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THE CONCEPT OF ORGANIZATIONAL CULTURE: WHY BOTHER?

Culture is an abstraction, yet the forces that are created in social and organizational situations deriving from culture are powerful. If we don't understand the operation of these forces, we become victim to them. Cultural forces are powerful because they operate outside of our awareness. We need to understand them not only because of their power but also because they help to explain many of our puzzling and frustrating experiences in social and organizational life. Most importantly, understanding cultural forces enables us to understand ourselves better.

What Needs to Be Explained?

Most of us in our roles as students, employees, managers, researchers, or consultants work in and have to deal with groups and organizations of all kinds. Yet we continue to find it amazingly difficult to understand and justify much of what we observe and experience in our organizational life. Too much seems to be "bureaucratic," "political," or just plain "irrational." People in positions of authority, especially our immediate bosses, often frustrate us or act incomprehensibly, and those we consider the "leaders" of our organizations often disappoint us.

When we get into arguments or negotiations with others, we often cannot understand how our opponents could take such "ridiculous" positions. When we observe other organizations, we often find it incomprehensible that "smart people could do such dumb things." We recognize cultural differences at the ethnic or national level but find them puzzling at the group, organizational, or occupational level. Gladwell (2008) in his popular book *Outliers* provides some vivid examples of how both ethnic and

organizational cultures explain such anomalies as airline crashes and the success of some law firms.

As managers, when we try to change the behavior of subordinates, we often encounter "resistance to change" at a level that seems beyond reason. We observe departments in our organization that seem to be more interested in fighting with each other than getting the job done. We see communication problems and misunderstandings between group members that should not be occurring between "reasonable" people. We explain in detail why something different must be done, yet people continue to act as if they had not heard us.

As leaders who are trying to get our organizations to become more effective in the face of severe environmental pressures, we are sometimes amazed at the degree to which individuals and groups in the organization will continue to behave in obviously ineffective ways, often threatening the very survival of the organization. As we try to get things done that involve other groups, we often discover that they do not communicate with each other and that the level of conflict between groups in organizations and in the community is often astonishingly high.

As teachers, we encounter the sometimes-mysterious phenomenon that different classes behave completely differently from each other even though our material and teaching style remains the same. If we are employees considering a new job, we realize that companies differ greatly in their approach, even in the same industry and geographic locale. We feel these differences even as we walk in the door of different organizations such as restaurants, banks, stores, or airlines.

As members of different occupations, we are aware that being a doctor, lawyer, engineer, accountant, or manager involves not only learning technical skills but also adopting certain values and norms that define our occupation. If we violate some of these norms, we can be thrown out of the occupation. But where do these come from and how do we reconcile the fact that each occupation considers its norms and values to be the correct ones? How is it possible that in a hospital, the doctors, nurses, and administrators are often fighting with each other rather than collaborating to improve patient care? How is it possible that employees in organizations report unsafe conditions, yet the organization continues to operate until a major accident happens?

The concept of culture helps to explain all of these phenomena and to "normalize" them. If we understand the dynamics of culture, we will be less likely to be puzzled, irritated, and anxious when we encounter the unfamiliar and seemingly irrational behavior of people in organizations, and we will have a deeper understanding not only of why various groups of people or organizations can be so different but also why it is so hard to change them.

Even more important, if we understand culture better, we will understand ourselves better and recognize some of the forces acting within us that define who we are. We will then understand that our personality and character reflect the groups that socialized us and the groups with which we identify and to which we want to belong. Culture is not only all around us but within us as well.

Five Personal Examples

To illustrate how culture helps to illuminate organizational situations, I will begin by describing several situations I encountered in my experiences as a consultant.

DEC

In the first case, Digital Equipment Corporation (DEC), I was called in to help a management group improve its communication, interpersonal relationships, and decision making (Schein, 2003). DEC was founded in the middle 1950s and was one of the first companies to successfully introduce interactive computing, something that today we take completely for granted. The company was highly successful for twenty-five years but then developed a variety of difficulties, which led to its sale to the Compaq Corporation in 1996. I will be referring to the DEC story many times in this book.

After sitting in on a number of meetings of the top management, I observed, among other things: (1) High levels of interrupting, confrontation, and debate, (2) excessive emotionality about proposed courses of action, (3) great frustration over the difficulty of getting a point of view across, (4) a sense that every member of the group wanted to win all the time, and (5) shared frustration that it took forever to make a decision that would stick.

Over a period of several months, I made many suggestions about better listening, less interrupting, more orderly processing of the agenda, the potential negative effects of high emotionality and conflict, and the need to reduce the frustration level. The group members said that the suggestions were helpful, and they modified certain aspects of their procedure, such as lengthening some of their meetings. However, the basic pattern did not change. No matter what kind of intervention I attempted, the basic style of the group remained the same. How to explain this?

(Continued)

Ciba-Geigy

In the second case, I was asked, as part of a broader consultation project, to help create a climate for innovation in an organization that felt a need to become more flexible to respond to its increasingly dynamic business environment. This Swiss Chemical Company consisted of many different business units, geographical units, and functional groups. It was eventually merged with the Sandoz Company and is today part of Novartis.

As I got to know more about Ciba-Geigy's many units and problems, I observed that some very innovative things were going on in many places in the company. I wrote several memos describing these innovations, added other ideas from my own experience, and gave the memos to my contact person in the company with the request that he distribute them to the various business unit and geographical managers who needed to be made aware of these ideas.

After some months, I discovered that those managers to whom I had personally given the memo thought it was helpful and on target, but rarely, if ever, did they pass it on, and none were ever distributed by my contact person. I also suggested meetings of managers from different units to stimulate lateral communication but found no support at all for such meetings. No matter what I did, I could not seem to get information flowing laterally across divisional, functional, or geographical boundaries. Yet everyone agreed in principle that innovation would be stimulated by more lateral communication and encouraged me to keep on "helping." Why did my helpful memos not circulate?

Cambridge-at-Home

This third example is quite different. Two years ago I was involved in the creation of an organization devoted to allowing people to stay in their homes as they aged. The founding group of ten older residents of Cambridge asked me to chair the meetings to design this new organization. To build strong consensus and commitment, I wanted to be sure that everyone's voice would be heard even if that slowed down the meetings. I resisted Robert's Rules of Order in favor of a consensus building style, which was much slower but honored everyone's point of view. I discovered that this consensus approach polarized the group into those who were comfortable with the more open style and those who thought I was running the "worst meetings ever." What was going on here?

Amoco

In the fourth example, Amoco, a large oil company that was eventually acquired by British Petroleum, decided to centralize all of its engineering functions into a single service unit. Whereas engineers had previously been regular full-time members of projects, they were now supposed to "sell their services" to clients who would be charged for these services. The engineers would now be "internal consultants" who would be "hired" by the various projects. The engineers resisted this new arrangement violently, and many of them threatened to leave the organization. Why were they so resistant to the new organizational arrangements?

Alpha Power

In the fifth example, Alpha Power, an electric and gas utility that services a major urban area, was faced with becoming more environmentally responsible after being brought up on criminal

charges for allegedly failing to report the presence of asbestos in one of its local units that suffered an accident. Electrical workers, whose "heroic" self-image of keeping the power on no matter what, also held the strong norm that one did not report spills and other environmental and safety problems if such reports would embarrass the group. I was involved in a multi-year project to change this self-image to one where the "heroic" model was to report all safety and environmental hazards even if that meant reporting on peers and even bosses. A new concept of personal responsibility, teamwork, and openness of communication was to be adopted. Reporting on and dealing with environmental events became routine, but no matter how clear the new mandate was, some safety problems continued if peer group relations were involved. Why? What could be more important than employee and public safety?

How Does the Concept of Culture Help?

I did not really understand the forces operating in any of these cases until I began to examine my own assumptions about how things should work in these organizations and began to test whether my assumptions fitted those operating in my client systems. This step of examining the *shared* assumptions in an organization or group and comparing them to your own takes us into "cultural" analysis and will be the focus from here on.

It turned out that in DEC, senior managers and most of the other members of the organization shared the assumption that you cannot determine whether or not something is "true" or "valid" unless you subject the idea or proposal to intensive debate. Only ideas that survive such debate are worth acting on, and only ideas that survive such scrutiny will be implemented. The group members assumed that what they were doing was discovering truth, and, in this context, being polite to each other was relatively unimportant. I become more helpful to the group when I realized this and went to the flip chart and just started to write down the various ideas they were processing. If someone was interrupted, I could ask him or her to restate his or her point instead of punishing the interrupter. The group began to focus on the items on the chart and found that this really did help their communication and decision process. I had finally understood and accepted an essential element of their culture instead of imposing my own. By this intervention of going to the flip chart, I had changed the *microculture* of their group to enable them to accomplish what their organizational culture dictated.

In Ciba-Geigy, I eventually discovered that there was a strong shared assumption that each manager's job was his or her private "turf" not to be infringed on. The strong image was communicated that "a person's job is like his or her home, and if someone gives unsolicited information, it is like walking into someone's home uninvited." Sending memos to people implies that they do not already know what is in the memo, which is seen to be potentially insulting. In this organization, managers prided themselves on knowing whatever they needed to know to do their job. Had I understood this aspect of their culture, I would have asked for a list of the names of the managers and sent the memo directly to them. They would have accepted it from me because I was the paid consultant and expert.

In my Cambridge meetings, different members had different prior experiences in meetings. Those who had grown up with a formal Robert's Rules of Order system on various other nonprofit boards were adamant that this was the only way to run a meeting. Others who had no history on other boards were more tolerant of my informal style. The members had come from different subcultures that did not mesh. In my human relations training culture, I had learned the value of involving people to get better implementation of decisions and was trying to build that kind of microculture in this group. Only when I adapted my style to theirs was I able to begin to shape the group more toward my preferred style.

In Amoco, I began to understand the resistance of the engineers when I learned that their assumptions were "good work should speak for itself," and "engineers should not have to go out and sell themselves." They were used to having people come to them for services and did not have a good role model for how to sell themselves.

In Alpha, I learned that in the safety area, all work units had strong norms and values of self-protection that often over-rode the new requirements imposed on the company by the courts. The groups had their own experience base for what was safe and what was not safe and were willing to trust that. On the other hand, identifying environmental hazards and cleaning them up involved new skills that workers were willing to learn and collaborate on. The union had its own cultural assumption that under no conditions would one "rat out" a fellow union member, and this applied especially in the safety area.

In each of these cases, I initially did not understand what was going on because my own basic assumptions about truth, turf, and group relations

differed from the shared assumptions of the members of the organization or group. And my assumptions reflected my "occupation" as a social psychologist and organization consultant, while the group's assumptions reflected in part their occupations and experiences as electrical engineers, chemists, nonprofit organization board members, and electrical workers.

To make sense of such situations requires taking a "cultural perspective," learning to see the world through "cultural lenses," becoming competent in "cultural analysis" by which I mean being able to perceive and decipher the cultural forces that operate in groups, organizations, and occupations. When we learn to see the world through cultural lenses, all kinds of things begin to make sense that initially were mysterious, frustrating, or seemingly stupid.

Culture: An Empirically Based Abstraction

Culture as a concept has had a long and checkered history. Laymen have used it as a word to indicate sophistication, as when we say that someone is very "cultured." Anthropologists have used it to refer to the customs and rituals that societies develop over the course of their history. In the past several decades, some organizational researchers and managers have used it to describe the norms and practices that organizations develop around their handling of people or as the espoused values and credo of an organization. This sometimes confuses the concept of culture with the concept of climate, and confuses culture as what *is* with culture as *what ought to be*.

Thus managers speak of developing the "right kind of culture," a "culture of quality," or a "culture of customer service," suggesting that culture has to do with certain values that managers are trying to inculcate in their organizations. Also implied in this usage is the assumption that there are better or worse cultures, stronger or weaker cultures, and that the "right" kind of culture would influence how effective organizations are. In the managerial literature, there is often the implication that having a culture is necessary for effective performance, and that the stronger the culture, the more effective the organization.

Researchers have supported some of these views by reporting findings that certain cultural dimensions do correlate with economic performance, but this research is hard to evaluate because of the many definitions of

culture and the variety of indexes of performance that are used (Wilderom, Glunk, and Maslowski, 2000). Consultants and researchers have touted "culture surveys" and have claimed that they can improve organizational performance by helping organizations create certain kinds of cultures, but these claims are often based on a very different definition of culture than the one I will be arguing for here (Denison, 1990; Sackman and Bertelsman, 2006). As we will see, whether or not a culture is "good" or "bad," "functionally effective," or not, depends not on the culture alone but on the relationship of the culture to the environment in which it exists.

Perhaps the most intriguing aspect of culture as a concept is that it points us to phenomena that are below the surface, that are powerful in their impact but invisible and to a considerable degree unconscious. Culture creates within us mindsets and frames of reference that Marshak (2006) identified as one of a number of important *covert* processes. In another sense, culture is to a group what personality or character is to an individual. We can see the behavior that results, but we often cannot see the forces underneath that cause certain kinds of behavior. Yet, just as our personality and character guide and constrain our behavior, so does culture guide and constrain the behavior of members of a group through the shared norms that are held in that group.

Culture as a concept is thus an abstraction. If an abstract concept is to be useful to our thinking, it should be observable yet increase our understanding of a set of events that are otherwise mysterious or not well understood. From this point of view, I will argue that we must avoid the superficial models of culture and build on the deeper, more complex anthropological models. Those models refer to a wide range of observable events and underlying forces, as shown in the following list.

- **Observed behavioral regularities when people interact:** The language they use, the customs and traditions that evolve, and the rituals they employ in a wide variety of situations (for example, Goffman, 1959, 1967; Jones and others, 1988; Trice and Beyer, 1993; Van Maanen, 1979b).

- **Group norms:** The implicit standards and values that evolve in working groups, such as the particular norm of "a fair day's work for a fair day's pay" that evolved among workers in the Bank Wiring Room in the Hawthorne studies (for example, Homans, 1950; Kilmann and Saxton, 1983).

- **Espoused values:** The articulated publicly announced principles and values that the group claims to be trying to achieve, such as "product quality" or "price leadership" (for example, Deal and Kennedy, 1982, 1999).

- **Formal philosophy:** The broad policies and ideological principles that guide a group's actions toward stockholders, employees, customers, and other stakeholders such as the highly publicized "HP Way" of the Hewlett-Packard Co. (for example, Ouchi, 1981; Pascale and Athos, 1981; Packard, 1995).

- **Rules of the game:** The implicit, unwritten rules for getting along in the organization, "the ropes" that a newcomer must learn to become an accepted member, "the way we do things around here" (for example, Schein, 1968, 1978; Van Maanen, 1976, 1979b; Ritti and Funkhouser, 1987).

- **Climate:** The feeling that is conveyed in a group by the physical layout and the way in which members of the organization interact with each other, with customers, or with other outsiders (for example, Ashkanasy, and others 2000; Schneider, 1990; Tagiuri and Litwin, 1968).

- **Embedded skills:** The special competencies displayed by group members in accomplishing certain tasks, the ability to make certain things that get passed on from generation to generation without necessarily being articulated in writing (for example, Argyris and Schon, 1978; Cook and Yanow, 1993; Henderson and Clark, 1990; Peters and Waterman, 1982; Ang and Van Dyne, 2008).

- **Habits of thinking, mental models, and/or linguistic paradigms:** The shared cognitive frames that guide the perceptions, thought, and language used by the members of a group and are taught to new members in the early socialization process (for example, Douglas, 1986; Hofstede, 1991, 2001; Van Maanen, 1979b; Senge, Roberts, Ross, Smith, and Kleiner, 1994).

- **Shared meanings:** The emergent understandings that are created by group members as they interact with each other (for example, Geertz, 1973; Smircich, 1983; Van Maanen and Barley, 1984; Weick, 1995, Weick and Sutcliffe, 2001; Hatch and Schultz, 2004).

- **"Root metaphors" or integrating symbols:** The ways that groups evolve to characterize themselves, which may or may not be appreciated

consciously, but that get embodied in buildings, office layouts, and other material artifacts of the group. This level of the culture reflects the emotional and aesthetic response of members as contrasted with the cognitive or evaluative response (for example, Gagliardi, 1990; Hatch, 1990; Pondy, Frost, Morgan, and Dandridge, 1983; Schultz, 1995).

- **Formal rituals and celebrations:** The ways in which a group celebrates key events that reflect important values or important "passages" by members such as promotion, completion of important projects, and milestones (Trice and Beyer, 1993, Deal and Kennedy, 1982, 1999).

All of these concepts and phenomena relate to culture and/or reflect culture in that they deal with things that group members share or hold in common, but none of them can usefully be thought of as *the* culture of a country, organization, occupation, or group. You might wonder why we need the word *culture* at all when we have so many other concepts such as norms, values, behavior patterns, rituals, traditions, and so on. However, the word *culture* adds several other critical elements to the concept of sharing. The concept of culture implies structural stability, depth, breadth, and patterning or integration.

Structural Stability

Culture implies some level of structural stability in the group. When we say that something is "cultural" we imply that it is not only shared but also stable because it defines the group. After we achieve a sense of group identity, which is a key component of culture, it is our major stabilizing force and will not be given up easily. Culture is something that survives even when some members of the organization depart. Culture is hard to change because group members value stability in that it provides meaning and predictability.

Depth

Culture is the deepest, often unconscious part of a group and is therefore less tangible and less visible. From this point of view, most of the categories used to describe culture listed earlier can be thought of as *manifestations* of culture, but they are not the "essence" of what we mean by culture. Note that when something is more deeply embedded that also lends stability.

Breadth

A third characteristic of culture is that after it has developed, it covers *all* of a group's functioning. Culture is pervasive and influences all aspects of how an organization deals with its primary task, its various environments, and its internal operations. Not all groups have cultures in this sense, but the concept connotes that if we refer to "the culture" of a group, we are referring to all of its operations.

Patterning or Integration

The fourth characteristic that is implied by the concept of culture and that further lends stability is patterning or integration of the elements into a larger paradigm or "Gestalt" that ties together the various elements and resides at a deeper level. Culture implies that rituals, climate, values, and behaviors tie together into a coherent whole, and this pattern or integration is the essence of what we mean by "culture." Such patterning or integration ultimately derives from the human need to make our environment as sensible and orderly as we can (Weick, 1995). Disorder or senselessness makes us anxious, so we will work hard to reduce that anxiety by developing a more consistent and predictable view of how things are and how they should be. Thus: "Organizational cultures, like other cultures, develop as groups of people struggle to make sense of and cope with their worlds" (Trice and Beyer, 1993, p. 4).

How then should we think about this "essence" of culture, and how should we formally define it? The most useful way to arrive at a definition of something as abstract as culture is to think in dynamic evolutionary terms. If we can understand where culture comes from, how it evolves, then we can grasp something that is abstract, that exists in a group's unconscious, yet that has powerful influences on a group's behavior.

Any social unit that has some kind of shared history will have evolved a culture. The strength of that culture depends on the length of time, the stability of membership of the group, and the emotional intensity of the actual historical experiences they have shared. We all have a common-sense notion of this phenomenon, yet it is difficult to define it abstractly. The formal definition that I propose and will work with builds on this evolutionary perspective and argues that the most fundamental characteristic of culture is that it is a product of social *learning*.

Culture Formally Defined

The culture of a group can now be defined as a pattern of shared basic assumptions learned by a group as it solved its problems of external adaptation and internal integration, which 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.

Culture by this definition tends toward patterning and integration. But a given group may not have the kind of learning experiences that allow it to evolve a culture in this sense. There may be major turnover in leaders or members, the mission or primary task may change, the underlying technology on which the group is built may evolve, or the group may split into subgroups that develop their own subcultures leading to what Joanne Martin and her colleagues define as *differentiated* cultures and/or *fragmented* cultures (Martin, 2002).

We all know of groups, organizations, and societies where there are beliefs and values that work at cross purposes with other beliefs and values leading to situations full of conflict and ambiguity. But if the concept of culture is to have any utility, it should draw our attention to those things that are the product of our human need for stability, consistency, and meaning. Culture formation, therefore, is always, by definition, a striving toward patterning and integration, even though in many groups, their actual history of experiences prevents them from ever achieving a clearcut unambiguous paradigm.

Culture Content

If a group's culture is that group's accumulated learning, how do we describe and catalogue the content of that learning? Group and organizational theories distinguish two major sets of problems that all groups, no matter what their size, must deal with: (1) Survival, growth, and adaptation in their environment; and (2) Internal integration that permits daily functioning and the ability to adapt and learn. Both of these areas of group functioning will reflect the macrocultural context in which the group exists and from which are derived broader and deeper basic assumptions about the nature

of reality, time, space, human nature, and human relationships. Each of these areas will be explained in detail in later chapters.

The Process of Socialization or Acculturation

After a group has a culture, it will pass elements of this culture on to new generations of group members (Louis, 1980; Schein, 1968; Van Maanen, 1976; Van Maanen and Schein, 1979). Studying what new members of groups are taught is, in fact, a good way to discover some of the elements of a culture, but we only learn about surface aspects of the culture by this means. This is especially so because much of what is at the heart of a culture will not be revealed in the rules of behavior taught to newcomers. It will only be revealed to members as they gain permanent status and are allowed into the inner circles of the group where group secrets then are shared.

On the other hand, *how* people learn and the socialization processes to which they are subjected may indeed reveal deeper assumptions. To get at those deeper levels, we must try to understand the perceptions and feelings that arise in critical situations, and we must observe and interview regular members or "old timers" to get an accurate sense of the deeper-level assumptions that are shared.

Can culture be learned through anticipatory socialization or self-socialization? Can new members discover for themselves what the basic assumptions are? Yes and no. We certainly know that one of the major activities of any new member when she or he enters a new group is to decipher the operating norms and assumptions. But this deciphering can only be successful through the rewards and punishments that are meted out by old members to new members as they experiment with different kinds of behavior. In this sense, there is always a teaching process going on, even though it may be quite implicit and unsystematic.

If the group does not have shared assumptions, as will sometimes be the case, the new members' interaction with old members will be a more creative process of building a culture. But once shared assumptions exist, the culture survives through teaching them to newcomers. In this regard, culture is a mechanism of social control and can be the basis of explicitly manipulating members into perceiving, thinking, and feeling in certain

ways (Van Maanen and Kunda, 1989; Kunda, 1992). Whether or not we approve of this as a mechanism of social control is a separate question that will be addressed later.

Can Culture Be Inferred from Only Behavior?

Note that the definition of culture that I have given does not include overt behavior patterns, though some such behavior, especially formal rituals, would reflect cultural assumptions. Instead, this definition emphasizes that the shared assumptions deal with how we perceive, think about, and feel about things. We cannot rely on overt behavior alone because it is always determined both by the cultural predisposition (the perceptions, thoughts, and feelings that are patterned) and by the situational contingencies that arise from the immediate external environment.

Behavioral regularities can occur for reasons other than culture. For example, if we observe that all members of a group cower in the presence of a large and loud leader, this could be based on biological reflex reactions to sound and size, individual learning, or shared learning. Such a behavioral regularity should not, therefore, be the basis for defining culture, though we might later discover that, in a given group's experience, cowering is indeed a result of shared learning and therefore a manifestation of deeper shared assumptions. Or, to put it another way, when we observe behavioral regularities, we do not know whether or not we are dealing with a cultural manifestation. Only after we have discovered the deeper layers that I am defining as the essence of culture can we specify what is and what is not an "artifact" that reflects the culture.

Do Occupations Have Cultures?

The definition provided previously does not specify the size or location of the social unit to which it can legitimately be applied. We know that nations, ethnic groups, religions, and other kinds of social units have cultures in this sense. I called these *macrocultures*. Our experience with large organizations also tells us that even globally dispersed corporations such as IBM or Unilever have corporate cultures in spite of the obvious presence of many diverse subcultures within the larger organization.

But it is not clear whether it makes sense to say that medicine or law or accounting or engineering have cultures. If culture is a product of joint learning leading to shared assumptions about how to perform and relate internally, then we can see clearly that many occupations do evolve cultures. If there is strong socialization during the education and training period and if the beliefs and values learned during this time remain stable as taken-for-granted assumptions even though the person may not be in a group of occupational peers, then clearly those occupations have cultures. For most of the occupations that will concern us, these cultures are global to the extent that members are trained in the same way to the same skill set and values. However, we will find that macrocultures also influence how occupations are defined, that is, how engineering or medicine is practiced in a particular country. These variations make it that much more difficult to decipher in a hospital, for example, what is national, ethnic, occupational, or organizational.

Summary and Conclusions

In this chapter, I have introduced the concept of culture and have argued that it helps to explain some of the more seemingly incomprehensible and irrational aspects of what goes on in groups, occupations, organizations, and other kinds of social units that have common histories. I reviewed the variety of elements that people perceive to be "culture," leading to a formal definition that puts the emphasis on shared learning experiences that lead to shared, taken-for-granted basic assumptions held by the members of the group or organization.

In this sense, any group with a stable membership and a history of shared learning will have developed some level of culture, but a group that either has had a great deal of turnover of members and leaders or a history lacking in any kind of challenging events may well lack any shared assumptions. Not every collection of people develops a culture, and, in fact, we tend to use the terms "group," "team," or "community" rather than "crowd" or "collection of people" only when there has been enough of a shared history so that some degree of culture formation has taken place.

After a set of shared assumptions has come to be taken for granted it determines much of the group's behavior, and the rules and norms that are

taught to newcomers in a socialization process that is a reflection of culture. We noted that to define culture, we must go below the behavioral level because behavioral regularities can be caused by forces other than culture. We noted that even large organizations can have a common culture if there has been enough of a history of shared experience.

We also noted that culture and leadership are two sides of the same coin in that leaders first start the process of culture creation when they create groups and organizations. After cultures exist, they determine the criteria for leadership and thus determine who will or will not be a leader. But if elements of a culture become dysfunctional, it is the unique function of leadership to perceive the functional and dysfunctional elements of the existing culture and to manage cultural evolution and change in such a way that the group can survive in a changing environment. The bottom line for leaders is that if they do not become conscious of the cultures in which they are embedded, those cultures will manage them. Cultural understanding is desirable for all of us, but it is essential to leaders if they are to lead.

2

THE THREE LEVELS OF CULTURE

The purpose of this chapter is to show that culture can be analyzed at several different levels, with the term *level* meaning the degree to which the cultural phenomenon is visible to the observer. Some of the confusion surrounding the definition of what culture really is results from not differentiating the levels at which it manifests itself. These levels range from the very tangible overt manifestations that you can see and feel to the deeply embedded, unconscious, basic assumptions that I am defining as the essence of culture. In between these layers are various espoused beliefs, values, norms, and rules of behavior that members of the culture use as a way of depicting the culture to themselves and others.

Many other culture researchers prefer the term *basic values* to describe the deepest levels. I prefer *basic assumptions* because these tend to be taken for granted by group members and are treated as nonnegotiable. Values are open to discussion, and people can agree to disagree about them. Basic assumptions are so taken for granted that someone who does not hold them is viewed as a "foreigner" or as "crazy" and is automatically dismissed.

The three major levels of cultural analysis are shown in Exhibit 2.1.

Artifacts

At the surface is the level of artifacts, which includes all the phenomena that you would see, hear, and feel when you encounter a new group with an unfamiliar culture. Artifacts include the visible products of the group, such as the architecture of its physical environment; its language; its technology and products; its artistic creations; its style, as embodied in clothing, manners of address, and emotional displays; its myths and stories told about the organization; its published lists of values; and its observable rituals and ceremonies.

Exhibit 2.1.   The Three Levels of Culture.

1. Artifacts

- Visible and feelable structures and processes
- Observed behavior
  - Difficult to decipher

2. Espoused Beliefs and Values

- Ideals, goals, values, aspirations
- Ideologies
- Rationalizations
  - May or may not be congruent with behavior and other artifacts

3. Basic Underlying Assumptions

- Unconscious, taken-for-granted beliefs and values
  - Determine behavior, perception, thought, and feeling

Among these artifacts is the "climate" of the group. Some culture analysts see climate as the equivalent to culture, but it is better thought of as the product of some of the underlying assumptions and is, therefore, a manifestation of the culture. Observed behavior is also an artifact as are the organizational processes by which such behavior is made routine. Structural elements such as charters, formal descriptions of how the organization works, and organization charts also fall into the artifact level.

The most important point to be made about this level of the culture is that it is both easy to observe and very difficult to decipher. The Egyptians and the Mayans both built highly visible pyramids, but the meaning of pyramids in each culture was very different—tombs in one, temples as well as tombs in the other. In other words, observers can describe what they see and feel but cannot reconstruct from that alone what those things mean in the given group. Some culture analysts argue that among the artifacts, you find important symbols that reflect deep assumptions of the culture, but symbols are ambiguous, and you can only test a person's insight into what something may mean if the person has also experienced the culture at the deeper level of assumptions (Gagliardi, 1990, 1999).

It is especially dangerous to try to infer the deeper assumptions from artifacts alone because a person's interpretations will inevitably be projections of his or her own feelings and reactions. For example, when you see a very informal, loose organization, you may interpret that as "inefficient" if your own background is based on the assumption that informality means playing around and not working. Or, alternatively, if you see a very formal organization, you may interpret that to be a sign of "lack of innovative capacity" if your own experience is based on the assumption that formality means bureaucracy and standardization.

If the observer lives in the group long enough, the meanings of artifacts gradually become clear. If, however, you want to achieve this level of understanding more quickly, you must talk to insiders to analyze the espoused values, norms, and rules that provide the day-to-day operating principles by which the members of the group guide their behavior. This kind of inquiry takes you to the next level of cultural analysis.

Espoused Beliefs and Values

All group learning ultimately reflects someone's original beliefs and values, his or her sense of what ought to be, as distinct from what is. When a group is first created or when it faces a new task, issue, or problem, the first solution proposed to deal with it reflects some individual's own assumptions about what is right or wrong, what will work or not work. Those individuals who prevail, who can influence the group to adopt a certain approach to the problem, will later be identified as leaders or founders, but the group does not yet have any shared knowledge as a group because it has not yet taken a common action in reference to whatever it is supposed to do. Whatever is proposed will only be perceived as what the leader wants. Until the group has taken some joint action and together observed the outcome of that action, there is not as yet a shared basis for determining whether what the leader wants will turn out to be valid.

For example, if sales begin to decline in a young business, a manager may say, "We must increase advertising" because of her belief that advertising always increases sales. The group, never having experienced this situation before, will hear that assertion as a statement of that manager's beliefs and values: "She believes that when one is in trouble it is a good thing to

increase advertising." What the leader initially proposes, therefore, cannot have any status other than a value to be questioned, debated, challenged, and tested.

If the manager convinces the group to act on her belief, the solution works, and the group has a shared perception of that success, then the perceived value that "advertising is good" gradually becomes transformed: first into a *shared value or belief* and ultimately into a *shared assumption* (if actions based on it continue to be successful). If this transformation process occurs, group members will tend to forget that originally they were not sure and that the proposed course of action was at an earlier time just a proposal to be debated and confronted.

Not all beliefs and values undergo such transformation. First of all, the solution based on a given value may not work reliably. Only those beliefs and values that can be empirically tested and that continue to work reliably in solving the group's problems will become transformed into assumptions. Second, certain value domains—those dealing with the less controllable elements of the environment or with aesthetic or moral matters—may not be testable at all. In such cases, consensus through social validation is still possible, but it is not automatic. Third, the strategy/goals of the organization may fall into this category of espoused beliefs in that there may be no way of testing it except through consensus because the link between performance and strategy may be hard to prove.

Social validation means that certain beliefs and values are confirmed only by the shared social experience of a group. For example, any given culture cannot prove that its religion and moral system are superior to another culture's religion and moral system, but if the members reinforce each others' beliefs and values, they come to be taken for granted. Those who fail to accept such beliefs and values run the risk of "excommunication"—of being thrown out of the group. The test of whether they work or not is how comfortable and anxiety free members are when they abide by them.

In these realms, the group learns that certain beliefs and values, as initially promulgated by prophets, founders, and leaders, "work" in the sense of reducing uncertainty in critical areas of the group's functioning. And, as they continue to provide meaning and comfort to group members, they also become transformed into nondiscussible assumptions even though they may not be correlated to actual performance. The espoused beliefs and moral/

ethical rules remain conscious and are explicitly articulated because they serve the normative or moral function of guiding members of the group in how to deal with certain key situations, and in training new members how to behave. Such beliefs and values often become embodied in an ideology or organizational philosophy, which then serves as a guide to dealing with the uncertainty of intrinsically uncontrollable or difficult events.

If the beliefs and values that provide meaning and comfort to the group are not congruent with the beliefs and values that correlate with effective performance, we will observe in many organizations espoused values that reflect the desired behavior but are not reflected in observed behavior (Argyris and Schon, 1978, 1996). For example, a company's ideology may say that it values people and that it has high quality standards for its products, but its actual record in that regard may contradict what it says. In U.S. organizations, it is common to espouse *teamwork* while actually rewarding *individual competitiveness*. Hewlett-Packard's highly touted "The HP Way" espoused consensus management and teamwork, but in its computer division, engineers discovered that to get ahead they had to be competitive and political (Packard, 1995).

So in analyzing espoused beliefs and values, you must discriminate carefully among those that are congruent with the underlying assumptions that guide performance, those that are part of the ideology or philosophy of the organization, and those that are rationalizations or only aspirations for the future. Often espoused beliefs and values are so abstract that they can be mutually contradictory, as when a company claims to be equally concerned about stockholders, employees, and customers, or when it claims both highest quality and lowest cost. Espoused beliefs and values often leave large areas of behavior unexplained, leaving us with a feeling that we understand a piece of the culture but still do not have the culture as such in hand. To get at that deeper level of understanding, to decipher the pattern, and to predict future behavior correctly, we have to understand more fully the category of basic assumptions.

Basic Underlying Assumptions

When a solution to a problem works repeatedly, it comes to be taken for granted. What was once a hypothesis, supported only by a hunch or a value, gradually comes to be treated as a reality. We come to believe that nature

really works this way. Basic assumptions, in this sense, are different from what some anthropologists called "dominant value orientations" in that such dominant orientations reflect the *preferred* solution among several basic alternatives, but all the alternatives are still visible in the culture, and any given member of the culture could, from time to time, behave according to variant as well as dominant orientations (Kluckhohn and Strodtbeck, 1961).

Basic assumptions, in the sense defined here, have become so taken for granted that you find little variation within a social unit. This degree of consensus results from repeated success in implementing certain beliefs and values, as previously described. In fact, if a basic assumption comes to be strongly held in a group, members will find behavior based on any other premise inconceivable. For example, in a group whose basic assumption is that the individual's rights supersede those of the group, members find it inconceivable to commit suicide or in some other way sacrifice themselves to the group even if they had dishonored the group. In a capitalist country, it is inconceivable that someone might design a business organization to operate consistently at a financial loss or that it does not matter whether or not a product works. In an occupation such as engineering, it is inconceivable to deliberately design something that is unsafe; it is a taken-for-granted assumption that things should be safe. Basic assumptions, in this sense, are similar to what Argyris and Schon identified as "theories-in-use"—the implicit assumptions that actually guide behavior, that tell group members how to perceive, think about, and feel about things (Argyris and Schon, 1974, 1996).

Basic assumptions, like theories-in-use, tend to be nonconfrontable and nondebatable, and hence are extremely difficult to change. To learn something new in this realm requires us to resurrect, reexamine, and possibly change some of the more stable portions of our cognitive structure—a process that Argyris and others have called "double-loop learning," or "frame breaking" (Argyris, Putnam, and Smith, 1985; Bartunek, 1984). Such learning is intrinsically difficult because the reexamination of basic assumptions temporarily destabilizes our cognitive and interpersonal world, releasing large quantities of basic anxiety.

Rather than tolerating such anxiety levels, we tend to want to perceive the events around us as congruent with our assumptions, even if that means distorting, denying, projecting, or in other ways falsifying to ourselves what may be going on around us. It is in this psychological process that culture

has its ultimate power. Culture as a set of basic assumptions defines for us what to pay attention to, what things mean, how to react emotionally to what is going on, and what actions to take in various kinds of situations. After we have developed an integrated set of such assumptions—a "thought world" or "mental map"—we will be maximally comfortable with others who share the same set of assumptions and very uncomfortable and vulnerable in situations where different assumptions operate because either we will not understand what is going on, or, worse, we will misperceive and misinterpret the actions of others (Douglas, 1986; Bushe, 2009).

The human mind needs cognitive stability. Therefore, any challenge or questioning of a basic assumption will release anxiety and defensiveness. In this sense, the shared basic assumptions that make up the culture of a group can be thought of both at the individual and group level as psychological cognitive defense mechanisms that permit the group to continue to function. At the same time, culture at this level provides its members with a basic sense of identity and defines the values that provide self-esteem (Hatch and Schultz, 2004). Cultures tell their members who they are, how to behave toward each other, and how to feel good about themselves. Recognizing these critical functions makes us aware why "changing" culture is so anxiety provoking.

To illustrate how unconscious assumptions can distort data, consider the following example. If we assume, on the basis of past experience or education, that other people will take advantage of us whenever they have an opportunity, we expect to be taken advantage of, and we then interpret the behavior of others in a way that coincides with those expectations. We observe people sitting in a seemingly idle posture at their desk and interpret their behavior as "loafing" rather than "thinking out an important problem." We perceive absence from work as "shirking" rather than "doing work at home."

If this is not only a personal assumption but also one that is shared and thus part of the culture of an organization, we will discuss with others what to do about our "lazy" workforce and institute tight controls to ensure that people are at their desks and busy. If employees suggest that they do some of their work at home, we will be uncomfortable and probably deny the request because we will figure that at home they would loaf (Bailyn, 1992; Perin, 1991).

In contrast, if we assume that everyone is highly motivated and competent, we will act in accordance with that assumption by encouraging people to work at their own pace and in their own way. If we see someone sitting quietly at their desk, we will assume that they are thinking or planning. If someone is discovered to be unproductive in such an organization, we will make the assumption that there is a mismatch between the person and the job assignment, not that the person is lazy or incompetent. If employees want to work at home, we will perceive that as evidence of their wanting to be productive.

In both cases, there is the potential for distortion, in that the cynical manager will not perceive how highly motivated some of the subordinates really are, and the idealistic manager will not perceive that there are subordinates who are lazy and are taking advantage of the situation. As McGregor noted many decades ago, such assumptions about "human nature" become the basis of management and control systems that perpetuate themselves because if people are treated consistently in terms of certain basic assumptions, they come eventually to behave according to those assumptions to make their world stable and predictable (1960).

Unconscious assumptions sometimes lead to ridiculously tragic situations, as illustrated by a common problem experienced by U.S. supervisors in some Asian countries. A manager who comes from a U.S. pragmatic tradition assumes and takes it for granted that solving a problem always has the highest priority. When that manager encounters a subordinate who comes from a cultural tradition in which good relationships and protecting the superior's "face" are assumed to have top priority, the following scenario has often resulted.

The manager proposes a solution to a given problem. The subordinate knows that the solution will not work, but his unconscious assumption requires that he remain silent because to tell the boss that the proposed solution is wrong is a threat to the boss's face. It would not even occur to the subordinate to do anything other than remain silent or, if the boss were to inquire what the subordinate thought, to even reassure the boss to go ahead and take the action.

The action is taken, the results are negative, and the boss, somewhat surprised and puzzled, asks the subordinate what he would have done or would he have done something different. This question puts the subordinate into

an impossible double bind because the answer itself is a threat to the boss's face. He cannot possibly explain his behavior without committing the very sin he was trying to avoid in the first place—namely, embarrassing the boss. He may even lie at this point and argue that what the boss did was right and only "bad luck" or uncontrollable circumstances prevented it from succeeding.

From the point of view of the subordinate, the boss's behavior is incomprehensible because to ask the subordinate what he would have done shows lack of self-pride, possibly causing the subordinate to lose respect for that boss. To the boss, the subordinate's behavior is equally incomprehensible. He cannot develop any sensible explanation of his subordinate's behavior that is not cynically colored by the assumption that the subordinate at some level just does not care about effective performance and therefore must be gotten rid of. It never occurs to the boss that another assumption—such as "you never embarrass a superior"—is operating, and that, to the subordinate, that assumption is even more powerful than "you get the job done."

If assumptions such as these operate only in an individual and represent her idiosyncratic experience, they can be corrected more easily because the person will detect that she is alone in holding a given assumption. The power of culture comes about through the fact that the assumptions are *shared* and, therefore, mutually reinforced. In these instances, probably only a third party or some cross-cultural experiences could help to find common ground whereby both parties could bring their implicit assumptions to the surface. And even after they have surfaced, such assumptions would still operate, forcing the boss and the subordinate to invent a whole new communication mechanism that would permit each to remain congruent with his or her culture—for example, agreeing that, before any decision is made and before the boss has stuck his neck out, the subordinate will be asked for suggestions and for factual data that would not be face threatening. Note that the solution has to keep each cultural assumption intact. We cannot, in these instances, simply declare one or the other cultural assumption "wrong." We have to find a third assumption to allow them both to retain their integrity.

I have dwelled on this long example to illustrate the potency of implicit, unconscious assumptions and to show that such assumptions often deal with fundamental aspects of life—the nature of time and space; human

nature and human activities; the nature of truth and how we discover it; the correct way for the individual and the group to relate to each other; the relative importance of work, family, and self-development; the proper role of men and women; and the nature of the family.

These kinds of assumptions form the core of macrocultures and will be discussed in detail in Part II, The Dimensions of Culture. We do not develop new assumptions about each of these areas in every group or organization we join. Members of any new group will bring their own cultural learning from prior groups, from their education, and from their socialization into occupational communities, but as the new group develops its own shared history, it will develop modified or new assumptions in critical areas of its experience. It is those new assumptions that then make up the culture of that particular group.

Summary and Conclusions

Any group's culture can be studied at three levels—the level of its artifacts, the level of its espoused beliefs and values, and the level of its basic underlying assumptions. If you do not decipher the pattern of basic assumptions that may be operating, you will not know how to interpret the artifacts correctly or how much credence to give to the espoused values. In other words, the essence of a culture lies in the pattern of basic underlying assumptions, and after you understand those, you can easily understand the other more surface levels and deal appropriately with them.

Though the essence of a group's culture is its pattern of shared, basic taken-for-granted assumptions, the culture will manifest itself at the level of observable artifacts and shared espoused values, norms, and rules of behavior. In analyzing cultures, it is important to recognize that artifacts are easy to observe but difficult to decipher and that espoused beliefs and values may only reflect rationalizations or aspirations. To understand a group's culture, you must attempt to get at its shared basic assumptions and understand the learning process by which such basic assumptions evolve.

Leadership is originally the source of the beliefs and values that get a group moving in dealing with its internal and external problems. If what leaders propose works and continues to work, what once were only the leader's assumptions gradually come to be shared assumptions. When a set

of shared basic assumptions is formed by this process, it defines the character and identity of the group and can function as a cognitive defense mechanism both for the individual members and for the group as a whole. In other words, individuals and groups seek stability and meaning. Once achieved, it is easier to distort new data by denial, projection, rationalization, or various other defense mechanisms than to change the basic assumption. As we will see, culture change, in the sense of changing basic assumptions, is difficult, time-consuming, and highly anxiety-provoking—a point that is especially relevant for the leader who sets out to change the culture of an organization.

The most central issue for leaders is to understand the deeper levels of a culture, to assess the functionality of the assumptions made at that level, and to deal with the anxiety that is unleashed when those assumptions are challenged.