific work-related personality characteristics were required for success on the job. In the present chapter, when we refer to *organizational culture*, we are primarily referring to literature assessing the cultural values of members of collectives located within a single broader societal culture. Project GLOBE (House et al., 2004), for example, only included nonmultinational organizations in their data collection in order

to avoid multiple societal cultural influences on the organizational cultures assessed. This is an important point, because organizational culture can be conceptualized otherwise. For example, Joseph Soeters and Hein Schreuder (1988) conceptualized organizational culture at the firm level of analysis. Their sample included local (Dutch) offices, staffed almost entirely by local employees of U.S.-based accounting firms, as well as firms founded and functioning solely in the Netherlands. Though multinationals certainly have organizational cultures, the literature on the relationships between organizational and societal cultures has typically avoided considering how multiple societal cultures affect a single organization's culture. Thus our review focuses primarily on comparative studies of single-nation organizations.

PREVIOUS RESEARCH

A common thread among the vast majority of previous research projects is that they attempt to explain how individual perceptions combine to create an aggregate culture or climate. Other studies adopt a reverse approach and focus on the impact of an organizational culture or climate on the perceptions and attitudes of organizational members. Similarly, in the literature on societal cultures, there are a great many studies that focus on commonalities among individuals in a society based on values, attitudes, or practices that thus create the sharedness of a culture (e.g., Schwartz, 1992). Alternatively, studies consider the effects of the broader societal culture on the attitudes, values, and practices of members of the society (e.g., Leung, Bond et al., 2002).

These studies have provided significant advances in our understanding of the nature of organizational cultures and of the impacts of societal cultures on individuals. For those of us in the organizational sciences, however,

the picture is incomplete. We as a community of researchers have generally not taken the advice of Richard Hackman (2003) when he argued that we should "bracket" our levels of analyses. Hackman suggests that "robust understanding of social and organizational dynamics requires attention to higher as well as lower levels of analysis" (p. 905). Too often, however, researchers tend only toward what he termed "reductionism." That is, they look at lower levels of analysis for a more basic understanding of a phenomenon rather than looking at the higher level and contextual factors that may affect the phenomenon. This is, of course, not such a contentious proposition on the face of it. However, in reviewing the literature on the topic, we find that relationships are often examined at a single level of analysis—or between two specific levels of analysis—and that these relationships are then assumed to be homologous at higher levels. This is often untested, and often untrue.

To focus on our present topic, most studies conducted to date bracket the levels of analyses to the individual aggregated to the organization, but very few move up a level and treat the organization as the unit of analysis and the society as the aggregate. There are, of course, good reasons for not doing so, not the least of which is that it would simply be very difficult to conduct such a study properly. To do so would require a large representative sample of societies with a large representative sample of organizations nested within each society. As noted above, these organizations would further need to be nonmultinational so as to avoid multiple societal influences on the organization's culture. Even in nonmultinational organizations, one also would need information about the societal cultures of each of the organizations' members. Societal culture could have both an indirect effect through culture's impact on the individual organizational members

as well as a direct impact on organizations within a specific society.

Project GLOBE

One of the few large-scale projects to examine multiple levels of analysis simultaneously, that is, relationships of individuals to organizations, individuals to societies, and organizations to societies, was Project GLOBE (House et al., 2004). GLOBE was the brainchild of Robert J. House and reflected the efforts of more than 180 researchers in more than 60 countries. The project has been amply described elsewhere (e.g., House et al., 2004; Den Hartog et al., 1999), so we focus here briefly on the project's efforts to examine organizational and societal culture together.

GLOBE data were collected within each participating country by a team of Country Co-Investigators (CCIs), some of whom were native to the country in question and some of whom were nonnative but were highly familiar with the country (often having been expatriates in the country). Data on perceptions of societal culture and organizational culture were collected via survey. (Perceptions of organizational leadership were collected in the same surveys, with all respondents completing questions on leadership.) Half of the respondents from each organization answered questions about the culture of their organization and half answered questions about the culture of the broader society. Data were to be collected in each country from at least two of three predetermined industries: financial services, food services (primarily growth and transportation, but not preparation as in a restaurant), and telecommunications. Scales were developed to assess culture at both the societal and organizational levels using the same basic constructs (e.g., power distance, gender egalitarianism), in keeping with Project GLOBE's definition of *culture,* which was developed to apply to these and potentially other aggregate levels. Validation efforts supported the use of these scales at both levels of analysis (Hanges & Dickson, 2004, 2006).

Unfortunately, the data gathered did not allow for full tests of a multilevel model in which individuals were nested within organizations and organizations nested within countries. In some countries, CCIs gathered data from one very large organization within a given industry (sometimes because there was a government monopoly or near-monopoly in that industry, particularly in telecommunications in the mid-1990s). In other countries, CCIs gathered data from a very large number of very small organizations. With only half of the respondents in each organization completing surveys on organizational culture, there were often insufficient responses to the organizational culture items from an organization to include that organization in subsequent analyses of the organization's culture. The net result was a data set that was generally robust at the societal level of analysis but significantly less useful at the level of the organization within the society (Hanges, 1997, personal communication).

There have been some efforts to make use of the organization-level data from Project GLOBE, but all of these of which we are aware have in one way or another controlled for society-level variation and examined either organizational culture effects on organizational outcomes (e.g., on the proportion of managers in the organization who are women; Bajdo & Dickson, 2001), the relationship of organization-level leadership perceptions to organizational climate type (Dickson, Resick, & Hanges, 2006a), or issues of organizational culture/climate strength (Dickson, Resick, & Hanges, 2006b). We are not aware of other efforts to gather quantitative data with which to model organizational culture variation within multiple societal contexts, or of other

efforts to make use of Project GLOBE's data to more effectively examine organizational and societal culture simultaneously.

Even so, there are reasons to forge ahead and to try to understand the effects of societal culture on organizational culture. It seems clear that the relationships that are well established at the "individual within the organization" level of analysis do not necessarily function in the same way at the "organization within the society level." There are certainly possibilities for reciprocal influences between these levels. For example, societal views around organized labor (either pro or con) can lead to changes in the ways that people within organizations think about work in general and work in a unionized setting. Conversely, increases or decreases in the percentage of employees or citizens who are unionized can affect general societal views around organized labor. As another example, in societies having a few dominant or highly influential employers, the culture of those organizations could have an impact on the culture of their larger society. It is thus possible that the direction of influence is circular and simultaneous (from the society to the organization and back again), or even from the organization to the society. For example, a recent story on the auto manufacturer Toyota noted,

> In Japan, Toyota is almost totemic; it's the most profitable company, the biggest taxpayer, and, until now, its management techniques—known as the "Toyota Way"—were widely envied and emulated. Like many other Japanese companies, it's stuck to the Japanese way. (Lim, 2010)

There is very little literature exploring these directions of influence, however, and most of the existing literature on the topic presumes a society-to-organization influence. Our review focuses primarily on that direction of influence, though we acknowledge possible alternatives and would be delighted to see research examining such possibilities.

ISSUES TO CONSIDER

The question of culture's cross-level influences includes some questions and issues that first must at least be acknowledged and perhaps questioned.

One such question is whether cultural values are the right way to consider organization-level variation. Organizations vary on many characteristics, each of which influences the behavior of organization members and of the organization itself. Perhaps a focus on values shared by the members of one organization that differ from those values shared by members of other organizations is not the most useful way to consider variation between organizations. Geert Hofstede and his colleagues (Hofstede, Neuijen, Ohayv, & Sanders, 1990; Hofstede & Peterson, 2000) have argued precisely this point, asserting that "the culture dimensions developed for understanding nations simply do not work when applied to organizations" (Hofstede & Peterson, 2000, p. 405). Further, Hofstede (2001b) argues that national and organizational constructs are qualitatively different. In short, societal culture and organizational culture are not inherently homologous, in that they do not have the same pattern of relationships with variables of interest, nor is the higher-level construct simply the aggregation of the lower-level construct (Hannan, 1971).

Hofstede has identified six dimensions that, while referred to as differentiations between organizational culture types, are more based in differences in organizational practices, or "symbols, heroes, and rituals" (Hofstede & Peterson, 2000, p. 405) than in shared values. He further suggests that these are more useful means of distinguishing between organizations than his societal

culture dimensions (e.g., Power Distance, Uncertainty Avoidance, and others). The six organizational dimensions include:

1. Process-oriented versus results-oriented cultures

2. Job-oriented versus employee-oriented cultures

3. Professional versus parochial cultures

4. Open-system versus closed-system cultures

5. Tightly controlled versus loosely controlled cultures

6. Pragmatic versus normative cultures

There are some relationships between Hofstede's dimensions of societal culture and these six organizational culture-type dimensions, but "these relationships are not particularly strong, and implications of other aspects of national culture for organizational culture dimensions are negligible" (Hofstede & Peterson, 2000, p. 405).

Not all researchers have agreed. For example, Rabindra Kanungo and Alfred Jaeger's (1990) model of culture fit suggests that there is a direct connection between societal culture and work, or organizational, culture. Their six-dimensional model directly incorporates three dimensions identified by Hofstede (1980) (power distance, uncertainty avoidance, masculinity/femininity), breaks Hofstede's individualism/collectivism dimension into two separate constructs (loyalty toward community and self-reliance), and further adds the construct of paternalism. While the model of culture fit assumes a direct connection between societal and organizational culture, it also suggests that society is not the only effect on organizational culture. Other contextual factors, such as the specific industry and the marketplace, as well as factors internal to the organization such as type of ownership, also affect organizational culture. Zeynep Aycan, Rabindra Kanungo, and Jai Sinha (1999)

tested this model and concluded that there was a relationship between societal culture and human resource practices but that the relationship was mediated by organizational culture, such that the societal culture affects the organization's culture, which in turn determines the nature of human resource management practices.

Project GLOBE developed a set of nine dimensions of culture (including several of the conceptual dimensions—though not the measurement—identified by Hofstede, 1980, as well as dimensions originating in the work of David McClelland, 1961, among others). GLOBE researchers developed and validated measures of these nine dimensions such that assessment was made of both values (assessing respondents' perceptions of what the society or organization *should* be like) and practices (assessing respondents' perceptions of what the society or organization *actually* is like) (Hanges & Dickson, 2004). Additionally, they developed and validated measures at both the societal culture and the organizational culture levels. The primary focus of the validation effort was at the societal level, but the scales at the organization level were also found to have acceptable psychometric properties and to reliably differentiate between organizations (Hanges & Dickson, 2004, 2006).

Most recent work on organizational culture similarly defines and assesses organizational culture by focusing on values and behavioral norms that are shared among organization members (see Sagiv, Schwartz, & Arieli in Chapter 29 of this *Handbook*) and that differ to some degree from those values and norms shared by members of other organizations (e.g., Cooke & Rousseau, 1988; Schein, 2004; Trice & Beyer, 1993; and many others). The differences between these two perspectives may not be as great as some have argued, however—Hofstede (2001b) agrees that organizations can be meaningfully thought

of as cultures, though he suggests that the origins of the "collective programming of the mind" are different between nations and organizations. The differences in how these cultures originate result in national cultures being absorbed by individuals at a younger age and having a strong and lasting effect on individual values, while organizational cultures are learned at a later age and have a more superficial effect, with a stronger influence on practices rather than values (Hofstede & Hofstede, 2005). Hofstede, therefore, maintains that national culture-based programming is much more potent—a position that is not incongruent with arguments about the development and functioning of connectionist architectures reflecting different aspects of culture (Hanges, Lord, & Dickson, 2000), or with the positions taken by GLOBE (House et al., 2004).

OTHER FACTORS TO EXPLAIN VARIATION IN ORGANIZATIONAL CULTURES

Recently, Barry Gerhart (2008) concluded that most of the identified variability in organizational cultures is not attributable to country of origin differences, and that of the portion of variance that *is* attributable to country of origin differences, only a small portion seems to arise from differences in national cultures, with the rest potentially originating in a variety of other causes that vary among nations. In short, Gerhart concludes that societal culture is not the constraining factor on organizational culture that many researchers (e.g., GLOBE, Hofstede, and many others) have presumed it to be.

Indeed, in the first edition of this *Handbook*, Marcus Dickson, Ram Aditya, and Jagdeep Chhokar (2000) noted several potential influences on organizational culture in addition to societal cultural influences. These included the influence of the organizational founders, the history of the organization, and industry influences. The question of organizational founders' influence on organizational culture has received substantial attention (see Schein, 2004, for one of the best-known analyses), though the extent to which the founder reflects his or her society of origin (and thus would serve as a mediator for the influence of societal culture on organizational culture) remains less clear. Additionally, some (e.g., Gordon, 1991) have argued that apparent variations in organizational cultures are in fact variations due to industry, but GLOBE analyses do not support that contention (e.g., Dickson, Resick, & Hanges, 2006a, 2006b). Further, GLOBE analyses suggest that the influence of industry on organizational culture (and on leadership perceptions) is variable, with organizations in the financial service industry showing little variation on these variables but organizations in food service and in telecommunications showing significant variation (Brodbeck, Hanges, Dickson, Gupta, & Dorfman, 2004; Dickson, BeShears, & Gupta, 2004).

We believe that there are several other factors related to the culture of organizations nested within societal cultures that also deserve attention, including the impact of situational and people factors, the impact of the attraction-selection-attrition (ASA) model, attraction at the extremes, societal context, isomorphism, and the degree of tightness or looseness of a societal culture. We turn our attention to these topics now.

Situational Factor Explanations

Aycan (2000) has concisely reviewed a variety of approaches to explaining variation in organizational practices (and to a slightly lesser extent organizational culture) across societal cultures. She notes

several approaches to explain organizational variation that are not based in societal cultural values. Specifically, she groups these explanations into the following categories

- Contingency theory, with four subthemes

  1. Industrialization, that is, the argument that that "industrialization has a homogenizing effect on organizations around the world" (p. 112)

  2. Technological implications, that is, variation in technological demands and technology in use has a greater impact than external (societal) culture

  3. Contextual elements, including organization size, industry, and dependencies on other organizations

  4. Stage of strategic development, which is argued to trump societal culture in its effects on the culture of the organization

- Political-economy theory, in which "organizations in the same sociopolitical systems are assumed to have similar characteristics, especially with respect to organizational objectives, control strategies, and degree of centralization and decision-making" (p. 112)

- Societal effect approach, in which the process by which the organization is constituted within the society is seen to carry the greatest weight; Aycan (2000) quotes Maurice, Sorge, and Warner (1980) to describe this approach, with their statement that "organizational processes of differentiation and integration consistently interact with processes of educating, training, recruiting, and promoting manpower, so that both develop within an institutional logic that is particular to a society, and bring about nationally different shapes of organizations" (p. 59)

While each of these approaches has established a substantial literature (see Aycan, 2000, for a more detailed review),

other researchers have criticized these approaches either for being excessively deterministic or because they explain variations in organizational culture without attending to the cultural environment in which those organizations emerged and are located.

People-Based Explanations

Clearly, culture at any level is located within the people who hold and adhere to the cultural values. However, researchers have often focused almost exclusively on the personal characteristics and values of organizational founders and organizational members, or on the values that predominate in the society, to explain variation in organizational cultures across societal cultures without attending to the contextual, industrial, political, economic, or other external conditions that give rise to those values. In other words, values have sometimes been studied as if they exist in a vacuum, having an impact on other values but not being affected by outside forces themselves.

For example, as noted above Project GLOBE (House et al., 2004) assessed values at both the organizational and societal levels. Additional data on organizational characteristics (e.g., organizational age, share of market, profitability) were gathered but have yet to be included in the analyses examining the relationships between societal and organizational cultural values. While the influence of noncultural external forces on organizational culture have been acknowledged (e.g., Dickson, BeShears, & Gupta, 2004), the analyses thus far reflect a bias toward person-oriented explanations for variation in organizational cultures across societies, and we are awaiting further work that incorporates other potential explanations for the observed variation.

Attraction-Selection-Attrition

Schneider has often pointed out that individuals are not randomly assigned to organizations (e.g., Schneider, 1987; Schneider, Goldstein, & Smith, 1995; Schneider, Smith, & Goldstein, 2000). Many different processes affect individuals' efforts to join organizations, their decisions to leave organizations, and organizations' efforts to choose and then shape employees. Schneider's attraction-selection-attrition model describes specific decision points in this process (see also Dickson, Resick, & Goldstein, 2008, for an expanded discussion of these processes over time), and at each point, the individual, the organization, or both take action to ensure "good fit." In other words, individuals make choices about the organizations they attempt to join, and organizations make decisions about the people they allow to join, in both cases seeking good fit (Kristof, 1996). This fit between organizational culture and employee cultural preferences has very concrete results for employees over and above the effects of culture itself (Kwantes, Arbour, & Boglarsky, 2007). In short, fit-seeking is an active process for employees and organizations, and fit with the organization's culture is an important aspect of that process (Schneider, 1987). Further, people seek fit with the culture of their organizations, even when the origin of the organizational cultural values is societal rather than organizational. Soeters and Schreuder (1988), for example, found differences between Dutch accounting firms that had originated in the Netherlands and Dutch firms that were local offices of U.S.-based "Big Eight" firms, such that those that were offices of U.S.-based firms reflected U.S. cultural values, even though the employees of the firms were almost exclusively Dutch. Soeters and Schreuder concluded that self-selection of the Dutch employees drove the differences—those

Dutch employees who felt best fit with the firms with Dutch values chose those firms, and those Dutch employees who felt best fit with the firms that had U.S.-typical values chose those firms.

The ASA process is inherently multilevel, with individuals seeking a place within the larger organizational unit where they will fit, and organizations seeking individuals who will fit in as part of the makeup of the organization. Research suggests that individuals do search for fit when deciding to join and remain with a particular organization, and that fit matters to organizations as they select particular applicants as employees (Schneider, Smith & Goldstein, 2000). This is not to suggest, however, that the quest for fit is infinitely homologous across levels of analysis. For example, though some organizations relocate their headquarters from one country to another (see Smith, O'Connell, & Dey, 2008, e.g.), this is generally done in the interests of reducing the corporate tax burden rather than as a means of seeking better fit with a different society. Examining this phenomenon between societal and individual levels, it is certainly true that some individuals grow disenchanted with their society of birth and seek out another, but most individuals never migrate—they do not actively seek a fit with a societal culture other than their culture of origin. The levels and processes involved in the ASA model with respect to individuals in organizational cultures and organizational cultures within societies, then, should be carefully and appropriately taken into account when considering societal culture's effect on organizational culture.

Attracting at the Extremes

On any specific culture value, there are likely to be a small proportion of individuals who fully embrace the value, a small proportion of individuals who

absolutely reject the value, and a majority of employees who center around a societal mean. Organizations can and do exist with strong cultural values that do not reflect the societal norms—there are, for example, strongly collectivistic organizations in such individualistic countries as the United States and Australia (e.g., religious orders, team-based organizations). These organizations likely draw their employees from the segment of the population that similarly differs from the societal norm. Employees at extreme ends of the distribution on specific values seek out organizations that will at least tolerate, and at best celebrate, the employees' divergent views on these values.

Kurt Lewin (1936) has argued that

$$B = f (P, E)$$

More explicitly, individual behavior (B) is a function of personal characteristics (P) and the environment in which the person acts (E). Schneider (1987) has countered that

$$E = f (P, B)$$

arguing that environments do not exist apart from the people who create them. He has consistently opposed what he perceived to be efforts to hyper-focus on situations as determinants of behavior, to the exclusion of people and their characteristics, which combine to form the environment. Thus, he restates Lewin's theorem by saying that the environment (E) is a function of the environment's members' personal characteristics (P) and their behavior (B). In short, organizations are the way they are because of the people in them.

Organizational Culture in Societal Context

Overall, research suggests that societal culture and organizational culture are somehow intrinsically linked. The evidence is generally correlational, however, and thus does not provide any explicit understanding of the causal direction of the linkage. While the causal direction may be assumed as the result of theory, evidence exists to support both the notion that organizational cultures are the result of societal cultures, but also that they exist *despite* existing societal norms. Understanding this interplay between societal and organizational cultures requires an explicit focus on organizational culture in context. Johns (2006) points out that context is important to understanding the phenomena embedded in it, as context can serve as either a main effect on those phenomena or can interact with the phenomena to affect particular outcomes. In this case, societal culture can have a main effect on organizational culture or interact with organizational culture to affect organization-level outcomes (e.g., productivity, effectiveness) or individual-level outcomes (e.g., employee satisfaction, performance).

One way in which societal culture provides a context for organizational culture is that the values and norms of societal culture impact the meaning that employees give to aspects of organizational life. Tatiana Kostova (1999) points out that, for employees, organizational practices result in "meaning for organizational members that is symbolic and normative in nature" (p. 310), and much of this meaning is derived from employees' own societal context. She proposed the construct of "country institutional profiles" suggesting that organizations in every societal context reflect the unique regulatory aspects of that context, the shared cognitive perspectives and filters that employees bring to work from their societal context and the shared expectations regarding norms of behavior that develop in the societal context. For example, each organizational culture operating in a particular nation is

affected by the formal rules and regulations of that nation. Consider, as a case in point, the differences in organizational cultures between countries with very stringent rules about pay equity versus those without any such rules.

Organizational cultures are also derived, at least in part, from the cognitions and behavioral norms of the employees who work in those organizations. There is literature demonstrating differences between societies on the meaning of work (Dhar, 1994), the meanings of organizational practices and symbols (Brannan, 2004), the definition of what constitutes effectiveness on the part of employees and leaders (Kwantes & Boglarsky, 2007), and the definition of what is considered in-role versus extra-role behavior (Kwantes, Karam, Kuo, & Towson, 2008). Further, the relationship between aspects of organizational functioning and culture varies by cultural context. Thomas and Pekerti (2003) found that the relationship between job satisfaction and outcomes (e.g., turnover, loyalty) in Indonesia and New Zealand was moderated by cultural differences between those two contexts. Another example comes from the results of Christopher Robert, Tahira Probst, Joseph Martoccio, Fritz Drasgow, and John Lawler's (2000) research, in which they found that empowerment was associated with different outcomes in different countries. In Mexico, Poland, and the United States, empowerment was associated with positive views of supervisors, while in India it was related to negative views. In India, empowerment also had a negative effect on satisfaction with coworkers, while in Poland it had a positive effect. The relationship between leadership and organizational citizenship behavior at the group level has also been shown to vary depending on cultural context (Euwema, Wendt, & van Emmerik, 2007).

Societal culture as the context for organizational culture, then, affects individual cognitions by providing the examples and the reinforcement for developing specific schemas related to work, which in turn affect group-level constructs, including organizational culture. Peter Smith, Mark Peterson, and Shalom Schwartz (2002) point out that "each individual operates within a cultural environment in which certain values, norms, attitudes, and practices are more or less dominant and serve as shared sources of socialization and social control" (p. 192) and that national cultures perform these functions. In general, employees tend to be more satisfied when their organizational culture is aligned with their societal culture (Kwantes, Kuo, & Boglarsky, 2004).

Isomorphic Pressures

Individuals within a given society come to share similar values and ways of perceiving the world and of interpreting unexpected events and outcomes, and these shared aspects may differ from those shared by individuals in other societies (e.g., Hofstede, 1980, 2001; House et al., 2004). Many definitions of culture include the idea that culture is transmitted across generations: younger members learn the culture from older members and are taught the "right" ways to think, perceive, and interpret. For example, the definition of culture advanced by Project GLOBE (House et al., 2004) is "shared motives, values, beliefs, identities, and interpretations or meanings of significant events that result from common experiences of members of collectives and are transmitted across age generations" (House & Javidan, 2004, p. 15).

In prior writing, we have advocated the use of institutional theory as a means of better understanding the mechanisms by which societal cultures influence the cultures of organizations formed within those societies (e.g., Dickson, BeShears, & Gupta, 2004). Institutional theory focuses

on the processes by which organizations seek legitimacy within their environments (DiMaggio & Powell, 1983). Just as new employees wishing to move up in an organization are often told to "Imitate your boss" (e.g., Viscusi, 2008), thus leading to increasing similarity of behavior, dress, and style among individuals in a particular unit, organizations seek legitimacy through their efforts to reflect aspects of structure and behavior common within the societal culture in which the organizations function. Paul DiMaggio & Walter Powell argue that this helps to explain why organizations within a specific environment (i.e., a society) are more homogeneous than would be expected to occur by chance.

The pressure organizations feel to operate in similar ways is often referred to as "isomorphism." DiMaggio & Powell (1983) note that isomorphic pressures lead organizations that see themselves as operating within a common environment to adopt policies and practices similar to other organizations operating in the same domain and under the same set of environmental conditions (i.e., in the same societal, legal, economic, and cultural environments). Certainly not every organization perceives the pressures in the same way or acts on them in the same way, but pressures of several different types push organizations within a societal culture to be more similar than different.

Specifically, coercive, mimetic, and normative isomorphisms exist. *Coercive isomorphism*, according to DiMaggio and Powell (1983), is the result of an organization existing within a particular political and legal structure. Political pressure is one way that societies pressure organizations to conform. Consider, for example, the recent emphasis in the West on corporate social responsibility (CSR). Cynthia Williams and Ruth Aguilera (2008)

point out that a number of political and legal pressures have been instituted that pressure organizations to incorporate CSR into their decision making. Laws and regulations set standards and create expectations about organizational behaviors, and organizations use these standards to structure their behaviors. These standards are further reinforced by consumers and stakeholders who expect behavior that conforms to regulations. These coercive pressures can result in isomorphism among organizations and the societies they exist in, as well as noticeable differences in organizations in different societies (Williams & Aguilera, 2008, Waldman, Sully de Luque, Washburn, & House, 2006).

Mimetic isomorphism occurs when organizations within a particular context grow similar to each other due to modeling. A highly successful organization may become a model for other organizations dealing with the same contextual (e.g., social, political, legal, economic) factors that wish to emulate its success. Alternatively, according to DiMaggio and Powell (1983), uncertainty often results in modeling as a way for organizations to achieve hoped-for results with little resource outlay.

Finally, *normative isomorphism* occurs as the result of agreement among workers or organizations to adhere to specific standards. This happens most frequently with professional employees, who may form professional societies or organizations (e.g., the American Bar Association or the Canadian Psychological Association) with specific standards of practice and behavior that reach across organizational boundaries. These professional societies are still affected by the societal culture in which they operate, however. Mark Leach and Judd Harbin (1997), for example, reviewed the ethics codes for professional psychology organizations in 24 countries. They concluded that, although

each professional organization felt the need to create its own ethics code, the culture of the society the organization was embedded in had a distinct impact on the content of those codes.

The combination of these isomorphic pressures, then, leads most organizations within similar business segments of a society to fall at least relatively close to the societal mean for key cultural elements. This is, however, a general tendency, as there are always exceptions to this norm. In general, the literature suggests that most organizations *do* reflect the values and norms of the society in which they are embedded (e.g., GLOBE, House et al., 2004; Aycan et al., 1999) and those that do may be more successful (Calori, Lubatkin, & Very, 1994). Other research, however, indicates that the relationship is not as clear. In a review of Fortune 500 companies from 1985 through 1990, for example, Luis Gómez-Mejia and Leslie Palich (1997) found that a match between societal and organizational cultures was irrelevant to the performance of multinational organizations expanding into new geographic areas. Individual-level studies suggest that congruency between societal and organizational cultures may have important employee outcomes. Therese Joiner (2001), for example, found that when Greek managers' organizational cultures were aligned with their social values, job-related stress was reduced but this alignment did not result in increased performance.

When organizational culture does not reflect societal culture, however, the question of saliency arises. Despite the isomorphic pressures discussed earlier, aspects of the organizational environment may affect the extent to which national culture affects organizational culture. Organizational culture itself may set the parameters within which employees identify with their national culture while at work. In a study examining a Brazilian multinational company, for example, Adriana Garibaldi de Hilal (2006) found clear effects of Brazilian national culture on the organizational culture of the company as a whole, with values and practices generally aligned with Brazilian societal values and practices. In looking to see how uniform the organizational culture was, however, a cluster analysis of the values and practices in different geographic locations found a number of subgroups. As noted by Garibaldi de Hilal, and consistent with institutional theory, organizational values must be "legitimized" by the host country of the organization, and this was consistent with the emergence of four clusters of organizational culture, with nationality being the strongest distinction across clusters.

This effect can be seen with cultural boundaries as well as geographical boundaries. Kim (2004), for example, qualitatively analyzed the experiences of Korean-born and American-born employees in Korean companies located in the United States. Kim found that societal culture affects the interpretation of work practices, and in turn, organizational cultures. In particular, although the organizations were all located in the United States, the managers were all Korean-born and on temporary assignments. Ethnicity and social cultural norms were made salient at these organizations, as "those at the top of the hierarchy are Korean and define 'Korean-ness' in accomplishing the work" (p. 89). Further, Kim concluded that this emphasis on societal culture affected the organizational culture of these companies. Specifically, both the Korean-born and the American-born employees followed the lead of top management and interpreted work behaviors in ways that were consistent with values and practices congruent with Korean rather than American culture. The more salient of societal and organizational cultures, then, is the one that impacts

employee attitudes and behaviors more strongly, as its effect on individual employee outcomes is stronger.

Tightness/Looseness

As noted previously, a variety of authors have posited direct linkages between cultural variables at the societal level and cultural variables at the organizational level (e.g., Hofstede & Peterson, 2000; Kanungo & Jaeger, 1990). These proposed linkages make intuitive sense, and some research at the individual level also supports this idea (see, e.g., Joiner, 2001). It is hard to investigate these linkages because of the number of organizations and number of societies necessary to fully test such propositions. Further, just as there are substantial numbers of people who fall on the opposite side of the individualistic/collectivistic scale than do most people in their culture (Triandis & Suh, 2002), there are also substantial numbers of organizations whose cultures do not match the culture of the larger society in which they emerge. India, for example, is noted as a collectivistic society, yet organizational members consistently function as individualists when at work (Dhawan, Roseman, Naidu, Thapa, & Rettek, 1995; Kwantes, 2009).

It does not appear to be the case, however, that there is equivalent variation (objectively measured) of organizational culture styles in different societal cultures. There may be restriction of range on organizational culture in some-societies, where only certain variations of cultural norms are seen as acceptable, while other societies may have organizations whose cultures run the full gamut of possibilities. We believe that this variability is attributable to cultural tightness/looseness. Michele Gelfand and colleagues (e.g., Chan, Gelfand, Triandis, & Tzeng, 1996; Gelfand, Lim, & Raver, 2004; Gelfand, Nishii, & Raver, 2006) have built

on earlier work by Harry Triandis (1989) to establish the concept of cultural tightness or looseness as an important aspect of culture that moves beyond cultural dimensions.

Cultural tightness/looseness has been defined as "the strength of social norms and the degree of sanctioning within societies" (Gelfand et al., 2006, p. 1226) related to behavior. Further, "societal tightness–looseness has two key components: The strength of social norms, or how clear and pervasive norms are within societies, and the strength of sanctioning, or how much tolerance there is for deviance from norms within societies" (p. 1226). A clear implication of this dimension is that tight societies are likely to tolerate less variation in organizational functioning and culture than those that are loose. Loose cultures are likely to have fewer inculcated behavioral restraints; those restraints are likely to exist at more extreme ends of the behavioral continuum; and socialization is less likely to focus on the importance of staying within the cultural "comfort zone" (Gelfand et al., 2006).

Gelfand and colleagues (2006) further theorize that in tight societal cultures, organizations tend to emphasize control rather than flexibility, and focus the selection process on ensuring that people entering the organization (a) are trainable and (b) will fit with the culture. Noting that this idea is traceable as far back as Adam Smith (1776/1976), they posit that "organizational forms and industries that are consonant with the broader societal emphasis on flexibility and control are most likely to prosper and thrive in loose versus tight societies, respectively" (p. 1234).

Finally, Gelfand and colleagues (2006) suggest that, while the previously described "top-down" process (in which the tightness/looseness of the larger societal culture affects the cultures of organizations within the society) have substantial impact, there

are also "bottom-up" processes (in which the people within the organization exert influence on the organization's culture that is consistent with the tightness/looseness of the larger societal culture from which they have come). This is entirely consistent with our earlier discussion of Schneider's suggestion that E = f (P, B) (i.e., the environment is a function of the characteristics of the people within the environment and the behavior of those people).

CHALLENGES TO UNDERSTANDING AND RESEARCHING ORGANIZATIONAL CULTURE IN THE CONTEXT OF SOCIETAL CULTURE

Representations of organizational culture are generally based on employee percep-tions, so the sample used to generate a picture of organizational culture matters tremendously. Whose voice is being heard in describing an organizational culture strongly affects that description. Much of the research to date, however, has obtained culture information from a single source: typically managers or organiza-tional leaders. Yet there are consistent findings that organizational level has a strong impact on employee perceptions of a variety of perceptions in the workplace, including perceptions of change (e.g., Jones, Watson, Hobman, Bordia, Gallois, & Callan, 2008), motivation (e.g., Buelens & Van den Broeck, 2007), work goals and centrality (Lundberg & Peterson, 1994), understanding of organizational strategic objectives (e.g., Boswell, 2006), and of course, culture. Further, the organizational culture that top management experience may be far different than that of middle management, lower management, or staff workers.

Such disproportionate sampling "at the top" in culture research may not be a uniform characteristic of samples across cultures, however. To the extent that sampling of organizational level differs from culture to culture, variations in organizational culture may be due to variations in employee perspectives due to organizational ranking rather than to the impact of societal culture. Unfortunately, this effect is hard to assess, because the organizational level of sample participants is seldom reported.

The same may be true of voice with respect to descriptions of societal culture. The GLOBE studies, for example, used responses from middle managers to describe the various societal cultures that were investigated, yet there is some evidence that who responds to such surveys makes a difference. Mary Keating, Gillian Martin, and Erna Szabo (2002) asked students and middle managers in both Austria and Ireland to describe their societal cultural contexts and found that each set of respondents within each country had different descriptions of their society. Distinct differences between both practices and values emerged in both countries on several dimensions between these groups, providing further support for the idea that who forms the sample has an impact on how the societal culture is described. Yet this variable is rarely taken into account in published research.

Michele Gelfand, Lisa Leslie, and Ryan Fehr (2008) point out that our very understanding of the construct of organizational culture has depended on little variation in voice, terming researchers' use of the construct as basically a "US export business" (p. 494). The concept originated in the West and primarily developed in the West, leading to a strong culture-centric approach to the definition of the construct, the measurement of the construct, and the theory of the linkages between organizational culture and other organizational constructs.

Gelfand et al. argue that there is an implicit bias in cross-cultural organizational behavior research in that it reflects an *independent* rather than *interdependent* self (p. 496).

This implicit assumption of independence, which is rarely questioned, limits our understanding of organizational culture's relationship with social culture in at least two ways. First, it reflects the research paradigm from within which both the construct is defined and operationalized. Second, it reflects the research paradigm from which the research questions themselves are developed. For example, Gelfand et al. (2008) note that societal culture itself may be a determining factor in the extent to which there is synchronization between organizational and societal cultures—for some contexts but not others. In Western contexts, there is typically a sharp divide between "work" and "nonwork" contexts, with family and friends often viewed as a distinctly different group than colleagues and coworkers. This results in different norms of behavior in work and nonwork contexts and a sharper distinction between societal and organizational culture. In Eastern contexts, however, the boundary is less distinct, with the result that cultural boundaries between organizational culture and societal culture may be more permeable and/or the cultures more similar to each other.

CONCLUSION

Organizational culture is a complex, multifaceted construct. Much of the literature to date has used what Hackman (2003) termed "reductionism" to understand it—that is, looking down one level of analysis to the individual level in order to determine the individual contributions and relationships to making the aggregate, or group-level, culture. In this chapter we have "bracketed up" to look at higher-level constructs, such as societal culture, as well as at some of the many group-level constructs that can influence organizational culture. While Project GLOBE and other research efforts have provided important contributions to understanding organizational culture through both reductionism and bracketing, there are multiple other group-level influences on organizational culture that have yet to be systematically explored, either theoretically or empirically. One of the greatest challenges that we see is what Mary Keating and K. Thompson (2004) referred to as "disciplinary sectarianism." In other words, there is a tremendous amount of research going on that focuses on shared values in organizations and societies, but most researchers in the domain are aware of only a small portion of that research—namely, the portion being done within their own discipline or subdiscipline and published in the journals read in those disciplines.

Though researchers have been addressing these topics for many years now, the current state of the literature suggests that we are in many ways still in our infancy. Arnon Reichers and Ben Schneider (1990) suggest a stage model for the evolution of constructs, in which shared and commonly accepted definitions of constructs and widely accepted methods of measurement and analysis are indicators of the maturity of a field of study. Within their model and based on their criteria, the study of culture at the organizational and societal levels is in the second stage of evolution. It has moved past the early stages in which people argued whether the constructs exist, and if they do, whether they matter. The study has not yet reached the point at which there are widely shared understandings of the constructs, their boundaries and limitations, and their antecedents and consequences. Given the lack of shared definitions and approaches to measurement, it is not surprising that we still wrestle with how these multilevel and cross-level constructs relate to each other.

Perhaps vigorous debates about these questions (e.g., Peterson & Castro, 2006; Hanges & Dickson, 2006; Dansereau & Yammarino, 2006; Graen, 2006; House, Javidan, Dorfman, & Sully de Luque, 2006) will help to move us further down the path of construct evolution.

Looking forward, a critical issue that has yet to be addressed is one that we have obliquely referenced in this chapter but have not explicitly addressed. That is, "When does culture really matter, and which culture matters when?" Aycan (2000) alluded to the "When does culture matter?" part of this issue in her conceptualization of non-societal–culture influences on organizational practices and culture. Christina Gibson, Martha Maznevski, and Bradley Kirkman (2009) address this in their work on the relationship between "the collective configuration of culture and the perceptions, beliefs, values, and behaviors of the people that belong to that culture" (p. 60)—not quite organizational culture, but certainly a related topic. Gibson et al. note that some may conclude culture really doesn't matter that much, given the myriad individual, group, and situational moderators that determine the extent of culture's effects on individual and group. They conclude, however, that "culture always matters, *but there are certain circumstances in which culture matters more, and others in which culture matters less*" (p. 60, emphasis in original). We

concur, and see research on the "when more and when less" issue as a critical next step.

Finally, while some authors have focused on "When does culture matter?," Miriam Erez and Gili Drori (2009) have focused on "Which culture matters when?" While in this chapter we have generally treated societal culture as the "topmost" variable, Erez and Drori remind us that "globalization exerts isomorphic pressures of work environments, [though] we acknowledge that such general trends towards homogenization and convergence have not erased all variations" (p. 165). In short, our efforts to focus on societal culture should not blind us to the potential effects of global culture on organizational cultures. "Which culture matters when?" is a topic deserving of significant future research.

The chapter from Project GLOBE addressing societal culture's effects on organizational culture begins by stating, "A major premise of the GLOBE study is that organizational cultural practices are influenced by factors external to the organization itself. As indicated in the GLOBE conceptual model, societal culture is predicted to affect the cultures of organizations embedded within these societies" (Brodbeck et al., 2004, p. 654). The premise of a societal culture–organizational culture effect appears simple; understanding the what, when, and how much of that effect is anything but.

REFERENCES

Aycan, Z. (2000). Cross-cultural industrial and organizational psychology. Contributions, past developments, and future directions. *Journal of Cross-Cultural Psychology, 31,* 110–128.

Aycan, Z., Kanungo, R., & Sinha, J. (1999). Organizational culture and human resource management practices: The model of culture fit. *Journal of Cross-Cultural Psychology, 30*(4), 501–526.

Bajdo, L., & Dickson, M. W. (2001). Perceptions of organizational culture and women's advancement in organizations: A cross-cultural examination. *Sex Roles: A Journal of Research, 45*(5/6), 399–414.

Boswell, W. (2006). Aligning employees with the organization's strategic objectives: Out of "line of sight," out of mind. *International Journal of Human Resource Management, 17,* 1489–1511.

Brannan, M. (2004). When Mickey loses face: Recontextualization, semantic fit, and the semiotics of foreignness. *Academy of Management Review, 29*(4), 593–616.

Brodbeck, F. C., Hanges, P. J., Dickson, M. W., Gupta, V., & Dorfman, P. W. (2004). Societal culture and industrial sector influences on organizational culture. In R. J. House, P. J. Hanges, M. Javidan, P. W. Dorfman, & V. Gupta (Eds.), *Culture, leadership, and organizations: The GLOBE study of 62 societies* (pp. 654–720). Thousand Oaks, CA: Sage.

Buelens, M., & Van den Broeck, H. (2007). An analysis of differences in work motivation between public and private sector organizations. *Public Administration Review, 67*(1), 65–74.

Calori, R., Lubatkin, M., & Very, P. (1994). Control mechanisms in cross-border acquisitions: An international comparison. *Organization Studies, 15*(3), 361.

Chan, D. K.-S., Gelfand, M. J., Triandis, H. C., & Tzeng, O. (1996). Tightness–looseness revisited: Some preliminary analyses in Japan and the United States. *International Journal of Psychology, 31*(1), 1–12.

Cooke, R. A., & Rousseau, D. M. (1988). Behavioral norms and expectations: A quantitative approach to the assessment of organizational culture. *Group and Organization Studies, 13,* 245–273.

Dansereau, F., & Yammarino, F. J. (2006). Is more discussion about levels of analysis really necessary? When is such discussion sufficient? *The Leadership Quarterly, 17,* 537–552.

Den Hartog, D. N., House, R. J., Hanges, P. J., Ruiz-Quintanilla, S. A., Dorfman, P.W., Javidan, M., Dickson, M. W., & GLOBE. (1999). Culture specific and cross culturally generalizable implicit leadership theories: Are attributes of charismatic/transformational leadership universally endorsed? *The Leadership Quarterly, 10,* 219–256.

Dhar, U. (1994). The meaning of work. *South Asian Journal of Management, 2,* 1–4.

Dhawan, N., Roseman, I. J., Naidu, R. K., Thapa, K., & Rettek, S. I. (1995). Self-concepts across two cultures: India and the United States. *Journal of Cross-Cultural Psychology, 26*(6), 606–621.

Dickson, M. W., Aditya, R. N., & Chhokar, J. S. (2004). Definition and interpretation in cross-cultural organizational culture research. In N. M. Ashkanasy, C. P. M. Wilderom, & M. F. Peterson (Eds.), *Handbook of organizational culture and climate* (pp. 447-464). Thousand Oaks, CA: Sage.

Dickson, M. W., BeShears, R. S., & Gupta, V. (2004). The impact of societal culture and industry on organizational culture: Theoretical explanations. In R. J. House, P. J. Hanges, M. Javidan, P. W. Dorfman, & V. Gupta (Eds.), *Culture, leadership, and organizations: The GLOBE study of 62 societies* (pp. 74–90). Thousand Oaks, CA: Sage.

Dickson, M. W., Resick, C. J., & Goldstein, H. (2008). Seeking explanations in people not in the results of their behavior: Twenty-plus years of the Attraction-Selection-Attrition model. In D. B. Smith (Ed.), *The people make the place: Dynamic linkages between individuals and organizations* (pp. 5–36). New York: Lawrence Erlbaum.

Dickson, M. W., Resick, C. J., & Hanges, P. J. (2006a). Universality and variation in organizationally-shared cognitive prototypes of effective leadership. *The Leadership Quarterly, 17,* 486–505.

Dickson, M. W., Resick, C. J., & Hanges, P. J. (2006b). When organizational climate is unambiguous, it is also strong. *Journal of Applied Psychology, 91,* 351–364.

DiMaggio, P., & Powell, W. (1983). The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields. *American Sociological Review, 48*(2), 147–160.

Erez, M., & Drori, G. S. (2009). Global culture and organizational processes. In R. S. Bhagat & R. M. Steers (Eds.), *Cambridge handbook of culture, organizations, and work* (pp. 148–173). Cambridge, UK: Cambridge University Press.

Euwema, M. C., Wendt, H., & van Emmerik, H. (2007). Leadership styles and group organizational citizenship behavior across cultures. *Journal of Organizational Behavior, 28*(8), 1035–1057.

Garibaldi de Hilal, A. V. (2006). Brazilian national culture, organizational culture and cultural agreement: Findings from a multinational company. *International Journal of Cross Cultural Management, 6*(2), 139–167.

Gelfand, M. J., Leslie, L. M., & Fehr, R. (2008). To prosper, organizational psychology should . . . adopt a global perspective. *Journal of Organizational Behavior, 29*(4), 493–517.

Gelfand, M. J., Lim, B-C., & Raver, J. L. (2004). Culture and accountability in organizations: Variations in forms of social control across cultures. *Human Resource Management Review, 14*(1), 135–160.

Gelfand, M. J., Nishii, L.H., & Raver, J.L. (2006). On the nature and importance of cultural tightness-looseness. *Journal of Applied Psychology, 91*(6), 1225–1244.

Gerhart, B. (2008). How much does national culture constrain organizational culture? *Management and Organization Review, 5,* 241–259.

Gibson, C. B., Maznevski, M. L., & Kirkman, B. L. When does culture matter? In R. S. Bhagat & R. M. Steers (Eds.), *Cambridge handbook of culture, organizations, and work* (pp. 46–68). Cambridge, UK: Cambridge University Press.

Gómez-Mejia, L. R., & Palich, L. E. (1997). Cultural diversity and the performance of multinational firms. *Journal of International Business Studies, 28*(2), 309–335.

Gordon, G. G. (1991). Industry determinants of organizational culture. *Academy of Management Review, 16,* 396–415.

Graen, G. (2006). In the eye of the beholder: Cross-cultural lessons in leadership. *Academy of Management Perspectives,* 95–101.

Hackman, J. R. (2003). Learning more by crossing levels: Evidence from airplanes, hospitals, and orchestras. *Journal of Organizational Behavior, 24,* 905–922.

Hanges, P. J. & Dickson, M. W. (2004). The development and validation of the GLOBE culture and leadership scales. In R. J. House, P. J. Hanges, M. Javidan, P. W. Dorfman, & V. Gupta (Eds.), *Culture, leadership, and organizations: The GLOBE study of 62 societies* (pp. 122–151). Thousand Oaks, CA: Sage.

Hanges, P. J., & Dickson, M. W. (2006). Agitation over aggregation: Clarifying the development of and the nature of the GLOBE scales. *The Leadership Quarterly, 17,* 522–536.

Hanges, P. J., Lord, R. G., & Dickson, M. W. (2000). An information-processing perspective on leadership and culture: A case for connectionist architecture. *Applied Psychology: An International Review, 49,* 133–161.

Hannan, M. T. (1971). *Aggregation and disaggregation in sociology.* Lexington, MA: Heath.

Hofstede, Geert. (1980). *Culture's consequences: International differences in work-related values.* Beverly Hills, CA: Sage.

Hofstede, G. (2001a). *Culture's consequences* (2nd ed.). Thousand Oaks, CA: Sage.

Hofstede, G. (2001b). Cultures in organizations. In *Culture's consequences* (2nd ed., pp. 373–422). Thousand Oaks, CA: Sage.

Hofstede, G., & Hofstede, G. J. (2005). *Cultures and organizations: Software of the mind.* New York: McGraw-Hill.

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

Hofstede, G., & Peterson, M. F. (2000). National values and organizational practices. In N. M. Ashkanasy, C. P. M. Wilderom, & M. F. Peterson (Eds.), *Handbook of organizational culture and climate* (pp. 401–405). London: Sage.

House, R. J., Hanges, P. J., Javidan, M., Dorfman, P. W., & Gupta, V. (Eds.). (2004). *Culture, leadership, and organizations: The GLOBE study of 62 societies.* Thousand Oaks, CA: Sage.

House, R. J., & Javidan, M. (2004). Overview of GLOBE. In R. J. House, P. J. Hanges, M. Javidan, P. W. Dorfman, & V. Gupta (Eds.), *Culture, leadership, and organizations: The GLOBE study of 62 societies* (pp. 9–28). Thousand Oaks, CA: Sage.

House, R. J., Javidan, M., Dorfman, P. W., & Sully de Luque, M. (2006). A failure of scholarship: Response to George Graen's critique of GLOBE. *Academy of Management Perspectives,* 102–114.

Johns, G. (2006). The essential impact of context on organizational behavior. *Academy of Management Review, 31*(2), 386–408.

Joiner, T. A. (2001). The influence of national culture and organizational culture alignment on job stress and performance: Evidence from Greece. *Journal of Managerial Psychology, 16*(3–4), 229–242.

Jones, L., Watson, B., Hobman, E., Bordia, P., Gallois, C., & Callan, V. J. (2008). Employee perceptions of organizational change: Impact of hierarchical level. *Leadership & Organization Development Journal, 29,* 294–316.

Kanungo, R. N., & Jaeger, A. M. (1990). Introduction: The need for indigenous management in developing countries. In A. M. Jaeger & R. N. Kanungo (Eds.), *Management in developing countries* (pp. 1–23). London: Routledge.

Keating, M. A., Martin, G. S., & Szabo, E. (2002). Do managers and students share the same perceptions of societal culture? *International Journal of Intercultural Relations, 26*(6), 633–652.

Keating, M., & Thompson, K. (2004). International human resource management: Overcoming disciplinary sectarianism. *Employee Relations, 26,* 595–612.

Kim, J. (2004). "They are more like us": The salience of ethnicity in the global workplace of Korean transnational corporations. *Ethnic and Racial Studies, 27*(1), 69–94.

Kostova, T. (1999). Transnational transfer of strategic organizational practices: A contextual perspective. *Academy of Management Review, 24*(2), 308–324.

Kristof, A. (1996). Person-organization fit: An integrative review of its conceptualizations, measurement, and implications. *Personnel Psychology, 49,* 1–49.

Kwantes, C. T. (2009). Culture, job satisfaction and organizational commitment in India and the United States. *Journal of Indian Business Research, 1*(4), 196–212.

Kwantes, C. T., Arbour, S., & Boglarsky, C.A. (2007). Fit and outcomes in six national contexts: An organizational level analysis. *Journal of Organizational Culture, Communication, and Conflict, 11,* 95–112.

Kwantes, C. T., & Boglarsky, C. A. (2004). Do occupational groups vary in expressed organizational culture preferences? A study of six occupations in the United States. *International Journal of Cross Cultural Management, 4,* 335–354.

Kwantes, C. T., & Boglarsky, C. A. (2007). Perceptions of organizational culture leadership effectiveness, and personal effectiveness across six countries. *Journal of International Management, 13,* 204–213.

Kwantes, C. T., Karam, C. M., Kuo, B. C. H., & Towson, S. (2008). Organizational citizenship behaviours: The influence of culture. *International Journal of Intercultural Relations, 32,* 229–243.

Kwantes, C. T., Kuo, B. C. H., & Boglarsky, C. A. (2004, May). *Adaptations of a global organizational culture: Do social culture differences matter*. Paper presented at the International Association for Intercultural Research conference, Taipei, Taiwan.

Latta, G. F. (2009). A process model of organizational change in cultural context (OC³ model): The impact of organizational culture on leading change. *Journal of Leadership & Organizational Studies, 16,* 19–37.

Leach, M. M., & Harbin, J. J. (1997). Psychological ethics codes: A comparison of twenty-four countries. *International Journal of Psychology, 32*(3), 181–192.

Leung, K., Bond, M. H., Reimel De Carrasquel, S., Munoz, C., Hernandez, M., Murakami, F., Yamaguchi, S., Bierbrauer, G., & Singelis, T. M. (2002, May). Social axioms: The search for universal dimensions of general beliefs about how the world functions. *Journal of Cross-Cultural Psychology, 33*, pp. 286-302.

Lewin, K. (1936). *Principles of topological psychology*. New York: McGraw-Hill.

Li, W., Wang, Y., Taylor, P., Shi, K., & He, D. (2009). The influence of organizational culture on work-related personality requirement ratings: A multilevel analysis. *International Journal of Selection and Assessment, 16,* 366–384.

Lim, L. (2010, February 24). Toyota's woes unsettle corporate culture in Japan. National Public Radio, *Morning Edition.* Retrieved February 24, 2010, from http://www.npr.org/templates/story/story.php?storyId=124003609

Lundberg, C. H., & Peterson, M. F. (1994). The meaning of working in U.S. and Japanese local governments at three hierarchical levels. *Human Relations, 47*(12), 1459–1487.

McClelland, D. C. (1961). *The achieving society*. Princeton, NJ: Van Nostrand.

Peterson, M. F., & Castro, S. L. (2006). Measurement metrics at aggregate levels of analysis: Implications for organization culture research and the GLOBE project. *The Leadership Quarterly, 17,* 506–521.

Reichers, A. E., & Schneider, B. (1990). Climate and culture: An evolution of constructs. In B. Schneider (Ed.), *Organizational climate and culture* (pp. 5–39). San Francisco: Jossey-Bass.

Robert, C., Probst, T. M., Martocchio, J. J., Drasgow, F., & Lawler, J. (2000). Empowerment and continuous improvement in the United States, Mexico, Poland, and India: Predicting fit on the basis of the dimensions of power distance and individualism. *Journal of Applied Psychology, 85*(5), 643–658.

Schein, E. H. (2004). *Organizational culture and leadership* (3rd ed.). San Francisco: Jossey-Bass.

Schneider, B. (1987). The people make the place. *Personnel Psychology, 40*, 437–453.

Schneider, B., Goldstein, H. W., & Smith, D. B. (1995). The ASA framework: An update. *Personnel Psychology, 48*, 747-779.

Schneider, B., Smith, D. B., & Goldstein, H. W. (2000). Attraction-selection-attrition: Toward a person-environment psychology of organizations. In W. B. Walsh, K. H. Craik, & R. H. Price (Eds.), *Person-environment psychology: New directions and perspectives* (2nd ed., pp. 61–85). Mahwah, NJ: Lawrence Erlbaum.

Schwartz, S. H. (1992). Universals in the content and structure of values: Theoretical advances and empirical tests in 20 countries. In M. Zanna (Ed.), *Advances in experimental social psychology* (Vol. 25, pp. 1–65). New York: Academic Press.

Smith, A. (1976). *An inquiry into the nature and causes of the wealth of nations*. Chicago: University of Chicago Press. (Original work published 1776)

Smith, D., O'Connell, D., & Dey, I. (2008, August 31). Companies move abroad to escape tax. *The Sunday Times*. Retrieved January 3, 2010, from http://business.timesonline.co.uk/tol/business/economics/article4633674.ece

Smith, P. B., Peterson, M. F., & Schwartz, S. H. (2002). Cultural values, sources of guidance, and their relevance to managerial behavior: A 47-nation study. *Journal of Cross-Cultural Psychology, 33*(2), 188–208.

Soeters, J., & Schreuder, H. (1988). The interaction between national and organizational cultures in accounting firms. *Accounting, Organizations, and Society, 13*, 75–85.

Thomas, D. C., & Pekerti, A. A. (2003). Effect of culture on situational determinants of exchange behavior in organizations: A comparison of New Zealand and Indonesia. *Journal of Cross-Cultural Psychology, 34*(3), 269–281.

Triandis, H. C. (1989). The self and social behavior in differing cultural contexts. *Psychological Review, 96*, 506–520.

Triandis, H. C., & Suh, E. M. (2002). Cultural influences on personality. *Annual Review of Psychology, 53,* 133–160.

Trice, H. M., & Beyer, J. M. (1993). *The cultures of work organizations*. Englewood Cliffs, NJ: Prentice Hall.

Viscusi, S. (2008). *Bulletproof your job: 4 simple strategies to ride out the rough times and come out on top at work*. New York: HarperBusiness.

Waldman, D. A., Sully de Luque, M., Washburn, N., & House, R. J. (2006). Cultural and leadership predictors of corporate social responsibility values of top management: A GLOBE study of 15 countries. *Journal of International Business Studies, 37*, 823–837.

Williams, C. A., & Aguilera, R. V. (2008). Corporate social responsibility in a comparative perspective. In A. Crane et al. (Eds.), *The Oxford handbook of corporate social responsibility* (pp. 452–472). Oxford: Oxford University Press.

Personal Values, National Culture, and Organizations

Insights Applying the Schwartz Value Framework

Lilach Sagiv, Shalom H. Schwartz, and Sharon Arieli

National, occupational, industrial, and individual values all affect the cultural values that develop in organizations (Trice & Beyer, 1993). This chapter focuses on the effects of values at the national and individual levels. Organizations must adapt to the *nation-level values* that prevail in their society to gain and maintain legitimacy and to function effectively. At the same time, the *individual-level values* that are important to organizational members influence the culture of the organization. We explore the effects of values at these two levels on the cultures that organizations develop. To conceptualize values, we adopt the framework devised by Shalom H. Schwartz, which provides theories of values at both the national (Schwartz, 1999, 2004) and the individual (Schwartz, 1992, 2006b) levels. Both theories have been studied around the world. We present each and review recent studies that apply them to organizational settings.

Values refer to what is desirable and worthy. They exist at multiple levels. At the collective level, cultural values are widely shared, abstract ideas about what is good, right, and desirable (Williams, 1970). They represent the goals that members of the collective are encouraged to pursue, and they serve to justify actions taken in pursuit of these goals (Schwartz, 1999). *Cultural values* characterize social collectives, such as nations, business organizations, education systems, and religions. At the individual level, *personal values* are cognitive representations of the broad goals that motivate the behavior of individuals (Schwartz, 1992). Personal values are desirable, trans-situational goals that serve as guiding principles in peoples' lives (Kluckhohn, 1951; Rokeach, 1973; Schwartz, 1992). They are relatively stable attributes of individuals. They affect people's choices and actions over time and across situations.

ORGANIZATIONAL VALUES

Organizations, like other social collectivities, are characterized by a culture that consists of sets of assumptions, beliefs, and values. Values play the key prescriptive role. Leaders draw on organizational values to set their goals and agendas. They use the values to justify and explain their goals to organization members and to interested constituencies in the encompassing social environment (Schwartz, 1999). For example, Lilach Sagiv and Fiona Lee (2007) analyzed the cultural values that CEOs and board chairmen drew on in letters they wrote as part of their annual reports to their shareholders.

A letter from an annual report of a bank said, for example, that, "As part of our effort to improve diversity at the executive level, we are now devoting much more attention to career planning and development for high-potential employees from under-represented groups." This letter not only reports the action taken by the organization (i.e., devoting attention to career plans of employees from underrepresented groups) but also explains this action by noting that it expresses egalitarian values (i.e., improving diversity). Many of the letters analyzed exhibited a similar pattern of explaining and justifying organizational policies and practices in terms of the underlying values they express.

The common symbols, rituals, norms, and practices that develop in the organization reflect and express the values that constitute the organizational culture (Sagiv & Schwartz, 2000, 2007; Trice & Beyer, 1993). Consider, for example, the use of uniforms. In organizations such as the military and police or fire departments, uniforms express the cultural valuing of hierarchy. Uniforms reveal the rank of each member in the organizational hierarchy. Each uniform identifies a person's position both to its wearer and to others (Soeters, 2000). This facilitates social control and promotes submission to role obligations. The use of uniforms in these organizations expresses the assumption that hierarchy is desirable, even essential, to ensure smooth functioning in the organization.

In other organizations, uniforms may reflect other cultural values. For example, school uniforms that are identical for all students are intended to minimize the appearance of socioeconomic differences among students. This expresses the importance of equality in the organization. In some societies, school uniforms are identical within schools but differ between schools. Uniforms that distinguish between private school students and students from less prestigious schools may express a cultural emphasis on values of competitiveness and prestige. Finally, the type of uniform worn in religious schools often reflects an emphasis on conservative values. Thus, different types of uniforms may powerfully symbolize and express a variety of different underlying cultural values of organizations.

The values of business organizations crucially impact their operation. How do these values develop? We next discuss two major sources of influence on the values that evolve in organizations—values emphasized by the society in which the organization is nested (the nation level) and personal values of organizational members (the individual level).

NATION-LEVEL VALUES AND THEIR IMPACT ON ORGANIZATIONAL CULTURE

Organizations are nested within societies. To function effectively, organizations must gain and maintain some public legitimacy (Kostova & Roth, 2002). They must justify their activity as expressing (or at least not contradicting) the values that are important in their society. Organizations that fail to

do so face criticism, pressure to change, and even denial of resources (Sagiv & Schwartz, 2007). Consequently, organizational cultures tend to develop and evolve in ways that are compatible with the surrounding national culture. Many researchers recognize national culture as an important influence on organizations (e.g., Hofstede & Peterson, 2000; Kirkman & Shapiro, 1997; Trice & Beyer, 1993).

To study the impact of national culture on organizational culture, we must conceptualize and measure values at the national level. Several researchers have proposed dimensions of national culture (Hofstede, 1980, 2001; House, Javidan, & Dorfman, 2001; Inglehart & Baker, 2000; Schwartz, 1999, 2006a; Smith, Dugan, & Trompenaars, 1996). These approaches overlap both conceptually and empirically (see discussions in Schwartz, 2004, 2010). Only the Schwartz framework studies values at both national and individual levels and examines what is common and different between the levels. It is therefore especially beneficial for studying organizations.

The Schwartz Theory of Cultural Values (Schwartz, 1999, 2006a) has several important strengths. First, the cultural dimensions or orientations it identifies derive from a priori theorizing. Second, the dimensions are operationalized with measures that have been validated for cross-cultural research by demonstrating substantial cross-cultural equivalence of meaning. Third, whereas other models provide only a taxonomy of dimensions of cultural values, this theory specifies the shared and opposing assumptions that underlie the dimensions it specifies. Hence, it identifies not only the content of cultural values but also the dynamic structure of compatible and conflicting relations among them. The content and structure of the cultural values have been replicated internationally with two types of samples

(teachers and students), providing evidence for their robustness. Finally, the theory holds the promise of inclusively covering most, if not all, major distinctive cultural value dimensions. This is because it builds on an approach that includes the full range of individual motivations that culture may influence. In the following section, we present the Schwartz cultural value dimensions and discuss their implications for organizations.

A Theory of Cultural Values

By considering three issues that confront all societies, Schwartz (1999, 2004, 2006a) derived dimensions of values for comparing cultures. The first issue is the relations, or boundaries, between the individual and the group. In *embedded* cultures, people are viewed as entities embedded in the collectivity. They are expected to find meaning in life largely through social relationships, through identifying with the group, participating in its shared way of life, and striving toward its shared goals. Such values as social order and respect for tradition, security, and wisdom are especially important.

In *autonomy* cultures, people are viewed as autonomous, bounded entities who should find meaning in their own uniqueness and who are encouraged to express their internal attributes (preferences, traits, feelings, motives). There are two types of cultural autonomy: (1) *intellectual autonomy* encourages individuals to pursue their own ideas and intellectual directions independently (important values: curiosity, broadmindedness, creativity), and (2) *affective autonomy* encourages individuals to pursue affectively positive experiences for themselves (important values: pleasure, exciting life, varied life).

Organizations located in societies high on embeddedness are more likely to function as extended families, taking responsibility for their members in all domains of life and, in

return, expecting members to identify with and work dutifully toward shared goals. Organizations located in high-autonomy societies, in contrast, are more likely to treat their members as independent actors with their own interests, preferences, abilities, and allegiances. They tend to grant members more autonomy, encouraging them to generate and act on their own ideas (Sagiv & Lee, 2007; Sagiv & Schwartz, 2000).

The second issue that challenges all societies is to ensure socially responsible behavior that preserves the social fabric. The polar solution labeled cultural *hierarchy* relies on hierarchical systems of ascribed roles to ensure responsible productive behavior. It defines the unequal distribution of power, roles, and resources as legitimate (values: social power, authority, humility, wealth). People are socialized to take the hierarchical distribution of roles for granted and to comply with the obligations and rules attached to their roles. The polar alternative labeled cultural *egalitarianism* seeks to induce people to recognize one another as moral equals who share basic interests as human beings. People are socialized to internalize a commitment to cooperate and to feel concern for everyone's welfare (values: equality, social justice, responsibility, honesty).

In hierarchical cultures, organizations are more likely to construct a chain of authority that assigns all employees to well-defined roles. Members are expected to comply with role-obligations and to put the interests of the organization before their own. Egalitarian organizations, in contrast, are built on cooperative negotiation among employees and management. Leaders more often use shared goal-setting and appeal to the joint welfare of all to motivate members (Sagiv & Lee, 2007; Sagiv & Schwartz, 2000).

The third societal challenge is to regulate relations of humankind to the natural and social world. The cultural orientation labeled *mastery* encourages active self-assertion to master, direct, and change the environment in the service of group or personal goals (values: ambition, success, daring, competence). The polar response, labeled *harmony,* is to accept the world as it is, trying to understand and appreciate rather than to change, direct, or exploit. This cultural orientation emphasizes fitting harmoniously into the environment (values: unity with nature, protection of the environment, world at peace).

Organizations that emphasize mastery are likely to be dynamic, competitive, and oriented to achievement and success. They often develop and use technology to manipulate and change the environment to attain organizational goals. Where harmony is important, in contrast, organizations are expected to fit into their surroundings. Leaders try to understand the social and environmental implications of organizational actions and to seek nonexploitative ways to pursue their goals. They may question the legitimacy of technological manipulation of the environment (Sagiv & Lee, 2007; Sagiv & Schwartz, 2000).

In sum, the theory specifies three bipolar dimensions of culture that represent alternate resolutions to each of three challenges (see Figure 29.1): *embeddedness* versus *autonomy, hierarchy* versus *egalitarianism, mastery* versus *harmony*. A societal emphasis on the cultural orientation at one pole of a dimension typically accompanies a de-emphasis on the polar orientation with which it tends to conflict. Cultural value orientations that share compatible assumptions are adjacent in the circle, whereas values that reflect conflicting assumptions are in opposing positions. These conflicts and compatibilities yield the circular order of orientations in Figure 29.1, specifically: embeddedness, hierarchy, mastery, autonomy, egalitarianism, harmony, and return to embeddedness. We next review research that applies the Schwartz cultural values to elucidate what happens in and between organizations.[1]
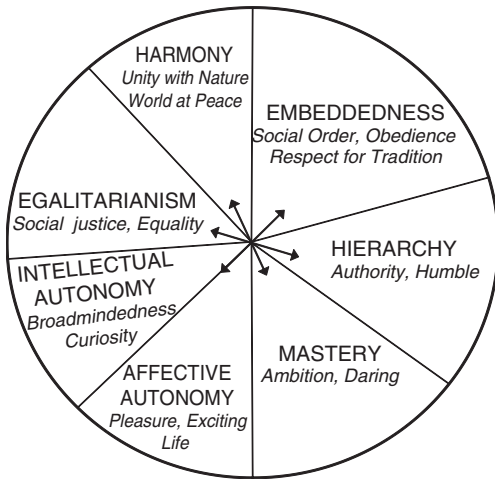
Figure 29.1 Cultural Value Orientations: Theoretical Structure

SOURCE: Adapted from Schwartz, 2009, p. 130.

Nation-Level Values and Managers' Perceptions, Attitudes, and Actions

Several studies have investigated the impact of the Schwartz dimensions of cultural values on managers' perceptions, decisions, and behavior. Peter B. Smith, Mark F. Peterson, and Shalom H. Schwartz (2002) studied how managers handle everyday work events. They related the prevailing cultural values in a country to the extent to which managers rely on various sources of guidance. They presented eight everyday organizational events (e.g., "when one of your subordinates does consistently poor work") to 7,091 middle managers in 47 countries. Managers reported the extent to which actions they take to cope with these events are affected by each of eight potential sources of guidance (e.g., formal rules and procedures; one's own experience).

A cultural emphasis on embeddedness (versus autonomy) and hierarchy (versus egalitarianism) predicted greater reliance on formal rules and superiors (that is, on vertical sources of guidance) rather than on one's own experience and subordinates. These cultural orientations also predicted reliance on beliefs that are widespread in one's nation. This set of findings illustrates how managers adapt to the value priorities encouraged by the culture in which their organization is nested. In embedded and hierarchical cultures, they tend to rely on established, traditional group norms and expectations; in autonomous and egalitarian cultures, they tend to rely on their independent knowledge and experience and to assume that subordinates also have ideas worthy of consideration. The findings also revealed that a cultural emphasis on mastery (versus harmony) related positively to relying on vertical sources of guidance and negatively to relying on outside specialists.

Mark F. Peterson and colleagues (1995) studied role stress, another aspect of the managerial work environment, among 2,248 middle managers from 18 nations. Sagiv and Schwartz (2000) reanalyzed their data to assess whether cultural value orientations related to national levels of role stress. They considered three types of role stress: (1) *role conflict* (perceived incompatibility among expectations of multiple role partners or among aspects of a single role), (2) *role overload* (stress caused by lack of personal resources to fulfill role obligations, requirements, or commitments), and (3) *role ambiguity* (uncertainty about what is required to fulfill a role; Kahn, Wolfe, Quinn, Snoek, & Rosenthal, 1964).

As hypothesized, *role conflict* and *role overload* prevailed more in cultures that emphasize hierarchy and less in cultures that emphasize harmony. *Role overload* was also more prevalent in nations where cultures emphasize mastery values. Thus, these types of role stress are more common in organizations located in societies where there are stronger cultural expectations to meet obligations imposed from above, to submit to power and control, and to work hard. Where the national culture promotes a

more relaxed, balanced pace and encourages harmonious fit with the environment, such role stress is less frequent. Role ambiguity exhibited a different pattern of relations with national culture. It was more common where the culture emphasized egalitarianism values (especially when controlled for hierarchy). Egalitarian cultures accept and even encourage diversity of people and ideas. Apparently, such a cultural orientation contributes to greater ambiguity regarding how managers should fulfill their roles.

Sagiv and Schwartz (2000) further examined how the Schwartz cultural orientations might explain cross-national differences in managers' perceptions, attitudes, and choices. For this purpose, they reanalyzed another large data set of middle managers from 11 countries (Hampden-Turner & Trompenaars 1993). In one example, managers were asked to choose between two ways to describe a company: as a system designed to function efficiently (an "analyzing" perception) or as a group of people working together (an "integrating" perception). Sagiv and Schwartz hypothesized that managers' descriptions of a company depended on the emphasis in their culture on harmony values that encourage integration of relations within organizations and with the surrounding environment. Consistently, countries in which most managers chose the "integrating" description had cultures that emphasized harmony values, whereas countries in which most managers preferred the "analyzing" description had a weaker emphasis on harmony.

Differences in cultural values also explained managers' preferences for paying employees based solely on their work performance versus taking into consideration the size of the employees' families. As expected, in cultures that emphasize affective autonomy, almost all managers preferred payment solely for performance. In contrast, managers from cultures with a stronger emphasis on embeddedness than autonomy were more likely to take family size into account. These findings are consistent with the views of the person in autonomous versus embedded cultures. The former emphasize the autonomy of the person, who should have a life independent of the collective. The latter view the person as an integral part of the collective and each person's life as tied up with it.

Cultural value orientations also helped make sense of national differences in managers' attitudes toward corporate confidentiality. As expected, a larger proportion of managers said that they should refrain from saving a friend from financial ruin by violating confidentiality about their company's affairs in countries with cultures higher on mastery and hierarchy and lower on egalitarianism. Thus, managers were willing to sacrifice the interests of a friend for those of the organization in cultures that emphasize bottom-line success (mastery) and unquestioned obligation to the organization (hierarchy), but less so where the culture emphasizes concern for all (egalitarianism).

In another multinational study, Peter B. Smith, Fons Trompenaars, and Shaun Dugan (1995) explored national differences in managers' locus of control. *Locus of control* (Rotter, 1966) refers to the extent to which individuals perceive that the outcomes and consequences of their behavior depend on their own actions and inclinations (internal control) rather than on forces beyond their control such as chance, luck, fate, or powerful others (external control). The researchers identified three dimensions of locus of control, which they labeled individual-social, personal-political, and luck. They studied 9,140 managers in business organizations from 16 countries and related these three dimensions of locus of control to the prevalent culture in the country.

The *individual-social* dimension refers to the extent to which individuals perceive

themselves as autonomous or as dependent on others in general. Managers were more likely to have an internal locus of control on this dimension if they came from countries where the culture encourages intellectual autonomy (i.e., cultures that view individuals as independent, bounded entities). The *personal-political* dimension refers to the control individuals perceive in relation to the political or organizational environment they inhabit. It was stronger among managers who came from countries where the culture is high on mastery and hierarchy and countries whose culture is low on harmony. One could interpret this as evidence that a cultural emphasis on success (mastery) and control (hierarchy) in institutions contributes to a sense of powerless among individuals exposed to these institutions.

Taken together, the findings above portray a consistent picture. They suggest that living in a society whose culture emphasizes hierarchy influences managers to be concerned about power and control and to prioritize expectations and interests of the organization, even at personal cost to themselves and others. In contrast, a society whose culture emphasizes egalitarian values promotes concern and care for organizational members as individuals with multiple needs and commitments. The findings further suggest that exposure to a national culture that stresses mastery leads managers to emphasize personal and organizational striving and success. An opposing emphasis on harmony leads managers to be less driven and demanding and to seek balance and integration. Cultures that stress embeddedness influence managers to take responsibility for their employees and, in return, to expect them to adapt to organizational requirements and goals. In contrast, a culture that stresses autonomy leads managers to view themselves and their employees as independent actors whose own preferences can and should determine outcomes.

The above findings form an integrated pattern that reflects the dynamic structure of relations among cultural values, as shown in Figure 29.1.

Embeddedness and hierarchy values are adjacent in the structural circle, and both encourage and justify giving priority to the organization over its individual members. The adjacent values of mastery and hierarchy both promote task-oriented active pursuit of organizational objectives. The adjacent values of autonomy and egalitarianism encourage and justify attention to the distinctive needs and potential contributions of organizational members. Finally, the adjacent values of egalitarianism and harmony both foster management that promotes positive interpersonal relations within the organization. In sum, the empirical findings reflect the dynamic structure of the Schwartz cultural values and highlight their implications for managerial thought and action.

Nation-Level Values and Corporate Governance

Studies of the policies and regulations pertaining to corporate governance and markets reveal many meaningful links with the Schwartz cultural value orientations. Whereas the studies reviewed above considered impacts of cultural values on the perceptions, attitudes, and actions of individual managers, researchers studying corporate governance employ cultural values to understand and predict national differences at the level of organizations or even of the broader market system.

Amir N. Licht, Chanan Goldschmidt, and Shalom H. Schwartz (2005) investigated relations of cultural value orientations to national differences in how the legal system regulates conflicting economic interests in corporations. They hypothesized that reliance on concrete legal rules that can be enforced in courts is greater in nations where the

culture is high on mastery (versus harmony) values. They reasoned that concrete and enforceable rules empower investors and encourage them to fight for their rights. This is compatible with cultural mastery, which encourages assertiveness and self-assertion to attain goals. It is incompatible with cultural harmony, which discourages confrontation and conflict of the type that occurs in legal battles in court.

Consistently, cultural harmony correlated negatively with three indexes of investors' rights: (1) the number of rights that the company law or commercial code recognized, (2) the number of voting rights given to investors (La Porta, Lopez-de-Silanes, Shleifer, & Vishny, 1998), and (3) creditor rights recognized in law for reorganizing or liquidating companies (La Porta et al., 1998). These findings were robust, even after controlling for national socioeconomic levels, degree of law abidingness, and type of religion.

Andy C. W. Chui, Alison E. Lloyd, and Chuck C. Y. Kwok (2002) investigated the impact of the Schwartz cultural dimensions on corporate capital structures. The researchers hypothesized that a cultural emphasis on embeddedness should lead to lower corporate financial leverage, that is, to less use by firms of debt in their capital structure. They reasoned that embeddedness promotes caution in protecting the financial stability of the corporation, maintaining its public image, and guarding group interests. They further proposed that a cultural emphasis on mastery should lead to lower corporate financial leverage because mastery promotes personal success (whereas bankruptcy would be viewed as a personal failure).

Analyzing their data at both country level (N = 22) and firm level (N = 5,591), the researchers found that, as hypothesized, both embeddedness and mastery values predicted lower corporate financial leverage. These findings were robust when controlling for

other potential explanations of corporate financial leverage (e.g., industry effect, level of economic development, legal systems, and differences in financial institutions). These studies exemplify the impact that cultural dimensions may have on organizational policies.

Further studying organizational policy, Dale W. Griffin, Kai Li, Heng Yue, and Longkai Zhao (2009) investigated relations of cultural harmony to risk taking by firms. They reasoned that cultural values of harmony, which encourage accepting the world as it is and fitting in without seeking to change it, would discourage risk taking. The researchers confirmed this hypothesis in a study of 7,250 firm-level observations from 35 countries.

Jordan I. Siegel, Amir N. Licht, and Shalom H. Schwartz (2008; see also Licht, Goldschmidt, & Schwartz, 2007) related the flow of foreign direct investment between pairs of countries to how similar or distant the countries are in their cultural emphasis on egalitarianism. They reasoned that egalitarianism (versus hierarchy) is especially relevant because it concerns the regulation of interdependencies to elicit productivity and cooperation in society. Its key concepts of equality, social justice, authority, and social power connect it most directly to how societies aim to regulate relations among firms and their use of power. The researchers proposed that greater cultural distance reduces the flow of investment because it increases transaction costs: Managers are more likely to be ignorant of or uncertain about local norms and ways of doing things, to find that their management practices do not fit, and to have difficulty assessing job candidates. They therefore hypothesized that the less the egalitarianism distance between countries, the more likely multinational firms in one country would be to invest in another. Data on cross-national transactions among 55 countries between

1970 and 2004 confirmed this hypothesis. Cultural distance on egalitarianism was a stronger predictor than common languages, colonial ties, legal origins, and bilateral investment and trade treaties.

Another intriguing finding of this study showed that investment tended to flow from countries low on harmony to those high on harmony. The authors note that firms in low-harmony (high-mastery) countries operate in a cultural atmosphere that encourages assertive action, risk taking, and growth, whereas firms in high-harmony (low-mastery) countries function in a less competitive cultural atmosphere. Hence, firms from low-harmony countries actively seek new markets and are more likely to find the markets in high-harmony countries attractive because they can anticipate less competition.

Last, Schwartz (2007) tested the idea that the institutions and ideology of capitalism are compatible with prevailing cultural value orientations. Emphases on financial success, consumption, and competition are the hallmarks of capitalist ideology (Kasser, Cohn, Kanner, & Ryan, 2007). Schwartz hypothesized that this ideology is stronger in countries whose culture emphasizes mastery versus harmony because that legitimizes exploiting people and resources in the interests of progress rather than giving priority to social harmony and preservation of natural resources. He further hypothesized that this ideology should be stronger where the culture emphasizes hierarchy versus egalitarianism because hierarchy legitimizes an unequal distribution of resources whereas egalitarianism promotes cooperation through negotiation among equals. Finally, he hypothesized that competitive capitalism is antithetical to intellectual autonomy but compatible with embeddedness because competitive capitalism undermines personal freedom, promotes conformity, and deprives people of opportunities to cultivate their unique interests (Kasser et al., 2007).

Schwartz used an index of the competitiveness of the capitalist systems in 20 countries (all Western, plus Japan; Hall & Gingerich, 2004). Correlations between the cultural value orientations in a country and the competiveness of its capitalist system confirmed all three hypotheses. These findings support the view that cultural values and market systems reciprocally influence one another.

Research on relations of corporate governance to cultural orientations is an emerging field. The pioneering studies cited here support the claim that cultural value orientations have a significant impact on the nature of corporate governance and on the practices and functioning of the markets in which firms operate. The richness of the findings with the Schwartz cultural orientations points to the importance of going beyond the popular individualism-collectivism cultural dimension to better understand relations of nation-level cultural values with organizational policies, practices, and ideologies.

Nation-Level Values and Negotiation

Jeanne M. Brett (2000) presented a conceptual model of the impact of culture on negotiation processes and outcomes, building on findings in her earlier research. This model identifies potential ways in which the cultural value orientations of autonomy versus embeddedness and of egalitarianism versus hierarchy may influence negotiation.

The model suggests that cultural autonomy versus embeddedness[2] affects the goals that negotiators bring to the table. Autonomy cultures encourage individuals to cultivate their own interests and abilities; hence, people in these cultures are more likely to pursue their personal goals in negotiation. Brett and Tetsushi Okumura (1998) posit that these goals motivate them to search for solutions that optimally fulfill their personal goals

and, therefore, to reject acceptable agreements that are suboptimal. Embedded cultures encourage individuals to identify with group goals and to cooperate with in-group members. When negotiating with in-group members, this motivates people to align their goals and negotiate cooperatively. When negotiating with out-group members, in contrast, people will assume that their goals are not aligned and will therefore negotiate competitively.

The model further suggests that cultural egalitarianism versus hierarchy affects the way people use sources of power in negotiations (Brett & Okumura, 1998). Negotiators from hierarchical cultures tend to seek favorable outcomes by employing whatever bases of power are available to them (e.g., status, resources, arguments; Brett et al., 1998). Negotiators from egalitarian cultures are less likely to draw on power bases as long as the negotiation progresses toward agreement. They are more likely to pursue agreement by focusing on the issues under negotiation, sharing information about priorities and interests, and noting similarities and differences (see a review in Brett, 2000; see also Adair & Brett, 2004).

Several studies provide evidence consistent with this model. For example, Brett and Okumura (1998) drew on the cultural orientations to identify different schemas and scripts for negotiating behavior among American and Japanese negotiators. They reasoned that the greater emphasis on autonomy and egalitarianism in American culture is consistent with a high self-interest negotiation schema (i.e., pursuing personal goals and needs). In contrast, the greater emphasis on embeddedness and hierarchy in Japanese culture is consistent with a power negotiation schema (i.e., exploiting status and power differences between the negotiators). Negotiations in intercultural dyads of Japanese and Americans revealed just these differences in negotiation styles.

In intracultural dyads (whether American or Japanese), individuals shared culture-based negotiation schema. In these dyads, negotiators were more effective in understanding the priorities of their counterparts and in generating joint gains.

Another study of American and Japanese intracultural and intercultural dyads revealed further differences in negotiation (Adair, Okumura, & Brett, 2001). American negotiators exchanged information more directly than Japanese negotiators in intracultural dyads and drew less on power (i.e., status, threats, positioning). This is consistent with the greater American cultural emphases on autonomy and egalitarianism and the greater Japanese cultural emphasis on embeddedness and hierarchy. In intercultural dyads, American negotiators behaved in a manner consistent with their own culture, but Japanese negotiators adapted their behaviors (i.e., they shared information directly and used less power than when negotiating with other Japanese). The researchers argue that this could reflect a good understanding of the American culture and norms. It is also consistent with the emphasis in embedded cultures on sensitivity to social expectations.

Taken together, these studies provide initial insights into the ways cultural values may impact negotiation behavior. They are limited, however, to negotiation among Japanese and Americans, two groups that differ in many ways other than the cultural values to which they are exposed. In a study of six cultural groups (French, Russian, Japanese, Hong Kong Chinese, Brazilian, and American), Brett et al. (1998) found intercultural differences in values and norms, but no direct relationship between national culture and joint gains in negotiation. This suggests that relations of cultural values to the processes and outcomes of negotiation may be more complex than the current model specifies. To deepen understanding, studies should consider both direct effects,

reflected in negotiators' interests, priorities, and strategies, and interactive effects, which point to the mechanisms that relate values to negotiation behavior (Brett & Crotty, 2008).

Exemplifying this approach, Catherine Tinsley and Jeanne M. Brett (2001) examined relations of cultural values to the norms that emerge in negotiations. They treated norms as mediators of the impact of cultural values on the outcomes of negotiation. Business students from Hong Kong and from the United States were assigned to intracultural dyads in a conflict management course. They were tasked to overcome an intra-organizational conflict—a disagreement between the directors of engineering and of human resources. The researchers posited that the norms that would emerge in a dyad would reflect the value emphases of their culture. As expected, consistent with the greater emphasis on autonomy and egalitarianism in American culture, norms of discussing each side's underlying interests and synthesizing (i.e., integrating) multiple issues emerged in American dyads. Consistent with the greater cultural emphasis on embeddedness and hierarchy in Hong Kong, norms of sensitivity to the interests of the collective and concern for authority emerged in Hong Kong dyads.

Moreover, norms mediated the impact of culture on the outcomes of the negotiations. Their greater concern for authority led Hong Kong Chinese negotiators to resolve fewer issues than their American counterparts and to produce less integrative outcomes. They were more likely, however, to involve higher management in the negotiations.

Shirli Kopelman (2009) adopted an interaction perspective to examine how culture and economic power jointly affect the negotiation process in a social dilemma. She investigated negotiators' egocentrism using the Shark Harvesters and Resource Conservation simulation in four national groups (the United States, Germany, Hong Kong, and Israel).

Egocentrism referred to the market share that negotiators felt their association deserved, relative to the three other associations in the simulation. As hypothesized, the interaction between cultural values and manipulated economic power of the negotiator affected egocentrism. Among participants from Hong Kong and Israel, whose cultures are relatively high in hierarchy values, economic power affected egocentrism. But economic power had no effect on egocentrism among participants from Germany and the United States, where cultures are lower in hierarchy.

The comparison between Israeli and Hong Kong managers revealed an additional interaction between economic power and cultural autonomy. Israeli managers, whose culture is higher in autonomy, were more egocentric in the high-power condition than in the low-power condition. Conversely, managers from Hong Kong, whose culture is low in autonomy, were more egocentric in the low-power condition than in the high-power condition. Thus, managers from the somewhat hierarchical and autonomous Israel viewed taking advantage of their economic power as legitimate and were most egocentric when they had power. Conversely, managers from the hierarchical and embedded Hong Kong perceived their power position as a responsibility and were least egocentric when they had economic power.[3]

In sum, we reasoned that organizations, to function effectively, evolve in ways that are compatible with the prevailing cultural value orientations in the country in which they are nested. The studies reviewed in this chapter provide ample evidence for this claim. Differences in nation-level values explained, at least in part, variations in the perceptions and actions of organizational members and in the practices, norms, and regulations that organizations exhibit. We next consider a second main source of value influence on organizations: the personal values of organization members.

IMPACTS OF INDIVIDUAL-LEVEL VALUES ON ORGANIZATIONAL CULTURE

The values that individuals bring with them into organizations are a second critical influence on the emergence of organizational culture. The importance of personal values in organizational settings has been widely acknowledged (see Meglino & Ravlin, 1998). Personal values are broad, desirable goals that apply across situations and serve to guide individuals in their perception, choices, and action. Values direct people's attention to those features in the situation that provide opportunities for goal attainment (Sagiv, Sverdlik, & Schwarz, in press). People rely on their personal values to judge and evaluate other people and events, to reach decisions, and to explain their actions (cf. Kluckhohn, 1951; Rohan, 2000; Rokeach, 1973; Schwartz, 1992).

Individuals are attracted to organizations that allow them to attain their goals (Schneider, Goldstein, & Smith, 1995). In their everyday exchanges of ideas, preferences, and choices, organizational members communicate their important personal values and the goals that express them to one another. Members' personal values thereby affect the shared perceptions and interpretations of organizational actions as well as the objectives and goals that organizations adopt and the norms and practices that consequently evolve. In this way, the personal values of organizational members help to shape organizational culture (Sagiv & Schwartz, 2007). Analyzing the nature of personal values and their behavioral implications can therefore contribute to the understanding of organizational phenomena. The Schwartz (1992, 2006b) theory of the content and structure of personal values is currently the most comprehensive and empirically grounded approach (for reviews, see Hitlin & Piliavin, 2004; Rohan, 2000).

In the next section, we present this theory and review some of its implications for organizational research.

The Schwartz Theory of Personal Values

Building on the pioneering research of Milton Rokeach (1973), Schwartz (1992) suggested that values differ in the type of motivational goal they express. He identified 10 broad, motivationally distinct types of values. By analyzing the social, psychological, and behavioral consequences of pursuing these values, Schwartz derived a circular structure of values that reflects the pattern of conflict and compatibility among them (see Figure 29.2). In this circle, adjacent values represent compatible goals that can be attained simultaneously through the same action. For example, developing a new product for one's company can simultaneously fulfill the goals of self-direction values (independence of thought
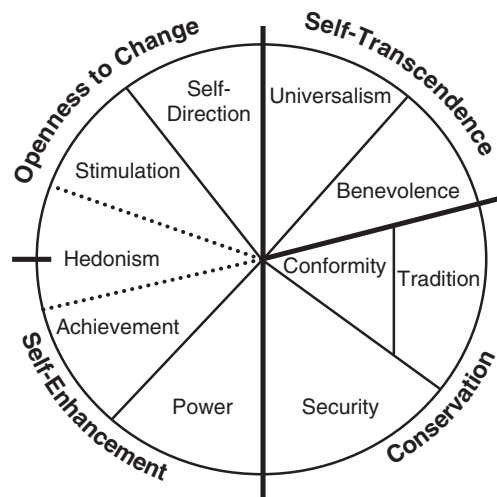
Figure 29.2   Personal Values: Theoretical Model of Relations Among 10 Types of Values

SOURCE: From Davidov, Schmidt, & Schwartz, 2008, p. 425.

and action) and of stimulation values (novelty, change, and excitement). Opposing values in the circle represent competing or conflicting goals; pursuing one hinders or even blocks attainment of the other. In the same example, proposing an innovative idea for a new product expresses self-direction values but conflicts with the goals of tradition values (commitment to established norms and beliefs).

The circular structure of values can be summarized in terms of two basic conflicts. The first is the conflict between values of self-enhancement and self-transcendence. Self-enhancement values express a motivation to pursue self-interest through controlling people and resources (power) and through exhibiting ambition and achieving success (achievement). These values conflict with self-transcendence values, which express a motivation to promote the interests of others through concern and care for close others (benevolence) and through understanding, tolerance, and concern for all people and for nature (universalism).

The second basic conflict is between values of openness to change and conservation. Openness to change values express a motivation to pursue autonomy of thought and action (self-direction) as well as novelty and excitement (stimulation). These values conflict with conservation values, which express a motivation for preserving the status quo through commitment to established beliefs and customs (tradition), compliance with norms and expectations (conformity), and finding safety and stability for their society, relationships, and self (security). Hedonism values emphasize the pursuit of pleasure. They are related to both self-enhancement and openness to change.

The circular model of values has been tested in cross-cultural research in more than 75 countries and 300 samples. Findings provide strong support for the theorized content and structure of values (Schwartz,

1992, 2006b). This research indicates that the *meaning* of the 10 broad values is similar across cultures.[4] Moreover, there is evidence of considerable agreement across more than 50 countries regarding the relative importance of the 10 values (Schwartz & Bardi, 2001). Benevolence values are among the most important in most countries, whereas power, tradition, and stimulation values are among the least important. Despite the overall similarity of the hierarchy of personal values, individuals differ substantially—both within and across cultures—in the importance they attribute to various values. We next review some of the implications of personal value priorities for organizations.

Implications of Personal Values for Organizations

Personal values of managers. In a series of studies, David A. Ralston and colleagues compared the personal values of managers in various countries (e.g., Egri & Ralston, 2004; Ralston, Cunniff, & Gustafson, 1995; Ralston, Holt, Terpstra, & Kai-Cheng, 1997). They assessed the importance that managers attributed to self-enhancement, openness to change, and what they labeled individualism (the average of self-enhancement and openness) and collectivism (the average of benevolence, tradition, and conformity). The observed differences in managers' personal values replicated national differences found with teacher and student samples in the same countries. This suggests that the prevailing cultural value orientations in societies influence managers' personal values in a manner similar to their influence on other population groups.

One study (Ralston et al., 1995) suggested that the values that bilingual managers report depend on the culture that is linked to the language in which they are thinking. Hong Kong Chinese managers completed

the Schwartz Value Survey (Schwartz, 1992) either in Chinese or in English. Managers who responded in English attributed less importance to tradition and more importance to achievement and hedonism than those who responded in Chinese. Thus, managers who thought in English exhibited priorities more similar to Americans.

What values characterize managers as compared to other groups? Studying values of working adults in 32 occupations, Ariel Knafo and Lilach Sagiv (2004) found that managers attributed higher importance to achievement and power values and lower importance to benevolence and universalism values than members of most other occupations did. Sharon Arieli (2006) found undergraduate business students in their first month of university studies already exhibited this distinctive value profile typical of managers.

Organizational citizenship behavior. Organizational citizenship behaviors (OCB) are critical to organizational success (e.g., Chattopadhyay, 1999). Jukka Lipponen, Anat Bardi, and Johanna Haapamäki (2008) studied the extent to which personal values contribute to one type of OCB, making suggestions for improving the organization (initiative OCB). The researchers reasoned that initiative OCB is consistent with independence of thought and action (openness to change) but inconsistent with the motivation to preserve the status quo (conservation). They asked employees of day care centers in Finland to report their personal values. They measured initiative OCB with both self-reports and managers' reports. As hypothesized, both self- and managers' reports revealed that employees who gave high priority to openness to change versus conservation exhibited more initiative OCB. The effect of these values was stronger among employees who identified highly with the organization.

Organizational change. Employees may initiate organizational change (as in the previous example), but it is frequently initiated by management. Noga Sverdlik and Shaul Oreg (2009) studied the influence of personal values on reactions to organizational change. They conducted two studies: a field study among university employees whose place of work changed and a laboratory experiment among university students told that their curriculum was about to be changed. As expected, when the change was voluntary (i.e., students could choose whether to adopt it or not), those who gave higher priority to openness and lower priority to conservation accepted it more readily.

When the change was imposed from above, however, the findings were more complex. In this case, although openness to change is compatible with accepting change, it opposes external imposition. In contrast, although conservation is incompatible with accepting change, it promotes obedience to authority. To tease apart these two opposing effects, the researchers independently measured participants' general disposition to resist change, which is conceptually and empirically related to conservation (versus openness). As hypothesized, when resistance to change was controlled, openness to change correlated negatively and conservation correlated positively with accepting the imposed change.

The shareholder/stakeholder dilemma. An important debate in organizations concerns whose interests should take precedence, those of shareholders or those of other stakeholders such as employees, clients, and the surrounding community. In a recent study, board members and CEOs of publicly traded companies in Sweden reported their positions in the shareholder/stakeholder debate (Adams, Licht, & Sagiv, in press). The researchers reasoned that emphasizing concern and care for all others (universalism values) would

lead managers to care for the interests of all stakeholders. In contrast, striving for control, success, and independence (power, achievement, and self-direction values) would lead managers to prefer maximizing the wealth of shareholders compared to others. The findings supported these hypotheses. Values predicted managers' positions even after controlling for differences in personal characteristics (e.g., gender, age), roles (e.g., board member role, number of directorships), and organizational characteristics (e.g., firm's assets, return of assets).

Leaders and organizational culture. Yair Berson, Shaul Oreg, and Tali Dvir (2008) studied the effects of leaders' personal values on aspects of organizational culture and performance in 26 Israeli companies. They measured the personal values of each company's CEO and obtained estimates of employee satisfaction from senior vice presidents, subordinates' reports of organizational culture, and performance indexes. The importance that CEOs attributed to self-direction values, which express the motivation for creativity and independence, predicted an organizational culture of innovation, which, in turn, predicted sales growth. The priority CEOs gave to security values, which express the motivation for maintaining order, safety, and stability, predicted a bureaucratic culture, which correlated positively with organizational efficiency (measured by the ratio of sales to number of employees) and negatively with employees' satisfaction. The priority CEOs gave to benevolence values, which emphasize care and concern for others, predicted a supportive culture, which, in turn, correlated positively with satisfaction and negatively with sales growth.

Work orientations. Neil Gandal, Sonia Roccas, Lilach Sagiv, and Amy Wrzesniewski (2005) explored relations of personal values

to the way people view their jobs. They found that people who give high priority to self-enhancement values (achievement and power), which express the motivation to promote self-interests, are more likely to have a career orientation: to view their job as a stepping stone. People who give high priority to benevolence values, which express concern and care for others, are more likely to have a calling orientation: to view their job as a vocational mission. These findings replicated across two different groups, undergraduate students in Israel who had little, if any, work experience and currently employed MBA students in the United States.

Conflict resolution styles. Michael Morris and colleagues (1998) examined relations of personal values to styles of conflict resolution. In a study of MBA students in four countries (China, India, the Philippines, and the United States), they found that emphasizing values of conformity and tradition predicted an avoiding style (walking away from a conflict). Emphasizing achievement values, in contrast, predicted a competing style (trying to get one's own way). These personal values mediated, at least partially, the differences among countries in preferred conflict resolution styles. A study of undergraduate psychology students in Hong Kong (Bond, Leung, Au, Tong, & Chemonges-Nielson, 2004) yielded similar findings. Higher self-enhancement values (power, achievement, and hedonism) predicted a competing style of conflict resolution, and higher conservation values (tradition, conformity, and security) predicted an accommodating, conflict avoidant, yielding style.

Personal Values as Moderators of Organizational Phenomena

Several studies have demonstrated ways in which personal values moderate the effects of other variables on organizational

phenomena. Sonia Roccas (2003) investigated the extent to which students identify with their university department. Not surprisingly, the higher the status of their department, the more strongly students identified with it, thereby enhancing their self-image. However, the students' personal values moderated this association. Departmental status was more likely to affect students' identification among students who valued self-enhancement (power and achievement) highly. Department status did not affect identification among students who emphasized self-transcendence (benevolence and universalism) values. These findings were replicated in both a correlational field study and in an experiment in which the accessibility of self-enhancement versus self-transcendence values was manipulated. A study of employees of an environmental organization also replicated these findings (Gandal et al., 2005).

Ronald Fischer and Peter B. Smith (2004) investigated the moderating effect of personal values on how employees perceived the justness of different modes of reward allocation. Full-time employees both in Germany and in the United Kingdom perceived reward allocation that is based on performance and on seniority to be more just. As predicted, values moderated these associations: The associations were stronger among employees who emphasized self-enhancement values than among those who emphasized self-transcendence values. The researchers reasoned that personal success is especially important to those who emphasize self-enhancement values; hence, they view performance-based and seniority-based allocation systems that facilitate gaining rewards and promotion as more just.

Finally, a study by Adam Grant (2008) found that benevolence values moderated the effects of an intervention intended to increase job performance among campaign workers who raised money for a foundation. In a field experiment, participants in a "task significance" condition read letters in which students explained how a grant from the foundation had helped them to change their lives. Participants in the control condition read about the organization's policies and procedures. Callers in the "task significance" condition raised more money than those in the control condition, but only if benevolence values were particularly important to them. Thus, only workers who strongly valued concern for others improved their work when the task highlighted the helpful consequences of the work.

NATION-LEVEL AND INDIVIDUAL-LEVEL VALUES AROUND THE WORLD

The research reviewed so far points to the implications of nation-level and individual-level values for the culture that evolves in organizations. The coplot (Goldreich & Raveh, 1993) in Figure 29.3, adapted from Schwartz (2009), maps the locations of 77 countries, based on their cultural value orientations. Schwartz (2006a) discriminated eight distinct cultural regions around the world (see Figure 29.3).

In the next section, we briefly describe the cultural value orientations that characterize each region. We also mention the personal values on which individuals in that region differ most, on average, from individuals in other regions. Note, however, that the importance of each personal value varies greatly within each cultural region. Hence, the distributions of each personal value overlap considerably across regions, even when the average differs substantially.

Western European. The culture prevalent in these countries emphasizes intellectual autonomy, egalitarianism, and harmony

Map of 77 National Groups on Seven Cultural Orientations

Coefficient of Alienation .117
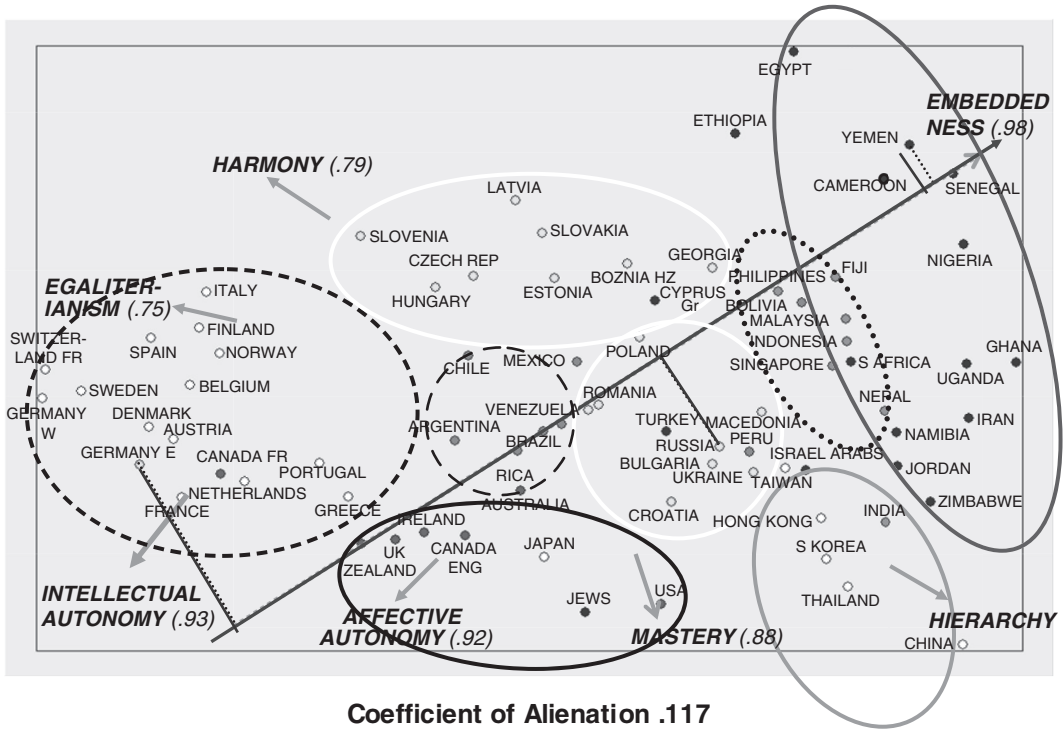
Figure 29.3   Cultural Map of 77 National Groups on Seven Cultural Orientations, Showing World Cultural Regions

SOURCE: Updated from Schwartz, 2009, p. 135.

Note: Coefficient of alienation = .117.

more, and hierarchy and embeddedness less, than all other cultural regions. West European countries vary in their emphasis on mastery values. This value profile holds even after controlling for national wealth (Schwartz, 2006b). Compared to people in other world regions, individuals in the Western Europe region attribute, on average, higher importance to openness and self-transcendence values and lower importance to conservation and power values.

Eastern Europe. The culture prevalent across East European countries emphasizes mastery less than that of any other region.

It is low on embeddedness and hierarchy compared with Africa, Asia, and the Middle East, but higher on these cultural orientations than Western Europe and English-speaking countries. Within Eastern Europe, the Baltic and east-central region is higher in harmony, intellectual autonomy, and egalitarianism and lower in mastery and hierarchy than the Balkan and farther eastern region. On average, individuals in the Baltic and east-central cultural region differ most from individuals in other regions in attributing lower importance to tradition and conformity values and higher importance to self-direction values. Individuals in the Balkan and East

European cultural region differ most, on average, in attributing higher importance to security and power values and lower importance to universalism values.

English-speaking countries. The culture of the English-speaking countries is high in affective autonomy and mastery and low in harmony and embeddedness, compared with the rest of the world. It is average in intellectual autonomy, hierarchy, and egalitarianism. On average, individuals in the Anglo region differ most from individuals in other cultural regions in attributing higher importance to achievement, stimulation, and hedonism values and lower importance to universalism and tradition values.

Confucian cultures. The prevalent culture in these countries emphasizes hierarchy and mastery and rejects egalitarianism and harmony as compared with other regions. This culture emphasizes embeddedness more than European and American cultures. Japan is an exception (see details in Schwartz, 2006a). On average, individuals in this region differ most from individuals in other regions in attributing higher importance to achievement values and lower importance to benevolence values.

South Asia. The culture in this region is particularly high in hierarchy and embeddedness and low in autonomy and egalitarianism. India is more similar to the Confucian region. On average, individuals in the South Asian region differ most from individuals in other regions in attributing higher importance to conformity and tradition and lower importance to self-direction, stimulation, and hedonism.

Africa and the Middle East. The prevalent culture in these countries is especially high in embeddedness and low in autonomy. In most countries, the culture is high in mastery and hierarchy and low in harmony and egalitarianism. Turkey and Cyprus have a value pattern similar to that of East European cultures; the culture of Israeli Jews is similar to that of the English-speaking region. On average, individuals in this region differ most from individuals in other regions in attributing higher importance to tradition values and lower importance to stimulation values.

Latin America. The culture prevalent in Latin American countries is close to the worldwide average in all cultural value orientations. It is higher in egalitarianism, harmony, affective autonomy, and intellectual autonomy than the cultures of Africa and the Middle East, South Asia, the Confucian region, and East Europe, but lower in these orientations than the culture of Western Europe. It is higher in hierarchy and embeddedness than West European culture, but lower than the other cultures. On average, individuals in the Latin American region differ most from individuals in other regions in attributing higher importance to benevolence values and lower importance to power values.

CONCLUSIONS

Within every cultural group, there is substantial variation in the value priorities of individuals. Hence, even organizations operating in a single society must deal with some value diversity. With globalization and the growth of multinational organizations, this individual value diversity has multiplied. Moreover, because multinational corporations operate in several different societies, they must cope not only with individual value differences but also with the challenge of adapting to the different cultural value orientations to which their local subsidiaries are exposed. To achieve

and maintain legitimacy in their host cultures, multinational corporations have to adapt each subsidiary to its distinct local host culture. To function effectively, however, they must also maintain a cohesive organizational culture (Kostova & Roth, 2002). Multinational corporations, therefore, face the complex task of navigating among different, sometimes opposing, sets of values.

The Schwartz framework provides insight into the value conflicts that are likely to evolve in such organizations. If the parent culture emphasizes embeddedness, for example, it is likely to stress organizational cohesiveness and the creation of shared goals to which all subsidiaries are committed. This may lead to intolerance toward the need of subsidiaries in autonomous cultures to develop and maintain their own unique identities. A multinational corporation in a parent culture that emphasizes autonomy, in contrast, is likely to allow, even encourage, subsidiaries to develop independent identities. However, such organizations may be insensitive to the need of subsidiaries in embeddedness cultures to create a "one family" organizational culture for the whole corporation.

Societal differences in the emphasis on mastery versus harmony values may also reduce the multinational corporation's ability to function effectively. Subsidiaries in harmony cultures are likely to view practices intended to protect the environment as essential; but subsidiaries in mastery cultures may view such practices as a needless cost. Moreover, subsidiaries in mastery cultures are more likely to pursue advanced technology that increases their ecological footprint, whereas subsidiaries in harmony cultures may view such an approach as undesirable, and even as illegitimate.

Value diversity is even more complex in global organizations, where individuals with different cultural backgrounds have to work together in the same team. Miriam Erez and Efrat Shokef (2008) propose global organizations develop a unique that global culture. They argue that the core values of this global culture facilitate effective adaptation to the unique characteristics of the global work context, such as a highly competitive environment and a customer orientation. Others doubt that it is feasible to develop a single, cohesive culture in global organizations (e.g., Ralston et al., 1997).

The research reviewed in this chapter suggests that it may be difficult for global organizations to develop a cohesive culture. The diversity of the personal values of organizational members may not mesh easily with the varied cultural values prevalent in the environments in which the subsidiaries are nested. The Schwartz framework can help researchers and practitioners to identify the value profiles that can be integrated effectively and those that are likely to block the development of a cohesive global culture in an organization. Studying individual-level values can provide insight into people's perceptions and actions (e.g., behavior within multicultural teams; identification with organizations), whereas studying nation-level values can shed light on organizational procedures, norms, and practices.

NOTES

1. All studies reviewed here investigated relationships with the cultural orientations proposed by Schwartz. Many of them also investigated relationships with cultural dimensions proposed by other researchers (e.g., Hofstede, 2001; House et al., 2001 [Project GLOBE]; Smith, Trompenaar, & Dugan, 1996). We review only the findings with Schwartz cultural orientations.

2. The authors label this dimension individualism versus collectivism. See Schwartz (2004) for a discussion of differences between these dimensions.

3. In this study, both the autonomy (termed "self-direction") and hierarchy indexes differed somewhat from those recommended by Schwartz (2006a).

4. Although the 10 broad values have cross-culturally consistent meanings, the meaning of some specific value items (e.g., "spiritual life" "meaning in life," "healthy") varies both across and within cultures.

REFERENCES

Adair, W. L., & Brett, J. M. (2004). Culture and negotiation processes. M. J. Gelfand, & J. M. Brett (Eds.), *The handbook of negotiation and culture* (pp. 158–176). Stanford, CA: Stanford University Press.

Adair, W. L., Okumura, T., & Brett, J. M. (2001). Negotiation behavior when cultures collide: The United States and Japan. *Journal of Applied Psychology, 86,* 371–385.

Adams, R., Licht, A. & Sagiv, L. (in press). Shareholderism: Board members' values and the shareholder-stakeholder dilemma. *Strategic Management Journal.*

Arieli, S. (2006). *Value congruency between students and academic disciplines: Self-selection or socialization?* Unpublished MBA thesis, Hebrew University of Jerusalem.

Berson, Y., Oreg, S., & Dvir, T. (2008). CEO values, organizational culture, and firm outcomes. *Journal of Organizational Behavior, 29,* 615–633.

Bond, M. H., Leung, K., Au, A., Tong, K. K., & Chemonges-Nielson, Z. (2004). Combining social axioms with values in predicting social behaviors. *European Journal of Personality, 18,* 177–191.

Brett, J. M. (2000). Culture and negotiation. *International Journal of Psychology, 35,* 97–104.

Brett, J. M., Adair, W., Lempereur, A., Okumura, T., Shikhirev, P., Tinsley, C., & Lytle, A. (1998). Culture and joint gains in negotiation. *Negotiation Journal, 14,* 61–86.

Brett, J. M., & Crotty, S. (2008). Culture and negotiation. In P. B. Smith, M. F. Peterson, & D. C. Thomas (Eds.), *Handbook of cross-cultural management research* (pp. 285–300). Thousand Oaks, CA: Sage.

Brett, J. M., & Okumura, T. (1998). Inter- and intra-cultural negotiation: US and Japanese negotiators. *Academy of Management Journal, 41,* 495–510.

Chattopadhyay, P. (1999). Beyond direct and symmetrical effects: The influence of demographic dissimilarity on organizational citizenship behavior. *Academy of Management Journal, 42,* 273–287.

Chui, A. C. W., Lloyd, A. E., & Kwok, C. C. Y. (2002). The determination of capital structure: Is national culture a missing piece to the puzzle? *Journal of International Business Studies, 33,* 99–127.

Davidov, E., Schmidt, P., & Schwartz, S. H. (2008). Bringing values back in: The adequacy of the European Social Survey to measure values in 20 countries. *Public Opinion Quarterly, 72,* 420–445.

Egri, C. P., & Ralston, D. A. (2004). Generation cohorts and personal values: A comparison of China and the United States. *Organization Science, 15,* 210–220.

Erez, M., & Shokef, E. (2008). The culture of global organizations. In P. B. Smith, M. Peterson, & D. Thomas (Eds.), *Handbook of cross-cultural management research* (pp. 285–300). Thousand Oaks, CA: Sage.

Fischer, R., & Smith, . B. (2004). Values and organizational justice: Performance- and seniority-based allocation criteria in the United Kingdom and Germany. *Journal of Cross-Cultural Psychology, 35,* 669–688.

Gandal, N., Roccas, S., Sagiv, L., & Wrzesniewski, A. (2005). Personal value priorities of economists. *Human Relations, 58,* 1227–1252.

Goldreich, Y., & Raveh, A. (1993). Coplot display technique as an aid to climatic classification, *Geographical Analysis, 25,* 337–353.

Grant, A. M. (2008). The significance of task significance: Job performance effects, relational mechanisms, and boundary conditions. *Journal of Applied Psychology, 93,* 108–124.

Griffin, D. W., Li, K., Yue, H., & Zhao, L. (2009). *Cultural values and corporate risk-taking.* Manuscript under review.

Hall, P. A., & Gingerich, D. W. (2004). *Varieties of capitalism and institutional complementarities in the macroeconomy: An empirical analysis* (Discussion Paper 04/5). Cologne, Germany: Max Planck Institute for the Study of Societies.

Hampden-Turner, C., & Trompenaars, A. (1993). *The seven cultures of capitalism.* New York: Doubleday.

Hitlin, S., & Piliavin, J. A. (2004). Values: Reviving a dormant concept. *Annual Review of Sociology, 30,* 359–393.

Hofstede, G. (1980). *Culture's consequences: International differences in work-related values.* Beverly Hills, CA: Sage.

Hofstede, G. (2001). *Culture's consequences: Comparing values, behaviors, institutions, and organizations across nations* (2nd Ed.). Thousand Oaks, CA: Sage.

Hofstede, G., & Peterson, M. F. (2000). Culture: National values and organizational practices. In N. N. Ashkanasy, C. Wilderom, & M. F. Peterson (Eds.), *Handbook of organizational culture and climate* (pp. 401–416). Thousand Oaks, CA: Sage.

House, R., Javidan, M., & Dorfman, P. (2001). Project GLOBE: An introduction. *Applied Psychology: An International Review, 50,* 489–505.

Inglehart, R., & Baker, W. E. (2000). Modernization, cultural change, and the persistence of traditional values. *American Sociological Review, 65,* 19–51.

Kahn, R. L., Wolfe, D. M., Quinn, R. P., Snoek, J. D., & Rosenthal, R. A. (1964). *Occupational stress: Studies in role conflict and role ambiguity.* New York: John Wiley.

Kasser, T., Cohn, S., Kanner, A. D., & Ryan, R. M. (2007). Some costs of American corporate capitalism: A psychological exploration of value and goal conflicts. *Psychological Inquiry, 18,* 1–22.

Kirkman, B. L., & Shapiro, D. L. (1997). The impact of cultural values on employee resistance to teams: Toward a model of globalized self-managing work team effectiveness. *Academy of Management Review, 22,* 730–757.

Kluckhohn, C. (1951). Value and value orientations in the theory of action. In T. Parsons & E. Shils (Eds.), *Toward a general theory of action.* Cambridge, MA: Harvard University Press.

Knafo, A., & Sagiv, L. (2004). Values and work environment: Mapping 32 occupations. *European Journal of Education and Psychology, 19,* 255–273

Kopelman, S. (2009). The effect of culture and power on cooperation in commons dilemmas: Implications for global resource management. *Organizational Behavior and Human Decision Processes, 108,* 153–163.

Kostova, T., & Roth, K. (2002). Adoption of an organizational practice by subsidiaries of multinational corporations: Institutional and relational effects. *Academy of Management Journal, 45,* 215–233.

La Porta,R., Lopez-de-Silanes, F., Shleifer, A., & Vishny, R. W. (1998). Law and finance. *Journal of Political Economy, 106,* 1113–1155.

Licht, A. N., Goldschmidt, C., & Schwartz, S. H. (2005). Culture, law, and corporate governance. *International Review of Law and Economics, 25,* 229–255.

Licht, A. N., Goldschmidt, C., & Schwartz, S. H. (2007). Culture rules: The foundations of the rule of law and other norms of governance. *Journal of Comparative Economics, 37,* 659–688.

Lipponen, J., Bardi, A., & Haapamäki, J. (2008). The interaction between values and organizational identification in predicting suggestion-making at work. *Journal of Occupational and Organizational Psychology, 81,* 241–248.

Meglino, B. M., & Ravlin, E. C. (1998). Individual values in organizations: Concepts, controversies, and research. *Journal of Management, 24,* 351–389.

Morris, M. W., Williams, K. Y., Leung, K., Bhatnagar, D., Li, J. F., Kondo, M., Luo, J., & Hu, J. (1998). Culture, conflict management style, and underlying values: Accounting for cross-national differences in styles of handling conflicts among US, Chinese, Indian and Filipino managers. *Journal of International Business Studies, 29,* 729–748.

Peterson, M. F., Smith, P. B., & 22 coauthors (1995). Role conflict, ambiguity, and overload: A 21 nation study. *Academy of Management Journal, 38,* 429–452.

Ralston, D. A., Cunniff, M. K., & Gustafson, D. J. (1995). Cultural accommodation: The effect of language on the responses of bilingual Hong Kong Chinese managers. *Journal of Cross-Cultural Psychology, 26,* 714–727.

Ralston, D. A., Holt, D. H., Terpstra, R. H., & Kai-Cheng, Y. (1997). The impact of national culture and economic ideology on managerial work values: A study of the United States, Russia, Japan, and China. *Journal of International Business Studies, 28,* 177–207.

Roccas, S. (2003). Identification and status revisited: The moderating role of self-enhancement and self-transcendence values. *Personality and Social Psychology Bulletin, 29,* 726–736.

Rohan, M. (2000). A rose by any name? The value construct. *Personality and Social Psychology Review, 4,* 255–277.

Rokeach, M. (1973). *The nature of human values.* New York: Free Press.

Rotter, J. B. (1966). Generalized expectancies for internal versus external control of reinforcement. *Psychological Monographs, 80* (No. 609).

Sagiv, L., & Lee, F. (March, 2007). *Studying cultural values of organizations: An organizational artifact approach.* Paper presented in the SSE-IIB Conference on Theorizing culture: Culture theory and international management, Björkliden, Sweden.

Sagiv, L., & Schwartz. S. H. (2000). A new look at national culture: Illustrative applications to role stress and managerial behavior. In N. N. Ashkanasy, C. Wilderom, & M. F. Peterson (Eds.), *Handbook of organizational culture and climate* (pp. 417–436). Thousand Oaks, CA: Sage.

Sagiv, L., & Schwartz. S. H. (2007). Cultural values in organizations: Insights for Europe. *European Journal of International Management, 1,* 176–190.

Sagiv, L., Sverdlik, N., & Schwarz, N. (in press). To compete or to cooperate? Values' impact on perception and action in social dilemma games. *European Journal of Social Psychology.*

Schneider, B., Goldstein, H. W., & Smith, D. B. (1995). The ASA framework: An update. *Personnel Psychology, 48,* 747–773.

Schwartz, S. H. (1992). Universals in the content and structure of values: Theoretical advances and empirical tests in 20 countries. In M. Zanna (Ed.). *Advances in experimental social psychology* (Vol. 25, pp. 1–65). New York: Academic Press.

Schwartz, S. H. (1999). Cultural value differences: Some implications for work. *Applied Psychology: An International Journal, 48,* 23–47.

Schwartz, S. H. (2004). Mapping and interpreting cultural differences around the world. In H. Vinken, J. Soeters, & P Ester (Eds.), *Comparing cultures, Dimensions of culture in a comparative perspective* (pp. 43–73). Leiden, The Netherlands: Brill.

Schwartz, S. H. (2006a). A theory of cultural value orientations: Explication and applications. *Comparative Sociology, 5,* 137–182.

Schwartz, S. H. (2006b). Les valeurs de base de la personne: Théorie, mesures et applications [Basic human values: Theory, measurement, and applications]. *Revue Française de Sociologie, 47,* 249–288.

Schwartz, S. H. (2007). Cultural and individual value correlates of capitalism: A comparative analysis. *Psychological Inquiry, 18,* 52–59.

Schwartz, S. H. (2009). Culture matters: National value cultures, sources and consequences. In C. Y. Chiu, Y. Y. Hong, S. Shavitt, & R. S. Wyer, Jr. (Eds.), *Understanding culture: Theory, research, and application* (pp. 127–150). New York: Psychology Press.

Schwartz, S. H. (2010). Values: Individual and cultural. In S. M. Breugelmans, A. Chasiotis, & F. J. R. van de Vijver (Eds.), *Fundamental questions in cross-cultural psychology.* Cambridge, UK: Cambridge University Press.

Schwartz, S. H., & Bardi, A. (2001). Value hierarchies across cultures: Taking a similarities perspective. *Journal of Cross-Cultural Psychology, 32,* 268–290.

Siegel, J. I., Licht, A., & Schwartz, S. H. (2008). *Egalitarianism, cultural distance, and FDI: A new approach* (Working paper). Boston: Harvard Business School.

Smith, P. B., Dugan, S., & Trompenaars, F. (1996). National culture and managerial values: A dimensional analysis across 43 nations. *Journal of Cross-Cultural Psychology, 27,* 252–285.

Smith, P. B., Peterson, M. F., & Schwartz, S. H. (2002). Cultural values, sources of guidance, and their relevance to managerial behavior: A 47-nation study. *Journal of Cross-Cultural Psychology, 33,* 188–208.

Smith, P. B., Trompenaars, F., & Dugan, S. (1995). The Rotter locus of control scale in 43 countries: A test of cultural relativity. *International Journal of Psychology, 30,* 377–400.

Soeters, J. L. (2000). Culture in uniform organizations. In N. N. Ashkanasy, C. Wilderom, & M. F. Peterson (Eds.). *Handbook of organizational culture and climate* (pp. 465–481). Thousand Oaks, CA: Sage.

Sverdlik, N., & Oreg, S. (2009). Personal values and conflicting motivational forces in the context of imposed change. *Journal of Personality, 77,* 1437–1466.

Tinsley, C. H., & Brett, J. M. (2001). Managing workplace conflict in the United States and Hong Kong. *Organizational Behavior and Human Decision Processes, 85,* 360–381.

Trice, H. M., & Beyer, J. M. (1993). *The cultures of work organizations.* Englewood Cliffs, NJ: Prentice Hall.

Williams, R. M. (1970). *American society: A sociological interpretation* (3rd ed.). New York: Knopf.

The Role of Organizational Culture and Underlying Ideologies in the Success of Globally Distributed Teams

Aycan Kara and Mary Zellmer-Bruhn

Over the last 15 years, the increasing need for skill diversity, high levels of expertise, rapid response, and adaptability (Kozlowski & Ilgen, 2006), and the internationalization of businesses (Leung & Peterson, 2010) have led to an increasing use of globally distributed teams. Consider, for example, a Belgian multinational corporation with operations in more than 100 countries, which puts together a multinational team to come up with a companywide policy, or a design team to design a multimarket product, or a globally distributed team that works around the clock to develop new software (Hertel, Niedner, & Herrmann, 2003). Technological advances allow global organizations to transfer knowledge across time and distance while reducing the dependency on long-term expatriate assignments (Leung & Peterson, 2010), yet still handling global interdependencies in a way needed to promote organizational performance. While searching for factors that promote organizational performance, researchers

have ignored the effects of organizational culture and underlying ideologies, which in fact affect how organizations conduct business—the structures they adopt and the policies they implement (Barney, 1986). This chapter uses the competing values framework (Cameron & Quinn, 1999; Quinn & McGrath, 1985) approach to organizational culture to understand the success of globally distributed teams.

A globally distributed team consists of members who are geographically dispersed, who interact using computer-mediated communication or telecommunications media substantially more than face-to-face communication, and who work on an interdependent task (Maloney & Zellmer-Bruhn, 2006; Schiller & Mandviwalla, 2007). Scholars and practitioners have identified various factors that hinder or enhance the functioning of globally distributed teams (e.g., Jarvenpaa & Leider, 1999; Maznevski & Chudoba, 2000; Zakaria, Amelinckx, & Wilemon, 2004). The focus of work to date has largely been on the role of national culture

and physical distance as the chief challenges to globally distributed team effectiveness (e.g., Cogburn & Levinson, 2003; Yuan & Gay, 2006). More specifically, physical distance limits real-time communication and decision making, whereas cultural differences create interpretation barriers that result in misunderstandings and misattributions (Maloney & Zellmer-Bruhn, 2006).

While physical distance and cultural differences play a role in globally distributed team effectiveness, organizational influences on their effectiveness also need to be considered. For example, research on teams in organizations emphasizes the importance of the context in which the team is engaged, not just the individual traits and characteristics of its members, such as nationality (Ancona, 1990). Similarly, Connie Yuan and Geri Gay (2006) found that socio-contextual variables influenced the network ties among teammates more than demographic characteristics such as sex and race. Certainly, physical distance and national culture are aspects of the sociocultural context, but so too are other factors such as the organizational setting in which the teams operate.

The larger literature on work teams has increasingly recognized the importance of organizational context to team effectiveness (Gibson & Vermeulen, 2003; Hinds & Mortensen, 2005; Kane, 2010; Mathieu, Maynard, Rapp, & Gilson, 2008; Zellmer-Bruhn, 2003). This may be a valuable direction for research on globally distributed teams as well. The possibility that organizational context may have an important influence on globally distributed team effectiveness is evident in between-firm differences in the use of and effectiveness of globally distributed teams. For example, some companies like Hewlett Packard ("No Borders," 2005, p. 37) depend on globally distributed teams for their survival and success, and other organizations are unsuccessful in adopting globally distributed teams (Zakaria et al., 2004).

Why do some companies reap the benefits of globally distributed teams while some do not even attempt to implement them, and others attempt but fail to manage them effectively? While national culture and physical distance have taken the blame for the failure of globally distributed teams, these factors cannot fully explain between-firm differences in globally distributed team effectiveness. We suggest that organizational culture has an influence on globally distributed team effectiveness because it substantially influences how a firm conducts business (Barney, 1986). Furthermore, organizational culture has an independent role from national culture in influencing how team members conceptualize teamwork, and therefore, it is likely to affect the behaviors and attributions that occur in globally distributed teams (Gibson & Zellmer-Bruhn, 2001). Even though researchers recognize the different roles organizational and national cultures play in the way multinational corporations operate, the effects of organizational culture on the success of globally distributed teams have not been examined. Examination of organizational level context variables like organizational culture will enhance our understanding of yet another challenge for globally distributed teams.

The purpose of this chapter is to illustrate how organizational culture may influence globally distributed teams. To this end, we use the competing values framework (Quinn & McGrath, 1985) and its underlying systems of beliefs adhered to for an effective organization. We further include the moderating effect of assimilation of organizational culture across subsidiaries because understanding of organizational culture varies across physical, national, and institutional distances.

We contribute to the ever-growing globally distributed teams literature by emphasizing an organizational level perspective on a literature that is primarily focused on individual and

team-level issues and information technology (IT). Introduction of organizational culture, which affects the way individuals, teams, tasks, and IT operates, into the globally distributed teams literature provides the opportunity for further explanatory power in research on globally distributed teams by considering another important level of influence—the organization. As suggested by Roger Friedland and Robert Alford (1991), correct theorization demands multilevel analysis because of the cyclical effect of all levels (i.e., each level affects the operations of the other).

In the next section, we describe globally distributed teams in more detail and explain key challenges to their effectiveness. We then describe the basic features of organizational culture and present the competing values framework (Quinn & McGrath, 1985; Quinn & Rohrbaugh, 1981, 1983). Following that description, we develop a series of propositions linking the ideologies underlying the four culture types in that framework to our model and to specific challenges to globally distributed team effectiveness. We conclude with a discussion of the implications of our analysis and future research directions.

THEORETICAL BACKGROUND

Globally Distributed Teams

Globally distributed teams are groups of people working interdependently toward a common goal and who are located in different parts of the world and use integrated communication means for exchanging and creating knowledge (Connaughton & Shuffler, 2007). Globally distributed teams are differentiated from other sorts of teams by their complex tasks, diverse composition, and distributed communications (Maznevski & Athanassiou, 2006). Globally distributed

teams' tasks span social, legal, political, and economic environments (Lane, Maznevski, Mendenhall, & McNett, 2004). These teams are therefore assembled when task demands are very high (Canney Davison & Ward, 1999). Due to the complex tasks completed by globally distributed teams, membership is typically heterogeneous on multiple dimensions. For example, the team's task may require various functional experts who are located around the globe as well as people who have local regulatory knowledge thanks to their long experience in specific country locations. Along with such deliberate heterogeneity, it is quite likely that globally distributed teams will also have collateral heterogeneity. For example, a European multinational may choose someone located in Japan for that person's regulatory knowledge, but the outcome is also national culture diversity (Maloney & Zellmer-Bruhn, 2006). Finally, because members of globally distributed teams are located in multiple organizational units and countries, they must coordinate communication across time zones and use multiple forms of communication (often less rich than face-to-face meetings) to collaborate and complete their tasks.

The complex tasks, diverse composition, and multiple boundaries faced by globally distributed teams give rise to several challenges to their performance, as identified in a number of recent reviews. For example, in a recent review that takes a human resource management perspective on distributed work, John Paul MacDuffie (2007) identified cohesion, trust, conflict, causal attribution, mutual knowledge development, and access to dispersed knowledge as key challenges for globally distributed teams. Furthermore, Stacey Connaughton and Marissa Shuffler (2007) identified communication, conflict, and temporality as the topics that have received most of the attention in research on globally distributed teams. Finally, taking an even more comprehensive view, Kwok

Leung and Mark Peterson (2010) highlighted five issues that affect globally distributed team outcomes: human resource issues, task characteristics, media characteristics, cultural diversity, and group processes. Considering these reviews, the key challenges to globally distributed team effectiveness that are also affected by organizational culture can be classified into three categories: group process challenges, technology challenges, and membership challenges. We now briefly describe elements in each of these categories and illustrate their role in globally distributed team effectiveness.

Group process challenges. Development of trust, constructive conflict and conflict resolution, and communication are group processes that are crucial to the success of any globally distributed team. In this section, we describe reasons why the key features of globally distributed teams create challenges for effective group processes.

Trust is "the willingness of one person or group to relate to another in the belief that the other's action will be beneficial rather than detrimental, even though this cannot be guaranteed" (Child, 2001, p. 275). Trust enhances interpersonal ties, information exchange, and member satisfaction while at the same time reducing the need for monitoring (Curseu, 2006). Trust influences team effectiveness because dialogue, knowledge sharing, and solutions result from trust-based intrateam relations (Zakaria et al., 2004). Physical distance hinders the development and quality of trust between team members in a globally distributed team (Smith & Blanck, 2002) because distributed work requires technology-mediated communication media. Technology-mediated communication limits individuals' ability to perceive other team members' integrity, ability, and benevolence (Jarvenpaa, Knoll, & Leidner, 1998), thus interfering with trust formation. However, this does not necessarily mean that members

of globally distributed teams cannot develop trust in one another. Instead, scholars (e.g., Jarvenpaa & Leidner, 1999; Meyerson, Weick, & Kramer, 1996) have suggested that globally distributed teams may rely on initial personal information-sharing and recurring task-related communication to form "swift trust" (Jarvenpaa & Leidner, 1999). Swift trust (Meyerson et al., 1996) refers to trust that is formed quickly in teams with a short life span, a clear purpose, and common task; task communication, initial actions, and social communication play an important role in trust development (Coppola, Hiltz, & Rotter, 2004; Jarvenpaa & Leidner, 1999). Thus, organizational conditions that support the formation of trust or swift trust will enhance globally distributed team effectiveness.

In addition to trust, conflict is particularly challenging for globally distributed teams. For teams performing nonroutine and innovative tasks, a small to moderate amount of task conflict can enhance performance (Jehn, 1995; Mannix, Griffith, & Neale, 2002). On the other hand, interpersonal conflict is detrimental to team performance (Jehn, 1995). In a globally distributed team, alternative perspectives, debates, and potential disagreements will arise, in part due to heavy reliance on electronic communication and coordination. No matter how structured the task is or how well members can use technology, distributed team communication will be missing gestures and nonverbal nuances, cues about social influence, symbolic content, and contextual cues (Montoya-Weiss, Massey, & Song, 2001). The resulting misattributions increase conflict (Cramton, 2002). The asynchronous communication endemic to globally distributed teams also limits conflict resolution opportunities (Montoya-Weiss et al., 2001).

Finally, communication increases the felt commitment, interpersonal attraction, information exchange, feedback, and

persuasion, and it decreases misunderstanding and conflict (Cramton, 2002; MacDuffie, 2007; Nardi & Whittaker, 2002). The end results include increased cooperation, participation, and group cohesion (MacDuffie, 2007); however, globally distributed teams have limited face-to-face communication opportunities—most of the communication takes place in computer-mediated work environments where communication is less frequent, more effortful (Kraut, Fussell, Brennan, & Siegel, 2002), more fragmented, and with gaps (Armstrong & Cole, 2002). Cues can be filtered out (Axtell, Fleck, & Turner, 2004) due to the elimination of nonlinguistic cues, small talk, Socratic questioning, and spontaneous social activities (MacDuffie, 2007). Thus, confusion; misunderstandings; different interpretations of messages, tasks, and assignments; elimination of corrective feedback loops and lack of visual observations may negatively affect the success of globally distributed teams.

Together, the diverse membership and distributed structure of globally distributed teams make trust development, conflict resolution, and communication significantly more challenging than for traditional co-located teams. As a result, characteristics of organizational culture that support effective team processes will improve globally distributed team effectiveness.

Technology challenges. As already noted, globally distributed teams depend on different forms of technology to carry out their day-to-day operations. The inherent structural characteristics of the technology itself affect interaction patterns among individuals (Maznevski & Chudoba, 2000). For instance, computer mediation affects how groups are socialized, structure themselves, and cooperate (Workman, 2007). Alan Dennis, Barbara Wixom, and Robert Vandenberg (2001) propose that fit between task and technology structures and

the way they are used (or misused) determine team performance. Along the same lines, Robert Fuller and Alan Denis (2009) found that teams dropped poorly fitting technology and adopted alternative technology seeking a better fit. A team might go through several cycles of adoption of new technology. For example, team members may use e-mail, electronic meeting systems, group support systems (GSS), and videoconferencing to conduct meetings, as well as exchange ideas and documents. Together, this research suggests that globally distributed team effectiveness is influenced by the accessibility, reliability, and compatibility of communication technologies; the appropriate use of those technologies (Zakaria et al., 2004); and the openness of both the team and the organization to adopt new communication technologies that are needed for particular interaction challenges. A key organizational context factor, then, is whether or not communication technology will be a resource or constraint to globally distributed teams, given the overall organizational stance toward IT.

Member challenges. When team members are in distributed locations, using information and computer technology to accomplish interdependent tasks, member characteristics other than general cognitive abilities, task-related attributes, and socioemotional attributes must be considered (MacDuffie, 2007). Specifically, globally distributed team members need a combination of self-management and communications skills, as well as cultural sensitivity and technology know-how (Blackburn, Furst, & Rosen, 2003). For instance, because globally distributed team members do not experience social facilitation to the extent that co-located teams do or have readily available social comparison to other team members, they must be able to set personal goals and fulfill

them without close supervision. Moreover, the ability to communicate effectively is not enough; being able to choose the appropriate medium for the inquiry, task, and timeframe is also imperative for effective team communication. In addition, learning about cultural differences and discussing how these differences affect team processes requires adoption of new group processes and development of new norms. Together, members of globally distributed teams need to be flexible, adaptive, sensitive to important cultural differences, and skilled at self-management. Organizational cultures vary in the extent to which they support beliefs and norms about these attributes, as well as the selection and socialization processes that produce varying levels of human and social capital.

In sum, we suggest that globally distributed teams face challenges due to team processes, technology, and composition. In each case, we highlighted aspects of these categories that influence globally distributed team effectiveness and suggest that, among other things, organizational context plays a role in mitigating the challenges. Our particular focus in this chapter is on organizational culture as a key feature of organizational context. So, we now turn to a brief overview of the organizational culture construct before describing the competing values framework and how its underlying ideologies support globally distributed team effectiveness.

Organizational Culture

Organizational culture is "learned, shared, and tacit assumptions such as values, beliefs, and assumptions" (Schein, 1990, p. 48). But the "actual content and substance of a culture resides in its ideologies" (Trice & Beyer, 1993, p. 33). Thus, organizational culture, through its underlying ideologies (i.e., systems of beliefs; Zammuto, Gifford, & Goodman, 2000), determines what is valuable to organizational members and the way things are done in a company. Organizational cultures and their underlying ideologies determine the myths, stories, rituals, structures, strategies, and reward systems that shape actions within organizations (Meyer, 1982; Meyer & Starbuck, 1993; Zammuto et al., 2000). Importantly, organizational culture has been linked to firm performance (e.g., Calori & Sarnin, 1991; Denison & Mishra, 1995; Rousseau, 1990; Wilderom, Glunk, & Maslowski, 2000), and researchers have sought to identify organizational culture traits that promote performance and growth.

One of the most frequently used frameworks that links organizational culture to effectiveness is the competing values framework (Quinn & McGrath, 1985; Quinn & Rohrbaugh, 1981, 1983). This framework identifies four organizational cultures along two continua: (1) flexibility and discretion versus stability and control and (2) internal focus and integration versus external focus and differentiation. Initially, the four quadrants were named the *human relations* model, *open systems* model, *internal process* model, and *relational goal* model. Later, Kim Cameron and Robert Quinn (1999) renamed these organizational cultures as *clan, hierarchy, market,* and *adhocracy* (as depicted in Figure 30.1). Each organizational culture has certain valued outcomes, and members believe that those outcomes make the organization effective. Certain ideologies are followed to attain those valued outcomes (Zammuto et al., 2000). We will now briefly describe each of the four cultures that arise from the two dimensions proposed in the competing values framework before moving on to explain how the ideologies associated with the four cultures may influence globally distributed team effectiveness.
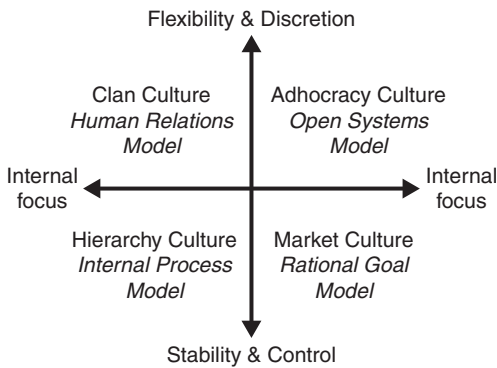
Figure 30.1   Types of Organizational Cultures and Underlying Ideologies

SOURCE: Cameron & Quinn, 1999; Quinn & Rohrbaugh, 1983, in italics.

Clan culture. Organizations with a clan culture emphasize flexible structures and maintain an internal focus. Internal cohesiveness, participation, personal satisfaction, morale, and teamwork are important to an organization that values human resources (employees) over financial goals (Stoica, Liao, & Welsch, 2004). Other employees are seen as extended family, and leaders are seen as mentors, thus creating a very friendly place to work (Dani, Burns, Backhouse, & Kochhar, 2006). Leaders not only mentor others, they are also facilitators of interaction (Denison & Mishra, 1995). Employee participation, loyalty, employee commitment, and tradition are important concepts for the company with a clan culture (Cameron & Quinn, 1999). The structure of a company with a clan culture is decentralized and does not depend on rules, policies, and procedures (Buenger, Daft, Conlon, & Austin, 1996; Zammuto & Krakower, 1991). Training is an important part of clan culture (Buenger et al., 1996; Zammuto & Krakower, 1991). *Trusting, loyal, empowered,* and *collegial* are terms that can be used to describe clan cultures (Zammuto et al., 2000), and its underlying ideologies will support flexibility and internal focus.

Adhocracy culture. Organizations with an adhocracy culture focus on flexibility and external positioning. Growth, resource acquisition, creativity, and adaptability are important aspects, as are evaluations by external entities (Cameron & Quinn, 1999). Long-term emphasis is on a commitment to experimentation and innovation to acquire new resources. Thus, new markets and new sources of growth are constantly monitored. When the time is right, flexibility and tolerance allow the organization to move in new directions. The organization is a dynamic and creative workplace because employees take risks to gain new products or services (Dani et al., 2006). Leaders are innovators who are creative and clever and who envision change; they also have to fulfill the role of broker who acquires resources (Denison & Mishra, 1995). Organizations with adhocracy cultures focus more on interdependent work flow and less on formal planning; hence, rules, policies, and procedures are not integral parts of the work flow (Buenger et al., 1996; Zammuto & Krakower, 1991). *Innovative, aggressive, adaptable,* and *entrepreneurial* are some of the terms used to describe organizations with an adhocracy culture (Zammuto et al., 2000), and its underlying ideologies will support flexibility and external focus.

Hierarchy culture. Organizations with a hierarchy culture focus on stability and internal control. This results in an emphasis on order and regulations (Stoica et al., 2004). These organizations maintain stability and control by focusing on smooth-running, efficient organization, which is achieved through formalized structures, rules, and procedures. Dependable delivery, low cost, and scheduling are stressed for long-term success. Leaders need to be good coordinators and organizers who are dependable and reliable and who maintain structure (Cameron & Quinn, 1999; Denison & Mishra, 1995). Leaders also

monitor and collect information (Denison & Mishra, 1995). Organizations with a hierarchy culture have vertically coordinated structures where formal planning determines routine task technology, formal rules, policies, and procedures (Buenger et al., 1996; Zammuto & Krakower, 1991). *Bureaucratic, rule-bound, by-the-book,* and *top-down* are other terms used for these types of organizations (Zammuto et al., 2000), and their underlying ideologies will support control and internal focus.

Market culture. Organizations with market culture focus on external competitiveness and productivity while emphasizing stability and control. Transactions and contacts with external constituencies are considered to be the basis of competitive advantage (Cameron & Quinn, 1999). Task accomplishment is highlighted where leaders and employees are competitive and driven by getting the job done while responding to the markets. Leaders can be demanding as they fulfill the roles of producers and directors (Cameron & Quinn, 1999; Denison & Mishra, 1995). Centralization and training are important to the long-term focus of the company, including promoting company reputation, setting and achieving goals, and taking competitive action (Buenger et al., 1996; Cameron & Quinn, 1999; Zammuto & Krakower, 1991). Organizations with market cultures can be described as *driven, goal oriented, achievers,* and *focused* (Zammuto et al., 2000), and their underlying ideologies will support control and external focus.

LINKING ORGANIZATIONAL CULTURE WITH GLOBALLY DISTRIBUTED TEAM EFFECTIVENESS

Research applying the competing values framework suggests that the four cultures support different organizational practices and policies. For example, Halit Keskin, Ali Akgun, Ayse Gunsel, and Salih Imamoglu (2005) examined the relationship between organizational culture and knowledge management strategy. Their analyses indicate that "adhocracy and clan cultures have positive effects on tacit oriented knowledge management strategy" (p. 39). Tania Singer, Hugo Critchley, and Kerstin Preuschoff (2009) examined the effects of organizational culture on patient safety, concluding that clan culture corresponded to higher patient safety. Together, these and other studies indicate that organizational culture is related to organizational strategies, policies, attitudes, and outcomes. Because organizational culture shapes attitudes and behaviors of organizational members, we expect that organizational culture influences member composition and shapes group processes. Likewise, because organizational culture influences strategy and policies, IT strategy and implementation are likely to vary across the four different culture profiles in the competing values framework. It is important to note that, as organizational cultures vary, so too will group processes, IT systems, and member characteristics, thereby differentially influencing globally distributed team effectiveness.

The four cultures identified in the competing values framework and the two dimensions (thus also the underlying ideologies) on which the cultures are based can be useful to explain organizational differences in policies and practices. These "relatively coherent sets of beliefs that bind some people together and that explain their worlds in terms of cause-and-effect relations . . . ideologies explain the hows and whys of events" (Beyer, 1981, pp. 166—167). As such, it may be more useful to consider how both organizational cultures and the underlying ideologies explain organizational policies and practices that can amplify or dampen

the group process challenges, technology challenges, and member challenges, materially influencing globally distributed team effectiveness. We also suggest that the physical, national, and institutional distances inherent to the multinational context do not allow organizational culture and underlying ideologies to be assimilated equally across subsidiaries, thus moderating the relationship between organizational culture and the challenges to globally distributed team effectiveness. Figure 30.2 illustrates the conceptualized relationships.

Organizational Culture and Underlying Ideologies and Group Process Challenges

In our review of the literature on globally distributed teams, we identified three group processes that have been linked to globally distributed team effectiveness: conflict, trust, and communication. We suggest that cultural ideologies support different norms and beliefs that affect the quality of these processes in organizations, thereby influencing globally distributed team effectiveness.

Conflict. Research on conflict in teams suggests that when performing nonroutine and innovative tasks moderate levels of task conflict are desirable because it may lead to higher team performance; but interpersonal conflict is detrimental to team performance (Jehn & Mannix, 2001). We

expect that organizational culture affects conflicts allowed and conflict resolution styles. Thus, cultural ideologies that support task conflict and inhibit interpersonal conflict should improve globally distributed team effectiveness. If stability and control are important in an organization, as in market and hierarchy cultures, teamwork is likely to be highly formalized with standard operating procedures. Such structure reduces the need for interpretation of the task or roles of the team members, reducing task conflicts. Yet, the routinization associated with stability and control is unlikely to reduce interpersonal conflicts. Moreover, given that globally distributed teams work on complex tasks that require creativity and critical thinking, standardizing the processes and roles hampers idea creation, solution generation, and desirable task conflict, therefore reducing effectiveness. Alternatively, organizational cultures promoting flexibility and discretion, such as the clan and adhocracy cultures, might be more open to the presence of different voices within the team. Since the organization is after market share by means of unique and new products and services (Cameron & Quinn, 1999), the adhocracy culture may be more open to staffing teams with members who hold different views that potentially enhance idea creation. Despite this, the effects of interpersonal conflict might be overlooked, given that the company has an external focus.
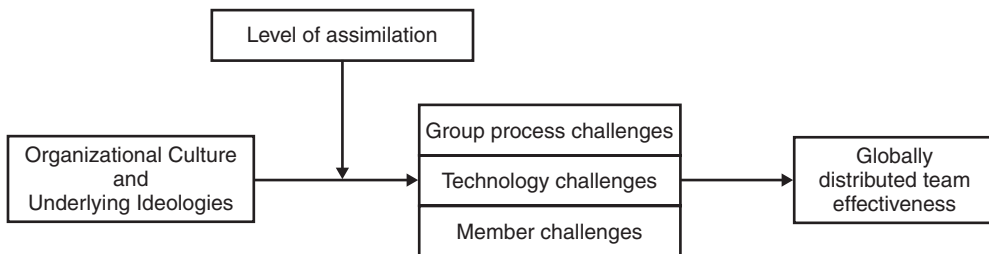
Figure 30.2   Conceptualized Relationship

Beyond the types of conflicts likely to be experienced, the success of globally distributed teams may be affected by the way they manage internal conflicts. Mitzi Montoya-Weiss, Anne Massey, and Michael Song (2001) examined five conflict-handling modes: avoidance, accommodation, competition, collaboration, and compromise. They concluded that collaborative behavior was the best mode of conflict management, where the emphasis is on openness to others' points of view, objective consideration of all information, and shared efforts to solve problems. Clan culture and adhocracy culture promote flexibility, which may support collaborative conflict resolution. Moreover, concern for people in an organization with a clan culture may lead to shared efforts and openness to different points of view. One of the critical managerial competencies emphasized in a clan culture is managing interpersonal relationships, when facilitating supportive feedback, listening, and resolution of interpersonal problems are main concerns (Cameron & Quinn, 1999). These arguments lead us to suggest the following propositions:

> **Proposition 1.** In organizations where organizational culture and underlying ideologies support flexibility (versus control), the success of globally distributed teams will be positively affected due to constructive task conflict and collaborative conflict resolution.

> **Proposition 2.** In organizations where organizational culture and underlying ideologies support internal focus (versus external), the success of globally distributed teams will be positively affected through lower interpersonal conflict levels and collaborative conflict resolution.

Trust. Perception of other members' integrity, ability, and benevolence affects the development of trust (Jarvenpaa et al., 1998). Communication, especially quality of interactions among team members, is the most important source of trust because of the shared expectations that emerge as a result of the interactions (De Rosa, Smith, & Hantula, 2004). Organizations with a stability and control focus emphasize regulation, where managers pay attention to acculturating employees to standards and expectations of the organization. Moreover, to keep the processes and performance under control, managers emphasize procedures, measurements, and system monitoring (Cameron & Quinn, 1999). The need for continuous regulation and surveillance of employees can lead to mistrust (Dani et al., 2006). Trust is related to the degree of regulation in the organization (Fox, 1974); thus, organizations emphasizing control as their ideology might formalize the language, working hours, and processes of globally distributed teams. In turn, these practices might lead to low levels of trust.

Organizations with external focus promote competitiveness, encourage customer service, and motivate employees to work vigorously (Cameron & Quinn, 1999). As a result, task-oriented and work-focused managers may overlook the importance of establishing trust norms. In organizations with an internal focus, where concern for people is high, team members may engage in more social communication, which can lead to higher levels of trust in globally distributed teams (Jarvenpaa & Leidner, 1999). For example, a clan culture provides a friendly place to work and an extended family, which may increase honest disclosure and thus promote trust (Paese, Schreiber, & Taylor, 2003). In contrast, the management ideology of the organization with an adhocracy culture is that innovativeness fosters new resources (Cameron & Quinn, 1999). However, essential characteristics of organizations with adhocracy culture such as innovator, entrepreneur, and visionary may limit the trust fostered in the organization. Research in the entrepreneurship literature

suggests, perhaps counterintuitively, that innovativeness may actually lead to lower levels of trust. A value placed on innovativeness means that individuals or groups who develop new and valuable ideas feel the need to protect their ideas; thus, they exhibit minimum trust levels (Das & Teng, 1998). Applying these insights from the entrepreneurship literature to globally distributed teams, members of globally distributed teams who are encouraged by their cultures to be more creative and generate new ideas might also refrain from exchanging information. Thus, with respect to organizational culture and trust, we propose:

> **Proposition 3.** In organizations where organizational culture and underlying ideologies support internal focus (versus external), the success of globally distributed teams will be positively affected by facilitating more social communication and social exchanges that support trust formation.

> **Proposition 4.** In organizations where organizational culture and underlying ideologies support stability and control (versus flexibility), the success of globally distributed teams will be negatively affected by implementing regulation and surveillance mechanisms that interfere with trust formation.

Communication. In addition to its important role in supporting trust, communication is, in and of itself, vital for globally distributed team effectiveness. For instance, because members are geographically distributed and require technology mediation, globally distributed team members lack contextual cues (Cramton & Hinds, 2004). Strong norms and values may substitute for such cues. For example, an internal focus can support common language that aids in communication effectiveness. Furthermore, how organizational members view human resources and relationships can influence and help overcome some of the barriers

to distributed communication. Likewise, organization ideologies that value relationships will likely support the expense of face-to-face communication (at least occasionally), thereby creating conditions for greater effectiveness (Maznevski & Chudoba, 2000). Moreover, organizations with an internal focus might advocate positive interteam interactions, resulting in the integration of the team into the rest of the organization. They may also value and support teams and teamwork (Doolen, Hacker, & Van Aken, 2003), employee empowerment and participation, horizontal communication, and a caring climate (Yazici, 2009).

In addition to supporting strong relationships and common norms that can help to overcome the reduced cues in less rich technology-mediated communication, cultural ideologies are also likely to affect communication frequency. Communication frequency improves globally distributed team effectiveness, but perhaps even more important, some research suggests that globally distributed teams are more effective if their members engage in frequent and *spontaneous* communication (Hinds & Mortenson, 2005). This is less likely to occur in formal/hierarchical cultures, where stricter protocols involving the chain of command for communication— even within teams—may be in place. On these bases, we propose:

> **Proposition 5.** In organizations where organizational culture and underlying ideologies support internal focus (versus external), the success of globally distributed teams will be positively affected by supporting relationships and face-to-face communication.

> **Proposition 6.** In organizations where organizational culture and underlying ideologies support stability and control (versus flexibility), the success of globally distributed teams will be negatively affected by limited communication frequency and spontaneity.

Cultural Ideologies and IT Challenges

The IT literature has examined several topics related to globally distributed teams, such as information systems development, IT adoption and diffusion, IT use and outcomes, and IT management and strategy. Recently, organizational culture has been included in the models predicting various aspects of IT adoption and use (cf., Leider & Kayworth, 2006). Still, when IT adoption and use are examined, organizational cultural assumptions that influence the adoption and use of IT have been attributed to national cultural differences, based on the view that differences between organizational cultures are due to organizations being embedded in different national cultures (Davison & Martinsons, 2003; Gallivan & Srite, 2005; Guo & D'Ambra, 2009).

One of the reasons given for IT implementation failure is a task–technology misfit, which is defined as picking the wrong technology for the task (Fuller & Denis, 2009). The other reason implementations fail is the system–culture misfit (Gallivan & Srite, 2005). For example, some cultures can adopt e-mail or Group Support Systems (GSS) technology better than others due to cultural values, beliefs, norms, and patterns of assumptions (Straub, 1994; Watson, Ho, & Raman, 1994). In addition, globally distributed teams may go through several cycles of appropriation, where a part of the initially implemented system is eliminated in favor of another product or procedure (Fuller & Denis, 2009). The success of globally distributed teams may therefore depend on organizational support to explore many technologies and go through cycles of appropriation of new technology in order to have the right tools and establish cultural fit.

Organizational cultures that emphasize stability and control, such as hierarchy and market cultures, might face resistance when implementing new IT systems (Zammuto & Krakower, 1991) and go through several cycles of appropriation unnecessarily. Stable systems are often more difficult to change than are highly adaptable, flexible systems (Denison & Mishra, 1995). In addition, when the right technology is found at the end of an appropriation cycle, approval might take longer because organizations advocating stability and control might have more procedures to go through. Teams functioning in a flexible organizational culture may pass through the cycle of appropriation and approval more quickly.

The internal and external focus of the organization can affect the appropriation cycle such that organizations with an external focus might constantly scan the environment for new ideas. To stay competitive, globally distributed teams in organizations with an external focus may adopt new systems faster than necessary. On the other hand, teams in organizations with an internal focus might examine how the new system answers the needs of the employees and customers.

Characteristics of the Management Information System (MIS) adopted must fit the valued outcomes of the organization (Cooper, 1994). For example, an adhocracy culture values innovation and change; thus, MIS capability must allow environmental scanning and filtering (Cooper, 1994). MIS must allow internal monitoring, internal controlling, and record-keeping functions for organizations focusing on stability and control (Cooper, 1994). Moreover, for organizations emphasizing stability and control, the MIS system must be standardized, reliable, stable, and precise and provide detailed information (Cooper & Quinn, 1993). To achieve their valued outcomes, organizations with a clan culture will adopt MIS systems that allow for computer-aided instructing, interpersonal communication and conferencing, and group decision support. Such systems will allow high user control and personalization (Cooper &

Quinn, 1993). Based on these arguments, we propose the following relationships between organizational culture and IT features:

> **Proposition 7.** In organizations where organizational culture and underlying ideologies support stability and control (versus flexibility), the success of globally distributed teams will be negatively affected because of less current technology availability and lower flexibility with existing technologies.

> **Proposition 8.** In organizations where organizational culture and underlying ideologies support internal (versus external) focus, the success of globally distributed teams will be positively affected because IT systems will meet the needs of organizational members.

Cultural Ideologies and Member Challenges

Teams consist of members with different skills and knowledge, typically with task demands dictating the knowledge required to be on a team (MacDuffie, 2007). Yet, when managers are forming teams, they often have limited options from which to choose. The choice set is usually limited to people who are employed by the organization. The employee selection literature has examined the fit between employees and an entire organization (PO fit), arguing that fit affects job satisfaction and organizational commitment (Kristof-Brown, Zimmerman, & Johnson, 2005; Montgomery, 1996; Werbel & Gilliland, 1999). The attraction-selection-attrition (ASA) framework (Schneider, 1987) suggests that people are attracted to (and seek membership in) organizations because of the match between the member's and the organization's characteristics, structure, culture, and strategy (Satterwhite, Fleenor, Braddy, Feldman, & Hoopes, 2009). Employees who "fit" stay with the organization longer (Bretz & Judge, 1994), leading to within-organization homogeneity over time. In line with PO fit

and the ASA framework, organizations are staffed with employees who value the same outcomes and who subscribe to the same managerial ideologies.

Organizations with a clan culture will seek people who value loyalty, share a lot about their personal selves, create a friendly workplace, and emphasize cohesion. Employees will exhibit higher levels of trust and lower levels of conflict, and they will resist less when change is implemented (Zammuto & Krakower, 1991). Furthermore, employees of companies with a clan culture will be able to work without close supervision because the structure of the organization is decentralized, and rules and policies are not the focus of the company (Buenger et al., 1996). Alternatively, organizations with a market culture will be staffed with people who focus on competition, customer service, and putting in extra effort. Employees will value task accomplishment, set goals, and make detailed plans (Zammuto et al., 2000), resulting in low levels of trust and high levels of conflict (Zammuto & Krakower, 1991). Moreover, employees of companies with a market culture might resist change (Zammuto & Krakower, 1991), negatively affecting the technology appropriation cycle that a globally distributed team goes through before finding the right technology and norms. Similarly, organizations with hierarchy culture and adhocracy culture will be staffed with employees who promote similar values, goals, norms, and organizational culture and ideologies as the organization. Bringing this together, we suggest the following relationship between organizational culture and global team membership.

> **Proposition 9:** Organizations, where organizational culture and underlying ideologies support internal (versus external) focus and flexibility (versus stability) affecting the success of globally distributed teams, will be staffed with people adhering to similar ideologies.

Level of Assimilation as a Moderating Variable

Multinational organizations are faced with decisions about how to manage tensions between global integration and local responsiveness (Zellmer-Bruhn & Gibson, 2006). Some organizations seek to achieve global integration for consistency and efficiency by transferring their culture and the underlying ideologies. However, during this transfer, multinational organizations are faced with physical, cultural (national), and institutional distances between headquarters and subsidiaries. Moreover, efforts to disseminate organizational culture across physical distances are hampered by limited communication between the headquarters (HQ) and subsidiaries. This is because while, on one hand, culture is intentionally transferred through policies, procedures, and manuals, on the other hand, culture transfer also occurs through spontaneous communication, coincidental encounters, and learning by watching. Physical distance limits the latter three due to reliance on informal transfer mechanisms. As a result, even with formal culture transfer mechanisms in place, it is common for subsidiaries to develop cultures (i.e., site cultures) and underlying ideologies distinct from the overall or HQ culture; exchanges occur more often among people within the subsidiaries than between subsidiaries and HQ (Armstrong & Cole, 2002).

The value placed on organizations differs across (national) cultures. What it means to work for an organization and to be a part of an organization might mean different things to employees in different nations. Initially, the North American context was the focus of the Organizational Commitment (OC) literature and researchers assumed that *organization* and *commitment* carry the same meaning across cultures (Reding, Norman, & Schlander, 1994). However,

it is difficult to compare the processes and consequences of organizational commitment across contexts (Randall, 1993). Three dimensions of OC identified in the North American context have been supplemented by indigenous dimensions in Asian contexts, leading to four- and five-dimension models (e.g., Ling, Zhang, & Fang, 2001; Wang, 2004; Wasti, 2008). Research in this area indicates that we cannot assume that people value organizations equally across cultures. For example, John Parnell and Tarek Hatem (1999) found that in some cultures, higher levels of loyalty to organizations lead to low turnover, lower performance, and higher extra-role performance.

Tatiana Kostova and Kendall Roth (2002) argue that when faced with institutional multiplicity, organizational practices are adopted differently across subsidiaries. Behaviors and attitudes toward organizational practices mandated by the HQ differ, resulting in different implementation and internalization of organizational cultures and ideologies. Thus, the way of doing things mandated by the HQ may be adopted in one of four ways: active, minimal, assent, and ceremonial (Kostova & Roth, 2002). Globally distributed team members, who are supposed to have internalized similar organizational culture, may in fact differ in the way they do things. For example, Stephen Mezias, Ya-Ru Chen, and Patrice Murphy (1999) describe a goal-setting system promoted by the HQ that faced resistance due to cultural differences; the result was either noncompliance or superficial compliance.

When one measures organizational culture of HQ and subsidiaries, the results may indicate different levels of assimilation of organizational culture. HQ might have a higher external focus whereas a subsidiary located in a highly collectivist society might have higher internal focus. Along the same lines, HQ might value flexibility, but a subsidiary located in a high power distance

national culture might value stability and control. As a result, organizations may vary considerably in the extent to which cultural ideologies are shared across globally dispersed units. As globally distributed team members are drawn from these multiple, dispersed organizational units, they are likely to reflect the dominant ideologies of their units. As a result, we expect that the level of assimilation of cultural ideologies across globally distributed team members will influence team effectiveness. Therefore, we propose:

> Proposition 10. Success of globally distributed teams will be affected by the level of assimilation such that a high level of assimilation of organizational culture and underlying ideologies supporting flexibility and internal focus will be associated with successful globally distributed teams.

DISCUSSION

This chapter contributes to the ever-growing globally distributed teams literature. Using globally distributed teams allows organizations to increase their performance and limit long-term expatriate assignments (Leung & Peterson, 2010), allowing global organizations to simultaneously tap into distributed expertise and realize cost savings. Several microfactors, such as task complexity, media synchronicity, and composition of the team, have received attention in the IT and organizational behavior literatures as factors affecting the success of globally distributed teams. In addition to microfactors, national culture and physical distance have received attention as macrofactors that influence globally distributed team effectiveness. Research to date on globally distributed teams, however, has not directly considered the effects of organizational culture. This oversight is material because organizational culture determines the way an organization

conducts business, which structures it adopts, and which policies it implements—all of which influence globally distributed team effectiveness.

The purpose of our chapter was to begin an integration of research on organizational culture and globally distributed teams. We began this effort by examining recent literature reviews on globally distributed teams to identify factors that affect the functioning of globally distributed teams and may be influenced by organizational culture. We organized our findings into three categories of challenges to globally distributed team effectiveness: (1) group process challenges (development of trust, conflict and conflict resolution, and communication), (2) technology challenges, and (3) member challenges. Trust positively affects the development of interpersonal ties, exchange of information, and member satisfaction. However, globally distributed teams, using mostly computer-mediated work environments, may have to develop swift trust. Lack of face-to-face communication also increases misattributions, confusion, and different interpretations of messages, tasks, and assignments, leading to higher levels of task and interpersonal conflict. Technology is used in day-to-day operations of globally distributed teams, and to find the right technology for the task, effective teams go through cycles of appropriation until the right system with the right technology is obtained. Members of a globally distributed team must be effective communicators. Moreover, due to lack of close supervision, members must have self-management skills. Members will perform better and will show more commitment when the fit between the organization and employee is high.

To explore how the three challenges to globally distributed team effectiveness might be affected by organizational culture, we applied the competing values framework. The competing values framework is organized in

four quadrants along two continua (flexibility and discretion versus stability and control and internal versus external focus), leading to an organizational culture typology of clan, adhocracy, hierarchy, and market. Different underlying ideologies supporting these different kinds of organizational cultures lead to different valued outcomes and means to achieve those valued outcomes. After describing the general traits of organizational cultures in each of the four quadrants (clan, adhocracy, hierarchy, and market), we then used these descriptions to illustrate how different organizational cultures and the underlying ideologies would likely produce different policies and practices resulting in varying levels of globally distributed team effectiveness.

We concluded that emphasizing stability and control affects the success of the globally distributed teams such that conflict and conflict resolution, communication, and development of trust will be hampered, whereas internal focus will enhance development of trust, communication, and conflict resolution, positively affecting the success of globally distributed teams. Stability and control focus might result in longer appropriation cycle periods, negatively affecting the success of globally distributed teams. Internal focus will place more importance on the needs of the employees when implementing new system/technology, enhancing the success of the globally distributed teams. On a different note, the ASA framework suggests that over time there will be within-organization homogeneity. Therefore, organizations will be staffed with people who value similar things and subscribe to similar ideologies. Taken together, our propositions illustrate how organizational culture, using the competing values framework and the underlying ideologies, can be applied to predict how organizational culture may amplify or mitigate the key group process, IT, and membership challenges faced by globally distributed teams.

Finally, we noted that multinational organizations might attempt to disseminate organizational culture and its underlying ideologies, policies, and practices to all subsidiaries. However, physical, cultural (national), and institutional distances make this dissemination problematic. In addition to physical distance, which allows subsidiary cultures to develop, differences in the way people value organizations and institutional multiplicity affect the way organizational culture assimilates. Organizational cultures emphasizing internal focus and flexibility might not fully assimilate, resulting in problems for globally distributed teams who draw members from varying locations and therefore bring competing ideologies to the team.

Overall, our arguments and the corresponding propositions for each of the three categories of challenges to globally distributed team effectiveness illustrate how organizational culture, as a macrocontext feature (Zellmer-Bruhn & Gibson, 2006), is an important addition to the literature on globally distributed teams. Not only can this help to predict and explain performance outcomes at the team level, but organizational culture and its related constructs may also provide important insight to why differences exist across firms in both the use and overall performance of globally distributed teams.

Limitations and Future Directions

As with any research, ours is not without boundaries or limitations. In this section, we point out some important assumptions, boundary conditions, and limitations, as well as highlight some directions for future research on organizational culture and globally distributed teams.

To isolate the effects of organizational culture on the success of globally distributed teams, we made several assumptions. Even though these assumptions make the current

conceptualization more parsimonious, we have to keep in mind that globally distributed teams are affected by the differences in understanding of teamwork across cultures (Gibson & Zellmer-Bruhn, 2001) and the way teamwork is valued across cultures. It is important to note that the way an individual defines himself or herself affects how teamwork is understood. A team member who has a collectivist mental framework has an interdependent understanding of self, others, and the interdependence between the two (Markus & Kitayama, 1991). For example, motivation for performance differs such that a member with a collectivist mental framework is motivated by fitting in and meeting the expectation whereas a member with an individualistic mental framework tries to perform better to get ahead (Markus & Kitayama, 1991). As a result, team success is probably understood and valued differently across national cultures, which could also be reflected in organizational culture. While our key thesis is that including organizational culture in studies of globally distributed teams can enhance our understanding of how to support their effectiveness, it will be important for future research to delve more deeply into the interrelationships between organizational culture and national culture.

Moreover, a team having members with different time perspectives (present versus future) may lead to differences in understanding of teamwork (Waller, Conte, Gibson, & Carpenter, 2001). Members with a future time orientation will exchange information, trying to build long-term relationships that focus on instrumental interactions and attainment of future goals, whereas members with a present time orientation will focus on present goals (Earley & Gibson, 2002). Disparity in focus may lead to multiple ways of conducting day-to-day activities. Time orientation and preferences for work pacing vary at the national culture level, the organizational culture level, and the individual trait level. This suggests a need for further consideration of multilevel effects for globally distributed team effectiveness.

In sum, factors affecting the success of globally distributed teams are not limited to microfactors such as task complexity, media synchronicity, and composition of the team—macrofactors also play an important role. Here we have examined the role of organizational culture in the success of globally distributed teams, moderated by the level of assimilation. As seen from the preceding discussion, a more complete picture can be drawn only if researchers consider factors at individual, organizational, institutional, and national levels.

Future research can improve our understanding of the link between organizational culture and globally distributed team effectiveness by including topics such as organizational image, organizational size and age, and cultural inertia. The role of organizational culture in the decision process of adoption of globally distributed teams can also be examined. For example, organizations with an external focus might adopt globally distributed teams to convey an image of being on the cutting edge of technology, without considering other aspects of fit. On the other hand, image might also influence how organizations accept or reject virtuality. For example, why do some universities have online classes and others do not? Is it that their IT departments are not capable of supporting online classes, or is it something to do with the image they are trying to convey?

Another fruitful insight might arise as a result of examining organizational size and age. Do older and larger organizations really lag behind in adopting new ways of organizing, and if so, is it due to structural inertia? The issue for an organization may be not the ability to change, but the actual timing of the change (Hannan &

Freeman, 1984). Michael Hannan and John Freeman (1984) argue that the hierarchical layers of structures and the size of the organization affect how fast it can adapt to its environment; hence, smaller organizations are more attentive to environmental changes and can adjust more quickly than their larger counterparts.

Another topic that is worth paying attention to is cultural inertia. Whereas Kim Cameron and Robert Quinn (1999) outline how organizational culture may change, Juan Carrillo and Denis Gromb (2007) argue that old and culturally uniform organizations exhibit cultural inertia that makes change very costly. Cultural inertia has implications for both adoption and success of globally distributed teams as well as other aspects of organizational functioning. Drawing from the structural inertia argument, organizational cultural inertia can bring a new understanding to organizational change.

In conclusion, it is our hope that this chapter piques the interest of both organizational culture researchers and researchers studying globally distributed teams to consider the benefits of developing research that better integrates the two literatures.

REFERENCES

Ancona, D. G. (1990). Outward bound: Strategies for team survival in the organization. *Academy of Management Journal, 33*(2), 334–365.

Armstrong, D. J., & Cole, P. (2002). Managing distances and differences in geographically distributed work groups. In P. J. Hinds & S. Kiesler (Eds.), *Distributed work* (pp. 167–186). Cambridge, MA: MIT Press.

Axtell, C. M., Fleck, S. J., & Turner, N. (2004). Virtual teams: Collaborating across distance. In C. L. Cooper & I. T. Robertson (Eds.), *International review of industrial and organizational psychology* (Vol. 19, pp. 205–248). Chichester, UK: Wiley.

Barney, J. B. (1986). Organizational culture: Can it be a source of sustained competitive advantage? *The Academy of Management Review, 11*(3), 656–665.

Beyer, J. M. (1981). Ideologies, values, and decision making in organizations. In P. C. Nystrom & W. H. Starbuck (Eds.), *Handbook of organizational design* (Vol. 2, pp. 166–202). New York: Oxford University Press.

Blackburn, R., Furst, S., & Rosen, B. (2003). Building a winning virtual team. KSAs, selection, training, and evaluation. In C. B. Gibson & S. G. Cohen (Eds.), *Virtual teams that work: Creating conditions for virtual team effectiveness* (pp. 95–120). San Francisco: Jossey-Bass.

Bretz, R. D., & Judge, T. A. (1994). Person–organization fit and the theory of work adjustment: Implications for satisfaction, tenure, and career success. *Journal of Vocational Behavior, 44,* 32–54.

Buenger, V., Daft, R. L., Conlon, E. J., & Austin, J. (1996). Competing values in organizations: Contextual influences and structural consequences. *Organization Science, 7*(5), 557–576.

Calori, R., & Sarnin, P. (1991). Corporate culture and economic-performance—a French study. *Organization Studies, 12*(1), 49–74.

Cameron, K. S., & Quinn, R. E. (1999). *Diagnosing and changing organizational culture: Based on the competing values framework*. Reading, MA: Addison-Wesley.

Canney Davison, S., & Ward, K. (1999). *Leading international teams.* Berkshire, UK: McGraw-Hill International.

Carrillo, J. D., & Gromb, D. (2007). Cultural inertia and uniformity in organizations. *Journal of Law Economics & Organization, 23*(3), 743–771.

Child, J. (2001). Trust—the fundamental bond in global collaboration. *Organizational Dynamics, 29*(4), 274–288.

Cogburn, D. L., & Levinson, N. S. (2003). U.S.-Africa virtual collaboration in globalization studies: Success factors for complex, cross-national learning teams. *Internal Studies Perspectives, 4,* 34–51.

Connaughton, S. L., & Shuffler, M. (2007). Multinational and multicultural distributed teams: A review and future agenda. *Small Group Research, 38*(3), 387–412.

Cooper, R. B. (1994). The inertial impact of culture on IT implementation. *Information and Management, 27*(1), 17–31.

Cooper, R. B., & Quinn, R. E. (1993). Implications of the competing values framework for management information systems. *Human Resource Management, 32*(1), 175–201.

Coppola, N. W., Hiltz, S. R., & Rotter, N. G. (2004). Building trust in virtual teams. *IEEE Transactions on Professional Communication, 47*(2), 95–104.

Cramton, C. D. (2002). Attribution in distributed work groups. In P. J. Hinds & S. Kiesler (Eds.), *Distributed work* (pp. 191–212). Cambridge, MA: MIT Press.

Cramton, C. D., & Hinds, P. J. (2004). Subgroup dynamics in internationally distributed teams: Ethnocentrism or cross-national learning? In B. Staw & R. Kramer (Eds.), *Research in organizational behavior* (Vol. 26, pp. 231–263). Greenwich, CT: JAI Press.

Curseu, P. L. (2006). Emergent states in virtual teams: A complex adaptive systems perspective. *Journal of Information Technology, 21*(4), 249–261.

Dani, S. S., Burns, N. D., Backhouse, C. J., & Kochhar, A. K. (2006). The implications of organizational culture and trust in the working or virtual teams. *Journal of Engineering Manufacture, 220,* 951.

Das, T., & Teng, B. (1998). Between trust and control: Developing confidence in partner cooperation in alliances. *Academy of Management Review, 23*(3), 491–512.

Davison, R., & Martinsons, M. (2003). Guest editorial cultural issues and IT management: Past and present. *IEEE Transactions on Engineering Management, 50*(1), 3–7.

Denison, D. R., & Mishra, A. K. (1995). Toward a theory of organizational culture and effectiveness. *Organization Science, 6*(2), 204–223.

Dennis, A. R., Wixom, B. H., & Vandenberg, R. J. (2001). Understanding fit and appropriation effects in group support systems via meta-analysis. *MIS Quarterly, 25*(2), 167–193.

De Rosa, D. M., Smith, C. L., & Hantula, D. A. (2004). The medium matters: Mining the long-promised merit of group interaction in creative idea generation tasks in a meta-analysis of the electronic group brainstorming literature. *Computers in Human Behavior, 23*(3), 1549–1581.

Doolen, T. L., Hacker, M. E., & Van Aken, E. M. (2003). Impact of organizational context on work team effectiveness: A study of production team. *IEEE Transactions on Engineering Management, 50,* 285–296.

Earley, C. P., & Gibson, C. B. (2002). *Multinational work teams: A new perspective*. Mahwah, NJ: Lawrence Erlbaum.

Fox, A. (1974). *Beyond contract: Work, power, and trust relations*. London: Faber & Faber.

Friedland, R., & Alford, R. (1991). Bringing society back in: Symbols, practices and institutional contradictions. In W. Powell & P. DiMaggio (Eds.), *The new institutionalism in organizational analysis* (pp. 232–267). Chicago: University of Chicago Press.

Fuller, R. M., & Denis, A. R. (2009). Does fit matter? The impact of task-technology fit and appropriation on team performance in repeated tasks. *Information Systems Research, 20*(1), 2–17.

Gallivan, M. J., & Srite, M. (2005). Information technology and culture: Merging fragmented and holistic perspectives of culture. *Information & Organization, 15*(2), 295–338.

Gibson, C., & Vermeulen, F. (2003). A healthy divide: Subgroups as a stimulus for team learning behavior. *Administrative Science Quarterly, 48*, 202–239.

Gibson, C. B., & Zellmer-Bruhn, M. E. (2001). Metaphors and meaning: An intercultural analysis of teamwork. *Administrative Science Quarterly, 46*, 274–303.

Gladstein Ancona, D. (1990). Outward bound: Strategies for team survival in an organization. *Academy of Management Journal, 33*(2), 334–365.

Guo, Z., & D'Ambra, J. (2009). The influence of national and organizational cultures on technology use: An exploratory study within a multinational organizational setting. *Journal of Global Information Management, 17*(4), 74–94.

Hannan, M., & Freeman, J. (1984). Structural inertia and organizational change. *American Sociological Review, 49,* 149–164.

Hertel, G., Niedner, S., & Herrmann, S. (2003). Motivation of software developers in Open Source projects: An Internet-based survey of contributors to the Linux kernel. *Research Policy, 32,* 1159–1177.

Hinds, P., & Mortensen, M. (2005). Understanding conflict in geographically distributed teams: The moderating effects of shared identity, shared context, and spontaneous communication. *Organization Science, 16,* 290–307.

Jarvenpaa, S. L., Knoll, K., & Leidner, D. E. (1998). Anybody out there? Antecedents of trust in global virtual teams. *Journal of Management Information Systems, 14*(4), 29.

Jarvenpaa, S. L., & Leidner, D. E. (1999). Communication and trust in global virtual teams. *Organization Science, 10*(6), 791–815.

Jehn, K. A. (1995). A multimethod examination of the benefits and detriments of intragroup conflict. *Administrative Science Quarterly, 40*(2), 256–282.

Jehn, K. A., & Mannix, E. A. (2001). The dynamic nature of conflict: A longitudinal study of intragroup conflict and group performance. *Academy of Management Journal, 44*(2), 238–251.

Kane, A. A. (2010). Unlocking knowledge transfer potential: Knowledge demonstrability and superordinate social identity. *Organization Science, 21*(3), 643–660.

Keskin, H., Akgun, A. E., Gunsel, A., & Imamoglu, S. Z. (2005). The relationships between adhocracy and clan cultures and tacit oriented KM strategy. *Journal of Transnational Management, 10*(3), 39–53.

Kostova, T., & Roth, K. (2002). Adoption of an organizational practice by subsidiaries of multinational corporations: Institutional and relational effects. *Academy of Management Journal, 45*(1), 215–233.

Kozlowski, S. W. J., & Ilgen, D. R. (2006). Enhancing the effectiveness of work groups and teams. *Psychological Science in the Public Interest, 7*(3), 77–124.

Kraut, R. E., Fussell, S. R., Brennan, S. E., & Siegel, J. (2002). Understanding effects of proximity on collaboration: Implications for technologies to support remote collaborative work. In P. J. Hinds & S. Kiesler (Eds.), *Distributed work* (pp. 137–163. Cambridge, MA: MIT press.

Kristof-Brown, A. L., Zimmerman R. D., & Johnson E. C. (2005). Consequences of individuals' fit at work: A meta-analysis of person-job, person-organization, person-group, and person-supervisor fit. *Personnel Psychology, 58*(2), 281–342.

Lane, H., Maznevski, M. L., Mendenhall, M., & McNett, J. (Eds.). (2004). *Blackwell handbook of global management: A guide to managing complexity.* Oxford, UK: Blackwell.

Leider, D. E., & Kayworth, T. (2006). A review of culture in information systems research: Toward a theory of information technology culture conflict. *MIS Quarterly, 30*(2), 357–399.

Leung, K., & Peterson, M. F. (2010). Managing a globally distributed workforce: Social and interpersonal issues. In *Handbook of industrial and organizational psychology.* Washington, DC: American Psychological Association.

Ling, W. Q., Zhang, Z., & Fang, L. (2001). A study of the organizational commitment of Chinese employees. *Social Sciences in China, 128*, 90.

MacDuffie, J. P. (2007). HRM and distributed work: Managing people across distances. In J. P. Walsh & A. P. Brief (Eds.), *The Academy of Management annals* (Vol. 1, pp. 549–616). Mahway, NJ: Lawrence Erlbaum.

Maloney, M. M., & Zellmer-Bruhn, M. E. (2006). Building bridges, windows, and cultures: Mediating mechanisms between heterogeneity and performance in global teams. *Management International Review, 46*(6), 697–720.

Mannix, E. A., Griffith, T. L., & Neale, M. A. (2002). The phenomenology of conflict in virtual work teams. In P. Hinds & S. Kiesler (Eds.), *Distributed work* (pp. 213–233). Cambridge, MA: MIT Press.

Markus, H. R., & Kitayama, S. (1991). Culture and the self: Implications for cognition, emotion, and motivation. *Psychological Review, 98*(2), 224–253.

Mathieu, J., Maynard, M. T., Rapp, T., & Gilson, L. (2008). Team effectiveness 1997–2007: A review of recent advancements and a glimpse into the future. *Journal of Management, 34*, 410–476.

Maznevski, M. L., & Athanassiou, N.A. (2006). Guest editors' introduction to the focused issue: A new direction for global teams research. *Management International Review, 46*(6), 631–645.

Maznevski, M., & Chudoba, K. (2000). Bridging space over time: Global virtual team dynamics and effectiveness. *Organization Science, 11*(4), 473.

Meyer, A. D. (1982). Adapting to environmental jolts. *Administrative Science Quarterly, 27*(4), 197–215.

Meyer, A. D., & Starbuck, W. H. (1993). Interactions between politics and ideologies in strategy formation. In K. Roberts (Ed.), *New challenges to understanding organizations.* New York: Macmillan.

Meyerson, D., Weick, K. E., & Kramer, R. M. (1996). Swift trust and temporary groups. In R. M. Kramer & T. R. Tyler (Eds.), *Trust in organizations: Frontiers of theory and research* (pp. 166–195). Thousand Oaks, CA: Sage.

Mezias, S. J., Chen, Y. R., & Murphy, P. (1999). Toto, I don't think we're in Kansas anymore—Some footnotes to cross-cultural research. *Journal of Management Inquiry, 8*(3), 323–333.

Montgomery, A. (1996). Making a difference. *Psychologist, 9*(12), 531–531.

Montoya-Weiss, M. M., Massey, A. P., & Song, M. (2001). Getting it together: Temporal coordination and conflict management in global virtual teams. *Academy of Management Journal, 44*(6), 1251–1262.

Nardi, B. A., & Whittaker, S. (2002). The place of face-to-face communication in distributed work. In P. J. Hinds & S. Kiesler, *Distributed work* (pp. 83–112). Cambridge, MA: MIT Press.

No borders. (2005). *PM Network, 19,* 34–37.

Paese, P. W., Schreiber, A. M., & Taylor, A. W. (2003). Caught telling the truth: Effects of honesty and communication media in distributive negotiations. *Group Decision and Negotiation, 12*(6), 537–566.

Parnell, J. A., & Hatem, T. (1999). Cultural antecedents of behavioral differences between American and Egyptian managers. *Journal of Management Studies, 36*(3), 399–418.

Quinn. R. E., & McGrath. M. P. (1985). The transformation of organizational cultures: A competing values perspective. In P. J. Frost, L. F. Moore, M. R. Louis, C. C. Lundberg, & J. Martin (Eds.), *Organizational culture* (pp. 314–334). London: Sage.

Quinn, R. E., & Rohrbaugh, J. (1981). A competing values approach to organizational effectiveness. *Public Productivity Review, 5*(2), 122–140.

Quinn R. E., & Rohrbaugh, J. (1983). A spatial model of effectiveness criteria: Towards a competing values approach to organizational analysis. *Management Science, 29*(3), 363–377.

Randall, D. (1993). Cross-cultural research on organizational commitment: A review and application of Hofstede's value survey module. *Journal of Business Research, 26,* 91–110.

Reding, S. G., Norman, A., & Schlander, A. (1994). The nature of individual attachment to the organization: A review of East Asian variations. In H. C. Triandis, M. Dunnetter, & L. Hough (Eds.), *Handbook of industrial and organizational psychology* (2nd ed., Vol. 4, pp. 557–607. Palo Alto, CA: Consulting Psychologists Press.

Rousseau, D. M. (1990). New hire perceptions of their own and their employers obligations—a study of psychological contracts. *Journal of Organizational Behavior, 11*(5), 389–400.

Satterwhite, R. C., Fleenor, J. W., Braddy, P. W., Feldman, J., & Hoopes, L. (2009). A case for homogeneity of personality at the occupational level. *International Journal of Selection and Assessment, 17*(2), 154.

Schein, E. H. (1990). Organization culture. *American Psychologist, 45*(2), 109–119.

Schiller, S. Z., & Mandviwalla, M. (2007). Virtual team research: An analysis of theory use and a framework for theory appropriation. *Small Group Research, 38,* 12–59.

Schneider, B. (1987). The people make the place. *Personnel Psychology, 40,* 437–453.

Smith, P. G., & Blanck, E. L. (2002). From experience: Leading dispersed teams. *The Journal of Product Innovation Management, 19,* 294–304.

Singer T., Critchley, H., & Preuschoff, K. (2009). A common role of insula in feelings, empathy and uncertainty. *Trends in Cognitive Sciences, 13*(8), 334–340.

Stoica, M., Liao, J., & Welsch, H. (2004). Organizational culture and patterns of information processing: The case of small and medium size enterprises. *Journal of Developmental Entrepreneurship, 9*(3), 251.

Straub, D. (1994). The effect of culture on IT diffusion: E-Mail and fax in Japan and the US. *Information Systems Research, 5*(1), 23–47.

Trice, H. M., & Beyer, J. M. (1993). *The cultures of work organizations.* Englewood Cliffs, NJ: Prentice Hall.

Waller, M. J., Conte, J. M., Gibson, C. B., & Carpenter, M. (2001). The effect of individual perceptions of deadlines on team performance. *Academy of Management Review, 26*(4), 586–600.

Wang, Y. (2004). Observations on the organizational commitment of Chinese employees: Comparative studies of state-owned enterprises and foreign-invested enterprises. *International Journal of Human Resource Management, 15,* 649.

Wasti, S. A. (2008). Organizational commitment: Complication or clarification? In P. B. Smith, M. F. Peterson, & D. C. Thomas (Eds.), *The handbook of cross-cultural management research* (pp. 95–116). Thousand Oaks, CA: Sage.

Watson, R. T., Ho, T. H., & Raman, K. S. (1994). Culture: A fourth dimension of group support systems research, *Communications of the ACM, 37*(10), 44–56.

Werbel, J. D., & Gilliland, S. W. (1999). Person-environment fit in the selection process. *Research in Personnel and Human Resources Management, 17,* 209–243.

Wilderom, C. P. M., Glunk, U., & Maslowski, R. (2000). Organizational culture as a predictor of organizational performance. In N. M. Ashkanasy, C. P. M. Wilderom, & M. F. Peterson (Eds.), *Handbook of organizational culture and climate.* Thousand Oaks, CA: Sage.

Workman, M. (2007). The effects from technology-mediated interaction and openness in virtual team performance measures. *Behavior & Information Technology, 26,* 355–365.

Yazici, H. J. (2009). The role of project management maturity and organizational culture in perceived performance. *Project Management Journal, 40*(3), 14–33.

Yuan, Y. C., & Gay, G. (2006). Homophily of network ties, and bonding and bridging social capital in distributed teams. *Journal of Computer-Mediated Communication, 11*(4), 1062–1084.

Zakaria, N., Amelinckx, A., & Wilemon, D. (2004). Working together apart? Building a knowledge-sharing culture for global virtual teams. *Creativity and Innovation Management, 13*(1), 15.

Zammuto, R. F., Gifford, B., & Goodman, E. A. (2000). Managerial ideologies, organizational culture, and the outcomes of innovation: a competing values perspective. In N. M. Ashkanasy, C. P. M. Wilderom, & M. F. Peterson (Eds.), *Handbook of organizational culture and climate* (pp. 261–278).Thousand Oaks: CA. Sage.

Zammuto, R. F., & Krakower, J. Y. (1991). Qualitative and quantitative studies of organizational culture. *Research in Organizational Change and Development, 5,* 84–114.

Zellmer-Bruhn, M. (2003). Interruptive events and team knowledge acquisition. *Management Science, 49*(4), 514–528.

Zellmer-Bruhn, M., & Gibson, C. (2006). Multinational organization context: Implications for team learning and performance. *Academy of Management Journal, 49*(3), 501–518.

Corporate Culture in Chinese Organizations

Daniel Denison, Katherine Xin, Ashley M. Guidroz, and Lily Zhang

Over the past two decades, China's influence on the world economy has grown dramatically. With an average annual growth rate of about 10%, China's economy is more than 10 times larger than it was in 1990, with per capita annual income growing from less than U.S. $300 per year to more than U.S. $6,000 annually in terms of purchasing power. China has now become the world's third-largest economy, with strong positions in innovative industries such as solar power, wind power, plug-in electric cars, and high-speed rail. Recent projections suggest that over the next two decades, China will become the world's largest economy (Ferguson, 2008). To our knowledge, there is no precedent for such a dramatic emergence of a new world economic power.

Much of the popular attention has focused on topics such as the Chinese competitive advantage in low-wage manufacturing, outsourcing, and supply chain dynamics, along with issues related to exchange rates and political relations. In contrast, we argue that researchers have paid relatively little attention to the central importance of the Chinese ability to create effective organizations. Despite an impressive increase in the strength and scope of Chinese scholarship and an increase in the interest of Western scholars in Chinese organizations, there is still a profound imbalance between the practical importance of these organizational issues and the research base that informs them. Perhaps the closest analogue to the current situation is the ascent of Japanese organizations in the 1980s, followed by the frenzy of activity as Western researchers struggled to understand their success (e.g., Brannen & Kleinberg, 2000; Hofstede & Bond, 1998; Peterson, 1988).

This chapter attempts to address a small but significant part of this challenge by examining the evolution of corporate culture in Chinese organizations (Zhao, 2001). We believe that the cultural characteristics of Chinese firms are a critical part of their increasing success at building global firms. We also believe that understanding the culture of Chinese firms requires us to deal with a relatively fundamental paradox: Chinese firms have all developed from a unique historical setting (Granrose, Huang, & Reigadas, 2000). But as they have developed, their logic, structure, and substance have steadily converged with those of global firms from other nations. Chinese-based global organizations are thus much more prevalent than they were a decade ago, but also much less distinctive. They have a great deal in common with organizations from other countries, and thus, it may be more fruitful to start to think of China not as a "topic" but rather as an increasingly important *context* in which we study the cultures of organizations. Thus, our most basic recommendation at the end of this chapter is a plea for culture researchers to focus more of their attention on the lessons to be learned from the emergence of this new generation of global Chinese firms and their growing similarities to global firms from other parts of the world.

OVERVIEW OF THE CHAPTER

We commence our analysis in this chapter by examining the literature in two major areas. First, we focus on the development of Chinese-based theories and models of organizational culture. We have reviewed both the English- and the Chinese-language literature to identify culture studies that have offered an indigenous perspective on the culture of Chinese organizations. This section highlights several new perspectives and contrasts those with the application of Western theories of culture to Chinese organizations.

Next, we review the topic that has probably generated the most attention to date from organizational researchers interested in China: the contrast between different types of Chinese organizations (e.g., Deshpande & Farley, 2002; Peng, Tan, & Tong, 2004; Tsui, Wang, & Xin, 2006; Wang, Brunning, & Peng, 2007; Wang, Yang, & McLean, 2007). The distinctions among state-owned enterprises (SOE), privately owned enterprises (POE), foreign-invested enterprises (FIE), and joint ventures (JV) are central to understanding the existing literature. There is a relatively broad literature focusing on these four types, which has served as a primary point of reference for most researchers.

We next turn our attention to some of the important dynamics of a new generation of Chinese firms. This is a topic that is *not* well represented in the current research literature but appears more prominently in the business world. The ownership conditions of these firms is one influence on their current culture, but these firms, like Western firms, are far more influenced by their founders and their founding conditions, regional characteristics, the dynamics of their industry, and the strategic choices that they have made. In this respect, we suggest that understanding the unique cultural factors that are associated with their growing influence is critical for future research.

Most of the dominant Chinese global organizations today do indeed have their origins as SOEs. In the last decade, however, many of these firms have sold part of their equity on either the Chinese or the Western stock exchanges to raise capital, increase their visibility, and demonstrate their legitimacy as global players (e.g., Balfour, 2009; Truc, 2009; Wey, 2006). We call these firms as *Chinese global enterprises*. We have identified six firms that fit this pattern: Haier, China Mobile, Tsingtao Brewery, Lenovo, COSCO, and Baosteel.

A second category of Chinese global organizations have their origins as POEs

in China, but many have now expanded dramatically on the international scene. We call these firms Chinese global entrepreneurs" and focus on five less well-known firms: Taobao, the largest online marketplace in Asia; Shanda, the online video game operator; BYD, the second-largest battery producer in the world, Galanz, a $2 billion appliance producer; and Suntech, one of the world's largest producers of photovoltaic solar panels. At this stage of development, Taobao and Shanda are still primarily focused on the Chinese market, but they are operating at a global scale with clear global aspirations. BYD, Galanz, and Suntech are already well established in global markets.

As a point of reference, we then compare these two types of firms to a set of four successful Western firms operating in China. We examine two European firms, Michelin and Nestlé, and two American firms, Procter & Gamble and General Electric. All of these firms have a relatively long and successful history operating in China.

This small sample of firms is, of course, not intended to represent the population, but it does allow us to contrast the similarities and differences between these three sets of firms, in an attempt to better understand the corporate cultures of the leading Chinese firms that are currently having the greatest impact on the global business world. We then conclude our chapter with a discussion and some recommendations regarding research priorities for the future.

EARLY RESEARCH ON CHINESE CULTURE: CONFUCIAN DYNAMISM?

The precursor to the majority of the research on Chinese organizational culture is the seminal work by Geert Hofstede. In Hofstede's 1991 publication of *Cultures and Organizations,* he introduced a fifth dimension to the four national culture variables identified in the 1980 publication, *Culture's Consequences.* After detecting no consistent relationship between the four national culture variables identified in *Culture's Consequences* and the economic growth across countries, Hofstede and other researchers conducted subsequent research that led the introduction of the concept of *Confucian dynamism* (Hofstede, 1991; Hofstede & Bond, 1998; Kahn, 1979). Confucian dynamism, also known as long-term orientation, is based on the four principles of Confucian teaching: (1) persistence, (2) ordering relationships by status and observing this order, (3) thrift, and (4) having a sense of shame (Hofstede & Bond, 1998). Within his publications, Hofstede categorizes Chinese societies, Japan, Korea, and Thailand as having positive, dynamic, future-oriented cultures that link with the four positive Confucian values. Hofstede also argued that short-term oriented cultures, such as the United States, the United Kingdom, the Philippines, Zimbabwe, and Canada are associated with negative Confucian values of personal stability, protecting face, respect for tradition, and reciprocity of greetings, favors, and gifts (Fang, 2003; Hofstede & Bond, 1998).

As East Asian countries become more economically diverse, research on national culture since the introduction of Confucian dynamism has focused primarily on confirming the existence of the fifth factor and detecting or observing changes in national cultures within Asia. Taking a more critical approach, Tony Fang (2003) was highly critical of the methodology, philosophical interpretation of Confucianism, and quantitative analysis used to derive the Confucian dynamism factor, arguing that its usefulness for understanding national culture, both within and beyond Asia, is very limited. Michael Allen and colleagues (2007) revisited cultural values research conducted in 1982 and discovered that Asian countries that endorsed

a mastery (versus harmony) value in a 1982 values assessment (e.g., Japan, Hong Kong, Malaysia) experienced greater economic growth 20 years later (Allen et al., 2007). A cross-cultural study of country values of China, Hong Kong, Singapore, South Korea, and Taiwan suggested that as these countries become more economically sophisticated, values orientations among the societies converge (Chia et al., 2007). More specifically, the authors observed great similarity in the values orientation of Hong Kong, Singapore, and China, suggesting that the reunification of Hong Kong with mainland China in 1997 may have built on values convergence between the two previously distinct societies (Chia et al., 2007). Considering the influence of government on national culture within Singapore, Hong Kong, and Taiwan, Ji Li and Leonard Karakowsky (2002) also found that significant changes in national culture can occur in relatively short periods of time.

Despite the unique roots of each nation's culture, this research suggests that the convergence of values across societies and countries creates substantial similarity over time. Whether these changes can be attributed to socioeconomic development, technological advancement, or government policies is yet to be determined. Nonetheless, much of the research on China, and national culture more broadly, suggests that one's passport probably explains very little of the variance in global cultural values (Evans, Pucik, & Bjorkman, 2010; Fang, 2003; Gerhart & Fang, 2005).

THE CHINESE PERSPECTIVE: INDIGENOUS MODELS OF CORPORATE CULTURE

Although organizational culture is a topic that has been well-studied and applied in Western businesses and societies for some time, the culture of Chinese organizations did not appear as a topic of discussion until the 1990s. Zhao (2001) writes that organizational culture as a concept was not well understood by most Chinese firms. Initial efforts to develop an organizational culture were focused on imitating cultures of foreign firms, such as slogans or logos. Little attention was paid to the meaning behind culture, such as the basic assumptions, core values, and behavioral norms (Zhao, 2001). One of the basic tensions that exist within China is the tension between individual and communal values. The role of competition, both individual and organizational, often stands in direct contradiction to the central tenets of the political ideologies of the country as well as their Taoist and Confucian history.

Researchers both inside and outside of China who have studied the culture of Chinese organizations have adopted a number of research perspectives to analyze organizational culture. Some researchers have applied popular Western theories such as the competing values framework (e.g., Kwan & Walker, 2004), the Denison culture model (e.g., Chan, Shaffer, & Snape, 2004), or Wallach's theory of organizational culture (e.g., Chow & Liu, 2007). Rohit Deshpande and John Farley use a modified competing values perspective in their assessment of organizational culture in firms across six cities (Desphande & Farley, 2002) and in an assessment of firms located in Hong Kong 5 years after the handover (Desphande & Farley, 2004). In addition to their categorization of organizational culture as consensual, bureaucratic, entrepreneurial, or competitive, Desphande and Farley (2002, 2004) also focused on the innovativeness and market orientation of Chinese firms.

Indeed, a large number of empirical studies of the culture of Chinese firms have emphasized the importance of a strong external market perspective for an organization's culture. In a study of 332 firms in Hong Kong, Chung-Ming Lau and Hang-Yue Ngo

(2004) demonstrated empirically that the firm's human resources systems influenced product innovation through the medium of organizational culture. Sheng Wang and colleagues (Wang, Guidice, Tansky, & Wang, 2009) found a moderating effect of organizational culture in a sample of manufacturing firms from Zhejiang province. Their results indicated that firms with a strong team and innovation orientation culture saw a stronger impact of research and development (R&D) spending and R&D employees' education levels on product innovation than firms with weaker teams and innovation orientation. Other research has also found a positive effect of external adaptability culture (Ngo & Loi, 2008) and market orientation culture (Zhou, Li, Zhou, & Su, 2008) on firm performance.

Drawing from their own experience, Chinese researchers have also developed their own theories of organizational culture that address the tensions that exist between the individual and the communal in the communist country. As an example, Jay Wu (2008) proposed a general behavior model of organizational culture that re-imagines organizational culture as the influence of past behaviors, resources, and personal values on present behaviors. Within this model, organizational culture consists of the aggregate of all individuals' choices compiled across a critical mass of people over time. Wensheng Wu (2005) proposes a three-tier hierarchy for understanding organizational culture. Culture is divided into three levels: (1) the spiritual cultural level, which includes shared beliefs and core values; (2) the system culture level, made up of rules, regulations, and interpersonal relationships; and (3) the material culture level, which consists of tangible aspects of the organization, such as the physical environment or corporate logo. This conceptualization of organizational culture shares some similarities with Western theories, particularly with shared beliefs and values residing at the foundational level of the hierarchy. Last, using human DNA as inspiration, Yuanxu Li and Rong Lu (2009) propose a double-helix model of organizational culture, suggesting that organizational culture is inextricably linked to corporate strategy. They posit that the structure, paradigms, human capital, and knowledge of the organization act as the connecting bases, which are unique to each organization and shape the subsequent culture and strategy.

Taking an inductive approach, Shuang Liu (2003) conducted in-depth interviews, followed by a large-scale survey in two large, SOEs in northeast China. Several major organizational culture themes emerged from the research, including hierarchy, family, equality, bureaucracy, harmony, security, loyalty, and stability. Liu also examined generational differences in culture by comparing and contrasting the views of younger and older workers. Inconsistencies between the younger and older generation emerged, indicating some of the tensions between the individual and the community. As an example, older employees demonstrated more loyalty to the SOE and felt that all employees should stay with the organization for their whole life, whereas younger employees were loyal to their SOE to the extent that it was profitable and a good opportunity for them. Younger employees also held a different perspective on harmony within the organization. Whereas older employees preferred harmony in the organization, younger employees preferred performance-based compensation and the use of incentives. These generational differences suggest that the market-orientation focus that many Chinese organizations have adopted is challenging the Confucian and Taoist principles to which older workers are accustomed.

Perhaps the most comprehensive study of the culture of Chinese firms was the

work conducted by Anne Tsui, Hui Wang, and Katherine Xin (2006). Using a similar approach to Liu (2003), Tsui and colleagues asked managers from 160 organizations to describe the culture of their firms. Written statements were coded and sorted into categories to identify major themes. These themes were later tested in two studies across three different organization types: SOEs, FIEs, and POEs. The authors identified five themes of organizational culture: employee development, harmony, customer orientation, social responsibility, and innovation. These five themes created patterns that yielded four different profiles of organizations. Organizations with a highly integrative culture had high scores across all five themes. A market-oriented culture was very high in customer orientation while low in the other four areas. A moderately integrative culture, similar to the highly integrative culture, had average scores across all five dimensions. Finally, a hierarchy culture was an organization that scored low across all five dimensions. At a broader level, firms could be characterized by their amount of internal integration as well as their external adaptation values.

Anne Tsui and her colleagues (2006) hypothesized that the different culture profiles would be present in some organization types more than others. Foreign-owned firms were expected to demonstrate an equal emphasis between internal integration and external adaptation values, with a highly or moderately integrated culture, whereas privately owned firms were expected to be focused more on external adaptation and thus would have a strong market-oriented culture. SOEs were expected to have a hierarchy culture, demonstrating low scores in internal integration and external adaptation. They found mixed support for these hypotheses, with the most surprising finding that SOEs did not demonstrate a distinguishable pattern; SOEs were evenly distributed among the four culture profiles.

In summary, organizational scholars have directed much attention to understanding the dynamics of organizational culture in Chinese firms. The application of Western theories of culture has helped to identify similarities between Chinese firms and Western firms. But these theories have also spawned new avenues of research about organizational culture within China by Chinese researchers. Recurring themes across all of these studies include hierarchy, market orientation, and integration, as well as the similarity and differences between the types of Chinese firms.

DIFFERENCES BY OWNERSHIP TYPE: CONTRASTING SOES, POES, FIES, AND JVS

The economic reforms started by Deng Xiaoping in 1978 brought about many changes in the Chinese marketplace, the most significant of these being the relative decline of the dominance of SOEs and the introduction of foreign direct investment and the privatization of business. These efforts have led to significant growth and development in the Chinese economy, and they also provide an opportunity to study how organizational culture may differ between organizations with markedly different ownership types. The dominant organization types within China are SOEs, POEs, and FIEs.

State-Owned Enterprises

Prior to economic reform, SOEs were the dominant organizational structure in China. With tight control from the Chinese government, SOEs were heavily influenced by traditional Chinese values and political ideologies, creating a culture with a strong respect for hierarchy, harmony, reciprocity, and loyalty (Chen, 1995). These values were manifested in "iron rice bowl" employment

practices that guaranteed lifelong employment, seniority-based promotion and wage increases, and extensive welfare programs (Warner, 1996; Yu & Egri, 2005). SOEs moved beyond these practices in the mid-1990s, adopting more market-oriented and competitive behaviors, however, they still remain closely connected to the Communist Party. All senior leaders within SOEs are appointed by the central government, and at the same time, senior leaders also serve roles in the Communist Party. This mixture of administrative power and management responsibilities is in part what influences the SOE tendency toward a hierarchical culture. Currently, SOEs are perceived to still lag behind POEs and FIEs in some areas of organizational culture and business strategy.

Most of what is known about SOEs has been discovered through comparison to their private and foreign-owned counterparts. In comparison to other firms, researchers have found that SOEs have a weaker organizational learning culture, placing less emphasis on internal integration behaviors such as promoting inquiry, dialogue, collaboration, and team learning or empowering people toward a collective vision (Wang, Yang, et al., 2007). SOEs have also demonstrated less use of strategic human resource management tactics within their organizations than their private and foreign-owned counterparts (Ngo, Lau, & Foley, 2008). Using Miles and Snow's (1978) typology of organizational strategies, SOEs were found to have a strong defender profile, holding a more hostile and dynamic view of the business environment and demonstrating less risk-taking and proactive behaviors (Peng et al., 2004). Some researchers have found, however, that SOEs are becoming more market-oriented and innovative (Deshpande & Farley, 2002; Ralston, Tong, Terpstra, Wang, & Egri, 2006). Indeed, adopting an entrepreneurial

orientation within an SOE actually has a much stronger impact on firm performance relative to POEs (Tang, Tang, Zhang, & Li, 2007).

Although not always perceived to be so, one advantage that SOEs have over other firms in China is their legacy with the Communist Party. SOEs have stronger *guanxi* (interpersonal networks and connections), providing greater access to resources and giving SOEs a distinct advantage in the marketplace (Bruton, Lan, & Lu, 2000; Park & Luo, 2001; Peng et al., 2004). As a result of this legacy, however, SOEs still retain more of a hierarchy within their organization relative to other firms, even though they do not actually show a systematic pattern in terms of culture type (Tsui et al., 2006). Given the different approaches to the transition from strong Communist Party rule, the lack of a systematic cultural pattern of SOEs is not surprising and suggests that the overarching culture of SOEs is in transition as they become more self-directed and market-focused.

Private-Owned Enterprise

While the economic reforms of the last 30 years have had the effect of loosening regulations to help SOEs become more competitive, these have also created more favorable policies for POEs. Previously, POEs operated in a highly restricted business environment, paying higher taxes and with more limited access to loans, market information, land, and other resources (Ralston et al., 2006). As such, POEs have come to represent the reforming side of the Chinese market and are the fastest-growing type of business in the national economy (Center for Private Economic Studies of CASS, 2005). Although POEs compose a larger proportion of the Chinese economy than they have in the past, they have not been studied to the same extent as SOEs.

The limited research published to date suggests that the culture of POEs can best be characterized as flexible and adaptable to the market (e.g., Deshpande & Foley, 2002; Ralston et al., 2006; Shen, 2008). Mike Peng and colleagues (2004) found that POEs have a strong prospector profile, characterized by broad market domain, a focus on innovation and change, and a flexible organizational structure (Miles & Snow, 1978).

Relative to SOEs, private firms in China have more flexible organizational policies and structures (Ralston et al., 2006; Shen, 2008) and are less restricted when it comes to hiring or firing employees (Warner, 1996). POEs' cultures were actually more similar to FIEs, showing a balance between internal integration and external adaptation. A study of the organizational learning culture of private and state-owned firms demonstrated that POEs had a much stronger learning culture than SOEs, placing greater emphasis on internal dialogue, collaboration, teamwork, and empowerment (Wang, Yang, & McLean, 2007). Thus, POEs have a more balanced cultural profile than SOEs; however, they are less likely to use, or have in place, formalized policies, organizational hierarchies, or management structures.

Foreign Invested Enterprise

The economic reforms of the past 30 years have also made conducting business in China easier for foreign firms. Foreign direct investment varies in type but is most frequently carried out as either a representative office, a JV, or a wholly FIE (Claver & Quer, 2005). These three types of arrangements vary in the degree of control that the foreign firm has within its Chinese operation but are similar in a number of characteristics. Historically, FIEs would send executives from their headquarters to manage their Chinese operations, but now it is more common to hire local managers for the senior roles. Consequently, FIEs tend to have a more coherent integration of Western and Chinese business characteristics. In addition, because the motivation to conduct business in China is primarily to expand global market presence, FIEs tend to have a stronger market orientation and innovation culture, much more so than that of SOEs and POEs (Deshpande & Farley, 2002).

Most of the research on FIEs indicates that they have the most balanced cultures of all organizational types within China, demonstrating unity between internal integration and external adaptation (Ralston et al., 2006; Tsui et al., 2006). Peng and colleagues (2004) found that FIEs were most similar to the analyzer profile in Raymond Miles and Charles Snow's (1978) typology of organizational strategies. Analyzers fall in the middle of the continuum between defenders and prospectors; FIEs sometimes resemble the defender typology of established management structure and the prospector typology of flexibility and innovation (Miles & Snow, 1978). David Ralston and colleagues (2006) found that FIEs are usually structured in parallel to their parent company but, because of their tight partnerships with local collaborators, have found ways to balance Chinese culture and traditions with the demands of the market. Another study found that, in comparison to SOEs and POEs, foreign firms paid more attention to humanistic goals, such as employee satisfaction, management-employee relations, quality of work life, and employee involvement and development (Wang, Brunning, et al., 2007).

As SOEs become more market focused and FIEs retain the management structure of their parent company, the evidence suggests that these two types of organizations may come to share more in common.

Ralston and colleagues (2006) found that the culture profiles of SOEs and FIEs were not distinguishable from each other on any of the four culture profiles included in their study.

Joint Ventures

In direct contrast to FIEs, much research has been published on the best practices for managing JVs (e.g., Lau & Bruton, 2008); however, relatively little documentation exists regarding the organizational cultures of JVs within China. Ownership is typically shared fairly equally between the Chinese company and its foreign partner, leading to a delicate balance of power, which produces a fundamentally different managerial context than that which is presented in FIEs, SOEs, and POEs. The research to date suggests that human resource management functions, including organizational culture, are often left to the Chinese JV partners to manage. Janet Walsh and Ying Zhu (2007) studied the HRM practices of 10 JVs and FIEs in Shanghai and Beijing using a qualitative approach and discovered that there was little overt involvement of the parent companies in the management of the HRM operations of the Chinese partner. Personnel policies (e.g., compensation, selection) were more likely to reflect the policies of the parent or foreign partner, with the remaining HR practices left to the Chinese partner (Walsh & Zhu, 2007). In a case study of a construction industry JV in Hong Kong, Anita Liu and Richard Fellows (2008) found similar results such that the culture of the JV was most heavily influenced by, and similar to, the Hong Kong management team. These findings suggest that the organizational culture of JVs in China probably most resembles the organizational culture of FIEs, with a balance between external market orientation and internal integration.

THE EMERGENCE OF CHINESE GLOBAL CORPORATIONS

Over the past decade, Chinese firms have become much more significant players on the global stage. The firms that have emerged have a mixed set of characteristics, which we believe implies that researchers need to move beyond the traditional contrast between ownership types to understand some of the unique characteristics of these new Chinese firms. These firms may have some common characteristics based on national origin or ownership type, but the culture of each of these firms may also be influenced by its founding conditions, the role of the founder, the regional characteristics, the industry dynamics, and the strategic choices that have been made.

To begin this investigation, our research team identified 15 firms, divided in the three categories of Chinese global enterprises, Chinese global entrepreneurs, and successful foreign firms operating in China. For this exploratory research, we simply selected a set of firms, based on our collective experience, which fit well in these three categories. Next, for each of these firms, we identified public source documents in English and Chinese that gave descriptions of the cultures of these firms. We searched websites, annual reports, articles, and the popular press to create a brief description of the key cultural traits for each of the organizations. The authors also have significant direct experience with several of these firms. We present the results of this analysis in Tables 31.1, 31.2 and 31.3.

Our analysis of the culture traits of these three sets of companies reveals several key themes that we believe deserve further research, and we review these as follows.

Table 31.1   Chinese State/Private Global Enterprises

Company Name	Description	Culture Traits
Haier Group Company	With $6.5 billion in earnings, Haier Group is China's leading appliance maker. Haier manufactures refrigerators and freezers, air conditioners, dishwashers, microwaves, televisions, vacuums, mobile phones, computers, and more and sells its products in more than 160 countries and regions. Haier employs about 50,000 people.	Absorbing diversified values and cultures during globalization so that they become part of Haier culture. Traits: innovation, technology, business model, management, and operations.
China Mobile Communications Corporation	Headquartered in Beijing, China Mobile operates basic mobile voice services and value-added services such as data, IP telephone, and multimedia. It ranks first in the world in terms of network scale and customer base. Servicing 450 million customers, the mobile giant employs more than 100,000 people and grossed $60 billion in 2008.	Two pillars support the culture: corporate culture department and evaluation system. Traits: accountability, people-oriented, innovation, pursuit of excellence.
Tsingtao Brewery Company Limited	Accounting for nearly 50% of China's beer exports, Tsingtao is one of China's largest domestic brewers. Tsingtao, Dragon, and Phoenix brands are exported to more than 60 countries within Asia, Europe, and North America. Tsingtao employs nearly 30,000 people and is headquartered in Qingdao in Shandong province.	Has a corporate culture center responsible for communication, training, and evaluation of culture. Traits: Integrity, harmony, openness, and innovation.
Lenovo Group Limited	The largest PC maker in China, Lenovo has increased its global presence since its 2005 acquisition of IBM's PC operations. Lenovo is a new world company that develops, manufactures, and markets reliable, high-quality, secure, and easy-to-use technology products and services worldwide. Headquartered in Hong Kong, Lenovo employs 30,000 people globally and grossed $14 billion in sales in 2009.	Merger with IBM caused shift from high-efficiency and precision to also being appreciative, trusting, and empowering employees. Traits: employee growth with company growth, adapting to future change, performance excellence.
China Ocean Shipping Group Company (COSCO)	Known as COSCO Group, COSCO is a multinational enterprise and one of the world's leading marine transportation companies. COSCO maintains facilities in more than 160 countries around the world, but operates its 100,000-person workforce out of its Beijing headquarters. Its revenue reached $20.8 billion in 2008.	Communist Party strongly influences COSCO culture and is responsible for culture building and communication. Culture traits: environment, integrity, pursuit of excellence, social responsibilities, creating win-win situations.

Table 31.1 (*Continued*)

Company Name	Description	Culture Traits
Baosteel Group Corporation	Baosteel is China's largest steelmaker, producing primarily carbon, stainless, and specialty steel. The main steel business of Baosteel focuses on the production of hi-tech and high value-added premium steel. Headquartered in Beijing, Baosteel produces more than 30 million tons of steel annually with 2009 sales toping $36 billion. Baosteel employs more than 130,000 people worldwide.	Strong people-oriented culture, which it uses to attract and retain the best talent. Culture traits: maximizing corporate value through creating value for shareholders, customers, employees, and the society.

Table 31.2   Chinese Global Enterprises

Company Name	Description	Culture Traits
Taobao	Taobao is the largest online marketplace in Asia. With 145 million registered users, Taobao facilitates transactions between individual consumers and retailers, wholesalers, and other individuals. It employs about 2,800 people.	Created a teahouse culture for its online shopping platform. To help employees connect with their customer, each employee selects a nickname (avatar) of a character from the popular Jin Yong kung fu novels; also encourages employees to see the world from a handstand. Culture traits: customer first, teamwork, embrace changes, passion, integrity, commitment.
Shanda Interactive Entertainment Limited	Based in Shanghai, Shanda is one of the largest operators of online games in China. Shanda is best known for its online multiplayer games, *The Legend of Mir II* and *The World of Legend*. Grossing $500 million a year, Shanda employs more than 3,000 employees at its Shanghai headquarters.	Shanda calls its culture a "reason things out culture." Culture traits: communication, innovation, having fun.
BYD Company Limited	Based in Shenzhen City in Guangdong province, BYD is a highly profitable electronic components manufacturer. BYD is the second-largest rechargeable battery producer in the world and manufactures a range of IT and electronic components, as well as cars. With $3 billion in sales, BYD employs 140,000 people within China.	BYD stands for "build your dreams." Culture traits include: equality, pragmatism, passion, innovation.

(Continued)

Table 31.2 (*Continued*)

Company Name	Description	Culture Traits
Guangdong Galanz Enterprise Group Co., Ltd.	Based in Guangdong province, Galanz is the world's largest microwave oven producer. It also manufactures air conditioners and other household appliances. Its revenue reached $2 billion in 2008. It employs about 40,000 people.	Galanz embraces all employees as family and encourages employees to call each other "Brother X" or "Sister X." Culture traits: employee involvement, emotional attachment, teamwork.
Suntech Power Holdings Co., Ltd.	Suntech Power makes photovoltaic solar cells (PV cells) and solar electric systems for use in residential, commercial, industrial, and public utility applications. Suntech is one of the world's largest solar cell manufacturers and the leader in China. Suntech operates out of Wuxi in Jiangsu province with 9,000 employees.	People-focused culture with the motto that "good people build great companies." Culture traits: sincerity, integrity honesty, innovation, cooperation, teamwork.

Table 31.3   Western Firms Operating in China

Company Name	Description	Culture Traits
Compagnie Générale des Établissements Michelin	Michelin is the leading tire manufacturer in the world. Based in France, Michelin sells to both consumers and vehicle manufacturers. Within China, Michelin sells under the name Warrior as well as Michelin and BF Goodrich with production sites located in Shenyang and Shanghai.	Respects local values of employees and views employees as strategic partners. Culture traits: respect for customers, people, shareholders, facts, and the environment.
Nestle S. A.	Switzerland-based Nestle is a diversified consumer products company manufacturing coffee, baby formula, bottled water, chocolate, and pet food. With 2008 sales exceeding $100 billion, Nestle employs 283,000 people. Nestle's regional headquarters are based in Beijing, but the company employs 13,000 people across 20 sites, including research and development centers in Shanghai and Beijing.	Hires people who identify and believe in its core values and culture and develops a family-style culture with flat company structure. Strives to localize management teams in China. Culture traits: commitment to integrity, honesty, and quality; mutual trust and respect; teamwork and cooperation; pride and loyalty.

Table 31.3 (*Continued*)

Company Name	Description	Culture Traits
The Proctor & Gamble Company	P&G is the world's No. 1 maker of household products such as Braun, Crest, Gillette, and Iams. Based in the United States, P&G's global presence expands across 160 countries worldwide. Its China operations began in the late 1980s with offices in Taiwan, Hong Kong, and Guangzhou.	P&G China has a strong PVP culture—purpose, value, and principle. Culture traits: integrity, leadership, ownership, pursuit of success.
General Electric Company	The fifth-largest company in the United States in 2009, GE is a diversified technology and media company producing electronic products within the transportation, home appliance, energy, and health care industries. With more than $180 billion in sales in 2008, GE's focus on innovation has made it one of the market leaders in engineering and technology. Within China, GE operates a technology center located in Shanghai.	Strong belief in localization of management practices while staying true to the principles of GE global. Culture traits: innovation, industry leaders, integrity, corporate stewardship and volunteerism, employee learning and development.

Ownership of the Culture by the Communist Party

Most of the key culture traits identified for the Chinese global enterprises have a familiar ring (Table 31.1). In nearly all respects, this set of characteristics could apply to many Western organizations. But there is one clear exception: three of the six organizations—China Mobile, Tsingtao, and COSCO—explicitly mention the role of the Communist Party in the management and development of the corporate culture. A fourth organization, Baosteel, does not seem to feature this in the public source documents that we reviewed for this study, but our direct experience within the organization shows that the party plays a strong central role in the ideology of the firm.

As an example, COSCO, a multinational shipping and logistics business, has a culture department made up of party members who are responsible for culture building, and communication of COSCO's culture is a major part of party-member training programs. In many ways, this division of labor is advantageous for COSCO. COSCO is a large player in the global shipping industry and has made social responsibility and environmental stewardship key priorities. Having the party members manage the regulatory functions of the business and communicate the importance of integrity and environmental responsibility frees up management to find innovative ways to operate within an industry that is seeing falling margins as the cost of oil fluctuates.

The Western bias toward free-market ideology often makes it difficult to see how a Communist Party official could play a constructive role in managing a successful

global corporation. But much of this role, from a Western perspective, appears to be focused on activities such as planning, business development, and the types of governance functions that are typically played by a board of directors in a Western firm. As Karen Newman and Stanley Nollen (1998) and Carl Fey and Daniel Denison (2003) have noted, one of the distinguishing features of organizations in socialist societies is a different division of labor between the firm and the state. For example, many of the early challenges in a firm's transition from a socialist to a market economy typically involve creating a marketing and financial function at the firm level. Prior to the transition, the state performed these functions. After the transition, the firm performed them. Chinese global enterprises appear to have created an interesting and potent hybrid for guidance and governance that warrants further attention from culture researchers.

Innovators Are Innovators

In 2000, Cherlyn Granrose and colleagues reviewed the leadership style of Chinese leaders and concluded that the "image of Chinese leaders does not fit the traditional view of transformational leaders and is more likely to fit the view of institutional or transactional leaders" (p. 494). Chinese leaders were not thought to display the traditional charisma or vision of Western leaders, which would lead to novelty, innovation, and pioneering business activities. However, in the past 10 years, Chinese firms have evolved quickly and in ways that indicate that Chinese leaders are demonstrating much more than just institutional or transactional behaviors.

In particular, the culture profiles of Chinese global enterprises (Table 31.2) show great progress in market orientation, vision, and employee involvement. Taobao, for example, is the largest online marketplace in Asia with 145 million registered users. The

success of Taobao is particularly significant considering the competition it received from U.S.-based eBay (Evans, Pucik, & Bjorkman, 2010). Taobao founder Jack Ma paid particular attention to the needs and preferences of the Chinese consumer and created a site that appealed more to Chinese users. As an example, Taobao developed a traditional teahouse culture for its online shopping platform, and its online moderators are called Dian Xiao Er, or waiters of teahouses, instead of administrators. Each employee selects a nickname (avatar) from a character in Jin Yong's kung fu novels. Jin Yong, who is considered a cultural icon, wrote 14 kung fu novels, which are wildly popular among China's younger generation. Employees and customers easily connect because customers can effortlessly remember the nicknames of Taobao employees. In turn, Taobao employees put effort in trying to live up to the roles they have chosen. Taobao also has a motto that if you "see the world in a handstand you'll discover something different." In the workplace, there is a handstand corner for employees to do handstands in their spare time; every new employee has to learn how to do a handstand.

A review of the set of key culture traits identified by the Chinese global entrepreneurs (Table 31.2) is particularly interesting. The descriptions of Shanda, Galanz, or Suntech look like they could have come from Silicon Valley or a set of successful start-up firms anywhere in the world. Industry influence on these firms is at least as strong as the influence of national culture. Each of these organizations has developed its own ideology and culture, and these characteristics do not appear to be uniquely Chinese. On the contrary, many of them appear to be borrowed from Western competitors within their own industry.

These firms display a set of cultural characteristics that is seen in many successful start-ups. Part of their success comes from

the fact that they have created a uniquely attractive work environment that becomes a magnet for attracting the talent required to fuel continued entrepreneurial growth and to bond those individuals to the company's mission and social network. From avatars, to building your dream, to calling each other brother and sister, these successful Chinese global entrepreneurs all demonstrate the tendency of innovators around the world to create sticky, yet flexible cultures that create the sense of purpose and attachment that is essential to their success.

Localization and Globalization, Chinese Style

The literature on FIEs and JVs does not include many good examples of localization in China. Nonetheless, recent examples of successful global firms operating in China present a number of compelling cases of successful localization. The core values of Nestle China, for example, are the same as Nestle's global values: commitment to integrity, honesty, and quality; mutual trust and respect; cooperation in an individualized and direct way; and pride and loyalty in the company's reputation and performance. Nestle China hires only people who identify and believe in its core values and culture, and it has moved quickly to localize its China management team. Nestle develops a family-style culture with flat company structure and encourages cross-level communication, involvement, and employee empowerment. Nestle wants all employees, regardless of location, to have pride in the company, but it recognizes that these core values must be grounded in local traditions if they are to have meaning to local employees.

A similar story could be told about the other Western companies that we studied: Michelin, P&G, and GE. They have all made tremendous progress in localization in China over the past decade. Many of the lessons of this experience are similar to the lessons learned from localization in other regions. But this progress has yet to be captured in the research literature. The story of eBay in China (Evans et al., 2010) describes the challenge well. In the end, foreign companies will fail if they are not able to attract and retain talented Chinese managers. Many Western organizations respond to this challenge by trying to develop their own talent, often making large investments in formal training programs, international assignments, and individual coaching and mentoring. These efforts even extend to building local training institutions designed to reach world-class standards.

Very few of the Chinese global enterprises listed in Table 31.1 have mentioned localization as a key trait. Haier, the one exception to this, is a meaningful exception, as Haier is one of the Chinese firms with the longest and most extensive experience at global expansion. As the firms that we have studied continue to expand on the global stage, they are also likely to see the increased importance of attending to global diversity and localization. Research on the approach that Chinese companies are taking to localization as they expand in Europe, North America, or other regions of the world is, to our knowledge, nonexistent, thus representing a substantial research opportunity.

Building a Research Agenda

One of the key conclusions of this research is that many of the differences between SOEs, POEs, and FIEs are slowly disappearing. As Chinese global organizations continue to evolve and cultural borrowing continues, the cultural factors that most influence the development of Chinese firms appear to be converging. Many of the cultural factors that appear to be important to Chinese firms now appear to be quite similar to the factors that are important to firms in other regions

of the world. One of the central themes to emerge from our discussion in this chapter is the importance of Edgar Schein's (2004) focus on internal integration and external adaptation as one of the central dynamics in organizational culture. Thus, we use this perspective to help summarize future priorities that we see for culture researchers, as well as Daniel Denison's (1990) framework emphasizing mission, adaptability, involvement, and consistency as key cultural traits that are important in building effective organizations. We illustrate those characteristics through some of our case examples.

BYD, the battery manufacturer, helps to illustrate the importance of external adaptation and mission. In 1995, Wang Chuan-Fu started BYD with the intention of competing with Sony and Sanyo in the rechargeable battery market. By 2000, he had surpassed this goal and had become one of the world's largest manufacturers of cell phone batteries. The acronym BYD stands for "build your dreams," and this forward-thinking behavior is reflected in the business practices of the firm. BYD has become the second-largest maker of rechargeable batteries in the world, after Energizer, and the firm has also established contracts with Daimler and Volkswagen to develop electric and hybrid vehicles. BYD's visionary character and approach certainly dispel any notion that Chinese leaders cannot fit the role of transformational leaders. The strong sense of mission apparent in many individual firms, combined with the growing strength and power of the Chinese economy, is likely to play a major role in creating the new organizations of the future.

Tsingtao, China's largest domestic brewery, is also an interesting example of mission. Tsingtao has experienced many ownership arrangements in the 100-plus years that it has been in business, but the company has stayed true to its purpose of becoming China's largest and best-known brewery. To further its financial success and global expansion, Tsingtao does not hesitate to reorganize its business model, form global alliances and partnerships, or integrate internal functions and systems to make the company better equipped to compete on an international stage.

Taobao provides a compelling example of one of the most adaptive organizations that we have seen, demonstrating both innovative and dynamic customer-focused practices. Adaptability is not limited to just responding to the needs of the customer but, in a broader sense, is a reflection of how well the organization translates the demands of the external environment into action. Educated risk-taking leads to product innovations that have transformed the organization into a leader in its field. Taobao was the Chinese response to eBay's attempts to enter the Chinese market. Taobao won, and culture played an important part (Evans et al., 2010). It is now the largest online marketplace in Asia. Taobao founder Jack Ma's knowledge of the Chinese consumer led to the development of an online platform that was culturally attractive, unique, and comfortable for the Chinese consumer. The company's success is no surprise as its leaders strove to become the antithesis of eBay, by capitalizing on the teahouse and kung fu culture of China.

Suntech is also an excellent example of adaptability and flexibility. It has quickly become one of the world leaders in the manufacturing of photovoltaic solar cells and is the world's largest solar cell manufacturer. Technology is the foundation, but what sets Suntech apart from others is its people-focused culture. The company lives the motto that "good people build great companies" and strives to foster a spirit of innovation, cooperation, speed, and teamwork within its workforce. Suntech management views its relationship with its people as reciprocal; as employees grow, personally and professionally, so does Suntech. The tension between internal integration and external

adaptation helps guide the company's short-term and long-term behavior. Lenovo has also provided a good example of external focus and adaptability. Its acquisition of IBM's PC business in 2005 dramatically increased its global presence. Lenovo's culture is strongly influenced by the personality and style of founder Liu Chuanzhi, who was known for his precision and efficiency. Lenovo also increased its global visibility as one of the major sponsors at the 2008 Olympic Summer Games in Beijing.

High-involvement organizations excel by engaging their employees in the organization, empowering them in their work, building the organization around teams, and developing human capability at all levels. Galanz, the world's largest producer of microwave ovens, exemplifies many of these qualities. Galanz views organizational commitment as a key to success in competition and strives to develop a culture of emotional attachment between the company and its employees. Liang Qingde, the founder and chairman of Galanz, is called "Uncle De," and employees are encouraged to call each other "Brother X" or "Sister X" as though they are a part of a family. As a way to boost morale, Qingde also writes a letter to all employees and their families at the end of each year expressing appreciation for their work. Galanz's success at motivating and empowering its 40,000 employees has contributed to its $2 billion in revenue in 2008. The way that Galanz has created high involvement in China is very different from how it would occur in a Western organization, but the impact is very similar.

Shanda, the largest operator of online games in China, provides a good example of consistency. Consistency is conceptualized in the Denison framework as value consensus—a situation where behavior is rooted in a strong set of core values. Leaders and followers are skilled at reaching agreement that reinforces those values while still incorporating diverse points of view. As

a result, organizational activities are well coordinated and integrated. This attention to coordinated business activities and reaching agreement on business issues is part of what has made Shanda into one of the most successful online game operators in China. Shanda calls its strategy a "reason things out culture," which involves a balance between using precise data and rigorous logic coupled with democratic decision making and authority to make informed decisions. Shanda also exemplifies commitment to its product by adopting a game-style management practice. The company set up an "experience point management system" based on corporate strategy and targets. Just like players in the company's online games, Shanda employees accomplish "tasks" to accumulate "experience points." Points earned are the basis for distributing employee rewards and determining promotions. This similarity of the virtual world that their games create and the organizational world that their people create is a powerful boost to the value consensus that underlies the mindset and the culture.

Haier also provides an example, in a very different industry context and stage of evolution, of an organization that excels at the consistent application of established systems and processes for coordinating work across the organization. The company encourages quick reaction and immediate action and has developed effective, simple, and consistent tools and processes to manage performance and motivate employees in alignment with the strategy and values of the company.

DISCUSSION

China is changing quickly. The traditional distinctions that researchers have used in the past to understand the differences among firms based on ownership structure have provided an important foundation, but they do not adequately capture the

dominant changes that have occurred over the past decade. These ownership distinctions may help in understanding the origins of many of today's dominant Chinese firms, but they do not capture the current state of these firms, and they are not of much use in describing their future characteristics and future success.

This analysis also helps to explain the convergence of key cultural characteristics of Chinese firms with the traits of firms from other nations. Each firm creates a unique culture, but it does so by choosing cultural elements from the context in which the firm operates. As this context has grown more global, so has the set of cultural traits that firms use to describe their own unique experience. As global players, Chinese firms have begun to develop a global set of concepts that they use to describe their own cultures. Thus, China has perhaps become less of a *topic* in itself for culture researchers and more of a *context* in which we study the evolution of some of the world's most important organizations.

The comparisons that we have drawn within our sample of 15 firms in this chapter have some obvious limitations, mostly stemming from the public source data we used to characterize the culture of each company. We include this comparison not because we think that it provides definitive proof, but rather because we think that these case examples are a useful method for us to describe how dramatically the issues involved in understanding the cultures of Chinese organizations have changed over the past decade. This process has allowed us to better describe some key themes that may serve as fruitful topics for the future attention of culture researchers interested in Chinese organizations.

Finally, we must close with a general plea for culture researchers to redouble their efforts to conduct studies of corporate cultures that span geographic boundaries. Even the very best empirical studies of corporate culture in the Chinese context have substantial limitations. The gap between the practical importance of these issues and the breadth and quality of the research base that exists to inform them is quite profound. It represents a fascinating research opportunity. Furthermore, as the quality of this research improves, there are certain to be deeper and more substantial lessons to be learned about the unique features and dynamics of the cultures of Chinese corporations.

REFERENCES

Allen, M. W., Ng, S. H., Ikeda, K., Jawan, J. A., Sufi, A. H., Wilson, W., & Yang, K. (2007). Two decades of change in cultural values and economic development in eight East Asian and Pacific island nations. *Journal of Cross-Cultural Psychology, 38,* 247–269.

Balfour, F. (2009, December 17). Chinese IPOs on NYSE to jump fourfold in 2010. *Business Week Online,* p. 20.

Brannen, M. Y., & Kleinberg, J. (2000). Images of Japanese management and the development of organizational culture theory. In N. M. Ashkanasy, C. P. M. Wilderom, & M. F. Peterson (Eds.), *Handbook of organizational culture and climate* (pp. 387–400). Thousand Oaks, CA: Sage.

Bruton, G. D., Lan, H., & Lu, Y. (2000). China's township and village enterprises: Kelon's competitive advantage. *Academy of Management Executive, 14,* 19–29.

Center for Private Economic Studies of CASS. (2005, February 23). Overview of the competitiveness of China's privately owned enterprises. *Chinese Enterprise Daily* [in Chinese], pp. 1–2.

Chan, L., Shaffer, M. A., & Snape, E. (2004). In search of sustained competitive advantage: The impact of organizational culture, competitive strategy and human resource management practices on firm performance. *International Journal of Human Resource Management, 15,* 17–35.

Chen, D. (1995). *Chinese firms between hierarchy and market: The contract management responsibility in China.* New York: St. Martin's Press.

Chia, H., Egri, C. P., Ralston, D. A., Fu, P. P., Kuo, M. C., Lee, C., Li, Y., & Moon, Y. (2007). Four tigers and the dragon: Values differences, similarities, and consensus. *Asia Pacific Journal of Management, 24,* 305–320.

Chow, I., & Liu, S. (2007). Business strategy, organizational culture, and performance outcomes in China's technology industry. *Human Resource Planning, 30,* 47–55.

Claver, E., & Quer, D. (2005). Choice of market entry mode in China: The influence of firm-specific factors. *Journal of General Management, 30,* 51–70.

Denison, D. R. (1990). *Corporate culture and organizational effectiveness.* New York: John Wiley.

Deshpande, R., & Farley, J. U. (2002). High performance firms in a complex new China: A tale of six cities. *Journal of Global Marketing, 16,* 207–229.

Deshpande, R., & Farley, J. U. (2004). Organizational culture, innovativeness, and market orientation in Hong Kong five years after the handover: What has changed? *Journal of Global Marketing, 17,* 53–73.

Evans, P., Pucik, V., & Bjorkman, I. (2010). *The global challenge: Frameworks for international human resource management.* Boston: McGraw-Hill.

Fang, T. (2003). A critique of Hofstede's fifth national culture dimension. *International Journal of Cross Cultural Management, 3,* 347–368.

Ferguson, N. (2008). *The ascent of money: A financial history of the world.* New York: Penguin Press.

Fey, C. F., & Denison, R. (2003). Organizational culture and effectiveness: Can American theory be applied in Russia? *Organization Science, 14*(6), 686–706.

Gerhart, B., & Fang, M. (2005). National culture and human resource management: Assumptions and evidence. *International Journal of Human Resource Management, 16,* 971–986.

Granrose, C. S., Huang, Q., & Reigadas, E. (2000). Changing organizational cultures in Chinese firms. In N. M. Ashkanasy, C. P. M. Wilderom, & M. F. Peterson (Eds.), *Handbook of organizational culture and climate* (pp. 483–496). Thousand Oaks, CA: Sage.

Hofstede, G. (1980). *Culture's consequences: International differences in work-related values.* Beverly Hills, CA: Sage.

Hofstede, G. (1991). *Cultures and organizations: Software of the mind.* London: McGraw-Hill.

Hofstede, G., & Bond, M. H. (1998). The Confucius connection: From cultural roots to economic growth, *Organisational Dynamics, 16,* 5–21.

Kahn, H. (1979). *World economic development: 1979 and beyond*. Boulder, CO: Westview Press.

Kwan, P., & Walker, A. (2004). Validating the competing values model as a representation of organizational culture through inter-institutional comparisons. *Organizational Analysis, 12,* 21–37.

Lau, C. M., & Bruton, D. (2008). FDI in China: What we know and what we need to study next. *Academy of Management Perspectives, 22*(4), 30–44.

Lau, C. M., & Ngo, H. Y. (2004). The HR system, organizational culture, and product innovation. *International Business Review, 13,* 685–703.

Li, J., & Karakowsky, L. (2002). Cultural malleability in an East Asian context: An illustration of the relationship between government policy, national culture, and firm behavior. *Administration & Society, 34,* 176–201.

Li, Y. X., & Lu, R. (2009, August). The double helix model: Corporate strategy and corporate culture. *Lanzhou Academic Journal*.

Liu, S. (2003). Cultures within cultures: Unity and diversity of two generations of employees in state-owned enterprises. *Human Relations, 56,* 387–417.

Liu, A. M. M., & Fellows, R. (2008). Organisational culture of joint venture projects: A case study of an international JV construction project in Hong Kong. *International Journal of Human Resource Development and Management, 8,* 259–270.

Miles, R., & Snow, C. (1978). *Organizational strategy, structure, and process*. New York: McGraw-Hill.

Newman, K. L., & Nollen, S. D. (1998). *Managing radical organizational change*. Thousand Oaks, CA: Sage.

Ngo, H. Y., Lau, C. M., & Foley, S. (2008). Strategic human resource management, firm performance, and employee relations climate in China. *Human Resource Management, 47,* 73–90.

Ngo, H., & Loi, R. (2008). Human resource flexibility, organizational culture and firm performance: An investigation of multinational firms in Hong Kong. *The International Journal of Human Resource Management, 19,* 1654–1666.

Park, S. H., & Luo, Y. (2001). Guanxi and organizational dynamics: Organizational networking in Chinese firms. *Strategic Management Journal, 22,* 455–477.

Peng, M. W., Tan, J., & Tong, T. W. (2004). Ownership types and strategic groups in an emerging economy. *Journal of Management Studies, 41,* 1105–1129.

Peterson, M. F. (1988). PM theory in Japan and China: What's in it for the United States? *Organizational Dynamics, 16*(4), 22–38.

Ralston, D. A., Tong, J. T., Terpstra, R. H., Wang, X., & Egri, C. (2006). Today's state-owned enterprises of China: Are they dying dinosaurs or dynamic dynamos? *Strategic Management Journal, 27,* 825–843.

Schein, E. (2004). *Organizational culture and leadership*. San Francisco: Jossey-Bass.

Shen, J. (2008). HRM in Chinese privately owned enterprises. *Thunderbird International Business Review, 50,* 91–104.

Tang, J., Tang, Z., Zhang, Y., & Li, Q. (2007). The impact of entrepreneurial orientation and ownership type on firm performance in the emerging region of China. *Journal of Developmental Entrepreneurship, 12,* 383–397.

Truc, H. (2009). Feeding China's growth. *Equities, 58,* 59–60.

Tsui, A. S., Wang, H., & Xin, K. R. (2006). Organizational culture in China: An analysis of culture dimensions and culture types. *Management and Organization Review, 2,* 345–376.

Walsh, J., & Zhu, Y. (2007). Local complexities and global uncertainties: A study of foreign ownership and human resource management in China. *The International Journal of Human Resource Management, 18*(2), 249–267.

Wang, X., Brunning, N. S., & Peng, S. (2007). Western high-performance HR practices in China: A comparison among public-owned, private and foreign-invested enterprises. *International Journal of Human Resource Management, 18,* 684–701.

Wang, S., Guidice, R., Tansky, J. W., & Wang, Z. M. (2009). The moderating role of organizational culture in innovation: Evidence from China. *Academy of Management Proceedings,* 1–6.

Wang, X., Yang, B., & McLean, G. N. (2007). Influence of demographic factors and ownership type upon organizational learning culture in Chinese enterprises. *International Journal of Training and Development, 11,* 154–165.

Warner, M. (1996). China's HRM in transition: Towards relative convergence? *Asia Pacific Business Review, 3,* 19–33.

Wey, B. (2006). The nuts & bolts of stocks: China's U.S. listed stocks. *Equities, 54,* 57.

Wu, J. Y. (2008). A general behavior model and new definitions of organizational cultures. *The Journal of Socio-Economics, 37,* 2535–2545.

Wu, W. S. (2005, March). Study on the motivation role of corporate culture. *Hubei Social Sciences.*

Yu, B. B., & Egri, C. P. (2005). Human resource management practices and affective organizational commitment: A comparison of Chinese employees in a state-owned enterprise and a joint venture. *Asia Pacific Journal of Human Resources, 43,* 332–360.

Zhao, Q. (2001, March). Reflection on corporate cultures of Chinese companies. *Guangdong Social Sciences.*

Zhou, K. Z., Li, J. J., Zhou, N., & Su, C. (2008). Market orientation, job satisfaction, product quality, and firm performance: Evidence from China. *Strategic Management Journal, 29*(9), 985–1000.

CHAPTER 32

A Global Perspective on Gender and Organizational Culture

BETTY JANE PUNNETT

On the BBC's *In Business* program of October 2, 2008 (www.news.bbc.co.uk), the host Peter Day said, "show me a British organization that's been damaged by not having enough women on board. You can't. Neither can I. It is quite impossible to prove that the neglect of women in the workplace is having any impact on the way that companies (or other organizations) behave." He went on, "Would an organization run by women be different from what we have at the moment? Would it have a different approach to hiring and firing, different working hours, a different attitude to the bottom line? A different purpose? Again, we don't know." Interestingly, his program is arguing in favor of more women in the boardroom and at executive levels. His point is, however, that so long as women are not in these positions, we really cannot say what impact gender has on any aspect of management. In fact, a major challenge that we face in exploring the impact of gender on organizational culture is that in many ways, we cannot know what impact gender actually has.

What we can say with certainty is that women are still significantly underrepresented at top levels in all types of organizations, all around the world. As Peter Day said, "The fact that women make up half the workforce and fail to scrabble their way up to near the top of the management tree let alone into the boardroom illustrates how effectively organizations manage to insulate themselves from the world they operate in," and "As a result, an unquantifiable amount of human talent is wasted. And the men who run business don't even notice." He may be speaking about the United Kingdom, but the same is true around the world.

Gender remains an important consideration for organizations around the world, as the roles of men and women continue to be differentiated in all countries. Catalyst (www.catalyst.org), an organization devoted to expanding opportunities for women in business, published the following statistics in 2009:

- In the United States of America, women account for 46.5% of the labor force, 6.2% of Fortune 500 top earners, and 3% of Fortune 500 CEO's.
- In Canada, women account for 46.9% of the labor force, 5.6% of the top earners, and 5.4% CEO's.

- In Japan, women account for 41.4% of the labor force; 61.3% were in clerical positions, 46.2% in technical/professional, and 9.3% administrative/managerial; of 43,115 board directors, only 81 were women (.002%).

The United Nations (www.unfpa.org) reported that women make up 39% of wage and salaried workers, 21% of employers, and 62% of unpaid family workers. This situation is reflected in statistics from a variety of countries around the world. Catalyst compares the percentage of women "legislators, senior officials, and managers" in a variety of countries and finds the following percentages for selected countries—Peru 27.6%, Argentina 23.2%, Croatia 20.8%, Czech Republic 28.7%, Egypt 10.8%, Ethiopia 15.7%, China 16.8%, Vietnam 22.2%. Globally, the number of women in senior management in large corporations is very low—Catalyst (2009) reports that in the 1,000 largest companies, only 24 women hold chief executive officer positions.

The World Economic Forum's Global Gender Gap Index (Hausmann, Tyson, & Zahidi, 2009) compares 134 countries on the equality of women—with scores potentially ranging from 0 to 100. The best countries score in the low 80s (Iceland, Finland, Norway, and Sweden are the highest scorers at 82.8, 82.5, 82.3, 81.8, respectively), showing that there is room for improvement even in countries that perform well. Two Caribbean countries (Trinidad & Tobago and Barbados) are among the leaders in the Western hemisphere at Nos. 19 and 21, outperforming both Canada and the United States at Nos. 25 and 31, respectively. Two African countries, South Africa (6) and Lesotho (10) made the Top 10 list; the Philippines (9) lost ground for the first time in 4 years but remains the leading Asian country in the rankings. At the bottom part of the rankings, India (114), Bahrain (116), Ethiopia (122), Morocco (124), Egypt (126), and Saudi Arabia (130) all made improvements relative to their rankings in 2008, while others at the bottom—Iran (128), Turkey (129), Pakistan (132), and Yemen (134)—displayed an absolute decline relative to their performance in 2008. Overall, more than two thirds of the countries covered in the report posted gains in overall index scores, indicating that the world in general has made progress toward equality between men and women. Unfortunately, at the other end of the scale, there are still news reports of women being stoned to death in countries such as Somalia, reminding us of the huge gaps that persistently exist.

One coauthor of the gender gap report, Saadia Zahidi commented that countries that do not fully capitalize on what is one half of their human resources run the risk of undermining their competitive potential, observing, "We hope to highlight the economic incentive behind empowering women, in addition to promoting equality as a basic human right" (in Tonkin, 2009). These statistics all speak to the unequal positions of men and women in the world of work. This situation inevitably affects the way organizations are managed, the kinds of decisions that are made in organizations, the strategies that are employed, the human interactions—in effect, all aspects of organizations that finally result in the organizational culture and climate.

The issue of women's participation in the workforce, in the professions, and as executives has received considerable attention over the past 30 years (Catalyst, 2004, 2005, 2007; Galinsky et al., 2003). Women have, in fact, been entering the workforce in North America at a high rate since the 1960s (Auster, 2001; Davidson & Burke, 2004), and the same is true in many other countries of the world (International Labor Organization, 2004; Jackson, 2001; Maxfield, 2005a, 2005b). Much of this

attention has been focused on the challenges that women face in entering the workforce generally, and particularly the professions, as well as the difficulties they face in advancing to higher levels within organizations or professions (Catalyst, 2005; Kirchmeyer, 2002). Challenges associated with career advancement have been considered in a number of studies and the existence of "glass walls," "glass ceilings," and "glass cliffs" that make it difficult for women to advance in many careers has been well documented (Burke & McKeen, 1990, 1997; International Labor Organization, 2004; Mainiero & Sullivan, 2005, Powell & Graves, 2003; Punnett et al., 2006b).

It seems clear that women continue to face stereotyping; biases in performance appraisal, promotion, and salary; and difficult work–life trade-offs (Punnett et al., 2006a). Women are, however, succeeding in all kinds of positions and at all levels around the world, as illustrated by a series of interviews on BBC Radio (August 3, 2005) with women in jobs traditionally associated with men. The women interviewed were from around the world, including Marian Alsop (the first woman to head a major U.S. orchestra), Sandra Edokpayl (Nigeria's first female mechanic), Holly Bennett (one of Europe's only female explosives engineers), and Tahany Al-Gebaly (Egypt's first female supreme court judge). These success stories illustrate what women can achieve; at the same time, the very fact that these women are described as unusual indicates the challenges that women face in traditionally male preserves. Betty Jane Punnett et al.'s (2006b) study of professionally successful women in the Americas also showed the potential for leadership among women, with results suggesting that, across the countries studied, the successful women were self-confident and self-reliant, with a high need for achievement.

In this chapter, I review some of the literature on gender, highlighting the role of women in organizations around the world, and the role that gender plays in organizational culture and climate. I also briefly consider the role of gender in international organizations and examine the evidence on men and women in expatriate positions in different parts of the world and the challenges faced by men and women in these positions. Gender legislation is addressed and some thoughts on the way forward are outlined. Throughout the chapter, research possibilities are also explored.

GENDER IN ORGANIZATIONS AROUND THE WORLD

This section of the chapter explores the organizational roles of men and women in countries and regions around the world. It examines the impact of a variety of factors on these roles in different locations around the world.

Virginia Schein (1973) identified the "think manager, think male" phenomenon, where male characteristics are seen as appropriate for managers and the reverse for women. This stereotype of men as managers and women as suitable for supportive roles appears to hold internationally; there seems to be a global perception of female and male characteristics that results in men progressing to higher levels in organizations (Prime, Carter, Karsten, & Maznevski, 2008). In support of this idea, some researchers have demonstrated that the positive stereotype of the male manager holds across many cultures (Fullagar, Sverke, Sumer, & Slick, 2003; Jost, Kivetz, Rubini, Guermandi, & Mosso, 2005; Williams & Best, 1990). Nevertheless, there are variations in how this influences actual organizational practices. The following paragraphs briefly outline the situation in some parts of the world.

Africa

Women's roles in Africa appear to differ (often dramatically) from place to place and may depend on the particular ethnic or religious group to which the women belong. In a number of cases, the role of women is clearly secondary and inferior to that of men—David Parkin (1978) described one African group as defining women's status as "the producers of men's children" and "confined to domestic activities" whereas men were the "political leaders and wage earners" (p. 168). Gary Ferraro (1990) described Kenya as one of the most westernized and progressive African countries but said that the role and status of women remained characterized by traditional distinctions of inferiority; he described African men as having "considerable difficulty seeing women as anything other than wives, mothers, and food producers" (p. 114). In contrast, John Reader (1998),

> The value and strengths of the feminine role are entrenched in African society . . . [and] women traditionally have been the providers of sustenance and education; in many parts they also have controlled a large fraction of the market economy, and inheritance through the female line has been a restraint on the accumulation of wealth and power by men. (p. 377)

Among the Zulu, important ancestors are male; when some educated Zulu women complained that this was a form of discrimination, they were called feminists who did not respect their own culture (Abdulai, 2009). This glass ceiling phenomenon "is not only an African phenomenon but a global one" (Abdulai, 2009, p. 216); African women in general face challenges similar to those of their counterparts elsewhere.

The United States and Canada

In Canada and the United States, the situation for women managers is better than in

many other locations. Catalyst (2007) reports that women compose half of professional school graduates, with careers in fields such as accounting, business, and law about equal to men. The percentage of women at senior levels, however, remains small (about 7% hold the titles of chairman, chief executive officer, chief operating officer, and executive vice president). Women are more likely to serve in jobs that are subordinate to men—they are usually the secretaries rather than the bosses, nurses rather than doctors, teachers rather than principals, the assistants rather than the politicians, and so on, because of traditional views of women as caregivers (Hoobler, Wayne, & Lemmon, 2009; Kirchmeyer, 2002, 2006). Legislation in Canada and the United States prohibits discrimination on the basis of gender, and this has encouraged women to seek management positions and organizations to fill these positions with women. At lower and middle management levels, women are quite well represented; at top levels, however, there are still relatively few women. The lack of women in top management can be attributed to factors such as past discrimination, ongoing discrimination, a lack of interest on the part of some women, and a shortage of women with appropriate education and training, as well as the association of masculine traits with leader effectiveness (Schein, 1973) and perceptions regarding family–work conflict (Hoobler et al., 2009). In spite of the continuing biases and stereotypes, it seems likely that the situation is changing, albeit slowly, and that there will be increasing pressure on organizations to admit women to top management ranks.

India

Historically, India has been a male-dominated society, in which a woman has been expected to marry, have a family, and take care of the household. Traditionally, female children in Indian families did not have

access to formal education (Sen, 2005). For example, when a social work organization wanted to establish a hospital for women in Rajasthan, there was a great deal of hostility and resistance. The village men not understand why so much fuss would be made over women, and they insisted that what they really needed was a hospital for their farm animals (Ramachandran, 1992). Not surprisingly, therefore, recent statistics suggest that only about 2% of managers in Indian corporations are women (Saini, 2006).

The situation is changing in India; education for girls is increasing, more women are working outside the home, and the number of women attending business schools has increased significantly in recent years (Lockwood, Sharma, Kamath, & Williams, 2009). Women are entering professions previously seen as the domain of men, including advertising, banking, engineering, financial services, and the police and armed forces (Budhwar, Saini, & Bhatnagar, 2005). Nevertheless, women in India still face many of the same challenges in the workplace as women elsewhere. It seems that, as elsewhere, in India, managerial success was more associated with men than with women—that is, the "think manager, think male" stereotype existed in India as it does elsewhere (Khandelwal, 2002). Indian male managers are seen as being good leaders, good decision makers, and good bosses, who are effective at handling challenging assignments. These stereotypes have a negative impact on women's ability to progress in management. In addition, the traditional role for women as housewives means that career women face significant work–life balance challenges (Budhwar et al., 2005) and a supportive family is seen as key to professional success (Lockwood et al., 2009).

In contrast, Pawan Budhwar et al. (2005) argue that women have special skills that should make them particularly effective as managers. There are now programs in place to improve the situation for professional women in India, which should lead to positive changes, even though the situation is only changing slowly (Lockwood et al., 2009).

Asia

Countries in the Far East vary in their acceptance of women in business. According to Geert Hofstede (1991), "female managers are virtually nonexistent in Japan but frequent in the Philippines and Thailand" (p. 81). In Hong Kong, women are found relatively frequently at all levels of organizations, and they are accepted as effective businesspeople (Adler, 1987), but even there, they are found most often in secretarial positions, whereas males are not found in traditionally female jobs. In Malaysia, women have "equal opportunity," but in reality, they are sheltered, and business is considered the preserve of males. In Singapore, increasing numbers of women are entering the workforce, and professional women are likely to advance in firms linked with the government, but generally, their role remains subordinate to that of men. In South Korea, it is rare for women to be in positions of authority, and their prospects for advancement are slim given many companies have a policy of employing women only until they are 30 years old or marry. In Thailand, women are seen as "the hind legs of the elephant" (powerful but following), and are generally in subordinate positions; this is somewhat tempered by educational and social background, which allows some women to hold top positions both in government and private industry

China

In the People's Republic of China, virtually all women work, but women in upper-level positions are still rare. Traditionally, women were not expected to partake in business

activities, but the Communist Party promoted the idea that "women hold up half of heaven" and implemented educational programs that have led to a substantial increase in the numbers of women at work and in scientific professions and government. Since the foundation of the People's Republic of China, China has promulgated a series of laws and regulations to establish, increase, and protect Chinese women's social status, rights, and interests. According to the All-China Women's Federation, women made up 34% of administrators, managers, or cadres in governmental offices (at various levels), state-owned entities and enterprises, and professional research institutes; 36% of the country's scientists are women (Xinhua News Agency, 2000, in Larson Jones & Lin, 2001). However, according to Carol Larson Jones and Lianlian Lin (2001), women cannot shake off the yoke of the ingrained ethics without transforming people's mindsets. Many Chinese people have not changed their mentality toward women's roles in the family, workplace, and society. For example, Larson Jones and Lin's (2001) survey showed that 62.5% of the Chinese female respondents held neutral attitudes toward women as managers while 29.2% have positive attitudes. About 58.7% of male respondents have unfavorable attitudes toward woman as managers while 41.3% surveyed take a neutral stand. Interestingly, none of the males surveyed supported women as managers. These respondents indicated that family values are at the core of traditional Chinese civilization, which holds that women should contribute greatly to the well-being of the family—and that a good wife is expected to possess chastity, beauty, submissiveness, and diligence.

Japan

In Japanese organizations, women typically serve in lower paid and lower level positions—even graduates of top universities are hired for clerical positions. In 1986, Japan passed a law prohibiting discrimination on the basis of sex, and more Japanese women have been and are now entering the workforce. Antidiscrimination legislation is better enforced in the public sector than the private, and women are more likely to be treated equally in government and public offices. While the situation for working women may be improving in Japan, the traditional role of the woman remaining at home after marriage is still accepted by most Japanese. *The New York Times* ("Career Women," 2007) reported, "Japanese work customs make it almost impossible for women to have both a family and a career," although since the Equal Employment Opportunity Law was passed, women have become a common sight on factory floors, at construction sites, and behind the wheels of taxis. They have had much less success reaching positions of authority, however, which remain the preserve of gray-suited salarymen. Although the country is one of the most developed and richest economies in the world, gender equality is extremely low, and women are often hired for administrative tasks only; furthermore, Japanese women are still expected to stick to their traditional duties as mothers, wives, and "office flowers" (Gunther, 2008). Female underrepresentation is notably high for management positions and seems to increase with the level of seniority (Gunther, 2008). The Japanese glass ceiling is also known as the "concrete ceiling," reflecting the enormous level of gender discrimination.

Europe

The European Commission (2006) reported that more than 40% of women workers are employed in fields such as public administration, education, health, and social work, while less than 20% of men were employed in these fields. According to the

commission, these levels of segregation are among the highest in the world, and the trend is on the rise, which has negative consequences for individual women. The professions employing large numbers of women are characterized by the lowest remuneration and routine tasks, while the reverse is true of those employing a large percentage of men. In its review of the top 50 companies across Europe, the European Commission (2006) found that only 3% had appointed women to chief executive officer roles. According to the International Labor Organization (2004), education and work experience are essentially parallel for men and women in Europe, and the differences that still exist are largely associated with gender stereotyping (Agars, 2004). Most European Union countries promote equal opportunities for women, and there have been significant developments in legislation, antidiscrimination procedures, and changing attitudes toward women in the workforce (Melkas & Anker, 2003). Specific programs are aimed at facilitating access to the labor market through education and training; improving the quality of women's employment through re-evaluation of their contribution; providing career development and social protection; reconciling work and family through childcare, family services, and housework sharing; improving the status of women through involvement in all levels of the decision process; and improving their portrayal in the media. In spite of these efforts, women remain predominantly employed in lower level, lower paid positions. It is interesting to note that across these descriptions, there is differentiation on the basis of gender, and this differentiation has a negative impact on the role of women in organizations. Overall, one can conclude that women around the world hold lower level positions and are paid less than men and thus are less involved in strategic decision making. It is also interesting to note that in all cases there are factors at play—legislatively and societally—that should eventually lead to a more gender-balanced world of work and thus more involvement of women in strategic decision making. The interesting research question is how will this change affect decisions? If strategic decisions change because of changes in gender representation, this will undoubtedly affect many aspects of organizational culture and climate. Such changes would provide researchers with fertile ground for examining a myriad of gender–culture relationships. A particular area of interest is whether and how the "think manager, think male" stereotype may change in response to demographic changes in the workplace.

GENDERED ORGANIZATIONAL CULTURE AND CLIMATE

Women and men are different. This may seem simplistic, but it is the reality. Medical evidence shows that their brains work differently. It appears that women approach problems more holistically than men, using more parts of the brain, whereas men appear to solve problems in a more compartmentalized manner, using one part of the brain at a time. Geert Hofstede (1991) says that the differences between men and women are the same all over the world, but that their social roles are only partially determined by these biological constraints.

Most cultures differentiate between the appropriate roles for men and women (Hofstede, 1991). This can probably be attributed to women being the child bearers and consequently the child rearers in most societies. Women traditionally have stayed in the home and carried out activities associated with the home or activities that could be combined with homemaking. Men, in contrast, have performed those activities that occurred away from home. This meant that men were seen as more important in the business world.

These traditions have persisted, even though in some countries it is no longer necessary for women to remain at home. The result has been that women who work outside the home often work in subordinate positions. In addition, the traditional role of women as caregivers and supporters persists, and women work more often in a supportive capacity (such as secretarial positions) and caregiving professions (such as nursing) than their male counterparts.

These traditions are deeply ingrained. Geert Hofstede's (1984) cultural model included a dimension that described traditional masculine and feminine values. Masculine values encompassed competition, assertiveness, achievement, and material possessions, whereas feminine values included nurturing, concern for others, and concern with the quality of life. Many people would see these masculine values as contributing to success in the business world whereas the feminine values contribute to success in a supportive and caring role. Changing these traditional views is not easy, but despite this, changes appear to be occurring around the world. It is interesting to note that the most feminine countries on Hofstede's model, the Scandinavian countries, also score at the top (greatest equality) of the Global Gender Gap Index. It would be interesting to examine the relationships between scores on masculinity/femininity and measured levels of equality.

Research has also illustrated that men are generally seen as more activity oriented and competent, whereas women are seen as communal, nurturing, and supportive, further encouraging the "think leader–think male stereotype" (Diekman & Eagley, 2000; Eagley, Johannesen-Schmidt, & van Eagen, 2003; Heilman, 2001; Powell, Butterfield, & Parent, 2002). Gender appears to be the most salient way of categorizing others (Fiske, Haslam, & Fiske, 1991), and stereotypes about gender are easily activated). This seems to hold across cultures, across the world. According to Prime et al. (2008), "people perceive general or global differences between women and men leaders" (p. 173)—women were judged as having fewer leadership attributes than men, and women were seen as being less task oriented than a leader should be. These negative stereotypes of women as leaders predominate, and consequently, organizational climates are often negative toward women and more welcoming for men.

To further exacerbate the situation for women in the workplace, many women continue to undertake a substantial proportion of family responsibilities, and thus, they face greater work–life balance issues than their male counterparts. Managers also tended to categorize women as experiencing greater family–work conflict, even after controlling for actual family responsibilities and women's own perceptions of family–work conflict. In turn, managers' perceptions of family–work conflict influenced their perceptions of fit and performance, with managers appearing to view female employees as having poorer fit with their organization and job (Hoobler et al., 2009). Finally, perceptions of fit were directly related to promotions and promotability, so women, even if they did not have family–work conflicts, were perceived as having them, and this had a negative impact of their ability to progress.

Women seem to face a classic "catch 22" situation in terms of management/leadership success. According to Donna Brooks and Lynn Brooks (1997), most people prefer men to act like men and women to act like women. Society has certain expectations, and men and women are viewed more favorably when they conform to stereotypical roles than when they deviate from them. So women are expected to act like women, but male characteristics are associated with success in the business world. If a woman manager acts like a "good" manager (i.e., a male manager), this is seen as negative from

a personal point of view; if she acts like herself (i.e., feminine), this is seen as negative from a management point of view. Research on how successful women overcome this "catch 22" can provide valuable guidance for women managers and professionals. Research along the lines of Punnett et al. (2006b) and Brooks and Brooks (1997) can help to determine the different factors influencing stereotypes and overcoming the stereotypes.

On the positive side, Judy Rosener (1990) described women managers as succeeding "not by adopting the traditional command-and-control leadership style but by drawing on what is unique to their experience as women" (p. 150). In that study, men were found to see their leadership role as a series of transactions with subordinates and used their position and control of resources to motivate subordinates. In contrast, women saw their role as encouraging participation, sharing power and information, making people feel important, and energizing them toward the goals of the organization. Twenty years ago, Rosener said that organizations that are open to differing leadership styles will increase their chances of surviving in a fast-changing environment. Today, this call is still being echoed.

Punnett et al. (2006b) conducted an extensive study of successful professional women in nine countries across the Americas. This study, which involved interviews and surveys, looked at the characteristics of successful women and found that the women, across the countries, were high on self-efficacy and need for achievement and had a high level of internal locus of control. These women clearly attributed their success to their own hard work and enthusiasm, although they also pointed to supportive families as contributing to their success. These women also exhibited high levels of satisfaction both at work and with life in general. This study suggests that women in

a wide variety of professions can be and are successful in spite of the challenges they face. Perhaps women need more encouragement to be high achievers and to believe in their own abilities. This is an area that needs further research, especially relative to other personality characteristics and their relationship to career advancement. In addition, it would be very interesting to examine training programs for encouraging an achievement orientation, self-efficacy, and internal locus of control.

GENDER AND LEADERSHIP

When we relate gender to leadership style, we typically think of the classic leadership behaviors—consideration and initiating structure (Stogdill, 1963). Consideration focuses on people and creating a helpful and supportive atmosphere versus initiating structure, which focuses on the task and clarifying and directive behavior. These behaviors/styles were defined in the United States in the early 1960s, but similar leadership behaviors have been identified in other parts of the world (e.g., performance and maintenance in Japan described by Misumi, 1985, and nurturance and task in India described by Sinha, 1984). The prevailing belief, based on typical female and male stereotypes, is that men will be higher on initiating structure and women higher on consideration (Hetty van Emmerik, Euwema, & Wendt, 2008). The results of cross-cultural studies investigating this belief have not always supported this stereotype. For example, a study of 64,000 subordinates in 42 countries found that gender differences were relatively limited and that women were higher on both consideration and initiating structure (Hetty van Emmerik et al., 2008. Claudia Peus and Fischer Traut-Mattausch (2008) noted that studies using people who were not managers (students and employees)

found that leadership styles were gender stereotypic whereas those assessing actual management styles found that sex differences were limited.

A number of people argue that there are benefits for organizational climate and culture arising from a balanced team of men and women that capitalizes on their different strengths. Harriet Hartman, the deputy leader of the Labour Party in Britain, told a BBC Radio One interviewer "a balanced team of men and women make better decisions" and, furthermore, "men cannot be left to run things on their own." In the 2009 interview, she concluded that "the party owed it to women to have a female in one of the two top jobs to make sure the concerns of women voters were properly taken into account when decisions were being made."

A similar argument is often made for the need to include more women in decision making in organizations. For example, Peter Day argued on BBC's *In Business* (October 2, 2008) that "any organization with female customers ought to have their aspirations and ideas represented at all levels of a business" and further that they "ought to be able to use the brainpower of women that drains out at the moment." In a September 14, 2009, BBC interview, Helen Alexander, the head of the CBI employers' group, argued the United Kingdom was missing out by failing to exploit the talents of women). Likewise, in India, Lockwood et al. (2009) observed in an interview, "The end result should be to better align the organizations with the changing societal values, rapidly changing dynamics of customer behavior and the transforming interfaces with society and the global environment" (p. 7).

One study (Eagley et al., 2003) reported that female leaders showed more transformational leadership and less laissez-faire leadership than males. Female leaders also engaged in more contingent reward behaviors—exchanging rewards for

followers' satisfactory performance—which have been demonstrated to be effective. Given the GLOBE findings (Dorfman, Hanges, & Brodbeck, 2004) on effective leadership around the world, this description of women's leadership style suggests that they should be particularly effective leaders in most places. This is a particularly interesting avenue for further research. Research that looks at the reality of leadership style comparing men and women on a variety of factors across cultures while measuring effectiveness would provide useful information for men and women in management positions as well as organizations filling management positions.

When we think of gender in organizations, we typically associate male and female behavior with masculine and feminine values—essentially as described by Hofstede (1984). Masculine values are seen as encompassing assertiveness, achievement orientation, and competitiveness whereas feminine values encompass care for others, compassion, and concern for the quality of life and the environment. In the language of organizational behavior, male values focus on task achievement whereas female values focus on people and their satisfaction. The masculine values as described are often associated with success in a business environment. A U.S. study published in the Proceedings of the National Academy of Sciences found that female business students with higher levels of testosterone were more likely to opt for risky financial deals than those with lower levels. In the past, risk-taking has often been seen as one of the positive male behaviors that account for success in the business world.

Interestingly, Geert Hofstede (1991) reports that the distribution of men and women in certain professions varied from country to country—he noted that contrary to the more global norm, "women dominate as doctors in the Soviet Union, as dentists in Belgium, as shopkeepers in parts of West

Africa. Men dominate as typists in Pakistan and form a sizeable share of nurses in the Netherlands" (p. 81). Nevertheless, Hofstede goes on to say that there is a common thread among most societies—men are more concerned with achievements outside the home whereas women are expected to be more concerned with the home, children, and taking care of people in general—a natural outgrowth of child bearing and the need for the women to stay close to home, while men were more free to move around away from home.

GENDER IN INTERNATIONAL ORGANIZATIONS

Gender also plays an important role in international organizations. The following discussion considers the evidence on men and women in expatriate positions in different parts of the world and explores the challenges faced by men and women in these positions.

According to Nancy Adler (1984), the number of women undertaking international assignments in the early 1980s was relatively low. This did not change dramatically through the 1980s (Kirk & Maddox, 1988), but by the 1990s, the situation was changing somewhat. An increasing number of women were domestic managers, particularly in Canada and the United States, and this means more of these women were candidates for foreign assignments. In the past, firms may have had a limited number of qualified women to select for international jobs (Punnett, 2009). Also, many international firms want their top executives to have international experience, and this implies that if women are to reach the top, they need to accept expatriate assignments. In the past, some firms have been hesitant to ask women to go overseas because of the potential hardships associated with

some locations. Women do not share this hesitancy, however. In a sample of masters in business administration students surveyed by Adler (1984), women were equally as willing as their male counterparts to accept international assignments and pursue international careers.

There is growing evidence that women make good expatriate managers (Janssens, Cappellen, & Zanoni, 2006; Tung, 2004). Eagley et al. (2003) argue that women are good at consensus building, cooperation, nurturance, and interpersonal relations and that these are desirable characteristics in international firms. Furthermore, in many countries, this style is seen as positive. This suggests that firms will want to use more women in foreign locations. Particularly interesting is the evidence that women make good expatriate managers, even in locations where local women would generally not be well accepted as managers (Jelinek & Adler, 1988). Many international organizations are concerned about assigning women to countries such as Japan in case they are not accepted by male counterparts; however, Marianne Jelinek and Nancy Adler (1988) found that North American women managers in Japan were viewed as foreigners rather than as women and that their sex was not an impediment to competent management.

The view that foreign women can be effective as managers whereas it would be difficult for local women is supported by one early study (Dawson, Ladenburg, & Moran, 1987). A majority of the women surveyed described themselves and their professional positions as outside the cultural norms in the foreign environment, but they were "challenged and happy with their lives overseas" (p. 81). Rossman (1990) also illustrated the potential for women managers in a series of profiles of women internationally. These profiles illustrated that it is possible for women to succeed virtually anywhere in the world.

While the information currently available suggests that women make effective managers internationally, there are clearly difficulties they may face. The previous reports of women's effectiveness are based on the small number of women who were offered and accepted international assignments. Given the general biases against female candidates, it is likely that these women were particularly good candidates. It is to be expected, therefore, that their performance would also be good. Much more research is needed to validate the effectiveness of women managers in different countries and under different conditions.

It is only practical for firms, and women seeking expatriate assignments, to investigate the reality of the foreign work environment for a female manager. A realistic assessment of the environment means that the expatriate can be appropriately prepared, and the firm can provide the needed support to allow for high performance. For example, if the woman cannot legally drive in a foreign country, she must be prepared to accept this limitation, and the firm must provide a driver to give her needed mobility. If a woman will not be admitted to clubs where business is often conducted, she will need to develop alternative venues for making business contacts, and the firm should provide the necessary funding, contacts, and so on to accomplish this. Research on how firms and women have dealt with these situations would be an interesting new approach in the field.

GENDER LEGISLATION

Legislation in North America, and in a number of other countries, prohibits discrimination on the basis of certain personal characteristics, including gender. This applies in terms of international assignments as well as those at home. In foreign locations, there may be legislation governing the assignment of women to certain jobs, positions, or locations. In these circumstances, the firm has to abide by the foreign legislation. This creates a dilemma for the firm because it may be breaking the law at home, and possibly its own internal policies, to comply with the foreign legislation.

The actual experience of women expatriates can vary widely. Some women find an international posting a successful and rewarding experience both from a career and personal perspective; others find it unsuccessful, resulting in career setbacks and family break-ups. Still others have mixed experiences. This is true of men in expatriate positions as well, so it is not clear whether expatriate experiences can be attributed to gender. More research is needed to understand the role of gender in expatriation success and career advancement.

International managers, whether they are men or women, cannot avoid dealing with the question of the role of women in business. They must often decide whether to employ women, when to employ them, which ones to employ, and where to employ them. Then they must decide how to manage the women they have employed. In addition, international managers need to recognize that men and women may view roles differently, and differential treatment can be interpreted in a variety of ways. Differential treatment of women can be considered protection or discrimination, it can be readily accepted or contested, it may be regulated by law or culturally accepted, and differential treatment may be conscious or unconscious.

It is also important that equality can mean different things in different places. Achieving equality in the workforce in Canada and the United States has focused on demonstrating the equal abilities of men and women. Legislation and social pressure have encouraged organizations to treat men and women largely in the same manner. That is, men and women should be given the same

opportunities, training, compensation, and so on for equivalent jobs. An alternative approach is to look at the unique contributions that men and women can make in the workforce. This approach focuses on the differences between men and women and assumes that they will be most effective in different roles, but that these different roles are equally important. The distinction between these interpretations of equality is that the first perspective implies standardized, thus equitable, treatment for men and women, whereas the second perspective implies equitable valuation of different contributions. Those who believe in the first perspective argue that focusing on differences tends to support the traditional view of women. Those who believe in the second argue that ignoring differences does not make the best use of the varying abilities and interests of the sexes.

These distinctions in terms of the meaning of equality and equity provide an important area for further research. Researchers can investigate the meaning of equality to men and women and across countries to identify similarities and differences. In addition, differences can be examined relative to factors such as career success.

LOOKING TO THE FUTURE

Around the world, countries are implementing legislation relating to gender, and social values are changing in many places toward greater acceptance of women in positions of power. If these trends continue, we can expect a more gender-balanced or gender-neutral workplace in the future. In addition, the recession of the early 2000s has been termed by some a "hecession" (because men have been affected more than women) and because male behaviors, particularly risk-taking, have been implicated as likely causes of the collapse of the financial industry in 2008. Some journalists have argued that

this recession will result in women moving to the forefront of organizations and actual achievement of a balanced gender world in organizations. Only time will tell us whether this happens or not. In any case, to move from the current imbalance to a better gender balance will require active intervention in organizations.

One active intervention that is promising is mentoring. In a study of successful professional women in the Americas, Silvia Monserrat et al. (2009) found that across all countries in the study, mentoring was a common experience for successful women. An overwhelming proportion (more than 80%) of the successful women studied had been mentees. Another study (Kalev, Dobbin, & Kelly, 2006) found that assigning specific responsibility for advancing diversity goals (for example, diversity task forces) yielded the best results in helping women and ethnic minorities move into management positions. They found that diversity training, networking, and mentoring programs were not effective on their own but were effective in the context of responsibility assignments.

Family-friendliness has also been identified as an important component of organizations that help employees balance family and work lives (Barclay, 2008). Family-friendly organizational policies will become increasingly significant if women are to play a more important role in organizations. Options such as flexible scheduling, child care, and working from home will need to be considered more seriously in organizations. If current trends and the current recession do actually change the gender balance in upper levels of management, mentoring, diversity assignments, and family-friendly policies may be needed both for the women entering these positions, and for the men interacting with these women. It will certainly be interesting to watch, if and when these changes take place. To return to Peter Day's comments (on the BBC) at the beginning of the chapter,

perhaps we will finally have an opportunity to consider the impact of women in positions of power in organizations.

CONCLUSION

In conclusion, the evidence overwhelmingly shows that organizations are dominated by men at the top. It seems clear, given the differences between men and women, that this affects the corporate climate and culture. It is difficult, however, to investigate these differences because of the limited number of women in such positions. The gendered organizational situation appears to be global, although it is more dramatic in some countries and regions. The situation has also been changing in many countries, and there is speculation that the recession of 2009 may result in more women in positions of power in organizations in the near future. Only time will tell if this becomes a reality. If it does, this may put researchers in a better position to address the question of the impact of gender on organizational culture.

The opportunities for research in the field of gender and organizational culture are almost limitless. There is a need to better understand the existing situation in individual countries and regions, as well as to compare between and across countries and regions with regard to how gender roles are similar and how they differ. Currently, there is an exciting opportunity to study the changing gender situation in individual countries and regions as well as globally. Throughout this chapter, sparse threads of previous research have been drawn together and suggestions made for directions for future research. This information can serve as a guide for those interested in furthering knowledge in this interesting and valuable area.

In his introduction to *The Naked Woman*, anthropologist Desmond Morris (2004) said that he was disturbed and angry about the way women were treated in many countries around the world and "considered the property of males and as inferior members of society" (p. x). He went on to say that as a zoologist who has studied the evolution of humans, this male domination is not in keeping with the way in which Homo sapiens have developed. Let us hope that further research will lead to developments more in keeping with what Morris believes is our zoological evolution.

REFERENCES

Abdulai, D. N. (2009). Cultural mythology and global leadership in South Africa. In E. H. Kessler & D. J. Wong-Ming Ji (Eds.), *Cultural mythology and global leadership* (pp. 209–224). Cheltenham, UK: Edward Elgar.

Adler, N. (1984). Women do not want international careers and other myths about international management. *Organizational Dynamics, 13*(2), 66–78.

Adler, N. J. (1987). Pacific Basin managers: A "gaijin," not a woman. *Human Resource Management, 26,* 169–191.

Agars, M. D. (2004). Reconsidering the impact of gender stereotypes on the advancement of women in organizations. *Psychology of Women Quarterly, 28,* 103–111.

Auster, E. R. (2001). Professional women's midcareer satisfaction: Toward an explanatory framework. *Sex Roles: A Journal of Research, 44*(11/12), 719–750.

Barclay, L. A. (2008). Family-friendly organizations. In C. Wankel (Ed.), *21st century management.* Thousand Oaks, CA: Sage.

Brooks, D., & Brooks, L. (1997). *Seven secrets of successful women.* New York: MJF Books.

Budhwar, P. S., Saini, D. S., & Bhatnagar, J. (2005). Women in management in the new economic environment: The case of India. *Asia Pacific Business Review, 11*(2), 179–193.

Burke, R., & McKeen, C. A. (1990). Mentoring in organizations: Implications for women. *Journal of Business Ethics 9*(4/5), 317–332.

Burke, R., & McKeen, C. A. (1997). Not every managerial woman who makes it has a mentor. *Women in Management Review 12*(4), 136–139.

Career women in Japan find a blocked path. (2007, August 6). *The New York Times.*

Catalyst. (2004). *Women and men in U.S. corporate leadership: Same workplace, different realities?* New York: Author.

Catalyst. (2005). *Catalyst census of women corporate officers and top earners of Canada.* New York: Author.

Catalyst. (2007). *The 2006 Catalyst census of women corporate officers and top earners.* New York: Author.

Catalyst. (2009). *Women CEOs of the Fortune 1000.* Available at www.catalyst. org

Davidson, M. J., & Burke, R. (Eds.). (2004). *Women in management worldwide: Facts, figures, and analysis.* London: Ashgate.

Dawson, G., Ladenburg, E., & Moran, R. (1987). Women in international management. In D. Clutterbuck & M. Devine (Eds.), *Businesswoman: Present and future* (pp. 76–90). London: Macmillan.

Diekman, A. B., & Eagley, A. H. (2000). Stereotypes as dynamic constructs: Women of the past, present, and future. *Personality and Social Psychology Bulletin, 26,* 1171–1188.

Dorfman, P., Hanges, P. J., & Brodbeck, F. C. (2004). Leadership and cultural variation. In R. J. House, P. J. Hanges, M. Javidian, P. W. Dorfman, & V. Gupta (Eds.), *Culture, leadership, and organizations—The Globe study of 62 societies* (pp. 669–719). London: Sage.

Eagley, A. H., Johannesen-Schmidt, M. C., & Van Eagen, M. L. (2003). Transformational, transactional, and laissez-faire leadership styles: A meta-analysis comparing men and women. *Psychological Bulletin, 129,* 569–591.

The Economist. (1988). *Business travelers' guides: Arabia peninsula on business.* London: Author.

European Commission. (2006). *Report on equality: Women and men, 2006.* Luxembourg: Office for Official Publications of the European Communities.

Ferraro, G. P. (1990). *The cultural dimension of international business.* Englewood Cliffs, NJ: Prentice Hall.

Fiske, A. P., Haslam, N., & Fiske, S. T. (1991). Confusing one person with another: What errors reveal about the elementary forms of social relations. *Journal of Personality and Social Psychology, 60,* 656–674.

Fullagar, C. J., Sverke, M., Sumer, H. C., & Slick, R. (2003). Managerial sex-role stereotyping: A cross-cultural analysis. *International Journal of Cross Cultural Management, 3*(1), 93–107.

Galinsky, E., Salmond, J., Bond, J., Kropf, M., Moore, M., & Harrington, B. (2003). *Leaders in a global economy: A study of executive women and men.* Chestnut Hill, MA: Boston College, The Center for Work and Family.

Gunther, H. (2008). *Women in management positions in Japan—Trends, challenges, and opportunities.* Available at http://www.grin.com/e-book/135192/women-in-management-positions-in-japan-trends-challenges-and-opportunities

Hausmann, R., Tyson, L., & Zahidi, S. (2009). *The World Economic Forum's 2009 Global Gender Gap Index.* Available at http://www.weforum.org/pdf/gendergap/report2009.pdf

Heilman, M. E. (2001). Description and prescription: How gender stereotypes prevent women's ascent up the organizational ladder. *Journal of Social Issues, 57,* 657–674.

Hetty van Emmerik, I. J., Euwema, M. C., & Wendt, H. (2008). Leadership behaviors around the world—The relative importance of gender versus cultural background. *International Journal of Cross Cultural Management, 8*(3), 297–315.

Hofstede, G. (1984). *Culture's consequences.* Beverly Hills, CA: Sage.

Hofstede, G. (1991). *Cultures and organizations.* UK: McGraw-Hill (UK) International.

Hoobler, J. M., Wayne, S. J., & Lemmon, G. (2009). Bosses' perceptions of family-work conflict and women's promotability: Glass ceiling effects. *Academy of Management Journal, 52*(5), 939–957.

International Labor Organization. (2004). *Breaking through the glass ceiling: Women in management: Update 2004.* Geneva: International Labor Organization.

Jackson, J. C. (2001). Women middle managers' perception of the glass ceiling. *Women in Management Review, 16*(1), 30–41.

Janssens, M., Cappellen, T., & Zanoni, P. (2006). Successful female expatriates as agents: Positioning oneself through gender, hierarchy and culture. *Journal of World Business, 41*(2), 133–148.

Jelinek, M., & Adler, N. (1988). Women: World-class managers for global competition. *Academy of Management Executive, 11*(1), 11–20.

Jost, J. T., Kivetz, U., Rubini, M., Guermandi, G., & Mosso, C. M. (2005). System justifying functions of complementary regional and ethnic stereotypes: Cross-national evidence. *Social Justice Research, 18*(3), 305–333.

Kalev, A., Fobbin, F., & Kelly, E. (2006). Best practices or best guesses? Assessing the efficacy of corporate affirmative action and diversity policies. *American Sociological Review, 7*(4), 589–617.

Khandelwal, P. (2002). Gender stereotypes at work: Implications for organizations. *Indian Journal of Training and Development, 32*(2), 72–83.

Kirchmeyer, C. (2002). Gender differences in managerial careers: Yesterday, today, and tomorrow. *Journal of Business Ethics, 37,* 5–24.

Kirchmeyer, C. (2006). The different effects of family on objective career success across gender: A test of alternative explanations. *Journal of Vocational Behavior, 68,* 323–346.

Kirk, W. Q., & Maddox, R. C. (1988). International management: The new frontier for women. *Personnel, 63*(3), 46–49.

Larson Jones, C., & Lin, L. (2001). *A comparison of attitudes toward women as managers in China and in the U.S.* Available at http://www.csupomona.edu/~jis/2001/Jones_Lin.pdf

Lockwood, N. R., Sharma, R., Kamath, R., & Williams, S. (2009). Perspectives on women in management in India. *Society for Human Resource Management,* pp. 1–12.

Mainiero, L. A., & Sullivan, S. E. (2005). Kaleidoscope careers: An alternative explanation for the "opt-out revolution." *Academy of Management Executives, 19*(1), 106–120.

Maxfield, S. (2005ba). Modifying best practices in women's advancement for the Latin American context. *Women in Management Review, 20*(4), 249–261.

Maxfield, S. (2005b). Women in corporate Latin America. In S. Maxfield (Ed.), *Gender dimensions of corporate life in Latin America: Women's roles and women's view.* Bogota, Colombia: Universidad de Los Andes.

Melkas, H., & Anker, R. (2003). *Towards gender equity in Japanese and Nordic labour markets: A tale of two paths.* Geneva: International Labor Organization.

Misumi, J. (1985). *The behavioral science of leadership: An interdisciplinary Japanese research program.* Ann Arbor: Michigan University Press.

Monserrat, S., Duffy, J., Olivas-Lujan, M., Miller, J., Gregory, A., Fox, S., Lituchy, T., Punnett, B. J., & Santos, N. (2009). Mentoring experiences of successful women across the Americas. *Gender in Management, 24*(6), 455–476.

Morris, D. (2004). *The naked woman* London: Jonathan Cape.

Paris, L. D., Howell, J. P., Dorfman, P. W., & Hanges, P. J. (2009). Preferred leadership prototypes of male and female leaders in 27 countries. *Journal of International Business Studies, 40*(8), 1396–1405.

Parkin, D. (1978). *The cultural definition of political response: Lineal destiny among the Luo.* London: Academic Press.

Peus, C., & Traut-Mattausch, E. (2008). Factors influencing women managers' success. In C. Wankel (Ed.), *21st century management* (pp. 157–166). London: Sage.

Powell, G., Butterfield, D. A., & Parent, J. D. (2002). Gender and managerial stereotypes: Have the times changed?" *Journal of Management, 28*(2), 177–193.

Powell, G., & Graves, L. (2003). *Women and men in management.* Thousand Oaks, CA: Sage.

Prime, J., Carter, N., Karsten, J., & Maznevski, M. (2008). Managers'perceptions of women and men leaders. *International Journal of Cross Cultural Management, 8*(2), 171–210.

Punnett, B. J. (2009). *International perspectives on organizational behavior and human resource management.* Armonk, NY: M. E. Sharpe.

Punnett, B. J., Duffy, J., Fox, S. Gregory, A., Lituchy, T., Miller, J., Monserrat, S., Olivas-Lujan, M., & Santos, N. (2006a). Career success and satisfaction: A comparative study in nine countries. *Women in Management Review, 22*(5), 371–390.

Punnett, B. J., Duffy, J., Fox, S. Gregory, A., Lituchy, T., Miller, J., Monserrat, S., Olivas-Lujan, M., & Santos, N. (Eds.). (2006b). *Successful professional women of the Americas: From polar winds to tropical breezes.* Cheltenham, UK: Edward Elgar.

Ramachandran, R. (1992). The silenced majority: Sex ratio and the status of women in India. *Canadian Women Studies, 13*(1), 60–66.

Reader, John (1998). *Africa: A biography of the continent.* London: Penguin.

Rosener, J. B. (1990). Ways women lead. *Harvard Business Review, 68*(6), 119–125.

Rossman, M. L. (1990). *The international businesswoman of the 1990s: A guide to success in the global marketplace.* New York: Praeger.

Saini, D. S. (2006). Labour law in India. In H. J. Davis, S. R. Chatterjee, & M. Heur (Eds.), *Management in India: Trends and transitions* (pp. 60–94). New Delhi: Response Books.

Schein, V. A. (1973). The relationship between sex role stereotypes and requisite management characteristics. *Journal of Applied Psychology, 57,* 95–100.

Sen, A. (2005). *The argumentative Indian: Writings on Indian history, culture and identity.* New York: Farrar, Straus & Giroux.

Sinha, J. B. P. (1984). A model of effective leadership styles in India. *International Studies of Management and Organization, 14*(3), 86–98.

Stogdill, R. M. (1963). *Manual for the Leader Behavior Description Questionnaire.* New York: Free Press.

Tonkin, S. (2009). *Iceland leads forum's global gender gap index in 2009.* Available at http://www.weforum.org/en/media/Latest%20Press%20Releases/PR_GGG09

Tung, R. L. (2004). Female expatriates: The model global manager? *Organizational Dynamics, 33*(3), 243–253.

Van der Boon, M. (2003). Women in international management: An international perspective on women's ways of leadership. *Women in Management Review, 18*(3), 132–146.

Williams, J. E., & Best, D. L. (1990). *Measuring sex stereotypes: A multination study.* Newbury Park, CA: Sage.

Xinhua News Agency. (2000, December 18). *Chinese women: From illiterate to intellect.*

An International Perspective on Ethical Climate

K. Praveen Parboteeah, Kelly D. Martin, and John B. Cullen

I t is cliché today to suggest that ethics are important components of the global business environment. Yet, even in the midst of heightened scrutiny and attention to ethics, scandals and corruption continue to plague corporations throughout the world. While Enron and WorldCom are the commonly identified U.S. culprits, similar ethically suspect activities worldwide also abound (Thorne, Ferrell, & Ferrell, 2008). For example, the Parmalat affair in Italy became one of Europe's biggest financial scandals when investigators discovered a false Cayman Island bank account worth 3.9 billion Euros. Many have described this crisis as "Europe's Enron." Germany's Siemens is just beginning to recover from the largest fine for bribery in corporate history, paying a 1.6 billion Euro fine for bribery. In Korea, Hyundai's chairman stands accused of embezzling company funds to create a slush fund for bribing public officials. In its most recent report, Transparency International noted that corrupt government officials in the developing world alone receive bribes estimated at U.S. $20 to 40 billion annually

(Martin & Cullen, 2006; Mayer, Kuenzi, & Greenbaum, in press).

These well-known scandals demonstrate that ethical challenges persist on a global scale. As such, it is imperative that multinational companies appreciate national cultural differences in business ethics as well as develop an understanding of how their international partners and their local subsidiaries establish ethical practices across national contexts. We argue that assessing ethical climates cross-culturally is critical, particularly now, given the contemporary global business landscape. Decades of ethical climate research have demonstrated the broad applicability of the construct to diverse organizations, industries, and cultures (Victor & Cullen, 1987, 1988) and indicate that it is critical to assess ethical climates at a cross-cultural level. Ethical climates are defined as "the shared perception of what is correct behavior, and how ethical situations should be handled in an organization" (Victor & Cullen, 1988, p. 135). In other words, ethical climate is the perceptual lens through which individuals assess situations

with potential ethical implications and determine a response (Cullen, Parboteeah, & Victor, 2003). To advance understanding of ethical climates across nations and cultures, in this chapter, we attempt to gauge the status of international ethical climate research, using our findings to synthesize and integrate current knowledge and to provide recommendations for advancing the field.

The ethical climate concept has received extensive attention in the literature and has resulted in more than 80 articles since Victor and Cullen's (1987, 1988) seminal work. Subsequent reviews summarize and evaluate the "state-of-the-state" of ethical climate research (see Arnaud & Schminke, 2007; Martin & Cullen, 2006). To augment and extend these reviews, we explore the ethical climate literature and consider specifically how the domain has flourished internationally. Our internationally focused review highlights significant opportunities for business ethics researchers to extend the ethical climate concept cross-culturally.

We organize this chapter as follows. In the next section, we provide a brief overview of the foundations and development of the ethical climate concept. Turning our focus to international ethical climate research, we then describe our analytical procedures and present our findings. Specifically, we discuss the cross-national coverage of ethical climate research to date and examine each study's contribution to the larger theoretical domain (e.g., whether the researchers addressed antecedents or consequences of ethical climates). In the last section, we offer recommendations to advance our understanding of international ethical climates.

ETHICAL CLIMATES: A HISTORICAL OVERVIEW

The ethical climate construct identifies an array of prescriptive climates reflecting organizational practices with moral consequences. The ethical climate framework remains one of the most popular approaches to study ethics within organizations (Parboteeah & Kapp, 2008). Ethical climates emerge when members believe that certain forms of ethical reasoning or behavior are expected standards or norms for decision making within the organization or subunit. Thus, ethical climates are not characterizations of the individual's ethical standards or level of moral development; instead, like all work climates, they represent components of the individual's environment as perceived by its members.

The Bart Victor and John Cullen (1987, 1988) typology of ethical climates has three bases of moral judgment—egoism, benevolence, and principle—which form the three fundamental ethical climates. Egoism applies to behavior that focuses on maximization of self-interested outcomes. In an egoistic climate, company norms support the satisfaction of self-interest at the expense of or with disregard to others. In a benevolent climate, decisions are made based on concern for the well-being of others. Benevolent climates are characterized by company norms that support maximizing the interests of a particular social group. Finally, in the principled climate, the decision maker will base decisions on adherence to rules and procedures. At the company level, a principled ethical climate suggests norms that support following abstract principles independent of situational outcomes.

In addition to the above bases for moral judgment, the original formulation also proposes that ethical climates can be better understood along the relevant locus of analysis. Specifically, drawing on sociological theory (Merton, 1968; Victor & Cullen, 1987, 1988), Victor and Cullen (1987, 1988) argue that ethical decision making is determined at three main levels: the individual, local, and cosmopolitan levels. At the individual

level, relevant decision criteria are based on personal beliefs and norms. At the local level, the relevant referent is the organization, and organizational norms guide ethical decisions. Finally, the cosmopolitan level refers to community or society at large, whereby broader criteria inform decisions. Crossing of the bases for moral judgment and locus of analysis of ethical climate theory results in nine ethical climates.

Although there are nine ethical climates, studies tend to use Victor and Cullen's (1987, 1988) original five climate types, which include: (1) instrumental (combination of individual and local loci of analysis at the egoist level); (2) caring (combination of individual and local loci of analysis at the benevolent level); (3) independence

(principled–individual); (4) rules (principled–local); and (5) law and code (principled–cosmopolitan). Figure 33.1 shows the five most frequently emergent ethical climate types, as we refer to them throughout this chapter. Comprehensive reviews of each of the five ethical climate types are available and will not be repeated here (see Arnaud & Schminke, 2007; Martin & Cullen, 2006).

CROSS-CULTURAL ETHICAL CLIMATES: A REVIEW AND ASSESSMENT OF THE FIELD

To understand the state of international ethical climates and development of the research stream in a cross-cultural context,

Ethical Theory	Locus of Analysis		
	Individual	*Local*	*Cosmopolitan*
Egoism	Instrumental: Organizational units have norms that encourage decision making in self-interested manner		
Benevolence	Caring: Decisions are made based on concern for the overall well-being of others		
Principle	Independence: Individuals believe decisions should be made based on their own personal moral beliefs	Rules: Ethical decisions are guided by pervasive set of rules and standards	Laws and Codes: Organization supports decision making based on external codes such as the law or other professional standards

Figure 33.1   Five Commonly Derived Ethical Climate Types

we review the extant literature to synthesize current knowledge, identify gaps, and consider key areas in need of future research.

Literature Identification Process

To identify relevant studies that were considered appropriate for this chapter, we followed commonly accepted procedures articulated for meta-analysis (see Hunter & Schmidt, 2004). We used reverse citation to locate articles using either Victor and Cullen's (1987, 1988) original study or the subsequent publication making the Ethical Climate Questionnaire (ECQ) available (Cullen, Victor, & Bronson, 1993). Furthermore, we also reviewed dissertation databases as well as other Internet sources such as Google Scholar to identify unpublished work using the ethical climate concept. Based on this initial review, we further examined studies to identify those that were cross-cultural in nature. We defined cross-cultural as any study featuring a sample outside of the United States. Unlike Anne S. Tsui, Sushil S. Nifadkar, and Amy Y. Ou's (2007) recent review of the cross-cultural organizational behavior literature, we included studies that were conducted within a single country setting to enhance our understanding and interpretation of international ethical climates. This selection process identified 23 articles and one unpublished doctoral dissertation.

Cross-National Coverage and Study Characteristics

The 24 studies involve a total of 14 nations located on all major continents. Specifically, ethical climate research has been done in Africa (e.g., Erondu, Sharland, & Okpara, 2004), Europe (e.g., Deshpande, George, & Joseph, 2000; Lemmergaard & Lauridsen, 2008), and Asia (e.g., Leung, 2008; Suar & Khuntia, 2004), among other

locations. Our search showed that recent ethical climate research is set in increasingly diverse geographic locations, signaling that the concept may continue to spread cross-nationally.

A second important observation is that out of the 24 studies, only 5 were truly cross-cultural in nature. Many of these important contributions involve comparative work, juxtaposing two country settings to examine differences occurring across a single research question. For instance, ethical climate perceptions and person-organization fit assessments were contrasted among retail employees in Japanese and U.S. settings (Lopez, Babin, & Chung, 2009). Also, K. Praveen Parboteeah, John Cullen, Bart Victor, and Tomoaki Sakano (2005) found that national culture affects ethical climate development by comparing Japanese and U.S. samples of accounting professionals. Filipino and Taiwanese accountants also were juxtaposed to determine differences in perceived ethical climates (Venezia & Gallano, 2008). Differences in ethical climates and other organizational outcomes were identified between Mexican and U.S. salespeople (Weeks, Loe, Chonko, Martinez, & Wakefield, 2006). Finally, ethical climate perceptions were evaluated for both international and local accounting firms in China (Shafer, 2008).

What can we learn from these studies? When integrated with the findings from previous single-country ethical climate studies, these results suggest the need for future researchers to address ethical climates in cross-cultural settings in greater depth. Although ethical climates have been compared across a number of nations, there are still significant opportunities to expand knowledge by continuing to study the construct cross-culturally. We discuss this issue in more depth in our recommendations.

Ethical Climate: Validation

A critical element of theoretical development is validation in different cultural environments. Four studies in our review focused on this challenge and mainly concentrated on validation of the ethical climate concept in different countries (see Agarwal & Malloy, 1999; Erondu et al., 2004; Lemmergaard & Lauridsen, 2008; Lopez et al., 2009). For instance, the nine ethical climate types proposed by Victor and Cullen (1988) were replicated with a Nigerian sample, specifically with 200 bank employees in Lagos (Erondu et al., 2004).

The nine ethical climate types also emerged through confirmatory factor analysis with a sample of 199 managerial and executive-level workers in Denmark (Lemmergaard & Lauridsen, 2008). The results of this study revealed that many of the nine dimensions are highly correlated, and the researchers attempted to reduce the factors to the commonly accepted groupings of caring, law and code, rules, instrumental, and independence. Interestingly, this work revealed a unique dimension termed one's "own interest" dimension. The authors argued that the prevailing concern for people and society in Denmark (i.e., Hofstede's 1980 high femininity combined with a socialist government) probably explained why the benevolent aspects of the ethical climate types did not emerge in this sample.

Another study used a sample of 148 Canadian employees of not-for-profit organizations to verify the existence of the ethical climate types (Agarwal & Malloy, 1999) and found support for five dimensions termed individual caring, Machiavellianism, independence, social caring, and law and code. In this research, not-for-profit employees had more discriminating perceptions of benevolent climates relative to their for-profit counterparts. Finally, a sample of students from both U.S. and Japanese universities were used to examine the cross-cultural validity of the ethical climate questionnaire (ECQ) (Lopez et al., 2009). Using 138 U.S. students and 132 Japanese students, all of whom were part-time employees in a retail organization, the authors assessed factor loadings and construct relationship equivalence. Overall, the results revealed that the ethical climate questionnaire is valid for cross-cultural analyses.

Although the ethical climate construct was developed originally based on a Western philosophical model of ethical reasoning and U.S. data, the validation work suggests that the construct and the common ECQ measurement have cross-cultural equivalence. Additional work remains, however, as the measure should be validated in new and varied cultural settings. For instance, the findings of the Danish sample suggest potentially that not all nine dimensions are necessarily applicable to all societies. This suggests that some dimensions are more relevant to some cultures than others. Furthermore, notably lacking are validation studies in Middle Eastern societies, especially those with strong religious institutions.

The preceding review shows that the ethical climate construct has received significant attention both in terms of cross-cultural comparison and cross-cultural validation. To further examine international development of the ethical climate concept, in the next sections, we continue our review by looking first at the antecedents or predictors of ethical climates, followed by examination of the consequences of ethical climates. Finally, we consider research that has used ethical climates as a moderator or mediator of key relationships in organizational settings.

Ethical Climates: Antecedents

In this section, consistent with previous reviews (e.g., Martin & Cullen, 2006), we first considered antecedents of ethical

climates. Our analysis revealed that 4 of 24 studies examined the precursors of ethical climates. For instance, education, decision style, and influence were related to ethical climate perceptions among a sample of Canadian employees in nonprofit organizations (Malloy & Agarwal, 2003). Other studies also have examined national culture as an antecedent of ethical climates (see Parboteeah et al., 2005). Using a sample of U.S. and Japanese accountants, results indicated that U.S. accountants perceived stronger benevolent climates, while there were no significant differences with respect to egoism between the U.S. and Japanese samples. As expected, U.S. accountants perceived stronger principled climates than the Japanese. The authors extrapolated the results to articulate the influential role of accounting standard-setting institutions in the United States.

In a related study, Venezia and Gallano (2008) found significant differences between Filipino and Taiwanese accountants. More specifically, they identified seven ethical climate types for both samples and found no significant differences on the rules/codes, efficiency, and instrumental climates. At the same time, however, the results did suggest differences on the caring, self-interest, social responsibility, and personal morality ethical climate dimensions. The authors suggested that both national culture and the accounting profession's occupational culture may help to explain these differences.

Finally, in studies with Belgian public servants in various sectors, Maesschalck (2004) explored how predominant interaction patterns (both intra- and extra-organizational factors) influence ethical climate perceptions. He subsequently investigated how ethical climates impact decision making and behavior, in a rare investigation of both antecedents and consequences of ethical climates.

In sum, there is insufficient research to conclude whether particular cultures or cultural clusters have dominant ethical climates in their organizations. Rather, the implications of the antecedent research suggest that national, organizational, and occupational cultures intersect to affect existing ethical climates. For researchers and international managers, this suggests that studies or concerns with ethical outcomes such as bribery or child labor may require a multilevel lens from the national to the organizational. In the following section, we consider studies that have used ethical climates as predictors of organizational outcomes.

Ethical Climates: Consequences

In contrast to the number of reviews that considered antecedents of ethical climates, a review of the published literature shows that most cross-cultural researchers have focused on the consequences of ethical climates. Consistent with Martin and Cullen's (2006) findings, many international ethical climate studies have focused on the effects of ethical climates on key variables, such as job satisfaction and organizational commitment. The results indicate ethical climates influence both job satisfaction and work satisfaction in international organizations (Elci & Alpkan, 2009; Koh & Boo, 2001). Organizational commitment also is influenced by ethical climate perceptions in international organizations (see Erondu et al., 2004; Kim & Miller, 2008; Tsai & Huang, 2008; Weeks et al., 2006). Specifically, benevolent and principled climates tend to be positively related to job satisfaction (Kim & Miller, 2008; Tsai & Huang, 2008) and organizational commitment (Kim & Miller, 2008; Okpara & Wynn, 2008). However, manifestations of the egoist climates such as the instrumental, self-interest, or efficiency types are negatively related to job satisfaction (Kim & Miller, 2008; Tsai & Huang, 2008) and affective commitment

(Tsai & Huang, 2008). Finally, results showed that ethical climates were positively related to organizational commitment for a U.S. sample of salespeople but not their Mexican counterparts (Weeks et al., 2006). Yet, ethical climates were positively related to individual commitment for both samples. Hofstede's cultural dimensions provide an explanation for these contrasting results.

Beyond organizational commitment and job satisfaction, international ethical climate research also has focused on positive consequences like extra-role behavior (Leung, 2008) and negative consequences like organizational misbehavior (Vardi, 2001), unethical practices (Suar & Khuntia, 2004), and absences (Shapira-Lishchinsky & Rosenblatt, 2009). Kwok Leung's (2008) study is noteworthy given the unique conceptualization of ethical climate types, arranged from lower levels (instrumentality and independence) to higher levels (caring and law-and-code). Using a sample of employees in a large Hong Kong–based trading company, Leung found that lower levels of ethical climates were negatively related to extra-role behaviors, while higher levels were positively related to extra-role behaviors.

Our review of cross-cultural patterns is consistent with the findings in previous ethical climate reviews (e.g., Martin & Cullen, 2006). Perhaps not surprisingly, international ethical climate research supports the proposition that more positive ethical climate types (e.g., caring) are related to positive organizational outcomes such as commitment and ethical behaviors in nearly all cultural settings. Similarly, in international settings, manifestations of the egoist climates (e.g., instrumental climates) have negative consequences. Yet, effects of other climate types on positive organizational behaviors seem more contingent on the national culture. Indeed, some cross-cultural research suggests that the effects of ethical

climates on organizational outcomes are more complex than simple direct effects. In the next section, we review studies in which researchers examined climates as moderating or mediating variables.

Ethical Climates: Mediating and Moderating Effects

International ethical climate research has considered moderating effects on various relationships (see Bulutlar & Oz, 2009; Deshpande et al., 2000; Erben & Güneser, 2008; Gonzales-Padron & Hult, 2008). In one study (Deshpande et al., 2000) of Russian managers, six ethical climate types emerged, including professionalism, caring, rules, instrumental, efficiency, and independence. Managers who perceived higher levels of caring and lower levels of the instrumental climate also were more likely to see a strong link between ethical behavior and success. Results with an Istanbul sample (Erben & Güneser, 2008) also replicated five climate types and found that a more general ethical climate mediated the relationship between benevolent paternalistic leadership and affective commitment. Finally, among purchasing managers in multinational corporations, firms with stronger ethical climates also possessed stronger relationships between entrepreneurial innovation and supplier relationship quality (Gonzalez-Padron & Hult, 2008). This study is among the first to show the value of having the right ethical climate to encourage entrepreneurial innovation.

The limited cross-cultural research using ethical climates in a moderator/mediator role suggests that effects of ethical climates can follow complex paths. We suggest that one fruitful area for future research could consider how leadership styles vary across cultural settings, for example, by using the cultural dimensions provided by Robert J. House, Paul J. Hanges, Mansour Javidan,

Peter Dorfman, and Vipin Gupta (2004). The limited findings available to date suggest that disparate outcomes may result when leadership styles produce different climates or interact with different climates to affect organizational behaviors.

SUMMARY

Our review reveals that ethical climates have received significant attention internationally. Similar to ethical climate research within the United States, researchers have investigated both antecedents and consequences of the construct, in addition to more complex effects in the form of mediation or moderation, as reviewed above. Overall, we find that no specific trends have emerged to characterize ethical climates in cross-national settings as distinct from single-country research. Although this consistency supports and extends the foundational premises of ethical climate theory first advanced in Victor and Cullen's (1987, 1988) seminal work, we argue that significant potential exists for the broader application of ethical climates to international ethical concerns. Given their ability to act as normative control systems (Martin, Johnson, & Cullen, 2009), ethical climates are likely to be influential in multinational integration and assimilation issues for organizations. Considerable opportunity exists to advance our understanding of ethical climates and organizational culture when blending organizations from disparate national or cultural backgrounds. Furthermore, ethical climates may encourage or suppress troubling global behaviors such as bribery, willingness to use child labor or other forms of exploitation, and bias and discrimination practices. On the basis of our review, we contend that research applying ethical climates to broader international concerns such as these is both absent and required.

We summarize the findings discussed above in Table 33.1 and then discuss some recommendations for future research.

Recommendations

This review of extant international ethical climate research shows that the concept has received significant attention at a cross-cultural level. We now provide suggestions for future progress of the field. Consistent with recent reviews of ethical climate theory (Martin & Cullen, 2006), these studies have helped to increase our knowledge and understanding of the antecedents and consequences of ethical climates in other national settings, thereby making significant contributions to the cross-national ethics literature. This research also supports the generally positive effects of benevolent and principled climate types and the generally negative effects of egoistic and instrumental climate types for international organizations. In addition, the studies provide some evidence of the cross-cultural validity of the ethical climate concept. Yet, despite these advances, significant opportunities remain to advance the ethical climate framework. In the final section of this chapter, we discuss some key recommendations and potential areas of future research that we believe are critical for further progress of ethical climates internationally.

First, we recommend that more researchers consider ethical climates from a cross-cultural perspective. It is important from a scientific and philosophical perspective to determine whether similar ethical climates exist in different national contexts and among different local cultures. Further investigation also should explore whether the antecedents and consequences of such climates also are similar. Given that preliminary findings suggest that the ECQ is capable of both cross-national application and also comparative application, we recommend that researchers

Table 33.1   Summary of Studies

Author(s)	Focus of Study	Country	Findings
Agarwal & Malloy (1999)	Cross-cultural validation	Canada	Environmental climate questionnaire (ECQ) validated in Canadian nonprofit
Bulutlar & Oz (2009)	Consequences	Turkey	Significant relationship between ethical climate and commitment and bullying
Deshpande et al. (2000)	Mediation	Russia	Ethical climate mediates relationship between success and ethical behavior
Elci & Alpkan (2009)	Consequences	Turkey	Ethical climate is related to employee work satisfaction
Erben & Güneser (2008)	Antecedent	Turkey	Paternalistic leadership behaviors are related to ethical climates
Erondu et al. (2004)	Cross-cultural validation	Nigeria	ECQ validated with two Nigerian samples of bank employees
Gonzalez-Padron & Hult (2008)	Moderation	Multinationals	Climate valuing ethics impacts the relationship between entrepreneurial innovation and quality of relationships
Kim & Miller (2008)	Consequences	South Korea	Ethical climates are related to job satisfaction and organizational commitment
Koh & Boo (2001)	Consequences	Singapore	Ethical climates are related to job satisfaction
Lemmergaard & Lauridsen (2008)	Cross-cultural validation	Denmark	ECQ validated in Danish sample
Leung (2008)	Consequences	Hong Kong	Ethical climates are related to various forms of organizational citizenship behaviors

Table 33.1 (*Continued*)

Author(s)	Focus of Study	Country	Findings
Lopez et al. (2009)	Cross-cultural validation	U.S. and Japan	ECQ validated in U.S. and Japanese contexts
Maesschalck (2004)	Antecedents	Belgium	Interaction patterns (both intra- and extra-organizational) are related to ethical climates
Malloy & Agarwal (2003)	Antecedents	Canada	Education, decision style, and influence are related to ECQ in the Canadian nonprofit
Okpara (2002)	Consequences	Nigeria	Ethical climates types influence job satisfaction
Okpara & Wynn (2008)	Consequences	Nigeria	Relationship between ethical climates and facets of job satisfaction
Parboteeah et al. (2005)	Antecedents	U.S. and Japan	National culture and professional standards influence ethical climates
Shafer (2008)	Cross-cultural	China	Ethical climates influence the personal ethical orientations on decision making
Shapira-Lischinsky & Rosenblatt (2009)	Consequences	Israel	Ethical climates influence the absence duration
Suar & Khuntia (2004)	Consequences	India	Ethical climates influence manipulative behaviors of managers
Tsai & Huang (2008)	Consequences	Taiwan	Ethical climates influence job satisfaction
Vardi (2001)	Consequences	Israel	Ethical climates influence ethical misconduct at work
Venezia & Gallano (2008)	Cross-cultural	U.S. and Philippines	National culture and professional culture influence ethical climates
Weeks et al. (2006)	Consequences	U.S. and Mexico	Ethical climates influence individual commitment to quality, organizational commitment, and performance

undertake comparative research that includes additional countries and varied occupations. Furthermore, development of ethical climate theory suggests that there may be culture/occupation interactions. For example, a focus on professional occupations with strong professional norms may mask otherwise important cultural differences. As with most ethical climate research, more attention is needed from a cross-national perspective to examine the outcomes of different climates on work-related values and actions.

In choosing countries for comparative study, we suggest that researchers use cultural and institutional distance to guide their decisions. We make this suggestion from an experimentation point of view to maximize variance on the national context. For example, using the GLOBE study (see House et al., 2004) as a cultural framework provides metrics for more than 60 countries on 10 cultural dimensions. Vast potential exists for theoretical development considering aspects of cultural differences that might produce contrasting ethical climates in organizations. One might hypothesize, for example, that more assertive and individualistic cultures are more likely to have egoistic climates in their organizations. Regarding institutional distance, differences in religious institutions, for example, may help to explain why nations have different ethical climates within their organizations.

Although culture plays a critical role in understanding international ethical climates, we argue that culture alone cannot explain cross-national phenomena. Institutional forces have demonstrated powerful influences on cross-national behaviors and thus warrant further study. Prior cross-national research finds that institutions including education, polity, economy, and family influence managers' ethical reasoning (see Cullen, Parboteeah, & Hoegl, 2004). Similarly, political stability and social welfare institutions have both direct and interactive

effects on cross-national bribery (see Martin, Cullen, Johnson, & Parboteeah, 2007). Other influential institutions in the cross-national research realm include industrialization, inequality, union strength (Parboteeah & Cullen, 2003), and religion (Parboteeah, Hoegl, & Cullen, 2009). Inspired by this growing research stream, we suggest that ethical climate researchers conducting cross-national investigations consider both the role of culture and the role of social institutions together with ethical climate.

Again, many of these institutional linkages represent important and needed research contributions but to our knowledge have not been investigated to date. For example, how does union strength as a national institution influence organizational ethical climate? Perhaps union power or even cohesiveness can either downplay or enhance certain perceptions regarding the organizational ethical climate mix. Specifically, in societies such as India and France, where the influence of unions is relatively strong, perhaps the focus on workers may result in stronger benevolent climates and weaker egoist climates. Furthermore, we know that the centrality of work to individuals' lives varies based on both national culture and social institutions (Parboteeah & Cullen, 2003). How, then, might such relationships interplay to influence the organizational ethical climate mix? Do culture and institutions have a stronger effect on organizational ethical climate when work is more central and valued by the population? No doubt, the economy and polity have significant effects on contemporary organizations. How do shifts in those turbulent and volatile institutional forces impact the stability of the organizational ethical climate mix? Likewise, as social welfare nets become more critical to citizens, how do adjustments to social welfare programs impact organizations' normative control structure as reflected in its mix of ethical climates? As with questions exploring

ethical climates at the organization level, few researchers have investigated how social institutions help to shape ethical climates, and this represents an important area for future study.

Second, recent accounts suggest that ethical climate theory may have important conceptual linkages to other theoretical frameworks. For example, Martin et al. (2009) have proposed a framework that extends ethical climate theory to new domains by evidencing linkages to anomie theory and to organizational change theories. Their research demonstrated that ethical climates shift and adjust in response to anomic conditions that produce both strain and disruption in the organization. In cases of radical change, where organizational processes and architectures are reconfigured significantly, anomie may effectively deinstitutionalize the organization's normative control system. This deinstitutionalization is reflected in the organization's mix of ethical climates, where principled and benevolent climates can diminish while egoistic climates can flourish. Such a disruption to the ethical climate mix can sometimes create conditions that encourage ethically questionable and even corrupt behavior.

Our review of the international ethical climate literature has identified insights that advance and refine our understanding of ethical climate theory. However, conceptual extensions that consider the relationships between ethical climate theory and other theoretical frameworks were noticeably missing from these studies. Although some researchers alluded to additional theoretical linkages (e.g., themes from institutional theory, agency theory, etc.), rigorous treatments that link ethical climate theory to other theoretical perspectives represent a promising opportunity for future research. In particular, as ethical climate research continues to flourish internationally, theories involving culture are likely to play

a more central role. K. Praveen Parboteeah and colleagues (2005) have made an important initial contribution in their study of national culture and ethical climate in a sample of Japanese and U.S. managers, yet we argue that additional opportunities exist in this vein.

Third, in addition to the surprising lack of integration between ethical climate theory and other frameworks, we note that none of the studies in our review assessed the group nature of the ethical climate concept. Group or organizational climate represents the prevailing ethical norms and expectations of an organization or its subunits rather than the individual perceptions of these, which often is referred to as psychological climate. In one recent U.S. ethical climate study, researchers offered a model of a unit-level approach both in theory and methodology as it spans levels of analysis to explore leader moral development and employee attitudes (Schminke, Ambrose, & Neubaum, 2005). However, the finding from our current review of the international literature is that no researchers outside of the United States have considered group-level climate, supporting Martin and Cullen's (2006) conclusion that, to date, researchers studying ethical climate research have explored mostly psychological dimensions or individual-level effects. This is surprising given that Victor and Cullen's (1987, 1988) original formulation conceptualized ethical climate theory at both the individual and the organizational level. This gap in knowledge presents an opportunity for important and needed future research. Specifically, we contend that this research must be inherently multilevel in nature, considering culture, unit, and the individual.

Fourth, we also note that few researchers have considered important cross-cultural measurement issues, such as construct equivalence, sample equivalence, and

translational equivalence. As Singh (1995) notes, addressing such measurement issues is critical, as they have important implications for how results are interpreted. We believe that cross-cultural research will greatly benefit from properly addressing measurement issues. A review of the extant cross-cultural ethical climate literature shows that only one study actually assessed construct equivalence, namely Parboteeah et al. (2005). In that study, the authors compared ethical climates between a U.S. and Japanese sample of accountants. However, rather than combining the Japanese with the U.S. data and using factor analysis to determine the factor structure, they assessed construct equivalence by conducting multisample analysis. Specifically, they examined whether the ethical climate factor structures between the two countries were cross-nationally equivalent. Using structural equation modeling, the authors showed that different items actually loaded on the same factor for the U.S. and Japanese samples. Such results suggest that ethical climates may manifest itself in different ways based on culture.

To further cross-national research in ethical climates, researchers will have to assess construct equivalence. As Singh (1995) notes, the construct equivalence concept is anchored in the etic perspective and examines whether a construct is functionally equivalent (Does it serve the same function in different societies?), conceptually equivalent (Does it serve the same concept in different cultures?), and instrumentally equivalent (Are the scale items interpreted similarly across societies?). As such, researchers can use structural equation modeling to conduct multisample analyses to compare models across societies. Similar to Parboteeah et al. (2005), items can be deleted until the appropriate statistics (e.g., chi square, goodness-of-fit index, cumulative fit index) show acceptable fit.

In addition, we suggest that researchers assess sample equivalence when conducting cross-national ethical climate studies. Because cross-national researchers are comparing samples from different societies, it is critical to ensure that the characteristics of the sample are as equivalent as possible (Tsui et al., 2007). We also recommend that cross-national researchers undertake measures to ensure translational equivalence. Translational equivalence pertains to the ability of researchers to translate questionnaire items without altering the meaning of the items (Lopez et al., 2009). Researchers typically use the back translation approach to ensure such equivalence. In the back translation approach, researchers translate the items and then have native speakers translate the questionnaire back to the original language.

Fifth, we note that most research assumes implicitly that the ethical climate conceptualization adequately represents ethical climates in that culture. As Tsui et al. (2007) note, when researchers find constructs with similar meanings across cultures but with different indicators, the culture-specific items are typically deleted. However, this approach may actually weaken the construct validity of the measure. As such, consistent with Parboteeah and colleagues' (2005) approach, it is advised that culture-specific items be retained in the analysis. However, beyond this approach, others suggest the decontextualization and contextualization approaches (Farh, Cannella, & Lee, 2006). As noted in Tsui et al. (2007), decontextualization involves the development of context-free measures. It is well-accepted that ethics may take different meanings in different societies. Consider, for instance, the individual locus of analysis for the ethical climate concept. Is the individual level necessarily applicable to more collective societies? In another example, consider Jeanette Lemmergaard and Jorgen Lauridsen's

(2008) suggestion that, perhaps because of generally high concern for the collective (high masculinity and socialism), Danish people are less likely to perceive benevolence. Both examples show that it is critical also to use the contextualization approach whereby culture-specific scales are developed. Such approaches would necessitate in-depth studies within single countries.

Finally, we echo Tsui and colleagues' (2007) recommendations for pursuing long-term international collaboration to further our understanding of cross-cultural ethical climates. Although this recommendation seems obvious, it is important to see the suggestion in light of David M. Mayer and colleagues' (in press) assertion that ethical climate studies tend to still be published in niche journals such as the *Journal of Business Ethics* rather than more mainstream journals such as the *Journal of International Business Studies*. A significant challenge facing international scholars is the ability to collect data in dissimilar societies in order to find meaningful differences. However, more long-term collaborations such as the GLOBE effort (House et al., 2004) will likely result in wider samples that can provide for significant tests of the effects of culture and institutions on ethical climates. Furthermore, if such studies are properly designed, taking into consideration cross-cultural construct equivalence, they are likely to provide much-needed understanding with potential to be published in more mainstream journals.

CONCLUSION

In this chapter, we reviewed the current state of international ethical climate research. We showed that ethical climates have received significant attention from researchers worldwide and have been validated in numerous cross-national settings. Our review highlights that ethical climate studies have focused on antecedents, such as individual-level factors (e.g., education and decision-making style), as well as country-level factors like national culture. In addition, our review shows that researchers studying ethical climates studies have explored both positive (e.g., job satisfaction, extra-role behaviors) and negative consequences (e.g., bullying, unethical behaviors). Moreover, international scholars have begun to focus on the role of ethical climates as mediators or moderators of relationships in various cross-national settings.

In conclusion, our review acknowledges the significant attention devoted to understanding ethical climates globally. We argue that important research gaps remain and must be addressed in order to progress the field. With these conclusions in mind, we make a number of recommendations. Specifically, we propose that additional ethical climate studies be undertaken in a true cross-cultural manner. Furthermore, we suggest that researchers consider the potential linkages with other individual-level, organizational-level, and country-level theories as they use ethical climates to advance knowledge, also acknowledging the collective properties of ethical climates as originally conceptualized. We encourage researchers to pay special attention to key aspects of their international data, including the cross-cultural, translational, and construct equivalence of their variables. Finally, we hope that researchers seize the potential for the ethical climate framework to enhance understanding of broader international concerns including organizational corruption, multinational integration and assimilation issues, discrimination, biases, and other labor practices.

REFERENCES

Agarwal, J., & Malloy, D. C. (1999). Ethical work climate dimensions in a not-for-profit organization: An empirical study. *Journal of Business Ethics, 20,* 1–14.

Arnaud, A., & Schminke, M. (2007). Ethical work climate: A weather report and forecast. In S. W. Gilliland, D. D. Steiner, & D. P. Skarlicki (Eds.), *Research in social issues in management* (Vol. 5, pp. 181–227). Greenwich, CT: Information Age Publishing.

Bulutlar, F., & Oz, E. U. (2009). The effects of ethical climates on bullying behaviour in the workplace. *Journal of Business Ethics, 86,* 273–295.

Cullen, J. B., Parboteeah, K. P., & Hoegl, M. (2004). Cross-national differences in managers' willingness to justify ethically suspect behaviors: A test of institutional anomie theory. *Academy of Management Journal, 47*(3), 411–421.

Cullen, J. B., Parboteeah, K. P., & Victor, B. (2003). The effects of ethical climates on organizational commitment: A two-study analysis. *Journal of Business Ethics, 46,* 127–141.

Cullen, J. B., Victor, B., & Bronson, J. W. (1993). The ethical climate questionnaire: An assessment of its development and validity. *Psychological Reports, 73,* 667–674.

Deshpande, S. P., George, E., & Joseph, J. (2000). Ethical climates and managerial success in Russian organizations. *Journal of Business Ethics, 23*(2), 211–217.

Elci, M., & Alpkan, L. (2009). The impact of perceived organizational ethical climate on work satisfaction. *Journal of Business Ethics, 84*(3), 297–311.

Erben, G., & Güneser, A. (2008). The relationship between paternalistic leadership and organizational commitment: Investigating the role of climate regarding ethics. *Journal of Business Ethics, 82*(4), 955–968.

Erondu, E. A., Sharland, A., & Okpara, J. O. (2004). Corporate ethics in Nigeria: A test of the concept of an ethical climate. *Journal of Business Ethics, 51,* 349–357.

Farh, J. L., Cannella, A. A. J., & Lee, C. (2006). Approaches to scale development in Chinese management research. *Management and Organization Review, 2,* 301–318.

Gonzalez-Padron, T., & Hult, T. M. (2008). Exploiting innovative opportunities in global purchasing: An assessment of ethical climate and relationship performance. *Industrial Marketing Management, 37,* 69–82.

Hofstede, G. H. (1980). *Culture's consequences: International differences in work-related values.* Beverly Hills, CA: Sage.

House, R., Hanges, P., Javidan, M., Dorfman, P., & Gupta, A. (2004). *Culture, leadership, and organizations: The GLOBE study of 62 societies.* Thousand Oaks, CA: Sage.

Hunter, J. E., & Schmidt, F. L. (2004). *Methods of meta-analysis: Correcting error and bias in research findings.* Thousand Oaks, CA: Sage.

Kim, N. Y., & Miller, G. (2008). Perceptions of the ethical climate in the Korean tourism industry. *Journal of Business Ethics, 82,* 941–954.

Koh, H., & Boo, E. Y. (2001). The link between organizational ethics and job satisfaction: A study of managers in Singapore. *Journal of Business Ethics, 29*(4), 309-324.

Lemmergaard, J., & Lauridsen, J. (2008). The ethical climate of Danish firms: A discussion and enhancement of the ethical-climate model. *Journal of Business Ethics, 80,* 653–675.

Leung, A. S. M. (2008). Matching ethical work climate to in-role and extra-role behaviors in a collectivist work setting. *Journal of Business Ethics, 79,* 43–55.

Lopez, T. B., Babin, B. J., & Chung, C. (2009). Perceptions of ethical work climate and person-organization fit among retail employees in Japan and the US: A cross-cultural scale validation. *Journal of Business Research, 62,* 594–600.

Maesschalck, J. (2004). *Towards a public administration theory on public servants' ethics: A comparative study.* Unpublished doctoral dissertation, Katholic University, Leuven.

Malloy, D. C., & Agarwal, J. (2003). Factors influencing ethical climate in a nonprofit organization: An empirical investigation. *International Journal of Nonprofit and Voluntary Sector Marketing, 8*(3), 224–250.

Martin, K. D., & Cullen, J. B. (2006). Continuities and extensions of ethical climate theory: A meta-analytic review. *Journal of Business Ethics, 69,* 175–194.

Martin, K. D., Cullen, J. B., Johnson, J. L., & Parboteeah, K. P. (2007). Deciding to bribe: A cross-level analysis of firm and home country influences on bribery activity. *Academy of Management Journal, 50*(6), 1401–1422.

Martin, K. D., Johnson, J. L., & Cullen, J. B. (2009). Organizational change, normative control deinstitutionalization, and corruption. *Business Ethics Quarterly, 19,* 103–128.

Mayer, D. M., Kuenzi, M., & Greenbaum, R. L. (Eds.). (in press). *Making ethical climate a mainstream management topic: A review, critique, and prescription for the empirical research on ethical climate.* Greenwich, CT: Information Age Publishing.

Merton, R., K. (1968). *Social theory and structure.* New York: Free Press.

Okpara, J. O. (2002). *The influence of ethical climate types on job satisfaction of IT managers: Implications for management practice and development in a developing economy.* Academy of Business & Administrative Sciences (ABAS) Seventh International Conference, San Jose, Costa Rica, July 6–8, 2002.

Okpara, J. O., & Wynn, P. (2008). The impact of ethical climate on job satisfaction, and commitment in Nigeria. *Journal of Management Development, 27,* 935–950.

Parboteeah, K. P., & Cullen, J. B. (2003). Social institutions and work centrality. *Organization Science, 14,* 137–148.

Parboteeah, K. P., Cullen, J. B., Victor, B., & Sakano, T. (2005). National culture and ethical climates: A comparison of U.S. and Japanese accounting firms. *Management International Review, 45,* 459–481.

Parboteeah, K. P., Hoegl, M., & Cullen, J. (2009). Religious dimensions and work obligation: A country institutional profile model. *Human Relations, 62,* 119–148.

Parboteeah, K. P., & Kapp, E. A. (2008). Ethical climates and workplace safety behaviors: An empirical investigation. *Journal of Business Ethics, 80,* 515–529.

Schminke, M., Ambrose, M. L., & Neubaum, D. O. (2005). The effect of leader moral development on ethical climate and employee attitudes. *Organizational Behavior and Human Decision Processes, 97,* 135–151.

Shafer, W. E. (2008). Ethical climate in Chinese CPA firms. *Accounting Organizations and Society, 33,* 825–835.

Shapira-Lishchinsky, O., & Rosenblatt, Z. (2009). Perceptions of organizational ethics as predictors of work absence: A test of alternative absence measures. *Journal of Business Ethics, 88*(4).

Singh, J. (1995). Measurement issues in cross-national research. *Journal of International Business Studies, 26,* 597.

Suar, D., & Khuntia, R. (2004). Does ethical climate influence unethical practices and work behavior? *Journal of Human Values, 10,* 11–21.

Thorne, D. M., Ferrell, O. C., & Ferrell, L. (2008). *Business and society: A strategic approach to social responsibility.* Boston: Houghton Mifflin.

Tsai, M. T., & Huang, C. C. (2008). The relationship among ethical climate types, facets of job satisfaction, and the three components of organizational commitment: A study of nurses in Taiwan. *Journal of Business Ethics, 80*(3), 565–581.

Tsui, A. S., Nifadkar, S. S., & Ou, A. Y. (2007). Cross-national, cross-cultural organizational behavior research: Advances, gaps, and recommendations. *Journal of Management, 33*(3), 426–478.

Vardi, Y. (2001). The effects of organizational and ethical climates on misconduct at work. *Journal of Business Ethics, 29*(4), 325–337.

Venezia, C. C., & Gallano, C. M. (2008). A study of ethical work climates between Filipino and Taiwanese accountants. *International Business and Economics Research Journal, 7*(8), 33–46.

Victor, B., & Cullen, J. B. (Eds.). (1987). *A theory and measure of ethical climate in organizations.* Greenwich, CT: JAI Press.

Victor, B., & Cullen, J. B. (1988). The organizational bases of ethical work climate. *Administrative Science Quaterly, 33,* 101–125.

Weeks, W. A., Loe, T. W., Chonko, L. B., Martinez, C. R., & Wakefield, K. (2006). Cognitive moral development and the impact of perceived organizational ethical climate on the search for sales force excellence: A cross-cultural study. *Journa of Personal Selling and Sales Management, 26*(2), 205–217.

Index

About the Editors

Neal M. Ashkanasy is Professor of Management in the UQ Business School at the University of Queensland. His PhD is in social and organizational psychology, also from the University of Queensland. He is a Fellow of the Association for Psychological Science, the Society for Industrial and Organizational Psychology, the Academy of Social Sciences in Australia, and the Australia and New Zealand Academy of Management. His research focuses on the role of emotion in organizational life and on leadership, culture, and ethics. He has published over 100 articles, including publishing in leading peer-reviewed journals such as the *Academy of Management Journal,* the *Academy of Management Review,* and the *Journal of Management.* Ashkanasy is Editor-in-Chief of the *Journal of Organizational Behavior,* Associate Editor for *Emotion Review,* and Series Editor for *Research on Emotion in Organizations.* He administers two Listservs (Orgcult—The Organizational Culture Caucus, and Emonet—Emotions in Organizations) with a combined subscription of over 1,500.

Mark F. Peterson is Professor of International Management at Florida Atlantic University and holds the Hofstede Chair in Cultural Diversity at Maastricht University. His principal interests are in questions of how culture and international relations affect the way organizations should be managed. He has published over 120 articles and chapters, a similar number of conference papers, and several books. The articles have appeared in major management and international management journals such as *Administrative Science Quarterly,* the *Academy of Management Journal,* the *Journal of International Business Studies,* the *Journal of Organizational Behavior, Leadership Quarterly, Human Relations,* and *Organization Science.* He has also contributed international management themes to the basic social science literature through chapters in the *Annual Review of Psychology,* the *Communication Yearbook,* the *Handbook of Industrial and Organizational Psychology,* and *Research in the Sociology of Organizations.* He is an Associate Editor for the *Journal of Organizational Behavior* and a Consulting Editor for the *Journal of International Business Studies.*

Celeste P. M. Wilderom is Professor of Management and Organizational Behavior at the University of Twente, the Netherlands. She obtained a PhD from the State University of New York, Buffalo. Her main research pertains to organizational service, leadership, change, and culture. A recent culture publication, coauthored with Robert Ford and John Caparella, appeared in the *Journal of Strategy and Management* (2008). Other of her more than 100 publications appeared in *Leadership Quarterly, Organization Science, Journal of Organizational Behavior, Management Learning, European Journal of Information Systems, Public Management Review,* and *Accounting, Organizations & Society.* Since 2003, she chairs—within the annual conference of the European Group of Organization Studies (EGOS)—the standing work group "Professional Service Organizations and Knowledge-Intensive Work". Currently a senior editor of the *British*

Journal of Management, previously she was associate editor of the *Academy of Management Executive* (now *Perspectives*) and the *International Journal of Service Industry Management* (now *Journal of Service Management*). For more information (including a more complete list of publications), see http://www.bbt.utwente.nl/iscm/staff.

About the Contributors

Mats Alvesson is Professor of Business Administration at the University of Lund, Sweden, and at University of Queensland Business School, Australia. He is Honorary Professor at University of St. Andrews and Visiting Professor at Exeter University. His research interests include critical theory, gender, power, management of professional service (knowledge intensive) organizations, leadership, identity, organizational image, organizational culture and symbolism, qualitative methods, and philosophy of science. Recent books include *Metaphors We Lead By* (2010, Routledge, edited with Andre Spicer), *Oxford Handbook of Critical Management Studies* (2009, Oxford University Press, edited with Todd Bridgman and Hugh Willmott), *Understanding Gender and Organizations* (2009, Sage, with Yvonne Billing), *Reflexive Methodology* (2009, Sage, with Kaj Skoldberg), *Changing Organizational Culture* (2008, Routledge, with Stefan Sveningsson), *Knowledge Work and Knowledge-Intensive Firms* (2004, Oxford University Press), *Postmodernism and Social Research* (2002, Open University Press), and *Understanding Organizational Culture* (2002, Sage).

Sharon Arieli is a PhD candidate at the School of Business Administration at the Hebrew University of Jerusalem. Her research focuses on cross-cultural psychology, cognitive processes, and creativity. Her current research focuses on the impact of cultural autonomy versus embeddedness on creativity and problem solving. She is also studying how creative performance is affected by externally imposed and internally induced structure.

M. Teresa Cardador is Assistant Professor of labor and employment relations at the University of Illinois in Urbana-Champaign. She received her PhD in organizational behavior at the University of Illinois. Cardador's research explores issues related to workplace attachment, work orientation, prosocial motivation, and the experience of employees who find work to be meaningful and fulfilling. She is a member of the Academy of Management, American Psychological Association, and for Society Industrial and Organizational Psychology. Before receiving her PhD, Cardador spent several years doing policy analysis and advocacy work to improve health care access and directing programs designed to enhance community-based medical education.

Wendy R. Carroll is Associate Professor in the School of Business at the University of Prince Edward Island and the Faculty Director of the UPEI Workforce Strategies Research Group. Her research focuses primarily on strategic human resource management, employee relations, labor force dynamics, and workforce strategies.

Cary L. Cooper, Commander of the Order of the British Empire (CBE), is Distinguished Professor of Organizational Psychology and Health at Lancaster University Management School, England. He is Chair of the Academy of Social Sciences (an umbrella organization of 38 learned societies), Editor of the journal *Stress and Health*, Chair of the Global Agenda Council on Chronic Disease and Conditions of the World Economic Forum, and President of the British Association of Counseling and Psychotherapy. He is

author of over 300 scholarly articles and author and/or editor of over 100 books. He was awarded the CBE by the Queen in 2001 for his contribution to occupational health.

John B. Cullen (PhD, Columbia University) is Professor of Strategy at Amsterdam Business School. His research has appeared in journals such as *Administrative Science Quarterly, Journal of International Business Studies, Academy of Management Journal, Journal of Management, Organizational Studies, Management International Review, Journal of Vocational Behavior, American Journal of Sociology, Organizational Dynamics,* and the *Journal of World Business.* His major research interests include the effects of social institutions and national culture on ethical outcomes and work values; the management of entrepreneurial firms in changing environments, trust, and commitment in international strategic alliances; ethical climates in multinational organizations; and the dynamics of organizational structure. He is the past president of the Western Academy of Management and a senior editor for the *Journal of World Business.*

Fred Dansereau, PhD, is Professor of Organization and Human Resources and Associate Dean for Research in the School of Management at the State University of New York at Buffalo. He received his PhD from the Labor and Industrial Relations Institute at the University of Illinois with a specialization in Organizational Behavior. Dansereau has extensive research experience in the areas of leadership and managing at the individual, dyad, group, and collective levels of analysis. Along with others, he has developed a theoretical and empirical approach to theorizing and testing at multiple levels of analysis. He has served on the editorial review boards of the *Academy of Management Review, Group and Organization Management,* and *Leadership Quarterly.* Dansereau is a Fellow of the

American Psychological Association and the American Psychological Society. He has authored 12 books and over 80 articles and is a consultant to numerous organizations, including the Bank of Chicago, Occidental, St. Joe Company, Sears, TRW, the U.S. Army and Navy, Worthington Industries, and various educational institutions.

Daniel Denison is Professor of Management and Organization at IMD Business School in Lausanne, Switzerland, and CEO and Founding Partner of Denison Consulting, LLC, in Ann Arbor, Michigan. Previously, he was Associate Professor of Organizational Behavior and Human Resource Management at the University of Michigan. He received his bachelor's degree from Albion College in Psychology, Sociology, and Anthropology and his PhD from the University of Michigan in Organizational Psychology. He has written several books, including *Corporate Culture and Organizational Effectiveness* (1990) and is author of the Denison Organizational Culture Survey and the Denison Leadership Development Survey. These surveys have been used by more than 5,000 organizations globally to bring about positive change and development. His writings have appeared in a number of leading journals including *The Academy of Management Journal, The Academy of Management Review, Organization Science, Organizational Dynamics, The Journal of Organizational Behavior,* and *Policy Studies Review.* His most recent book, *Driving Culture Change in Organizations,* will be published in 2011.

Marcus W. Dickson is Professor of Organizational Psychology at Wayne State University in Detroit, Michigan. He received his PhD from the University of Maryland. His work has focused on issues of leadership and culture at both the societal and organizational levels. He was active for nearly a decade in several roles, including

co-principal investigator and member of the Coordinating Team with Project GLOBE. His current research is exploring issues of leadership trust and betrayal.

Linda Duxbury is Professor at the Sprott School of Business, Carleton University. Within the past decade, she has completed major studies on balancing work and family in the public and private sectors and in the not-for-profit sectors. Duxbury has published widely in both the academic and practitioner literatures in the area of work–family conflict, change management, and the use and impact of office technology. Within the business school at Carleton, Duxbury teaches master's and PhD courses in managing change, the master's course in organizational behaviour, and the PhD course in organizational theory. Duxbury has received numerous awards for both her research and teaching.

Kelly Dye is an Associate Professor at the F. C. Manning School of Business at Acadia University. She currently teaches Organizational Behavior, Gender and Diversity in Organizations, and Change Management. Key areas of her research include gender and diversity in organizations and organization change management. Her thesis work culminated in a modified framework that can be used to better understand gendered processes within organizations. Her work has been published internationally in various books, encyclopedias, and journals. Recent publications include a coauthored textbook titled *Understanding Organizational Change* (2008, Routledge), entries in the *Encyclopedia of Case Study Research* (2009, Sage) and *The International Encyclopedia of the Social Sciences* (2007 MacMillan Library Reference), and a coauthored journal article in the *Journal of Change Management*.

Mark G. Ehrhart is Associate Professor in the Department of Psychology at San Diego State University. He received his PhD in Industrial and Organizational Psychology from the University of Maryland. His current research interests include organizational climate and culture, organizational citizenship behavior, leadership, work stress, and the application of these topics across levels of analysis and in service and health–mental health settings. His research on these topics has been published in such journals as the *Journal of Applied Psychology, Academy of Management Journal, Personnel Psychology,* and *Journal of Management.* He is on the editorial board for the *Journal of Applied Psychology* and is actively involved in the Society for Industrial and Organizational Psychology, the Academy of Management, and San Diego Industrial/Organizational Professionals.

Barbara L. Fredrickson, PhD, is the Kenan Distinguished Professor of Psychology and Principal Investigator of the Positive Emotions and Psychophysiology Lab at the University of North Carolina. She received her PhD in psychology, with a minor in organizational behavior in 1990, from Stanford University and is now a leading scholar within social psychology, affective science, and positive psychology. Her current research centers on positive emotions and human flourishing and is supported by grants from the National Institute of Mental Health. Her research and her teaching have been recognized with numerous honors, including the 2000 American Psychological Association's Templeton Prize in Positive Psychology. Her work is cited widely, and she is regularly invited to give keynotes nationally and internationally. She lives in Chapel Hill with her husband and two sons.

Michael Frese is Professor at the National University of Singapore Business School and Leuphana (University of Lueneburg, Germany). He has published more than 200 articles in such journals as *Journal of*

Applied Psychology, Personnel Psychology, Journal of Organizational Behavior, Journal of Vocational Behavior, and *Journal of Business Venturing.* His research interests span a wide range of topics, for example, psychological effects of unemployment, stress at work, and a psychological theory of errors. He has worked on innovation, personal initiative and work design, entrepreneurship, and cultural issues (both national culture and organizational culture). He is currently Field Editor for Psychology for the *Journal of Business Venturing.*

Philip C. Gibbs is Senior Research Associate within the Centre for Organizational Health and Well-Being at Lancaster University School of Health and Medicine, England. He was awarded the Stevens Williams international PhD Scholarship at Lancaster University Management School, which investigated factors contributing to employee health and well-being. He is an active member of the British Psychology Society and Division of Occupational Psychology and was recently elected as the Chair for the Post Graduate Occupational Psychology committee. His primary research interests have been measuring and improving organizational health and well-being, employee engagement, and organizational effectiveness. He has worked on large-scale projects reporting to senior executives and chief medical officers advising on a number of organizational well-being initiatives within multinational contexts. He has published several book chapters forthcoming in the *International Review of Industrial and Organizational Psychology* (2010, Hodgkinson & Ford) and *New Directions in Organizational Psychology and Behavioral Medicine* (in press, Antoniou & Cooper).

Laura Gover is currently a PhD candidate with the Sprott School of Business at Carleton University in Ottawa, Canada. Gover's primary research interests are in the organizational behavior field. More specifically, she has been involved in research studies examining issues related to stress in the workplace, role overload, work–life balance, succession planning, and managing change. Her prior work experience includes working with private and public sector employers with whom she served in varying functions such as policy analysis and marketing.

Ashley M. Guidroz is a culture transformation consultant with Trinity Health where she supports hospitals in managing transformational change and serving the mission of Trinity Health. Ashley earned her PhD in Industrial-Organizational Psychology from Bowling Green State University in 2008. She earned a Master's in I-O at Minnesota State University, Mankato and her Bachelor's degree in Psychology and English from Tulane University in New Orleans, Louisiana. She conducts research on conflict and incivility in the workplace, HR issues in healthcare, organizational culture, leadership development, workplace diversity, and judgment and decision making. She has been an active researcher publishing in a number of academic outlets as well as consulting with organizations to enhance the effectiveness of organizational and leadership development programs.

Charmine E. J. Härtel is Management Cluster Leader (Research) and Professor of Management in the UQ Business School at The University of Queensland. Her pioneering work on the characteristics of positive work environments has identified a number of the drivers of unhealthy and toxic work environments along with the leadership and human resource management practices, organizational policies and strategies to turn such situations around. She is the recipient of five awards for innovation in organizational practice and an elected Fellow of the Australian and New Zealand Academy of Management. Professor

Härtel's work appears in books and over 70 refereed journal articles, including *Academy of Management Review, Journal of Applied Psychology, Leadership Quarterly, Journal of Management,* and *Human Resource Management Review.* She is the author of the textbook *Human Resource Management* (2010, Pearson) which adopts a human well-being paradigm, and is Series Coeditor of *Research on Emotion in Organizations.*

Chad Hartnell is a PhD student in management in the Arizona State University's W. P. Carey School of Business. His research interests include leadership, organizational climate and culture, and multilevel issues in research.

Mary Jo Hatch (PhD, Stanford University) is the C. Coleman McGehee Eminent Scholars Research Professor Emerita of Banking and Commerce, University of Virginia; Visiting Professor, Gothenburg University School of Business, Economics and Law (Business and Design Lab); and Adjunct and Visiting Professor, Copenhagen Business School. She has published extensively in the areas of organizational culture, identity, and corporate branding and has worked with companies such as LEGO Group, Novo Nordisk, Johnson & Johnson, Nissan, Petrobras, and Volvo Group. Her research has been published in numerous journals in the fields of organization studies and marketing, and she has written several books including *Organization Theory: Modern, Symbolic and Postmodern Perspectives* (2006, Oxford University Press), *The Three Faces of Leadership: Manager, Artist, Priest* (2005, Blackwell), and, most recently, *Taking Brand Initiative: How Corporations Can Align Strategy, Culture and Identity Through Corporate Branding* (2008, Jossey-Bass/Wiley). She recently completed a new book titled *Organizations: A Very Short Introduction* (in press, Oxford University Press).

Mark P. Healey is Senior Research Fellow in Organizational Psychology at the Centre for Organizational Strategy, Learning and Change at the University of Leeds, United Kingdom. He received his PhD in management sciences from the University of Manchester. Mark's research focuses on cognition in organizations, including adaptive cognition—how decision makers update their knowledge and thinking in response to changing conditions—and its influence on individual, group, and organizational responsiveness. As a Research Fellow with the Economic and Social Research Council and Engineering and Physical Sciences Research Council Advanced Institute of Management Research, he examined the psychological bases of organizational inertia and the efficacy of various techniques for its alleviation. Further information on Mark and his work is hosted at www.leeds.ac.uk/lubs/coslac.

Gerard P. Hodgkinson is Professor of Organizational Behaviour and Strategic Management and Director of the Centre for Organizational Strategy, Learning and Change at the University of Leeds, United Kingdom. A Fellow of both the British Psychological Society and the British Academy of Management and an Academician of the Academy of Social Sciences, his research focuses on the analysis of cognitive processes in organizations and the psychology of strategic management. In recent years, his work on these topics has been taken forward through the award of a Senior Fellowship of the Advanced Institute of Management Research, the U.K.'s research initiative on management funded jointly by the Economic and Social Research Council and Engineering and Physical Sciences Research Council. From 1999 to 2006 he was the Editor-in-Chief of the *British Journal of Management* and currently

serves on several editorial boards including the *Academy of Management Review and Organization Science*. A chartered occupational psychologist, registered with the U.K. Health Professions Council as a practitioner psychologist, he has conducted numerous consultancy assignments for leading private and public sector organizations. Further information about Gerard and his work can be found at the following addresses: (a) http://www.leeds.ac.uk/lubs/coslac (b) http://www.aimresearch.org.

Aycan Kara is currently completing a PhD in International Management at Florida Atlantic University. Her primary research interest is the effects of national cultural differences on people and social situations in organizations, specifically formation and functioning of multinational/multicultural teams. She has presented papers at the annual meeting of Academy of International Business.

Nina Keith is Professor of Organizational and Business Psychology at the Technical University of Darmstadt (Technische Universität Darmstadt), Germany. She received her diploma degree in psychology (MS in Psychology) in 2000 from the University of Frankfurt (Germany) and her PhD in Industrial/Organizational Psychology from the University of Giessen (Germany). For her dissertation, she has received the George E. Briggs Dissertation Award of Division 21 (Applied Experimental and Engineering Psychology) of the American Psychological Association. Keith worked as Post-Doctoral Fellow at Florida State University in Tallahassee. Her research focuses on learning in organizations, including topics such as learning from errors, training effectiveness, and the role of self-regulated practice activities in the workplace. Keith has published a variety of articles on these and related topics in international journals including *Journal of Applied Psychology*, *Personnel Psychology*, and *Journal of Experimental Psychology: Applied*.

Glen E. Kreiner (PhD, Arizona State University) serves or has served on the editorial boards for the *Academy of Management Journal* (*AMJ*) and *Administrative Science Quarterly*. He has published his research in several of the field's top journals (e.g., *Academy of Management Review, Organization Science, Journal of Organizational Behavior*), and his research findings have been reported on by the Associated Press, *The Wall Street Journal*, and print and broadcast news organizations internationally. His research areas include role transitions, dirty work/stigma, emotions in the workplace, social identification, person–environment fit, and organization identity change. Currently, he is engaging in multimethod, long-term research projects on the Episcopal Church and on the subprime mortgage crisis. He is also conducting research on positive identities, temporary workers, stigmatized managers, and family businesses. Kreiner is married to his wonderful wife Katherine. Together they enjoy gardening and musical theater. They have three young, active, and delightful children.

Catherine T. Kwantes is Associate Professor, Industrial/Organizational Psychology, at the University of Windsor in Canada. She has authored numerous articles in professional journals and several book chapters. She has lived and worked in several countries and continues to consult with organizations in these regions. Her research focus is on the effects of societal cultural norms on organizational behavior, specifically work motivation and organizational culture.

Stephen Linstead (D.Litt, AcSS) is Professor of Critical Management at the University of York, United Kingdom. His PhD (Sheffield

Hallam, 1984) was an ethnography of a manufacturing bakery, deploying structuralist and poststructuralist theory. His supervisor, the late Oxford industrial anthropologist Dan Gowler was, and has remained, inspirational, especially for Linstead's coedited collection of organizational anthropologies, *Understanding Management* (1996, Sage). His work on organizational culture and theory, including popular, discursive, aesthetic, and visual culture, has appeared in a variety of outlets and resulted in his election as an Academician of the Academy of the Social Sciences (2003) and in the award of a higher Doctorate of Letters (Durham, 2004). A member of the Standing Conference on Organizational Symbolism, he served as its chair (1998–2001) and coeditor of its journal *Culture and Organization* (2002–2006), organizing its international conference twice (1992 and 2000). He currently sees an exciting future for critical organizational cultural studies enriched by new and emerging approaches and by other disciplines. He is keen to hear from anyone sharing this view.

Kelly D. Martin (PhD) is Assistant Professor of Marketing at Colorado State University in Fort Collins. She earned her PhD in business administration from Washington State University in 2007. She also has an MBA from Creighton University and an undergraduate business degree from Gonzaga University. Her research interests involve marketing ethics and firm strategy, consumer welfare, and the role of social institutions and culture in corruption. Her work has appeared in journals such as the *Academy of Management Journal,* the *Journal of Public Policy & Marketing, Business Ethics Quarterly,* and *Business & Society,* among others. She serves on the editorial boards of the *Journal of Public Policy & Marketing* and the *Journal of World Business.*

William H. Macey is CEO of Valtera Corporation and has more than 30 years of experience consulting with organizations to design and implement survey research programs. He served as an advisor to the Mayflower Group from 1992 to 2010 and is the coauthor of several recent publications on employee engagement. He is a Fellow of the Society for Industrial and Organizational Psychology (SIOP), the American Psychological Association, and the American Psychological Society and is a SIOP past president. He received his PhD from Loyola University Chicago in 1975.

Malcolm McIntosh is an internationally renowned leader in corporate social responsibility (CSR) and sustainable enterprise. Over the last 20 years he has pioneered the teaching of corporate responsibility and sustainability in universities in the United Kingdom, Japan, Australia, New Zealand, and South Africa and has been involved in publishing numerous books and articles in this discipline and producing documentary films for the British Broadcasting Corporation (BBC). He has been a Special Advisor to the UN Secretary-General's Global Compact and has worked for the United Nations Environment Programme, the International Labour Organisation, and the United Nations Development Programme and many global corporations, including Shell, BP, and Pfizer, and has served on the stakeholder advisory boards of ABB, the BBC, and AccountAbility. Since 1980 he has concentrated on accountability, governance, sustainability, ethics, corporate responsibility, and global governance issues, and he was the founding Editor of the *Journal of Corporate Citizenship*. He is the founding Director of the Asia Pacific Centre for Sustainable Enterprise at Griffith University, Queensland, Australia.

Mark Meckler, PhD, is Associate Professor of Management at the Robert B. Pamplin

Jr. School of Business Administration at the University of Portland. His research focuses on organizational beliefs and organizational knowledge, and the relationship between social constructions, truth, and the decisions we make when working. He teaches a variety of management courses relating strategy and social context to innovation and leadership. He received his PhD from Florida Atlantic University, his MBA from Michigan State University, and his BA in philosophy from Brandeis University.

Grant Michelson, PhD, is Professor and Director of Research at Audencia Nantes School of Management, France. Prior to joining the school in January 2008, he worked for 12 years at the University of Sydney, Australia. He helped establish the Business and Professional Ethics Group at the University of Sydney and was its inaugural general convenor. He remains an honorary member of this group. He has a background in organizational behavior and human resource management, and his research interests include organizational change, gossip in organizations, business ethics, and employment well-being. His research has appeared in a range of international journals including *Group & Organization Management, Journal of Management Studies, International Studies of Management and Organization, British Journal of Industrial Relations, Journal of Organizational Change Management, Journal of Business Ethics,* and *Management Communication Quarterly.*

K. Praveen Parboteeah is a Professor of International Management in the Department of Management, University of Wisconsin–Whitewater. He received his PhD from Washington State University, holds an MBA from California State University–Chico, and a BSc (Honors) in Management Studies from the University of Mauritius. Parboteeah regularly teaches international

management, business ethics, and strategic management at both undergraduate and graduate levels. Parboteeah's research interests include international management, ethics, and technology and innovation management. He has been actively involved in developing alternative models to national culture to explain cross-national differences in individual behaviors. He has also been investigating business ethics issues and their relationships with critical organizational outcomes. He has published over 30 articles in leading journals such as the *Academy of Management Journal, Organization Science, Decision Sciences, Journal of Business Ethics, Journal of International Business Studies, Journal of World Business, Human Relations* and *Management International Review.*

Betty Jane Punnett (PhD, New York University), a native of St. Vincent and the Grenadines, taught in Canada for many years and returned to the Caribbean in 1997. She has worked and taught in a variety of other countries and has received a variety of awards, including a Fulbright Fellowship and a Highly Commended award from the 2009 Emerald/Africa Research awards. Her research focuses on culture and management, particularly in the Caribbean and she has published over 70 papers in a wide variety of journals. She has published several texts, most recently *Experiencing International Business and Management* (3rd ed.) and *International Perspective on Organizational Behavior and Management* (2nd ed.), and she is preparing a book on managing in developing countries. Punnett also reviews for several international journals, serves on various editorial boards, and has been active with both the Academy of International Business and the Academy of Management.

Anat Rafaeli is a Professor of Organizational Behavior in the Faculty of Industrial

Engineering and Management of the Technion—Israel's Institute of Technology, in Haifa, Israel. Prior to the Technion, she was at the Graduate School of Business of the Hebrew University of Jerusalem and at the University of Michigan. She coedited (with Mike Pratt) the book *Artifacts and Organizations* (published by Lawrence Erlbaum Associates) and has been or currently is on the editorial boards of the *Academy of Management Journal, Administrative Science Quarterly, Organizational Science, Journal of Management, Human Relations, Journal of Organizational Behavior, Journal of Service Research,* and *Journal of Service Management.* Her research examines emotions felt and displayed in organizations, organizational artifacts (e.g., employee dress, workstation design, employment ads), and customer service interactions. Her current research focuses on expressions of anger and aggression in customer service interactions and their effects on customer service providers.

Andreas W. Richter is a University Lecturer in Organizational Behavior at Judge Business School (JBS), University of Cambridge, United Kingdom. Prior to joining JBS, he was an assistant professor of organizational behavior at Instituto de Empresa Business School, Madrid, Spain. He earned his PhD from Aston University in 2005 (intergroup conflict and team working effectiveness). His work has been published in journals such as the *Academy of Management Journal, Leadership Quarterly,* and *Journal of Applied Psychology.* His current research interests include effective intergroup relations and creativity in teams.

Deborah E. Rupp is an Associate Professor of the School of Labor and Employment Relations, Department of Psychology and College of Law at the University of Illinois at Urbana-Champaign. She conducts research on organizational justice,

behavioral ethics, corporate social responsibility, and the emotion regulation of individuals at work. She is also known for her work on the assessment center method, its use for training and development, and the role of technology in facilitating remote and cross-cultural behavioral assessment. Her work has been cited in U.S. Supreme Court proceedings (*Ricci v. DeStefano,* 129 S. Ct. 2658, 2009). She is currently an associate editor at the *Journal of Management* and serves on the editorial boards of *Journal of Applied Psychology* and *Journal of Organizational Behavior.* Her research has received corporate support and funding from the Social Science and Humanities Research Council of Canada and the Korean Psychological Testing Institute. Her work appears in outlets such as *Journal of Applied Psychology, Personnel Psychology,* and *Academy of Management Review.*

Sally V. Russell is a Lecturer of Corporate Social Responsibility, Environmental Management, and Organizational Change at the Griffith Business School, Griffith University in Brisbane, Queensland, Australia. Her research explores the drivers of proenvironmental behavior both within and outside the workplace. She received her doctorate from the University of Queensland in 2009. Her doctoral research examined individual-level workplace proenvironmental behaviors, particularly the role of emotions as drivers of behavior. Her doctoral thesis was awarded the 2009 Best Dissertation Award by the Australian and New Zealand Academy of Management (ANZAM). During her dissertation, she held scholarships including an Australian Postgraduate Award (APA) and a Smart State PhD Scholarship. She has held positions at the Commonwealth Scientific and Industrial Research Organisation (CSIRO), the University of Queensland, and Tourism Queensland. Her research has appeared

in journals including *Water Resources Research, Journal of Management & Organization,* and *Business, Strategy and the Environment.*

Sonja A. Sackmann is Chair in Organizational Behavior at the University BW Munich and is Director of the Institute for Developing Viable Organizations. She received her PhD in management from the Graduate School of Management, University of California, Los Angeles (UCLA), and her MS and BS in psychology from the University of Heidelberg, Germany. She was awarded Fulbright and German Academic Exchange Service (DAAD) scholarships, the Wechsler Fund Award, the Glady's Byram Fellowship, and the best paper award from the Western Academy of Management. Her research, teaching, and consulting focus on organizational culture, leadership, intercultural management, and personal, team, and organizational development predominantly in multinational contexts. She has published several books and numerous articles in reviewed journals and has contributed to handbooks and edited volumes. She has taught in the Graduate School of Management at UCLA, St. Gallen, Constance, Vienna, EBS (European Business School), and Shanghai; has held positions as head of research and development and partner and managing partner at MZSG (Management Zentrum St. Gallen); and has been responsible for consulting projects and for developing and delivering innovative development programs for managers and executives of major multinationals and governmental organizations.

Lilach Sagiv is a tenured Associate Professor at the School of Business Administration, the Hebrew University of Jerusalem. She received her PhD from the Hebrew University of Jerusalem. She then spent a postdoctoral year at the Psychology Department at the University of Michigan, where she also spent a sabbatical as a visiting professor in 2005. Her research interests focus on the role of personal, organizational, and cultural values in organizations. Her current research focuses on the impact of personal and cultural dimensions of values on organizational behavior and processes. She is also studying the nature of identification with groups and organizations.

Edgar H. Schein is the Sloan Fellows Professor of Management Emeritus at the MIT Sloan School of Management. He received his PhD in Social Psychology from Harvard in 1952, worked at the Walter Reed Institute of Research for 4 years and then joined MIT where he taught until 2005. He has published extensively on organizational psychology (*Organizational Psychology*, 1980), process consultation (*Process Consultation Revisited*, 1999), career dynamics (*Career Anchors,* 2006), organizational culture texts (*Organizational Culture and Leadership,* 2010; *The Corporate Culture Survival Guide,* 2009), and analyses of Singapore's economic miracle (*Strategic Pragmatism,* 1996) and of Digital Equipment Corp.'s rise and fall (*DEC Is Dead, Long Live DEC,* 2003). He continues to consult and recently has published a book on the general theory and practice of giving and receiving help (*Helping,* 2009). He is the 2009 recipient of the Distinguished Scholar-Practitioner Award of the Academy of Management.

Benjamin Schneider (PhD) is Senior Research Fellow at Valtera and Professor Emeritus of the University of Maryland. Schneider's interests concern employee engagement, service quality, organizational climate and culture, staffing issues, and the role of leader personality in organizational life. He has published 140 journal articles and book chapters as well as nine books, the most recent being (with W. H. Macey,

K. M. Barbera, and S. A. Young), *Employee Engagement: Tools for Analysis, Practice and Competitive Advantage* (2009, Wiley-Blackwell). Schneider has won numerous scientific contributions awards (from the Society for Industrial and Organizational Psychology, from the Human Resources Division of the Academy of Management, from the Services Marketing Division of the American Marketing Association, and from the Society for Human Resources Management—the Losey Award). Schneider consults on service quality issues with numerous *Fortune* 500 companies focusing on the links between human capital practices and organizational customer satisfaction and financial outcomes.

Shalom H. Schwartz is Emeritus Professor of Psychology at the Hebrew University. He has also taught at the Universities of Wisconsin and Princeton. He is a past president of the International Association for Cross-Cultural Psychology and a fellow of the American Psychological Association. His individual and culture level value theories have been used in research in more than 75 countries. His current research applies his value theories in the fields of politics, religion, and ethnicity.

Leslie E. Sekerka is Associate Professor of Organizational Behavior, Positive Psychology, and Ethics in the Management and Psychology Departments at Menlo College in Atherton, California. She founded and directs activities at the Ethics in Action Research and Education Center (Menlo College) and serves as an academic member of the Business and Organizational Ethics Partnership (Santa Clara University). She received her MA in communication theory from Cleveland State University and her PhD in organizational behavior from Case Western Reserve University. Her research explores human strengths in the workplace, specifically focusing on adult moral development, professional moral courage, and the impact of emotions. Sekerka's scholarship has appeared in a variety of publications, including *Business Horizons, Journal of Business Ethics, Organizational Management Journal, International Journal of Training and Development, International Journal of Organization Theory and Behavior, Business Ethics: A European Review, Public Integrity, Positive Organizational Scholarship, and the Journal of Continuing Education in the Health Professions.*

Tanya Vacharkulksemsuk is a doctoral candidate in the Social Psychology Program at the University of North Carolina, Chapel Hill. Her research focuses on interpersonal relationship formation, social coordination, human synchrony, and the role of emotions in achieving each. In particular, she is interested in the implications of healthy, positive relationships operating within organizations, including teams and leadership contexts. To answer her research questions, Vacharkulksemsuk combines methods of psychophysiology, behavioral coding, and self-report measures.

Ad van Iterson is Associate Professor of Organization Studies at Maastricht University, the Netherlands. He graduated in sociology at the University of Amsterdam, after which he received his PhD with a thesis on the early factory system. Currently, he mainly publishes on microsociological processes in organizations, such as gossip, rumor, and cynicism, as manifestations of wider civilizing and de-civilizing trends (e.g., Ad van Iterson, Willem Mastenbroek, Tim Newton, & Dennis Smith [Eds.], *The Civilized Organization: Norbert Elias and the Future of Organization Studies,* 2002). He also writes novels and columns.

Iris Vilnai-Yavetz is a senior lecturer of marketing and the head of the Department

of Business Administration in Ruppin Academic Center, Israel. She received her PhD in management from the Technion, Israel's Institute of Technology in Haifa, and her BA in psychology and her MBA from the Hebrew University of Jerusalem. Before her graduate studies, Vilnai-Yavetz held a senior managerial position in a marketing research and consulting firm. She has conducted and published research on various aspects of interactions between customers and employees and elements of the physical and virtual Servicescapes, including customer dress, cleanliness, office design, colors, and website design. Her current studies examine the relationships between the service encounter script and emotional reactions of customers and service providers. She has published in outlets such as the *Journal of Service Research* and *Organization Science.*

Kathryn Waddington is Senior Lecturer in Interdisciplinary Studies in Professional Practice and Director of Interprofessional Practice at City University, London, United Kingdom. Her primary research interests include the role of emotion at work, how gossip can inform professional awareness within organizations, and leadership in the nursing and health care sector. She received her PhD in psychology from the University of London.

Terry H. Wagar is a Professor of Human Resource Management and Industrial Relations at the Sobey School of Business and a Senior Research Associate at the Centre for the Study of Sport and Health at Saint Mary's University in Halifax, Nova Scotia. He has also taught at Wilfrid Laurier University and has been a Visiting Professor/Scholar at Flinders University of South Australia, University of Kentucky, University of Waikato, Queen's University, and University of Western Australia. He

is coauthor of *Canadian Human Resource Management: A Strategic Approach* (now in its 9th edition). He has received several awards for his research and teaching, and his work has been published in Canada, the United States, and overseas.

Fred O. Walumbwa is Associate Professor of Management in the Arizona State University's W. P. Carey School of Business. He is also a senior research advisor with the Gallup Organization, Washington, DC. His research interests include leadership, organizational climate and culture, business ethics, and cross-cultural issues in management research.

Michael A. West is the Executive Dean at Aston Business School, Aston University, Birmingham, United Kingdom. He graduated from the University of Wales in 1973 and received his PhD in 1977. He has authored, edited, or coedited 18 books. He has also published over 200 articles for scientific and practitioner publications and chapters in scholarly books. He is a Fellow of the British Psychological Society, the American Psychological Association (APA), the APA Society for Industrial/ Organizational Psychology, the Higher Education Academy, the British Academy of Management, the Royal Society for the Encouragement of Arts, Manufactures and Commerce, the International Association of Applied Psychologists, and a Chartered Fellow of the Chartered Institute of Personnel and Development. His areas of research interest are team and organizational innovation and effectiveness, particularly in relation to the organization of health services.

Katherine Xin is Professor of Management at China Europe International Business School in Shanghai, China. She is the editor-in-chief of the *Harvard Business Review* (China).

She received her PhD from the University of California, Irvine. Xin was previously on the faculty of IMD, Switzerland, University of Southern California, and Hong Kong University of Science and Technology. She current serves as the academic director for the bilingual EMBA program at Hong Kong University of Science and Technology.Her current research focuses on the areas of leadership, organizational culture, and change management. She is a frequent contributor to academic and executive conferences and journals. Her recent books *Made in China— Secrets of China's Dynamic Entrepreneurs* (2009) and *Globalization of Chinese Firms* (2009) received broad attention globally. For the last two decades, she worked and lived in the United States, Europe, and Asia conducting research, teaching, and consulting for many companies.

Francis J. Yammarino is SUNY Distinguished Professor of Management and Director of the Center for Leadership Studies at the State University of New York at Binghamton. He received his PhD from the State University of New York at Buffalo; was Editor of *The Leadership Quarterly* and *Research in Multi-Level Issues*; has served on eight scholarly journal editorial review boards; and is a Fellow of the Society for Industrial and Organizational Psychology (SIOP) and the Association for Psychological Sciences. He has published 14 books and over 140 journal articles and book chapters, has received several teaching and research awards, and is the recipient of about $3 million in research grants from various public and private organizations. Yammarino has been a consultant to numerous organizations including IBM, TRW, Medtronic, Lockheed Martin, United Way, and the U.S. Army, Navy, Air Force, and Department of Education. He has served on numerous committees for the Academy of Management and SIOP and

as an elected Representative-at-Large for the Organizational Behavior and Research Methods Divisions of the Academy.

Mary Zellmer-Bruhn is Associate Professor of Organizational Behavior in the Strategic Management and Organization Department at the University of Minnesota. She received her PhD in organizational behavior from the University of Wisconsin, Madison and joined the Carlson School of Management in 1999. Zellmer-Bruhn's research interests surround teamwork, including cross-cultural and global teamwork, the effects of diversity in teams, the formation and effectiveness of entrepreneurial teams, and knowledge management and learning in teams and boards of directors. Among the research honors and awards Zellmer-Bruhn has received are a multiyear grant from the National Science Foundation to study entrepreneurial teams, and her dissertation was a finalist for the INFORMS dissertation proposal competition. Zellmer-Bruhn teaches courses at the Carlson School on the management of teams, organizational behavior, management, and international management. In addition, she has developed and taught courses in cross-cultural organizational behavior for the University of Minnesota Global Seminar program in Berlin, Germany, and for the Carlson School of Management in Vienna, Austria. She has received the Carlson School's *Excellence in Teaching and Outstanding Honor's Faculty* teaching awards. Zellmer-Bruhn is a member of the Academy of Management, where she has chaired the International Management Division Doctoral Consortium (2007) and the International Management Junior Faculty Consortium (2009). She is a board member of INGRoup, the interdisciplinary network of groups research, a member of the leadership team for the International

Organizations Network (ION), a group dedicated to advancing research and teaching about international organizational behavior, where she currently serves as the research chair, and a member of the Academy of International Business, where she recently chaired the 2009 Richard Farmer Dissertation Award competition. Her research is published in *Administrative Science Quarterly, Academy of Management Journal, Management Science, Organizational Behavior and Human Decision Processes, Group and Organization Management, Small Group Research, Entrepreneurship Theory & Practice, Management International Review,* and other journals. She serves on the editorial boards of the *Journal of International Business Studies, Organization Science*, the *Journal of Management*, and *Management International Review.* Zellmer-Bruhn is an elected school board member of the Twin Cities German Immersion School.

Lily Zhang is Research Associate of the Center for Asian Family Business and Entrepreneurship Studies in HKUST. Before she joined HKUST, she worked with IMD for over 2 years as Research Associate of IMD China Center. She wrote cases on many large, successful Chinese companies such as Alibaba, China Merchants Bank, COSCO, and Vanke, as well as smaller family businesses. She has worked in Dow Jones China for more than 4 years and another 2 years as a journalist for Economist Group.