

ORGANIZATIONAL CULTURE

Authored by
mohammad looti

October 31, 2025

RECOMMENDED CITATION

mohammad looti (2025). *ORGANIZATIONAL CULTURE*. PSYCHOLOGICAL SCALES.
Retrieved from <https://scales.arabpsychology.com/?p=63465>

Organizational Culture

Primary Disciplinary Field(s): Management Studies, Organizational Behavior, Sociology, Anthropology

1. Core Definition and Analogies

Organizational culture is fundamentally defined as a precise, pervasive trend of thought and action shared collectively by individuals belonging to the same establishment or organization. This shared framework is manifested visibly and invisibly across numerous organizational dimensions, including the specific language utilized, the moral standards upheld, the collective outlooks and perspectives on the external environment, the deep-seated beliefs about how the organization functions, and the entrenched traditions and rituals practiced daily. It provides a crucial lens through which members interpret the world, guiding their decisions and interactions both internally and externally.

The core essence of organizational culture is often likened to the **character of a person**. Just as an individual's character dictates their typical reactions, moral compass, and predictable behaviors, an organization's culture establishes its unique identity, operational style, and ethical boundaries. This analogy highlights the inherent stability and deeply ingrained nature of culture; it is not merely a set of written rules but an organic, often unconscious, force that dictates the 'way things are done around here.' Furthermore, the source content highlights that organizational culture functions powerfully to **bond employees** of specific conglomerates, ensuring alignment because they are all invested in achieving the same overarching goals and share similar work experiences, fostering a sense of collective identity and shared purpose.

From an academic perspective, culture serves as a system of shared meaning held by members that distinguishes the organization from other organizations. This system comprises seven primary characteristics: innovation and risk-taking, attention to detail, outcome orientation, people orientation, team orientation, aggressiveness, and stability. The strength of the culture--the degree to which core values are intensely held and widely shared--determines its impact on employee behavior and organizational outcomes. A strong culture typically leads to increased commitment and lower turnover, provided the culture is functional and aligned with strategic objectives.

2. Historical Evolution and Theoretical Foundations

The study of organizational culture emerged as a major focus in management and organizational theory primarily during the 1980s, following earlier anthropological and sociological explorations of group norms. Before this era, organizational design focused heavily on formal structures, processes, and rational decision-making models. The surge of interest was largely triggered by the perceived success of Japanese companies, which seemed to outperform Western counterparts not

due to superior technology or formal structure, but due to strong, unique corporate cultures emphasizing teamwork, quality, and loyalty.

Pioneering works, such as those by Terrence Deal and Allan Kennedy (1982), popularized the notion that "culture is the way we do things around here," asserting that strong corporate cultures were essential for financial success. However, perhaps the most influential theoretical contribution came from Edgar H. Schein, who provided a profound, deep-level model that moved beyond surface artifacts to explore the underlying assumptions that truly drive behavior. Schein argued that culture is not something an organization merely 'has,' but rather something that it 'is,' formed as the group learns to cope with its problems of external adaptation and internal integration.

The early development phase saw debates regarding whether culture was a variable that could be manipulated and controlled by management (the 'functionalist' view) or an inherent, emergent property that reflects the deep history and psychological dynamics of the group (the 'interpretivist' view). The dominance of the functionalist perspective initially led to numerous organizational change initiatives focused on "culture change," though later research acknowledged the deep resilience and resistance to change inherent in core cultural assumptions, recognizing culture as both a constraint and an enabler of strategy.

3. Manifestations and Components (Schein's Three-Level Model)

Edgar Schein's widely accepted model posits that organizational culture exists on three distinct, yet interconnected, levels. The first level consists of **Artifacts**, which are the visible, tangible, and audible manifestations of the culture. These include the organization's physical layout, technology, dress code, symbols, published mission statements, language, and rituals, such as annual parties or specific ceremonies for recognition. Artifacts are easy to observe but difficult to interpret without understanding the deeper levels of culture they represent. For example, open-plan offices (an artifact) might be designed to foster collaboration, but only by understanding the underlying values can one determine if they actually encourage interaction or merely cause distraction.

The second level comprises **Espoused Values**. These are the strategies, goals, philosophies, and justifications explicitly articulated by the organization's leadership or enshrined in corporate documents. Espoused values represent what the organization intends or wants its employees and the public to believe are the guiding principles. Examples include commitments to "customer service," "integrity," or "innovation." Crucially, there can be a significant discrepancy between espoused values and actual behavior; an organization might espouse "work-life balance" while rewarding employees who consistently work 80 hours per week, revealing the true underlying assumptions about dedication and performance.

The deepest and most critical level consists of the **Basic Underlying Assumptions**. These are unconscious, taken-for-granted beliefs, perceptions, thoughts, and feelings. They determine how

group members perceive, think, and feel about things. These assumptions are non-debatable and non-confrontable and are often learned responses that have worked consistently enough to be considered reality. Assumptions relate to fundamental issues such as the nature of reality and truth, the nature of human nature (are people fundamentally trustworthy or lazy?), the nature of human activity, and the nature of relationships. It is these underlying assumptions that ultimately dictate the behavior of employees and are the hardest elements of culture to change.

4. Functions and Purposes of Organizational Culture

Organizational culture serves multiple vital functions, both for the internal integration of the group and for its external adaptation. Primarily, culture provides a **sense-making and control mechanism**. It defines boundaries, creating distinctions between the organization and others, thus conveying a sense of identity to its members. When confronted with ambiguous situations, employees rely on cultural norms to determine appropriate responses, reducing uncertainty and establishing predictable behaviors, a key form of informal control that is often more effective than formal rules.

Secondly, culture facilitates **commitment and social glue**. As noted in the source material, culture works powerfully to bond employees. By sharing common values, beliefs, and traditions, members develop a shared commitment to something larger than their individual self-interest. This social cohesion reduces internal conflict, fosters loyalty, and encourages cooperation, leading to greater stability within the social system. Strong, positive cultures can significantly contribute to lower employee turnover rates and higher levels of engagement.

Finally, culture plays a crucial role in **external adaptation**. It helps the organization determine how to achieve its primary tasks, define its mission, identify its goals, and determine the necessary means to achieve those goals (e.g., through competition or collaboration). A culture that aligns with the requirements of its external environment--such as a fast-moving, innovative culture in a high-tech sector--provides the organization with a competitive advantage by ensuring rapid, coordinated responses to market changes.

5. Typologies of Organizational Culture

Scholars have developed various frameworks to categorize and analyze organizational cultures. One influential model is the **Competing Values Framework (CVF)**, which identifies four primary culture types based on two dimensions: organizational focus (internal/integration vs. external/differentiation) and organizational structure (flexibility/discretion vs. stability/control).

The four resultant types are: the **Clan Culture** (characterized by internal focus and flexibility), which resembles a family, emphasizing collaboration, loyalty, and mentoring; the **Adhocracy Culture** (external focus and flexibility), which is dynamic, entrepreneurial, and risk-taking,

prioritizing innovation and speed; the **Hierarchy Culture** (internal focus and stability), which is highly structured, formalized, and procedural, emphasizing efficiency and consistency; and the **Market Culture** (external focus and stability), which is oriented towards results, competition, and achieving measurable goals, often prioritizing market dominance and profitability over internal relationships.

Another earlier typology, provided by Deal and Kennedy, classified cultures based on the level of risk involved in the organization's activities and the speed with which employees and the organization receive feedback on their decisions. This framework includes the **Tough-Guy, Macho Culture** (high risk, fast feedback, e.g., consulting, entertainment), the **Work Hard/Play Hard Culture** (low risk, fast feedback, e.g., retail, sales), the **Bet-Your-Company Culture** (high risk, slow feedback, e.g., oil exploration, aerospace), and the **Process Culture** (low risk, slow feedback, e.g., government agencies, utilities). Understanding these typologies allows managers to diagnose their current culture and assess its fit with their strategic goals.

6. Mechanisms of Cultural Transmission and Maintenance

Organizational culture is highly enduring because it is constantly reinforced through various mechanisms of transmission. The most critical mechanism is the **socialization process**, which molds new employees to fit the organization's values and norms. This process involves onboarding, training, and subtle peer pressure, teaching newcomers the cultural 'rules of the game.' The explicit statements, slogans, and philosophies of the organization are also key, particularly when they reflect the deeply held beliefs of the founding leaders.

Furthermore, culture is maintained through **selection criteria and performance management**. Hiring processes often prioritize individuals whose attitudes and values already align with the existing culture (the "person-organization fit"), ensuring cultural continuity. Likewise, what leaders pay attention to, measure, and control--the aspects of performance they reward or punish--signals which behaviors are truly valued, reinforcing underlying assumptions more effectively than any written policy manual.

Finally, the use of **stories, folklore, rituals, and language** are powerful cultural carriers. Stories about founding figures, past successes, or historical blunders encapsulate and transmit core values in a memorable format. Rituals (like mandatory weekly meetings or specific ways of celebrating milestones) provide structure and reinforcement of cultural norms. Even specialized language (jargon or acronyms) acts as a boundary-defining tool, signaling membership and shared understanding.

7. Significance in Organizational Performance and Strategy

Organizational culture is a critical determinant of long-term organizational success, often cited as a

key source of **sustainable competitive advantage**. When culture is strong, strategically aligned, and widely shared, it can significantly enhance execution by ensuring that employees spontaneously act in ways that support the organization's mission, reducing the need for constant formal supervision. For instance, a culture that genuinely values experimentation and learning facilitates higher levels of innovation than one that punishes failure.

Culture is also intrinsically linked to successful **mergers and acquisitions (M&A)**. A staggering number of M&A failures are attributed not to financial issues but to the clash of incompatible organizational cultures. Integrating two distinct cultural systems requires profound effort, and organizations are increasingly analyzing cultural compatibility alongside financial synergies before executing major transactions.

Ultimately, the significance of culture lies in its ability to influence employee morale, motivation, and ethical conduct. A positive, ethical culture reduces internal friction, fosters intrinsic motivation, and minimizes the incidence of unethical behavior, safeguarding the organization's reputation and long-term viability. When culture and strategy are misaligned--for example, a strategy requiring aggressive growth being pursued by a slow, highly bureaucratic culture--organizational performance will inevitably suffer.

8. Debates and Criticisms

Despite its widely recognized importance, the concept of organizational culture faces several academic and practical criticisms. A key debate centers on the concept of **homogeneity versus subcultures**. Critics argue that treating organizational culture as a single, monolithic entity (the "unitary" perspective) ignores the reality of subcultures that often exist based on geography, function, or hierarchical level. These subcultures can sometimes clash with the dominant culture (forming countercultures), creating internal conflict and inefficiency.

A second major criticism addresses the functionalist view that culture is a variable that can be easily managed or manipulated by management. Scholars like Linda Smircich argue that culture is an emergent phenomenon, a deep, symbolic web of meaning, making attempts to implement "culture change" through top-down mandates often superficial and prone to failure. True cultural change requires shifts in basic underlying assumptions, which is a slow, difficult, and potentially disruptive process.

Finally, there are ethical concerns regarding the use of culture as a tool for heightened organizational control. When organizations seek to achieve strong cultural conformity, they may inadvertently foster a climate of groupthink, suppress dissent, and demand high levels of emotional labor from employees, diminishing individual autonomy and potentially leading to burnout or stifled creativity. This raises questions about the balance between cultural alignment necessary for coordination and the individual freedom necessary for robust intellectual health.

Further Reading

Edgar Schein, Organizational Culture and Leadership (Classic text defining the three levels of culture).

Deal, Terrence E., and Kennedy, Allan A., Corporate Cultures: The Rites and Rituals of Corporate Life (Early influential work emphasizing strong culture).

Quinn, Robert E., and Rohrbaugh, John, Competing Values Framework (Model for classifying organizational culture types).

Smircich, Linda, Concepts of Culture and Organizational Analysis (Critical perspective on culture as an emergent, symbolic phenomenon).

ARABPSYCHOLOGY.COM