CHAPTER III

ORGANIZATIONAL CULTURE
– A CONCEPTUAL FRAMEWORK

• Concept of Organizational Culture
• Dimensions of Culture
• Models of Culture
CHAPTER III

ORGANIZATIONAL CULTURE - A CONCEPTUAL FRAMEWORK

The brief profile of banks discussed in the previous chapter reveals the origin, ownership pattern and the performance of the banks. This chapter presents the concept of organizational culture as defined and the emerging models of culture capable of existing in different situations.

This chapter is divided into 3 sections: Section 3.1 discusses the concepts of organizational culture as explained by various scholars. Section 3.2 discusses the dimensions of culture and Section 3.3 presents the models of organizational culture.

The term “Culture” originally comes from social anthropology. Late nineteenth and early twentieth century studies of primitive societies – Eskimo, South Sea, African, Native American revealed ways of life that were not only different from the ways of life but also different among themselves. The concept of culture was thus coined to represent in a very broad and holistic sense, the qualities of any specific human group from one generation to the next.

Kroeber and Kluckhohn (1952) which is still quoted by management authors today describes culture as consisting of patterns, explicit and implicit of and for behaviour acquired and transmitted by symbol, constituting the distinctive achievements of human groups, including their embodiments in artifacts. The essential core of culture consists of traditional (i.e. historically derived and selected) ideas and specially their attached values. Therefore cultural systems may on the one hand be considered as products of action; on the other as conditioning elements of future action.
Edward Burnett Tyler (1871)\(^2\) definition of culture as a complex whole which knowledge, belief, art, moral, law, custom and any other capabilities and habits acquired by man as a member of society. This definition makes it clear that culture is possessed by man alone and is the product of behaviour and not behaviour itself.

Pondy and Mitroff (1979)\(^3\) and Morgan (1980)\(^4\) claims that metaphors of machine and organism have been mostly used to facilitate understanding and communication about complex phenomena of organization. In the first two conceptualizations, organizational culture is viewed as a variable which can be manipulated.

Culture, which is popularly conceived as “shared values and beliefs,” fulfils important functions:

- It enhances social system stability (Louis, 1980)\(^5\)
- It serves as sense-making device that can guide and shape behaviour (Louis, 1980; Meyer; Pfeffer, 1981)\(^6\&7\)
- It conveys a sense of identity for organizational members (Deal and Kennedy, 1982)\(^8\)
- It facilitates the generation of commitment to something larger than self (Peters and Waterman, 1982)\(^9\)
- It acts as a social and normative glue that holds an organization together. It is viewed as the result of ‘human enactment’ (Tichy, 1982)\(^10\)

(Smircich, 1983)\(^11\) states that the concept of culture has been borrowed from anthropology, where there is no consensus on its meaning. Organization theorists have used a variety of metaphors or images to bound, frame and differentiate that category of experiences referred to as (an) ‘organization’ Consequently, there is also variety in its applications to organizational studies.

Organizational Culture-A Conceptual Framework
Eagleton (2000)^12 states that the modern notion of culture is to a great extent because of nationalism and colonialism along with the growth of anthropology in the service of imperial power. The concept of culture, derived from anthropology as it evolved in the nineteenth century permeates management writing.

The American Heritage Dictionary (2000)^13 defines culture more formally as the totality of socially transmitted behaviour patterns, arts, beliefs, institutions and all other products of human work and thoughts, characteristics of a community or population.

Organizational culture is one of the latest concepts in the fields of management and organization theory. One reflection of the popularity of the culture concept is the increasing number of theoretical perspectives (Martin, 1992)^14 and organizational disciplines which utilize the concept (Harris and Ogbonna, 1999)^15.

The values or patterns of beliefs are manifested by symbolic devices such as myths (Boje, Fedor and Rowland, 1982)^16, rituals (Deal and Kennedy, 1982), stories (Mitroff and Kilmann, 1976)^17, legends (Wilkins and Martin, 1980)^18 and specialized language (Andrews and Hirsch, 1983)^19.

3.1 Conceptualizations of Organizational Culture

Alvesson (1989)^20 suggested that conceptualizations of organizational culture exist along a continuum extending from the instrumental to the academic. Two extremes of this conceptual continuum are the process-oriented and classification approaches.

3.1.1 Process approach to organizational culture

Schein(1985, 1990)^21 defined organizational culture as: a pattern of basic assumptions
that a group has invented, discovered or developed in learning to cope with its problems of external adaptation and internal integration, and that have 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. He suggests that cultures are created through the way organizations have reacted to important incidents in the past and have thus evolved certain norms, as well as through the identification of organizational members with their leaders. As such, organizational cultures are perpetuated through the process of socialization of new members into the organization and proposed seven dimensions that may be used to enquire into organizational culture.

**Table 3.1 Culture Embedding Mechanisms, Schien, 1990**

<table>
<thead>
<tr>
<th>Primary Embedding Mechanisms</th>
<th>Secondary Articulation and Reinforcement Mechanisms</th>
</tr>
</thead>
<tbody>
<tr>
<td>What leaders pay attention to, measure, and control on a regular basis.</td>
<td>Organization design and structure</td>
</tr>
<tr>
<td>How leaders react to critical incidents and organizational crises.</td>
<td>Organizational systems and procedures</td>
</tr>
<tr>
<td>Observed criteria by which leaders allocate scarce resources.</td>
<td>Organizational rites and rituals</td>
</tr>
<tr>
<td>Deliberate role modeling, teaching, and coaching</td>
<td>Design of physical space, facades, and buildings</td>
</tr>
<tr>
<td>Observed criteria by which leaders allocate rewards and status.</td>
<td>Stories, legends, and myths about people and events.</td>
</tr>
<tr>
<td>Observed criteria by which leaders recruit, select, promote, retire, and excommunicate organizational members.</td>
<td>Formal statements of organizational philosophy, values, and creed.</td>
</tr>
</tbody>
</table>

In particular, he viewed culture as comprising three levels:

1. **Behaviours and artefacts**: this is the most manifest level of culture, consisting the constructed physical and social environment of an organization, e.g. physical space, mottos, artistic productions and overt behaviours of members.
(2) **Values**: being less visible than are behaviours and artefacts, the constituents of this level of culture provide the underlying meanings and interrelations by which the patterns of behaviours and artefacts may be deciphered.

(3) **Basic assumptions**: these represent an unconscious level of culture, at which the underlying values have, over a period of time, been transformed and are taken for granted as an organizationally acceptable way of perceiving the world. By this definition, basic assumptions are also the most difficult to relearn and change.

Similar conceptions of culture are offered by Dandridge et al. (1980)\(^{22}\), Pettigrew (1979)\(^{23}\) as well as Trice and Beyer (1984)\(^{24}\).

Roskin (1986)\(^{25}\) opines that in the process-oriented approaches, organizational culture as a continuous recreation of shared meaning. However, despite this absence of a common view, there is strong agreement on the powerful and pervasive role of culture in organizational life.

Ott (1989)\(^{26}\) employed a qualitative approach in analysing the culture of AT&T, during the initial years of deregulation and the breakup of the Bell monopoly in the USA. Basic assumptions that were suitable for a monopolistic market (e.g. that technical competence is more important than marketing ability) were highlighted as unsuitable for a competitive market, where a multitude of smaller firms were carving out lucrative niches through a segmentation of the American telecommunications market. These assumptions were then used to explain AT&T's adjustment problems during the deregulation.

Sackman (1991)\(^{27}\) said that qualitative approaches, however, are not likely to facilitate systematic comparisons between studies, because of likely variations that will exist between investigations. Qualitative approaches may also be limited in their ability to contribute towards hypothesis testing and theory building, particularly in terms of the time and expense involved. Approaches using classifications therefore
provide an alternative and sometimes more useful approach to the study of organizational culture.

### 3.1.2 Classification approach to organizational culture

Hampden-Turner (1990)\(^*\) stated that a number of authors have proposed that corporate cultures correspond to a range of ideal types, which are typically underpinned by two or more variables.

Furnham and Gunter (1993)\(^\dagger\) cites that to cope with personnel problems that employees face almost daily, it is helpful for managers to understand the perceptions which employees hold of different aspects of the organization. In their study, they stated that one of the best known studies of culture based on a classification approach was conducted by Hofstede (1980)\(^*\), using data collected from IBM employees in over 40 countries. Four dimensions: (power distance; uncertainty avoidance; individualism/collectivism; and masculinity/femininity) were developed to differentiate between nationalities, which could then be applied to the study of organizations.

Handy (1993)\(^\dagger\) reports on the use of Hofstede’s classification to provide a cultural explanation of differences in management styles.

Other classifications tend to employ a two-by-two matrix, as exemplified by: Deal and Kennedy (1982), who differentiate cultures in terms of the speed of feedback and the amount of risk employed; Harrison (1972)\(^\dagger\), who classified organizational cultures using the degree of formalization and centralization as criteria; and Graves (1986)\(^\dagger\), who discriminated between cultures based on the levels of bureaucracy and managerial-ego drive.

While these classifications have the potential to provide a common framework for differentiating and comparing cultures, one problem is that none of them goes beyond the descriptive level to understand and analyse the processes...
involved in culture formation and change. Furthermore, the presence of
different classifications makes it difficult for the researcher to choose the type
of classificatory system that he/she should employ in an investigation
(Jamieson, 1980)\textsuperscript{34}

Siehl and Martin (1984)\textsuperscript{35}, examined the processes of transmitting and
learning organizational culture by employing both quantitative and
qualitative methods.

\textit{Lewis} (1994)\textsuperscript{36} made use of a triangulation of methods in her study of
organizational culture and change at a learning institution. This review
of approaches to understanding organizational culture shows
considerable differences in the methodologies used to measure the
phenomenon. This difference in approach reflects the lack of
agreement that exists in defining organizational culture.

Whereas process-oriented approaches tend to focus on ascertaining underlying
principles that may explain interconnecting patterns of behavioural
manifestations, the classificatory models only describe the culture of a firm,
using a variety of criteria or dimensions.

White and Dillingham (1973)\textsuperscript{37} state that the function of culture is to make life
secure and enduring for the human species.; culture serves inner
psychological or spiritual culture serves inner psychological or
spiritual needs. One of the tremendously important functions of culture
is to satisfy these needs, to give man courage, confidence, morale,
comfort, consolation..

Triandis (1994)\textsuperscript{38} breaks culture down into two aspects; objective which
encompasses tools, roads, radio stations; and subjective which
encompasses categorizations, associations, norms, roles, and values.
Subjective culture influences behavior.
Table 3.2 Analysis of Culture by Triandis, 1994

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pay attention to categorizations</td>
<td>Making the same response to discriminably different stimuli (p. 88)</td>
</tr>
<tr>
<td>Associations</td>
<td>Categories become associated to each other by frequent co-occurrence (p. 95)</td>
</tr>
<tr>
<td>Beliefs</td>
<td>Links between categories are beliefs; they can make people feel good or bad (p. 95)</td>
</tr>
<tr>
<td>Evaluations</td>
<td>Categories can become closely associated with positive or negative emotions (p. 96)</td>
</tr>
<tr>
<td>Norms</td>
<td>Ideas about what is correct behavior for members of a particular group (p. 100)</td>
</tr>
<tr>
<td>Roles</td>
<td>How a person in a certain position in a social system should behave</td>
</tr>
<tr>
<td>Goals</td>
<td>Values and other elements that may be revealed in interaction with people from another culture (p. 103)</td>
</tr>
<tr>
<td>Ask people about their beliefs, evaluations, norms, roles, goals, and values</td>
<td></td>
</tr>
</tbody>
</table>

Fiske (1990, 1992)\(^{39}\) delineates the four elementary forms of social behavior:

1. **Communal sharing** explained as the sort of social behavior that goes on in families in most cultures. When resources are available in a family, people share them according to their need. The essence of this social behavior pattern is sharing by all those who belong to the group according to need.

2. **Authority ranking**; people pay attention to status and divide according to rank. The essence of this behavior pattern is rank and hierarchy.

3. **Equality matching**; people do not share according to what they need, or according to status, but they share equally. The essence of this behavior pattern is equality and equal sharing.

4. **Market pricing**; you receive something you want in exchange for something you give. The key feature of this form is that the more you give, or contribute, the more you get. The essence of this social pattern is proportionality.

Shapiro (1957)\(^{40}\) states that process also enters into the anthropologist’s consideration when he studies cultures in contact or conflict with each other. Under such circumstances patterns may be disturbed, they may reassert themselves in the same or a slightly different guise, or they
may break up and new ones emerge. Above all he is deeply aware of the continuity of change.

Edward Sapir (1932)\textsuperscript{41} states that culture cannot be realistically disconnected from the individuals who carry it. Culture cannot be divorced in actuality from people; there is no such thing as culture apart from people. Man and culture constitute an inseparable couplet. By definition there is no culture without man and there is no man without culture. All definitions are arbitrary.

Bohannan (1995)\textsuperscript{42} states that culture can be thought of as unstated assumptions, standard operating procedures, ways of doing things that have been internalized to such an extent that people do not argue about them.

Hagberg and Heifetz (2000)\textsuperscript{43} mentions that culture drives the organization and its actions. It is somewhat like “the operating system” of the organization. It guides how employees think, act and feel. It is dynamic and fluid, and it is never static. A culture may be effective at one time, under a given set of circumstances and ineffective at another time. There is no generically good culture.

Denison (1990)\textsuperscript{44} cites his own 1982 work where he divides the culture and climate domain into three separate levels: (1) the values and beliefs that underlie actions; (2) the patterns of behavior that reflect and reinforce those values; and (3) the set of conditions, created by these patterns of behavior, within which organizational members must function.

Cameron and Quinn (1999)\textsuperscript{45} expound on perceptions within various levels or subunits of an organization: Inside an organization, subunits such as functional departments, product groups, hierarchical levels, or even teams may also reflect their own unique culture. Difficulties in coordinating and integrating processes or organizational activities, for
example, are often a result of culture clashes among different subunits. One reason is that each different unit often has developed its own perspective, its own set of values, its own culture. It is easy to see how these cultural differences can fragment an organization and make high levels of effectiveness impossible to achieve. Emphasizing subunit cultural differences, in other words, can foster alienation and conflict.

Figure 3.1 depicts organizational culture as an intervening variable. Employees form an overall subjective perception and this in effect becomes the organizational culture or personality. These favorable or unfavorable perceptions then affect employee performance and satisfaction which has an impact on organizational effectiveness and performance.

Impact of culture on organization's effectiveness is both functional as well dysfunctional. Talking about the latter, it may stated that culture leads to "group think", collective blind spots and resistance to change and innovate.

**Figure 3.1 Impact of Organizational Culture on Performance and Satisfaction, Robbins (2004)**

<table>
<thead>
<tr>
<th>Objective Factors</th>
<th>Strength</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovation and risk</td>
<td>High</td>
</tr>
<tr>
<td>Taking</td>
<td>Performance</td>
</tr>
<tr>
<td>Attention to detail</td>
<td>Satisfaction</td>
</tr>
<tr>
<td>Outcome to Orientation</td>
<td></td>
</tr>
<tr>
<td>People Orientation</td>
<td></td>
</tr>
<tr>
<td>Team Orientation</td>
<td></td>
</tr>
<tr>
<td>Aggressiveness</td>
<td></td>
</tr>
<tr>
<td>Stability</td>
<td></td>
</tr>
</tbody>
</table>

### 3.2 Dimensions of Culture

Culture is cumulative preferences of some states of life over others(values), response predispositions towards several significant issues and phenomena (attitudes), organized ways of filling time in relation to certain affairs (rituals)
and ways of promoting desired behaviors and preventing undesirable ones (sanctions).

Etzioni's\textsuperscript{46} theory states that organizations are coercive systems. Members are alienated and exit if they can. Peer relationship develops as defense versus authority.

Unions develop utilitarian systems. Members will participate and evolve work groups if incentive systems based on goal consensus between leaders and followers. They get morally involved and identify with organization and evolve around tasks in support of organization.

### 3.3 Models of Culture

There is now a substantive body of evidence to demonstrate that organizations attempt to select new members who fit well with the organization's culture. And most job candidates similarly try to find organizations where their values and personality will fit in. Many models have been constructed to describe organizational culture. The model proposed by Deal and Kennedy is comprehensive and widely known.

Table 3.3 describes the four basic types of cultural profiles they uncovered. Each is characterized by a combination of two factors: the type of risks managers assume and the type of feedback that results from their decisions. Most organizations are some kind of hybrid of these cultural profiles; they do not fit neatly into one of these four profiles.

<table>
<thead>
<tr>
<th>Name Of The Culture</th>
<th>Tough-Person</th>
<th>Work Hard</th>
<th>Play</th>
<th>Outcome</th>
<th>Process</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type Of Risks Assumed</td>
<td>High</td>
<td>Low</td>
<td>High</td>
<td>Low</td>
<td></td>
</tr>
<tr>
<td>Type Of Feedback From Decisions</td>
<td>Fast</td>
<td>Fast</td>
<td>Slow</td>
<td>Slow</td>
<td></td>
</tr>
<tr>
<td>The Ways Survivors</td>
<td>*Tough Attitude</td>
<td>*Super People</td>
<td>*Endure Long Term Ambiguity</td>
<td>*Cautious And Protective Of</td>
<td></td>
</tr>
</tbody>
</table>

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Recent research by Goffee and Jones (1998) provides some interesting insights in different organizational cultures and guidance to prospective employees. They have identified four distinct cultural types. **Goffee and Jones** argue that two dimensions underlie organizational culture. The first they call sociability. **This is a measure of friendliness.** High sociability means people do kind things for one another without expecting something in return and relate to each other in a friendly, caring way. Sociability is

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**Table: And/Or Heroes in This Culture Behave**

<table>
<thead>
<tr>
<th>Strengths Of The Culture</th>
<th>Weaknesses Of The Culture</th>
<th>Habits Of Survivors/Heroes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tolerate All-Or-No Risks</td>
<td>Short Term Orientation</td>
<td>Dress In Fashion</td>
</tr>
<tr>
<td><em>Superstitious</em></td>
<td><em>Do Not Learn From Mistakes</em></td>
<td><em>Enjoy One-On-One Sports</em></td>
</tr>
<tr>
<td>Friendly</td>
<td><em>Look For Quick fix Solutions</em></td>
<td><em>Avoid Extremes In Dress</em></td>
</tr>
<tr>
<td><em>Team Approach In Problem Solving</em></td>
<td><em>Short Term Time Perspective</em></td>
<td><em>Live In Tract Houses</em></td>
</tr>
<tr>
<td><em>Non-Superstitious</em></td>
<td><em>More Committed To Action Than Problem Solving</em></td>
<td><em>Prefer Team Sports</em></td>
</tr>
<tr>
<td><em>Double-Check Their Decisions</em></td>
<td><em>Slow In Getting Things Done</em></td>
<td><em>Likes To Dine Together</em></td>
</tr>
<tr>
<td><em>Technically Competent</em></td>
<td><em>Organizations Vulnerable To Short-Term Fluctuations</em></td>
<td><em>Dress</em></td>
</tr>
<tr>
<td><em>Strong Respect For Authority</em></td>
<td><em>Organizations Often Face Cash-Flow Problems</em></td>
<td><em>According To Organizational Rank</em></td>
</tr>
<tr>
<td><em>Generate High Quality Inventions And Major Scientific Breakthroughs</em></td>
<td><em>Red Tapeism</em></td>
<td><em>Live In No Frill Homes</em></td>
</tr>
<tr>
<td><em>Friendly</em></td>
<td><em>Initiative Is Downplayed</em></td>
<td><em>Enjoy Process Sports</em></td>
</tr>
<tr>
<td><em>Team Approach</em></td>
<td><em>Long Hours Of Boring Work</em></td>
<td><em>Likes Discussing Memos</em></td>
</tr>
</tbody>
</table>
| *Non-Superstitious*     | *Follow Established Procedures* | *

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consistent with a high people orientation, high team orientation and focus on processes than outcomes. The second is solidarity. It is a measure of task orientation. High solidarity means people can overlook personal biases and rally behind common interests and common goals. Solidarity is consistent with high attention to detail and high aggressiveness.

Figure 3.2 illustrates a matrix with these two dimensions rated as either high or low. They create four distinct culture types:

**Networked Culture (high on sociability; low on solidarity)**

These organizations view members as family and friends. People know and like each other. People willingly give assistance to others and openly share information. The major negative aspect associated with this culture is that the focus on friendships can lead to tolerance for poor performance and creation of political cliques.

**Mercenary Culture (low on sociability; high on solidarity)**

These organizations are fiercely goal focused. People are intense and determined to meet goals. They have a zest for getting things done quickly and a powerful sense of purpose. Mercenary cultures are not just about winning; they are about destroying the enemy. This focus on goals and objectivity also leads to a minimal degree of politicking. The downside of this culture is that it can lead to an almost inhumane treatment of people who are perceived as low performers.

**Fragmented Culture (low on sociability; low on solidarity)**

These organizations are made up of individualists. Commitment is first and foremost to individual members and their job tasks. There is little or no identification with the organization. In fragmented cultures, employees are judged solely on their productivity and the quality of their work. The major
Negatives in these cultures are excessive critiquing of others and an absence of collegiality.

**Communal Culture (high on sociability; high on solidarity)**

This final category values both friendship and performance. People have a feeling of belonging but there is still ruthless focus on goal achievement. Leaders of these cultures tend to be inspirational and charismatic, with a clear vision of the organization's future. The downside of these cultures is that they often consume one's total life. Their charismatic leaders frequently look to create disciples rather than followers, resulting in a work climate that is almost cult like.

**Figure 3.2 Four Culture Typology, Goffee & Jones (1998)**

<table>
<thead>
<tr>
<th>High</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sociability</td>
<td>Solidarity</td>
</tr>
<tr>
<td>Networked</td>
<td>High</td>
</tr>
<tr>
<td>Communal</td>
<td></td>
</tr>
<tr>
<td>Fragmented</td>
<td>Low</td>
</tr>
<tr>
<td>Mercenary</td>
<td></td>
</tr>
</tbody>
</table>


**Hofstede's Five Cultural Dimensions**

"Culture is more often a source of conflict than of synergy. Cultural differences are a nuisance at best and often a disaster." Prof. Geert Hofstede, Emeritus Professor, Maastricht University. For those who work in international business, it is sometimes amazing how different people in other cultures behave. We tend to have a human instinct that 'deep inside' all people
are the same - but they are not. Therefore, if we go into another country and make decisions based on how we operate in our own home country - the chances are we'll make some very bad decisions.

Geert Hofstede's research gives us insights into other cultures so that we can be more effective when interacting with people in other countries. If understood and applied properly, this information should reduce our level of frustration, anxiety, and concern. But most important, Geert Hofstede will give us the 'edge of understanding' which translates to more successful results.

**Power Distance Index (PDI)** is the extent to which the less powerful members of organizations and institutions (like the family) accept and expect that power is distributed unequally. This represents inequality (more versus less), but defined from below, not from above. It suggests that a society's level of inequality is endorsed by the followers as much as by the leaders. Power and inequality, of course, are extremely fundamental facts of any society and anybody with some international experience will be aware that 'all societies are unequal, but some are more unequal than others'.

**Individualism (IDV)** on the one side versus its opposite, collectivism, that is the degree to which individuals are integrated into groups. On the individualist side we find societies in which the ties between individuals are loose: everyone is expected to look after him/herself and his/her immediate family. On the collectivist side, we find societies in which people from birth onwards are integrated into strong, cohesive in-groups, often extended families (with uncles, aunts and grandparents) which continue protecting them in exchange for unquestioning loyalty.

The word 'collectivism' in this sense has no political meaning: it refers to the group, not to the state. Again, the issue addressed by this dimension is an extremely fundamental one, regarding all societies in the world.

**Masculinity (MAS) versus Femininity**, refers to the distribution of roles between the genders which is another fundamental issue for any society to
which a range of solutions are found. The IBM studies revealed that (a)
women's values differ less among societies than men's values; (b) men's values
from one country to another contain a dimension from very assertive and
competitive and maximally different from women's values on the one side, to
modest and caring and similar to women's values on the other. The assertive
pole has been called 'masculine' and the modest, caring pole 'feminine'. The
women in feminine countries have the same modest, caring values as the men;
in the masculine countries they are somewhat assertive and competitive, but
not as much as the men, so that these countries show a gap between men's
values and women's values.

Uncertainty Avoidance Index (UAI) deals with a society's tolerance for
uncertainty and ambiguity; it ultimately refers to man's search for Truth. It
indicates to what extent a culture programs its members to feel either
uncomfortable or comfortable in unstructured situations. Unstructured
situations are novel, unknown, surprising, different from usual. Uncertainty
avoiding cultures try to minimize the possibility of such situations by strict
laws and rules, safety and security measures, and on the philosophical and
religious level by a belief in absolute Truth; 'there can only be one Truth and
we have it'. People in uncertainty avoiding countries are also more emotional,
and motivated by inner nervous energy. The opposite type, uncertainty
accepting cultures, are more tolerant of opinions different from what they are
used to; they try to have as few rules as possible, and on the philosophical and
religious level they are relativist and allow many currents to flow side by side.
People within these cultures are more phlegmatic and contemplative, and not
expected by their environment to express emotions.

Long-Term Orientation (LTO) versus short-term orientation: this fifth
dimension was found in a study among students in 23 countries around the
world, using a questionnaire designed by Chinese scholars It can be said to
deal with Virtue regardless of Truth. Values associated with Long Term
Orientation are thrift and perseverance; values associated with Short Term
Orientation are respect for tradition, fulfilling social obligations, and
protecting one's 'face'.
Another model to understand organizational culture is as follows:

Mechanistic Culture

The mechanistic organizational culture exhibits the values of bureaucracy and feudalism. Organizational work is conceived as a system of narrow specialism and people think of their careers mainly within these specialism. Authority is thought of as flowing down from the top of the organization down to the lower levels and communication flows through prescribed channels. There is a great deal of departmental loyalty and interdepartmental animosity, a strong “we” versus “they” perception. This sort of culture resists change and innovation.

Organic Culture

Organic Culture exhibits great deal of emphasis on task accomplishment, teamwork, free flow of communication – formal and informal. Formal hierarchies of authority, departmental boundaries, formal rules and regulations and prescribed channels of communication are frowned upon. In problem situations, the persons with expertise may wield far more influence than the formal boss. There is a widespread understanding within the staff of the problems, threats and opportunities the organization is facing and there is willingness and preparedness to take appropriate roles to solve the problems. The culture stresses flexibility, consultation, change and innovation.

Authoritarian Culture

In the authoritarian culture, power is concentrated on the leader and obedience to orders and discipline are stressed. Any disobedience is severely punished to set an example for others. The basic assumption is that the leader knows the best for the organization and he or she acts in its interests.
Participative Culture

The participative culture is premised on the notion that people are more committed to the decisions that are anticipatively made than to those which are imposed on them. Further, group problem-solving leads to better decisions because several new points and information are shared during discussions. Participative cultures tend to emerge where most organizational members are professionals or see themselves as equals.

Organizational Culture (Power Model)

Although studies on organizational culture have been increasing there has been interchangeably used words with ethos, environment, climate, atmosphere (Pareek, 1991). He developed four profiles of organizational culture which has its own focus, climate and underlying values or ethos.

Autocratic or feudal culture is characterized by centralized power concentrated in few persons and observation of proper protocol in relation to person(s) in power and dominated by dependency (de) climate, with affiliation (af) Deaf(dependency-affiliation) climate is characterized as “top managers control the organization and employ their own in-group members, who are extremely loyal to these leaders” (Pareek, 1989, p. 169). The ethos of such a culture is closed, mistrusting and self-seeking.

Bureaucratic culture is characterized by primacy of procedures and rules, hierarchy and distant impersonal relationships. Its climate is dominated by control (co) and backed up by dependency (de). Such a climate (code) has been characterized as “a bureaucracy and a rigid hierarchy dominate the organization. Because actions are generally referred to the levels above for approval, decisions are usually delayed. It is more important to follow rules and regulations than to achieve results. Senior employees protect these subordinates who do not make any procedural mistake”. (Pareek, 1989, p. 169). The ethos of the bureaucratic organization is characterized by playing safe, inertia, lack of collaboration and closedness.
Technocratic culture emphasizes technical/professional standards and improvement. It has an apex climate-Expert Power being dominant, with a backup climate of Extension. “Specialists play the major roles in the organization, working in a planned way on socially relevant matters. The organization pays attention to the employees needs and welfare” (Pareek, 1989, p.168). The ethos is positive- proaction (initiative), autonomy, collaboration and experimentation.

Entrepreneurial culture is concerned about achievement of results and providing excellent service to customers. It is primarily concerned with results and customers. Its climate (ace) is generally that of achievement (ac), or concern for excellence and extension (e) or concern for larger groups and issues. In such a climate “employees work on challenging tasks and devote equal attention to the social relevance of these tasks. The organization has a highly developed sense of responsibility to fulfill employee needs (Pareek, 1989,p.168). The ethos is positive and is characterized by the eight values of OCTAPACE – Openness, Collaboration, Trust, Autonomy, Proactive, Authenticity, Confrontation and Experimentation.

Ethos is primarily concerned with values and is the fundamental character or spirit of the organization. OCTAPACE ethos is characterized by the eight values of openness, confrontation, trust authenticity, proaction, autonomy, collaboration and experimentation. The respective opposite poles of the eight values are closed, avoidance, suspicion, manipulation, inertia, role boundness, conflicts and safe playing.

3.4 Organizational Culture and Effectiveness

Evidence of the influence of the industry environment on organizations is reflected in managerial beliefs and assumptions about operating forms and outcomes. Taken together, national, regional and industry influences on organizational culture provide an analytic source for identifying members’
assumptions, values, beliefs and norms since these elements are translated into operating decisions and systems.

An effective organizational culture adjusts and adapts to its changing internal and external environments. The following four types of cultures, illustrated in Figure 3.3, illustrates an organization’s strategic response to changing environments.

**Figure 3.3 Corporate Culture and Organizational Effectiveness**

Organizations responding to external environments characterized by change and flexibility would do well to have adaptability cultures (i.e., strategic emphasis on flexibility, change and quick varied responses to meet customer and environmental demands.) Silicon Valley high technology firms exemplify this culture.

Organizations facing turbulent internal environments should have involvement cultures (strategic focus on involving employees, gaining their commitment and increasing participation, a sense of ownership and responsiveness to meet changing environmental demands). Japanese auto firms continue to demonstrate this type of culture.

Source Based on D R Denison, Corporate Culture and Organizational Effectiveness (New York John Wiley, 1990)
Organizations facing stable external environments should place strategic emphasis on a mission culture (emphasis on a shared vision and sense of organizational purpose along with clear direction and carefully defined roles and jobs). U.S. firms in most large scale-industries from the period after World War II to the beginning of the 1970s are good examples of this culture.

Organizations facing stable internal environments should have a consistency culture (strategic less on participation and involvement and more on consistency of methods, establishment of systematic policies and procedures, conformity and membership collaboration). Until the mid 1990s, U.S. governmental administrative agencies were typical of this culture.

The extent to which an organization can adapt and align its strategic focus and culture to changing environments will, in part, determine its cultural and organizational effectiveness.

Another approach to studying culture series primarily from cognitive organization theory (Weick, 1985). It regards organizations as knowledge systems and views organizational culture in terms of managerial information processing. Quinn and his colleagues (Quinn and McGrath, 1985; Quinn and Rohrbaugh, 1983) proposed a Competing Values Approach (CVA) to understand values individuals hold for organizational performance. Proposing CVA as a meta theory emerging out of empirical studies and conceptual research, Quinn and McGrath (1985, p 317) observed that CVA “assumes that all abstract knowledge is organized around a consistent framework of perceptual values and that the articulation of these values can do much to further human understanding”. Just as information processing takes place at the individual level, so does it occur at the level of groups. In organizations, over a period of time, groups of people develop collective belief systems about social arrangements and the “appropriate” nature to transactions.

These transactions determine organizational members’ identity, power and satisfaction. Incorporating beliefs about organizational purpose, criteria of performance, location of authority, base of power, leadership style, etc, Quinn
and McGrath (1985) proposed four types of transactional systems or cultural forms namely – rational, ideological, consensual and hierarchical cultures with market, adhocracy, clan and hierarchy respectively as the dominant organizational culture forms. Posting the concept of congruence, CVA suggests that when environmental uncertainty and intensity are high, “adhocracy” or developmental culture is the most congruent form and idealistic prime mover is the congruent leader.

Table 3.4 Four Types of Fit or Congruence Source: Quinn and McGrath, 1985

<table>
<thead>
<tr>
<th>Environmental Condition</th>
<th>Organizational Culture and Form</th>
<th>Leadership Style</th>
</tr>
</thead>
<tbody>
<tr>
<td>High Uncertainty-High Intensity</td>
<td>Developmental Culture (Adhocracy)</td>
<td>Idealistic Prime Mover</td>
</tr>
<tr>
<td>High intensity-Low Uncertainty</td>
<td>Rational Culture (Market)</td>
<td>Rational Achiever</td>
</tr>
<tr>
<td>Low Uncertainty-Low Intensity</td>
<td>Hierarchical Culture (Hierarchy)</td>
<td>Empirical expert</td>
</tr>
<tr>
<td>Low Uncertainty - High Intensity</td>
<td>Consensual Culture (Clan)</td>
<td>Existential team Builder</td>
</tr>
</tbody>
</table>

The major strength of this framework is that it combines two dominant theoretical perspectives, namely, the systems structural perspective with the transaction cost perspective. The CVA analyses organizational cultures along two dimensions of a grid framework (Quinn, 1988). The first dimension reflects the extent to which an organization focuses its attention and energy on internal versus external functioning.

Thus, the X-axis represents relative organizational emphasis on internal focus (including smoothing activities and integration) at one end and an external orientation (including concern for competition and differentiation) on the other.

The second dimension represents control orientation in an organization and runs from control to flexibility. Thus, the Y-axis represents the range from organic processes (with emphasis on flexibility, spontaneity and individuality) to mechanistic processes emphasizing control, stability and order). These two
dimensions are combined to form four quadrants representing four different organizational cultures namely, the clan, adhocracy, hierarchy and market.

Figure 3.4 Competing Values Framework, Cameron, K. S., & Quinn, R. E.

Flexibility and Discretion

<table>
<thead>
<tr>
<th>Clan Culture</th>
<th>Adhocracy Culture</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hierarchy Culture</td>
<td>Market Culture</td>
</tr>
</tbody>
</table>

Stability and Control


Clan Culture

The upper left quadrant labeled as "clan" combines high internal cohesion with concern for people. This culture emphasizes teamwork, sensitivity and consensus. In this culture, workplace is regarded as one big family. Participation of members is valued. Organizational loyalty and tradition are the hallmarks of this culture. Concern for people and personal satisfaction are regarded as more important values than financial and market objectives.

Market Culture

The lower right quadrant labeled as "market" is directly opposite to clan culture, justifying the terminology "competing values". The market culture is characterized by external orientation and stability. The organization has a high
result orientation. Goal achievement is important. Leaders demand performance, competitive stances and achievement of objectives. In other words, "winning" is an important organizational value. Productivity is obtained through market mechanisms such as competitive advantage and market leadership.

**Adhocracy Culture**

The upper right quadrant which combines flexibility and spontaneity with external orientation is termed as "adhocracy". The accent is on risk taking, adaptability and innovation. The organization is characterized by dynamism and experimentation so as to keep pace with external challenges. Individual creativity and initiative is valued. Initiative towards new market, new resources and growth is encouraged.

**Hierarchy Culture**

The lower left quadrant represents hierarchy culture. Representing values competing with the adhocracy culture is the hierarchy culture. The dominant values are control, predictability and consistency. Formal rules and regulation, policy, direction and surveillance are used to maintain stability. The term "adhocracy culture" connotes a special understanding of "entrepreneurial culture" in the Indian context.

**Figure 3.5 Emerging Cultures in Competing Values Framework**
The effectiveness of an organization’s culture (i.e., its physical setting, language, behaviors, ceremonies, leaders - heroes and heroines – dominant values, norms, beliefs and assumptions) can be examined and evaluated from at least three perspectives. These perspectives should be viewed as different but complementary ways to understand cultural effectiveness. No single perspective represents the best or right way.

A contingency theory approach identifies effectiveness as the fit of organizational culture with its internal systems and environment.

A goal-attainment approach identifies effectiveness as the extent to which stated goals are obtained.

A competing values approach is interested in how well leaders and managers adopt effective values and competencies as they respond to changing environments. Ideally, organizational leaders should be able to mobilize organizational culture to meet the demands of all perspectives.
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Chapter III

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