

# Organizational Culture

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## Organizational Culture

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### 1. Core Definition

**Organizational culture** refers to the shared values, beliefs, expectations, attitudes, and practices that characterize an organization and guide the behavior of its members. It encompasses the everyday environment and emotional climate of a business or any other structured entity, shaping how individuals within it perceive, think, and feel. This intricate web of shared understandings is not merely a superficial aspect but rather a deeply embedded system that influences every facet of organizational life, from strategic decision-making to routine daily interactions. It provides a foundational framework through which employees interpret events, solve problems, and ultimately interact with each other and with external stakeholders.

The components of organizational culture are multifaceted, extending beyond explicit rules and regulations to include subtle, often unwritten, norms. These elements typically involve the prevailing management style, which dictates leadership approaches and communication hierarchies, as well as the company policies that govern operations and employee conduct. Furthermore, the nature of personnel interactions, encompassing teamwork, conflict resolution, and social dynamics, plays a significant role. Training procedures, which transmit not only skills but also cultural values, and the distinctive language--including specialized slang and "insider" words and expressions--that fosters a sense of belonging and identity, are also integral. Ultimately, organizational culture is profoundly shaped by the managerial visions, expectations, and beliefs that are articulated, modeled, and subsequently passed along to employees, influencing their perceptions of purpose, performance, and professionalism.

In essence, organizational culture can be conceptualized as the "personality" of an organization. It is the collective programming of the mind that distinguishes the members of one organization from another, as famously articulated by Geert Hofstede in his broader work on national cultures. This pervasive influence dictates what is considered acceptable behavior, what is valued, and how success is defined, making it a critical determinant of an organization's internal functioning and its ability to adapt to external pressures. Its comprehensive nature means that it affects everything from employee morale and productivity to innovation and customer service, thereby having a profound impact on an organization's overall effectiveness and long-term viability.

### 2. Etymology and Historical Development

The concept of organizational culture gained significant prominence in academic and business discourse during the 1980s, though its roots can be traced much further back in various

sociological and anthropological studies of group dynamics and societal norms. Early sociological inquiries into bureaucracy by scholars like Max Weber implicitly touched upon elements of organizational culture by describing formal structures, rules, and authority patterns. Similarly, the Hawthorne Studies in the 1920s and 1930s highlighted the critical role of social factors and informal group norms in influencing worker productivity, laying groundwork for understanding the non-economic drivers within organizations. However, these early works did not explicitly use the term "organizational culture."

The explicit recognition of culture as a distinct and powerful organizational variable emerged more forcefully in response to the perceived success of Japanese companies in the 1970s and early 1980s, which were often attributed to their unique management styles and collective values. This period saw a surge of interest in understanding the 'invisible' aspects of organizational life. Influential works like Peters and Waterman's "In Search of Excellence" (1982) and Deal and Kennedy's "Corporate Cultures: The Rites and Rituals of Corporate Life" (1982) popularized the idea that strong, positive cultures were directly correlated with organizational success. These publications, while criticized for their methodological rigor, brought the concept from academic periphery to mainstream management consciousness, emphasizing culture as a strategic asset rather than merely a background phenomenon.

Following this initial popularization, academic research deepened, with scholars such as Edgar H. Schein offering more rigorous theoretical frameworks. Schein's seminal work, particularly "Organizational Culture and Leadership" (1985), provided a comprehensive model for understanding culture at three levels: observable artifacts, espoused values, and basic underlying assumptions. This model became highly influential, offering a systematic way to analyze and interpret the complex layers of organizational culture. His contributions helped solidify organizational culture as a legitimate and essential field of study within organizational behavior and management, moving beyond anecdotal observations to a more structured and analytical approach that continues to inform contemporary theory and practice.

### 3. Key Characteristics and Components

Organizational culture is characterized by several interrelated components that manifest at different levels of visibility and consciousness. At the most visible level are **observable artifacts**, which are the tangible manifestations of culture. These include the organization's physical environment, such as office layout, décor, and dress codes; its language, including jargon, acronyms, and metaphors; stories, myths, and legends about key figures or events; rituals and ceremonies, like annual awards dinners or team-building activities; and symbols, such as company logos or traditions. These artifacts are relatively easy to perceive but can be difficult to interpret without understanding the underlying cultural context, as they are often expressions of deeper values and assumptions.

Beneath the surface of artifacts lie **espoused values**, which are the strategies, goals, philosophies, and justifications explicitly articulated by the organization. These are the stated beliefs and principles that the organization claims to uphold, such as "customer satisfaction is our top priority," "innovation is key," or "we value diversity and inclusion." Espoused values are often communicated through mission statements, company policies, ethical codes, and leadership rhetoric. While they represent the desired or ideal culture, there can sometimes be a discrepancy between espoused values and how employees actually behave, leading to cultural dissonance if actions do not align with declared principles.

The deepest and most fundamental level consists of **basic underlying assumptions**. These are the unconscious, taken-for-granted beliefs, perceptions, thoughts, and feelings that are the ultimate source of values and actions. They represent the core understandings about human nature, relationships, the nature of reality and truth, the environment, and time that have been learned and shared by group members as they solve problems of external adaptation and internal integration. For example, an underlying assumption might be that people are inherently lazy and need strict supervision, or conversely, that people are intrinsically motivated and trustworthy. These assumptions are often invisible, rarely questioned, and extremely difficult to change, yet they profoundly shape how members perceive, think, and feel about everything within the organization.

Beyond these three levels, other critical characteristics of organizational culture include its **pervasiveness**, meaning it affects all aspects of organizational life; its **stability**, as cultures tend to be enduring and resistant to change over time; and its **learned nature**, as it is acquired through socialization and experience within the organization. Furthermore, culture is often **shared** among members, creating a collective identity, and it can be **functional**, aiding in coordination and integration, or potentially **dysfunctional**, hindering adaptation and performance. The interplay of these characteristics determines the overall health and effectiveness of the organizational environment.

#### 4. Functions and Importance

Organizational culture serves several crucial functions, both internally and externally, making it one of the most critical factors for a company's success. Internally, it provides a sense of identity for organizational members, fostering a feeling of belonging and commitment that can significantly enhance employee morale and engagement. A strong culture helps employees understand what is expected of them, reduces ambiguity, and guides their behavior, thereby facilitating internal integration. It acts as a powerful control mechanism, informally regulating conduct and reinforcing desired norms, often more effectively than formal rules alone. This shared understanding and emotional climate contribute to a cohesive workforce, reducing internal conflicts and promoting cooperation towards common goals.

Furthermore, organizational culture plays a pivotal role in external adaptation. It helps the organization respond to changes in its external environment by shaping its strategic choices, innovation capabilities, and competitive posture. A culture that values adaptability, learning, and continuous improvement, for instance, can enable an organization to quickly pivot in response to market shifts or technological advancements. Conversely, a rigid or insular culture can hinder an organization's ability to innovate and compete effectively. The way an organization's culture is perceived by customers, partners, and the public also influences its brand reputation, market positioning, and overall ability to attract external resources and opportunities.

As highlighted in the source content, having a great culture is not a guarantee for company success, but it may significantly increase the probability for success. This is because a positive and robust culture directly impacts several key performance indicators. For instance, a culture that emphasizes employee development and work-life balance can lead to higher job satisfaction and lower turnover rates. Moreover, a culture that promotes open communication and psychological safety can foster creativity and problem-solving, driving innovation. Crucially, a strong, positive culture certainly makes hiring and retaining great employees easier. Prospective employees are increasingly drawn to organizations with cultures that align with their personal values, and existing employees are more likely to stay and thrive in an environment where they feel valued, supported, and connected to the organizational mission, thereby reducing recruitment costs and preserving institutional knowledge.

## 5. Typologies and Models of Culture

To better understand and categorize the diverse manifestations of organizational culture, various typologies and models have been developed. One of the most widely used frameworks is the Competing Values Framework (CVF), developed by Quinn and Rohrbaugh. This model posits that cultures can be broadly categorized along two dimensions: whether they emphasize flexibility and discretion versus stability and control, and whether they focus on internal integration and unity versus external differentiation and rivalry. These dimensions create four distinct cultural types: the Clan culture, which is collaborative and family-like; the Adhocracy culture, which is creative and entrepreneurial; the Market culture, which is competitive and results-oriented; and the Hierarchy culture, which is controlled and structured. Each type has distinct characteristics, leadership styles, and approaches to effectiveness, providing a useful diagnostic tool for cultural assessment.

Another influential model was proposed by Terrence Deal and Allan Kennedy in "Corporate Cultures." They identified four generic types of organizational cultures based on the degree of risk associated with the organization's activities and the speed at which feedback on decisions is available. These include the "Tough-Guy, Macho" culture (high risk, fast feedback), found in industries like entertainment or consulting, characterized by individualistic risk-takers; the "Work-Hard/Play-Hard" culture (low risk, fast feedback), common in sales organizations, emphasizing

activity and fun; the "Bet-Your-Company" culture (high risk, slow feedback), typical of aerospace or oil industries, where decisions are long-term and high stakes; and the "Process" culture (low risk, slow feedback), prevalent in bureaucratic organizations, focusing on procedures and details. While less holistic than the CVF, this model offers insights into how industry characteristics can shape cultural dynamics.

Beyond these broad classifications, other models focus on specific cultural dimensions. For instance, Charles Handy's cultural types, derived from his work on power and culture, include the "Power Culture" (web-like, centralized power), the "Role Culture" (bureaucratic, rule-bound), the "Task Culture" (project-oriented, team-focused), and the "Person Culture" (individualistic, professional associations). Each of these models provides a lens through which to analyze, understand, and potentially influence an organization's cultural landscape. They emphasize that there is no single "best" culture; rather, the most effective culture is one that aligns with the organization's strategy, environment, and overall objectives, enabling it to thrive in its specific context.

## 6. Formation, Maintenance, and Change of Culture

Organizational culture is initially forged by a complex interplay of factors, often beginning with the vision and assumptions of its founders. The personality, values, and experiences of the initial leaders significantly shape the early norms and practices. As the organization grows, the culture is further developed and reinforced through the criteria used for employee selection, which ensures that new hires possess attributes congruent with existing values. Socialization processes, including onboarding programs, mentorship, and informal interactions, then teach new employees the organizational ropes--its shared values, accepted behaviors, and unwritten rules--thereby embedding the culture deeply within the workforce. The stories, legends, and anecdotes shared within the organization also play a powerful role in transmitting cultural values across generations of employees, illustrating what is important and how things are done.

Once established, organizational culture is maintained through a continuous cycle of reinforcement mechanisms. Leadership plays a pivotal role, as leaders communicate cultural values through their actions, decisions, and what they choose to reward or punish. Performance management systems often reflect and reinforce cultural priorities by tying rewards and recognition to behaviors consistent with cultural norms. Organizational design and structure, including hierarchies, departmentalization, and communication channels, also implicitly or explicitly support certain cultural traits. For example, a flat, decentralized structure might foster a culture of autonomy and collaboration, while a tall, centralized structure could reinforce a culture of control and adherence to rules. These systems collectively perpetuate the existing culture, making it resilient to casual shifts.

Changing an established organizational culture is one of the most challenging tasks in management, often likened to turning a supertanker. It typically requires a profound understanding of the existing culture's deep-seated assumptions and a sustained, multi-pronged approach. Key steps often involve a crisis or compelling event that highlights the inadequacy of the current culture, followed by a clear articulation of a new vision and values by strong leadership. This must be accompanied by changes in leadership behaviors, reward systems, organizational structure, and recruitment practices to align with the desired culture. Education and training programs can help redefine norms and expectations, while symbolic actions and new rituals can help signal the transition. Cultural change is a long-term endeavor, demanding patience, consistency, and the active participation of all organizational members to successfully shift deeply ingrained beliefs and practices.

## 7. Debates and Criticisms

Despite its widespread acceptance and perceived importance, the concept of organizational culture has faced various debates and criticisms. One significant area of contention revolves around its tangibility and measurability. Critics argue that culture is an elusive and abstract construct, making it difficult to define, quantify, or objectively assess. While surveys and qualitative methods exist to gauge cultural elements, the inherent subjectivity and complexity of human beliefs and interactions mean that precise measurement remains a challenge. This difficulty can hinder efforts to scientifically study culture's impact on performance or to implement targeted cultural change initiatives, as it is hard to establish clear cause-and-effect relationships or track progress with precision.

Another point of debate concerns the assumption that a "strong" culture is inherently good or desirable. While a strong culture can foster unity and commitment, it can also lead to groupthink, resistance to change, and the exclusion of diverse perspectives, particularly in rapidly evolving environments. A culture that is too insular or homogeneous may stifle creativity, innovation, and critical thinking, potentially leading to organizational decline. Furthermore, the idea of a single, monolithic organizational culture has been questioned; many scholars argue that organizations typically possess subcultures (e.g., departmental, regional, or professional cultures) that can either align with or conflict with the dominant culture, adding layers of complexity that are often overlooked in simplified analyses.

Finally, ethical considerations surrounding cultural manipulation and leadership's role in shaping culture have also drawn scrutiny. The deliberate engineering of culture by management can be viewed as a form of social control, potentially infringing upon individual autonomy and promoting conformity over authentic expression. Critics also point out that the focus on culture can sometimes divert attention from more fundamental issues such as structural inequalities, power dynamics, or economic pressures that might be underlying organizational problems. Understanding

organizational culture therefore requires a nuanced perspective, acknowledging its profound influence while remaining critical of its potential pitfalls and the inherent complexities in its assessment and management.

## Further Reading

[Organizational culture - Wikipedia](#)

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