

The Consequences of Organizational Culture:

One More Look in the Light of the Extensive Literature Review

İsmail BAKAN, Ph.D.

Department of Business Administration
Kahramanmaraş Sütçü İmam University, Turkey
ibakan63@hotmail.com

Tuba Büyükbeşe

Department of Business Administration
Kahramanmaraş Sütçü İmam University, Turkey
tbuyukbese@yahoo.com

Abstract

Organizational culture is an important factor that has received much attention in the literature because of the key role it plays in determining levels of organizational success. A common hypothesis about the role of organizational culture is that if an organization possesses a unique culture by exhibiting a well-integrated and effective set of specific values, beliefs, and behaviours, then it will create important consequences for organizational effectiveness. Therefore the concept of the consequences of organizational culture is of primary importance to improving organizational success. Although researchers have explored a few consequences of organizational culture in their studies, regarding its coverage which explores a broad range of the possible consequences of organizational culture this study aims to create an important contribution to the literature.

Keywords: Organizational Culture, Strong-Weak Cultures, National Culture, Consequences, Organizational Performance.

1. Introduction

Through the 1980s in particular, there was remarkable interest in organizational culture as the key to improved individual and organizational effectiveness. By the late 1990s the concept of organizational culture has become a 'household name' in organization theory and practice, due largely to the emerging dominance of non-Western economies, especially Japan (Altman, 1998). Organizational culture is regarded as one of the most important forces in shaping and maintaining an organization's identity (Stoner and Freeman, 1992: 411). It is also believed that organizational culture shapes employee attitudes and determines the way the organization interacts with its environment.

In her literature review on the concept of organizational culture Lewis (1996: 12-19) stated that "research into the nature of organizational culture has tended to follow four main themes". The earliest being whether culture is directly observable behaviour or underlying shared assumptions. Some authors regard culture as intangible shared meanings and basic assumptions;

others as tangible forms; and other again as a mixture of observable forms and non-observable meaning and assumptions. A second theme is how culture is created and transmitted; that is, whether behaviour leads to shared feelings or shared feelings to behaviour. According to Lewis "most authors believe that certain behavioural norms initially create the shared feelings, but that reinforcement of these norms by attempts to change attitudes would also be necessary so that people will eventually behave in the desired way even when the external justifications for their behaviour have been rewarded". A third theme is whether culture is variable or a root metaphor of an organization; that is, whether it is something an organization has or something an organization is. Most authors who explicitly address this question regard culture as a variable, which may be influenced by both external and internal stimuli, and which may consciously be managed by the organization itself. A fourth theme is culture's effect on the organization. Authors who argue that culture has an effect on the effectiveness of an organization prefer to regard culture as a variable. Some authors, such as Peters and Waterman (1982) and Deal and Kennedy (1982), base their whole arguments on the cultural traits necessary for success and the importance of a 'strong culture'. In this paper this last theme is taken as the subject of the study and therefore culture is regarded as a variable. The paper consists of four main parts. In the first part the meaning of organizational culture is discussed. In order to find out whether a "strong" or "weak" culture is the most appropriate one to obtain desirable consequences of organizational culture, in the second part the meanings and importance of "strong" and "weak" culture are evaluated. As a result of globalization, a rapid and substantial development has been seen in the international business activities. Therefore, when studying the consequences of organizational culture, the potential impact of national culture on organizational norms becomes an important subject which should be mentioned in the paper. So, in the third part the potential impact of national culture on organizational forms is examined. In the fourth part of the paper the consequences of organizational culture are investigated. In the last part, conclusions and recommendations are drawn in the light of the extensive literature review conducted for this study.

This paper can be regarded as a unique paper on the subject of the consequences of organizational culture, since it conducted an extensive and exclusive literature review on the study subject. Although other papers and written studies have briefly mentioned consequences of organizational culture, this paper provides the whole range of consequences took place in the literature of the organizational culture. The readers will most probably not need to search the literature on the consequences of organizational culture after obtaining that paper. Therefore, this paper makes a substantial contribution to the literature of organizational culture.

2. The Meaning Of Culture

In "Organizational Culture and Identity" (2000), Martin Parker quotes Raymond Williams' statement that culture is one of the two or three most complicated words in the English language. The amount of interest generated by the conceptualization of organizations as cultural phenomena is evidenced by the rapid spread of cultural studies and the epistemological debates that have surrounded what culture is and what it is not (Aaltio, 2002:77). Therefore, a great deal of 'conceptual chaos' exists in the literature when the definitions of culture are concerned (Martin, 1992; Rowlinson, 1999). Over 160 definitions of culture alone have been made, as documented by Kroeber et al. (1985), and a great deal of new material has been published recently. Taken together, these definitions identify the characteristics which express a culture: knowledge, values, preferences, habits and customs, established practices and behaviour, and

artefacts. They range between a focus on culture as a set of ideas and culture as a series of tangible expressions in art, architecture, and even technology (Keesing, 1974).

Hofstede's works (1980, 1991; Hofstede and Bond, 1988) stemmed from a large-scale investigation across different national branches of IBM, has been one of the most effective contributions. Hofstede (1991: 5) defines culture as "the collective programming of the mind which distinguishes the members of one group or category of people from another". He therefore concentrates on the aspect of culture that is in the mind rather than its physical manifestations, and emphasizes that culture is learned and shared within social collectivities. Watson (1994: 21) defines culture as "the system of meanings which are shared by member of a human grouping and which define what is good and bad, right and wrong and what are the appropriate ways for members of that group to think and behave". Although the organizations in which people work and the societies in which they live are the two collectivities as the source of mental programming, the organizations and their culture are the present interests of this paper. In other words 'organizational culture' is the concept which will be explored in this paper.

Numerous definitions of organizational culture have been made in the literature. A culture can not be precisely defined as Schein (1992) comments that "the word culture has many meanings and connotations. When we apply it to groups and organizations, we are almost certain to have conceptual and semantic confusion because groups and organizations are also difficult to define unambiguously . . . In talking about organizational culture . . . I often find we agree 'it' exists and 'it' is important . . . but that we have completely different ideas of what 'it' is" (p.8).

Different researchers have made different definitions of organizational culture by looking at organizations from their speciality perspective. Morgan (1986), from a sociologist's perspective, describes the organizational culture as "shared meanings, shared understanding and shared sense-making . . ." Handy (1993), looking at organizations as a management consultant, points out that ". . . anyone who spent time with any variety of organizations . . . will have been struck by the differing atmospheres, the differing way of doing things, the differing levels of energy, of individual freedom, of kinds of personality".

The important point about culture is that whilst there may be striking differences between organizations, there is shared understanding within them. The culture does not become developed until this shared understanding achieves dominance in the collective thinking of the members of the organization. Other important point about culture is that it also has to be realized and accepted that within any single culture, there are usually sub-cultures, which operate at a lower level of influence. As Morgan puts it: "Just as individuals in a (national) culture can have different personalities while sharing much in common, so too with groups and organizations . . . Organizations are mini-societies that have their own distinctive patterns of culture and subculture . . . Such patterns of belief or shared meaning . . . can exert a decisive influence on the overall ability of the organization to deal with the challenges that it faces" (p.121).

Schein (1985) defines organizational culture as "the pattern of basic assumptions that a given group has invented, discovered or developed in learning to cope with its problems of external adaptation and integral integration".

Schein (1992) comments that culture is created not only by sharing values and traditions, but even more by sharing the assumptions that emerge about the best way of handling problems. He mentions it as follows: "A pattern of shared assumptions that the group learned as it solved its problems of external adaptation and internal integration . . . and therefore to be taught to new members as the correct way to perceive, think and feel in relation to those problems". In this definition culture is regarded as a deep-rooted phenomenon which exists at several different

levels. Organizational culture also reflects how individuals within a given culture try to make sense of how the organization operates (Harris, 1994; van den Berg and Wilderom, 2004).

In order to better understand the consequences of organizational culture, in the next two parts of the paper the terms of culture and organizational culture are more deeply evaluated. In this respect, the strength and weakness of organizational culture will be analyzed. Due to the globalisation of markets and business activity, the increasing popularity of mergers and acquisition, strategic alliances, joint ventures, privatization, and other changes take place throughout the world, business has become increasingly international, and, thus, the effect of national culture on organizational form should be investigated. Therefore, after defining the differences between strong and weak cultures, the paper evaluates the potential impact of national culture on organizational forms.

3. Strong And Weak Cultures

Not all organizational cultures are equally strong (Bowditch and Buono, 2001: 290). Organizational cultures differ markedly in terms of their relative strengths (Brown, 1995: 74). Regarding their relative strengths organizational cultures are divided into two groups as strong and weak cultures.

3.1. The Strength or Weaknesses of Organizational Culture

The strength or weakness of organizational cultures is important in that it performs a number of functions for the organization (Senior, 1997: 137).

Strong cultures: An organization is argued to have a strong culture if meanings are strongly held, widely shared and deeply embedded. The hallmark of a strong organizational culture is unity, loyalty, collective trust and social integration (Staber, 2003). Whether defensive or supportive, intuitively, the existence of strong organizational culture implies a commonly understood perspective on how organizational life should happen, with most organizational members subscribing to it (Senior, 1997: 137). Deal and Kennedy (1982: 17) believe that strong cultures are powerful levers for guiding employee behaviour, by helping them perform better. They provide systems of informal rules spelling out how people are expected to behave and they enable people to feel better about what they do, so that they are more likely to work harder and more effectively. Deal and Kennedy use the term 'strong organizational culture' to describe the driving force behind American business success and 'corporate tribes' to classify corporate cultures. Martin (1995) argues that strong cultures lead to better organizational performance and effectiveness.

Weak Cultures: A weak culture implies no dominant pervasive culture but an organization made up of many different cultures, some of which will be in conflict with each other (Senior, 1997: 137). According to Farnham (1995: 16) weak cultures are more heterogeneous than strong ones and they are less central to corporate performance and identity.

Payne (1990) has argued that the strength of an organization's culture can be measured by two ways:

- The degree to which it is shared by all members
- The intensity with which organizational members believe in it.

The greater the intensity of an organization's culture, the greater the degree to which it extends throughout all levels at which culture manifests itself, that is, in affecting not only people's attitudes, but also their values, basic assumptions and beliefs. The ability to diagnose an organization's culture is very important since it is difficult on the surface to predict whether a company will have a strong or weak culture. As a general rule, smaller organizations that operate on a localized basis tend to have strong culture since it is easier for beliefs and values to become more widely shared between members (Bowditch and Buono, 2001: 290). However, significantly larger organizations with world-wide operations, such as IBM, Procter&Gamble, can also have very strong cultures. Especially if there has been a continuity of strong leadership, an ongoing emphasis of the same values and beliefs through socialization practices, and a relatively stable work force, a consistent set of beliefs and values can take hold and become widely known and shared.

3.2. The Relationship Between The Strength of Organizational Culture and Organizational Performance

One of the most widely cited hypothesis is that a strong culture enables an organization to achieve excellent performance. However, according to Brown (1995: 183) precisely how a strong culture leads to exceptional performance is not always clarified by commentators, but three key arguments are the followings:

- A strong organizational culture facilitates goals alignment. The idea is that because all employees share the same basic assumptions they can agree not just on what goals to pursue but also on the means by which they must be achieved. As a consequence employee energy, initiative, and enthusiasm is all directed in the same direction. In these organizations there are few problems of control and co-ordination, communication is quick and effective, and resources are not wasted in internal conflicts. This all means that organizational performance is likely to be desirable level.
- A strong culture results in high levels of employee motivation. There are two main arguments here. First, it has been argued that there is something intrinsically appealing about strong cultures that stimulate people to identify with them. Second, it is sometimes believed that strong culture organizations incorporate practices which make working for them rewarding. These practices tend to include various recognition schemes and employee participation in decision making. As a result, high levels of motivation among employees lead to high organizational performance.
- A strong culture is better able to learn from its past. The argument here is that an organization which is able to reflect on its development and which is able to draw on a stock of knowledge encoded in rules of thumb, stories, and general heuristics is likely to perform better than competitors unable to learn from their past success and failures.

Using matched data from senior executives and human resource managers, Chan et al (2004) tested the direct and interactive effects of high-performance human resource (HPHR) practices and organizational culture on firm performance. They concluded that although the HPHR practices were not an important influence on performance, the findings indicate that organizational culture can be a valuable resource for companies. With a sample of over 760 US firms, Denison and Mishra (1995) developed and tested a four-trait culture model, consisting of involvement, adaptability, consistency and mission. Using subjective firm performance measures,

including quality, employee satisfaction and overall firm performance, they found support for the effects of each of these four dimensions of organizational culture on firm performance.

While some authors (such as Schein, 1985) states that ‘strong cultures’ are somehow more likely to be associated with effectiveness than are ‘weak cultures’, others (such as Armstrong, 1991: 199) argues that an organizational culture can be strong or weak, and a strong culture is not necessarily a good one – it could be the wrong culture and it could be difficult to change. Staber (2003) stated that: “The idea that strong organizational cultures have, beside benefits, also risks is well known in academic circles, but does not seem to have found its way into managerial discourse as much as the often-articulated advantages. The authors of many popular books have tended to portray culture as a cure-all for a variety of organizational ills . . . The enthusiasm for the culture concept has survived academic references to the potential costs of strong cultures, such as the risks of inertia, myopic thinking and orientation to the past. . . Strong culture was responsible for the downturn. In changing environments, strong cultures can become obsolete, difficult to change and an obstacle to necessary organizational transformations”. So, a weak culture may be acceptable if the organization functions well.

In other words, serious questions can be raised concerning the validity of the equation of the “strong culture equals high performance”:

- A strong culture may facilitate goal alignment but the goals set by a culture may not always be positive.
- It can not be assumed that all strong cultures are related to high levels of employee motivation. The point is that strong cultures may stimulate many different attitudes toward the organization and to work other than the purely positive. As regards motivation, thus, strong cultures can work both ways.
- It may be true that an organization which learns its past and which encodes information about past decisions in stories and anecdotes is advantaged compared with similarly placed organizations which do not. However, it may also be true that organizations can become too wrapped up in the past and fail to focus on the present and the future. It may also be possible for organizations to reapply lessons learned in the past to current situations where the old rules no longer apply, perhaps due to technological innovation or increased competition. In other words, there is a thin dividing line between being a prisoner of the past and being able to learn from the past.
- There is the problem of determining causality regarding the relationship between strong culture and good economic performance. It may be that good economic performance is the cause of a strong organizational culture rather than a strong culture being responsible for high performance. It may be argued that economic success can strengthen a culture.

As a result, in the literature a continuous debate exists about the relationship between strong culture and good organizational performance. However, it can, really, strongly be argued that a strong organizational culture can enhance business performance if:

- beliefs and values are shared relatively consistently throughout an organization,
- cultural norms and values help the firm adopt to environmental changes,
- strong culture firm, at the same time, has a business strategy that fits its industry and environment.

Instead of dividing cultures as ‘strong’ or ‘weak’, Kotter and Heskett (1992) divided organizational cultures as ‘high performance (healthy)’ or ‘low performance (unhealthy)’ cultures. They stated that low performance cultures tend to have arrogant managers, to not value customers, employees, and stakeholders, and to be hostile toward leadership and change values. High performance cultures are adaptive and tend to have managers who (1) cared deeply about employees, customers, and stakeholders and (2) strongly valued people and processes that created useful change.

Kotter and Heskett (1992) argued that the critical difference in cultural development for the unhealthy cultures seems to come from lack of competition. This let them to establish a dominant market position and to succeed in their business without ongoing guidance from their philosophy and business strategy. The development unadaptive, change-resistance cultures characterized by arrogance, insularity, bureaucracy, and self-interest. When the environment changes, their business suffers because they can not adapt to the changing environment.

4. The Potential Impact Of National Culture On Organizational Forms

The relationship between national culture and organizational culture is one that has not received much attention in the literature (Cray and Mallroy, 1998: 101). For the most part, those who are interested in organizational culture have neglected the impacts of larger cultural contexts (Allvesson, 1993: 78-81).

Much of the interest in national cultures and cultural differences in recent times has been accompanied and reinforced by two emerging issues (Leat, 1998: 13):

- The relatively rapid and crucial development of international business activity and the problems posed to multinational business management of doing business across national and cultural boundaries and managing cultural diversity among their employees; and
- The relevance in other countries of the traditional and dominant American “theories” about management, organizational structuring, and organizational behaviour, as these are based in and reflect “American culture”.

There are two well known typologies indicating the potential effect of national culture for ideal organizational forms.

4.1. Hofstede’s Typologies of National and Organizational Cultures

In his 1991 work, Hofstede developed a matrix of the scores on both the power distance and uncertainty avoidance dimensions which he argues provides an indication of the form of organization that is ideal in each of the four categories produced by the mapping. In essence, the results are the four combinations of low and high scores on both of the dimensions. He characterised each of the organizational forms and created classification.

Large power distance and low or weak uncertainty avoidance: This combination shows an organizational form that he names the *family*. This combination is typified by an organization in which there is a strong central source of authority, the corresponding inequality being accepted and expected but without the need for order and structure that one would expect in societies showing a lack of comfort with the unknown. This form of organizations tends to be found in the Far East and some parts of Africa, but not in Europe. The family form of organization combines

the elements of central and benevolent authority without the security afforded by highly structured activities and arrangements. The boss is regarded as a father to an extended family.

Large power distance with strong uncertainty avoidance: The organizational form implicit to this combination is named the *pyramid of people*. This organizational form has the combination of inequality, centralisation of decision making and paternalist authority and hierarchy with a desire for order, security, rules and regulations and a fear of the unfamiliar risk. This is the most common of the four possible combinations and a number of the EU member states fall into this category, including Spain, Portugal, Greece, Italy, Belgium and France.

Small power distance and weak uncertainty avoidance: This combination indicates an organizational form that is called the *village market*. The lack of acceptance of inequality in power distribution mitigates against any form of hierarchy and centralisation of decision making with decentralization and democracy being preferred. Allied to this is a level of comfort with uncertainty that implies an acceptance of tolerance, difference, and the absence of order, rules and regulations. Society tends towards decision making of an *ad hoc* nature. EU member states falling into this group include the UK, Ireland, the Netherlands, Sweden and Denmark.

Small power distance combined with strong uncertainty avoidance: This combination is typified by an organization in which there is poor acceptance of inequality in the distribution of power so that one might expect the implicit organization to be relatively flat and with decentralized decision making and an emphasis upon democracy. However, this is combined with a desire for security, structure, order, rules and procedures. It is for this reason that the name given to this form of organization is the *well-oiled-machine*. Countries within the European Union falling into this group include Finland, Austria, and Germany.

4.2. Trompenaars' Typology of National and Organizational Culture

Trompenaars (1993) conducted a study which suggests four broad types of culture, giving rise to four styles of management, described graphically as “the family”, “the Eiffel tower”, “the guided missile”, and “the incubator”. The description of the four categories or types of organizations and organizational cultures are the following:

The Family: The family model is a power-oriented organizational culture in which the leader is regarded as the caring parent of the family who knows what is best for the members of the group. In this type of organization there is also a strong orientation towards hierarchical relationships and structures. The family model is found extensively in Japan, France, Italy, and India.

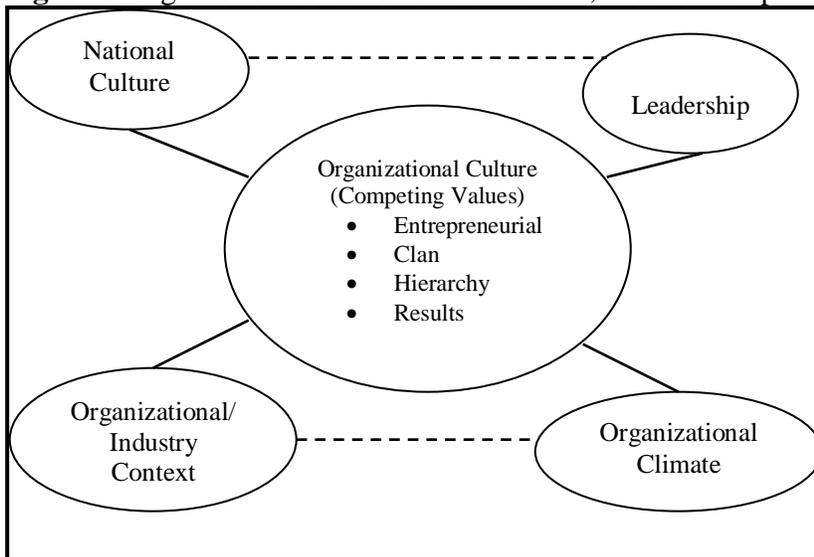
The Eiffel Tower: In the “Eiffel Tower” model, authority comes from formal roles, and job specification forms a superstructure and a hierarchy. The model is a combination of a task orientation with a preference for highly structured and well defined roles and relationships. Everyone knows what their role is and everything is co-ordinated from the top. There is reliance upon rules and procedures and change tends to be very difficult. This model is typified by large German engineering corporations.

The Guided Missile: A “guided missile” model is oriented towards tasks and objectives, generally undertaken by team or project groups, roles are not fixed, and it is based on the assumption that the organization should be like a missile homing in on strategic objectives. This

model has been used by a number of American, British and Swedish corporations for organization development purposes. A number of European organizations demonstrate both the guided missile and the Eiffel Tower forms; the two in combination are frequently referred to as *a matrix structure*.

The Incubator: This form exhibits little or no formal structure and has a person orientation which sees the group members emphasising self-fulfilment and self-expression. “Incubator” companies are structured round the fulfilment of the needs and aspirations of individuals, and management model exists to free employees so that they can pursue creative activities. This model is typified by California’s Silicon Valley.

Figure 1 Organizational and national cultures, context and practices



Source: Dastmalchian *et al* (2000)

In the organizational culture literature, some researchers attempt primarily to address the differences between the national and organizational cultures. For instance, based on the distinction that Hofstede *et al.* (1990) made between national cultures (values) and organizational cultures (practices and processes), Dastmalchian *et al.* developed the model on Figure 1 attempting primarily to address the differences between the two levels of the concept of culture (i.e. national and organizational levels). Based on Figure 1, they argued that both national culture and organizational/ industry contexts influence the formation of organizational cultures (as reflected in the competing values framework). The relative emphasis on the competing values will in turn have an effect on other organizational aspects of leadership and organizational climate. The latter variables will in turn be influenced by national culture and context, and can in turn influence the development of organizational culture profiles (Dastmalchian *et al.* 2000).

5. Consequences Of Organizational Culture

Organizational culture has received much attention because it has a pervasive effect on organizational effectiveness. In this part of the paper several key consequences and implications of organizational culture are reviewed.

Productivity, quality: The relationship between organizational culture and effectiveness has been gaining more attention in recent years (Denison and Mishra, 1995; Dolan and Garcia, 2002; Marcoulides and Heck, 1993; Schneider, 1995), and clearly shows a link between organizational culture and productivity (Kwantes and Boglarsky, 2007). If an organization possesses a “strong” culture by exhibiting a well-integrated and effective set of specific values, behaviours, and beliefs, then it will perform at a higher level of productivity (Denison, 1984). Deal and Kennedy (1982: 15) have argued that “the impact of a strong culture on productivity is amazing. In the extreme, we estimate that a company can gain as much as one or two hours of productive work per employees per day”. However, as mentioned earlier in this paper, serious questions are raised concerning the validity of the equation of the “strong culture equals high performance”. While some authors (such as Schein, 1985) argue that strong cultures are more likely to be associated with high organizational performance, others (such as Armstrong, 1991) suggest that a weak culture may be acceptable if the organization functions well. Although there is a crucial debate about the relationship between the strength of the culture and organizational performance, it is unquestionable that organizational culture increases productivity and quality. Moreover, a culture that emphasises productivity and quality stimulates workers to be productive and quality conscious (Dubrin, 1997: 209).

Morale and job satisfaction: A culture that values the dignity of human beings tends to foster high morale and increase job satisfaction (Dubrin, 1997: 209).

Competitive advantage: It is strongly argued that developing a competitive advantage is a result of having a culture that favours high productivity, quality, morale and job satisfaction (Dubrin, 1997: 209). A unique culture is very important because it prevents other firms from becoming directly competitive (Barney, 1986: 662). One of the many factors creating the success of Microsoft is the extraordinary commitment of its professional and technical staffs. A culture like the one at Microsoft is difficult to copy because it developed over such a long period of time.

Compatibility of mergers and acquisition: Where two organizations with very different cultures seek to merge there can be extreme problems of integration, co-ordination and control which in turn often result in a lower level of post-merger performance. Almost 60 percent of corporate mergers and acquisitions led to poor results (Dubrin, 1997: 209). The main reason for these failed mergers is incompatibility between the cultures of the merged firms (Petronio, 1989: 5). So, it can be argued that mergers and acquisitions that make perfect business sense can fail because of the inability to mix the cultures involved. Correspondingly, a reliable predictor of the success of a merger is the compatibility of the cultures involved. The problem of incompatible cultures often emerges when two companies from different countries merge.

Direction of leadership activity: The activities of an organization’s leaders are directed by the organizational culture (Dubrin, 1997: 209).

Organizational commitment: Some organizational commitment theorists have proposed that culture is an important antecedent to organizational commitment (Virtanen, 2000: 349; Clugston, 2000). Meyer and Allen’s (1991) model of organizational commitment proposes that cultural socialization is antecedent to normative organizational commitment. More specifically, they

contend that the importance which collectivist cultures place on loyalty to the collective over the individual is likely to increase an employee's moral obligation to stay in organizations.

As a general rule, employees stay with an organization because the work helps them achieve their life goals and because their personalities, attitudes, and beliefs fit into the organizational culture (Stoner and Freeman, 1992: 411). Indeed, many employees identify with their organization and get its gains and losses personally.

Culture is critical in developing and maintaining levels of intensity and dedication among employees that often characterises successful companies (O'Reilly, 1995: 322). This strong attachment is especially valuable when the employees have knowledge that is instrumental to the success of the company or when very high levels of motivation are required.

Interaction with the environment: Organizational culture determines the way the organization interacts with its environment (Stoner and Freeman, 1992: 418). Culture affects the way in which people perceive, feel and act towards opportunities and threats presented by the internal and external environments (Sweeney and Hardaker, 1994: 4). Peters and Waterman (1982: 78) make the point that companies with strong cultures that are focused externally – that is, centered on service to the customer – may, in fact, be more sensitive to environmental changes and better able to adapt quickly than companies without strong cultures. Indeed, a strong, widely recognized organizational culture is often cited as a reason for the success of such companies as IBM, Procter & Gamble, and Hewlett-Packard.

Strategic change: In the literature, the significance of organizational culture in relation to the strategic change process is well recognized (Johnson and Scholes, 1993; Sales and Wright, 1985; Bowditch and Buono, 2001). The concept of culture as an integral managerial concept has attracted crucial attention in most Western countries from managers, academics, and management consultants (Sweeney and Hardaker, 1994: 3). This is not surprising because culture has been shown to affect the ability of an organization to control and cope with strategic change (Schwartz and Davis, 1981: 32). Organizational strategy can be understood, and analysed effectively, only if one appreciates the basic culture and values that affect the key strategic elements. Strategic changes cannot, or should not, be achieved without due regard to the prevailing culture (Thompson, 1993). It can facilitate or block each critical stage of the change process, from identifying changes that are needed to adapt to a changing business environment to implementing a desired strategy. Culture is reflected in the way that senior managers in an organization identify tasks, prioritize them, set objectives and administer resources to achieve them, and the way in which staff respond.

Control: A control system is the knowledge that someone who knows and cares is paying close attention to what we do and can tell us when deviations are occurring. In designing formal control systems it is attempted to measure either outcomes or behaviours. However, it is often believed that neither behaviour nor outcomes can be adequately monitored. Culture may be thought of as a social control system (O'Reilly, 1995: 318). Unlike formal control systems that typically evaluate outcomes or behaviours only intermittently, social control systems can be much more finely tuned. When an employee in an organization cares about those with whom he/she works and has a common set of expectations, he/she is “under control” whenever he/she is in their presence. If the employee wants to be accepted, he/she tries to live up to their expectations. In this sense, social control systems (as culture) can operate more extensively than most formal systems. Interestingly, employees' response to being monitored by formal and social control systems may

also differ. With formal systems people often have a sense of external constraint which is binding and unsatisfying. With social controls, people often feel as though they have great autonomy, even though paradoxically they are conforming much more. Thus, from a management perspective, culture in the form of shared expectations may be thought of as a social control system (O'Reilly, 1995: 318).

Innovation: How is it that firms such as Intel, Hewlett-Packard, Cray Research, 3M, and Johnson & Johnson successfully develop both new products and new ways of doing things? How can culture help or hinder this process? According to O'Reilly (1995: 319) the answer lies in those norms that, if they were widely shared and strongly held by members of the organization, would actively promote the generation of new ideas and would help in the implementation of new approaches. Regarding innovation, there is nothing magical or elusive about organizational culture. One has only to be clear about the specific attitudes and behaviours that are desired to create innovation, and then to identify the norms or expectations that promotes or impedes them.

Conflict resolution: As organizations can be characterised as area for disagreement and conflict, culture can be a force for integration and consensus (Senior, 1997: 137). A common culture promotes consistency of perception, problem definition, evolution of issues and options, and preferences for action (Brown, 1995: 57-58). Given that there are strong tendencies for organizations to be highly conflictual and antagonistic, culture is a very useful force for integration and consensus.

Co-ordination: If a strong organizational culture help avoid conflict, it will, conversely, facilitate the process of co-ordination (Senior, 1997: 137). Strongly held beliefs and values will ensure that all concerned will put together in the same direction.

Culture in the form of stories and myths provide the agreed norms of behaviour or rules that enable individuals to reach agreement on how to organize in general and the process by which decisions should be reached in particular (Brown, 1995: 58). Where a complex decision has to be taken organizational culture may even help narrow the range of options to be taken into account. The idea here is that some potential courses of action may be eliminated as being culturally incompatible or having unacceptable countercultural consequences, such as a detrimental effect on the environment.

Reduction of uncertainty: In the conduct of their work activities individuals and organizations come across with considerable uncertainty and complexity. At an individual level one of the functions of organizational culture is in the transmission of learning or 'cultural knowledge' to new recruits. The more quickly the new recruits 'learn' the norms of behaviour, the more confident they will become in their assumptions about how others will behave and the way in which organizational process are carried out (Senior, 1997: 137). This has the advantage of reducing the complexity of the organizational environment, neutralising uncertainties so that any actions taken are in tune with organizational rationalities as seen by the majority of organizational members. Much the same is true at the level of the organization. All organizations are confronted with enormous uncertainty, conflicts of interest and complexity. However, through a culture's myths, metaphors, stories and symbols an organization is able to build its own world. This is most generally a world in which complexity is much reduced, uncertainties are neutralised, and the organization's ability to use control over its own activities and engage in rational action is maximised (Brown, 1995: 58).

Motivation: Organizational culture can be an important source of motivation for employees, and therefore a significant effect on the efficiency and effectiveness of organizations. Most organizations make enormous attempts to motivate their employees by making use of rewards. Extrinsic rewards such as pay, promotion, and bonuses can motivate employees to perform well, but these factors are effective up to a point, and their desired effect can be increased when employees are also motivated by intrinsic factors. Intrinsic theories of motivation argue that employees are motivated when they find their work meaningful and enjoyable, they identified their aims and objectives with those of the organization, and they feel secure and valued. Organizational culture is obviously of crucial potential significance here. An appropriate and cohesive culture which can offer employees a means of identification with their work, which can promote loyalty and assist their belief that they are valued, will add to employees' motivation and probably the overall organizational performance (Senior, 1997: 137-138).

General organizational performance: A strong culture is said to increase organizational performance (Senior, 1997: 138). Some writers, such as Peters and Waterman (1982) and Kanter (1983), claim to have found recipes for cultures which are presumed to link to organizational performance. Their arguments are that the more closely a company sticks to their particular recipe, the greater the probability that it will be a high performer. However, it is debatable whether a strong culture, even of the supportive kind, necessarily link to increased competitive advantage. For example, Kotter and Heskett's (1992) research during the period 1977-1988 showed that although 10 large and well-known organizations (such as Sears, Procter & Gamble, and Goodyear) had exceptionally strong cultures, they had weak performances.

Thus, Senior (1997: 138) stated that in some organizations, the existence of a weak dominant culture with multiple sub-cultures may be an advantage. Strong, all-pervasive cultures can be a disadvantage when they become so controlling that there is little potential for the nonconformity which creates innovation and the capacity to adapt to change.

By providing a historical sketch of the relevant literature Wilderom, Glunk and Maslowski (2000: 196) stated that the widespread idea created by the extensive writings on organizational culture is that the culture of an organization is an important key to the success of the organization. According to Denison and Mishra (1989) a highly adaptable, high-involvement organization with a clear mission and widely shared organizational values ("consistency") will be most effective. Organizations that have unique cultures generally experience excellent performance, because:

- Consumers are attracted not just to products, but to the whole communication environment around their purchases, and to the idea of supporting a company whose values and styles they respect.
- Employees are much more likely to desire to work for companies that they feel proud of, and where they feel that they enjoy a distinctive work experience.
- Certain types of organizational cultures develop learning and information-sharing. Where there is a general ethic to work hard and to be dedicated, fewer external incentives and policies are required to ensure that employees do what is expected of them.

According to Chan et al (2004), it is a culture that creates direction for employees to develop their skills and learn new innovations, clear guidance for allocating firm resources for competing for the future (Hamel and Prahalad, 1994), a strong sense of need for creativity, positive and

proactive attitudes toward changes and commitment to work with a high degree of flexibility (Denison and Mishra, 1995; Kotter and Heskett, 1992). A culture that improves a firm's ability to retain its well-developed and motivated human capital is equally important (Sheridan, 1992). These dimensions of organizational culture will not only facilitate a firm's superior performance, but they will also strengthen the effect of high performance human resource (HPHR) practices on firm performance (Chan et al, 2004).

Careers: In his study, Gunz (2000: 369) investigated the relationship between careers and organizational cultures. At the starting point of his study, Gunz stated that cultures may have an impact on careers. He took into account the neglected question of where cultures come from. As culture is an organizational-level concept, it is necessary to think about careers at the organizational level of analysis. As soon as Gunz made this he realised that it was not enough simply to think about organizational culture as part of the environment in which careers are pursued. He concluded that "cultures produce careers, and – because careers at the organizational level of analysis are an account of the way in which the organization produces and reproduces itself – careers, in turn, produce cultures".

Social interaction: According to Chatman (1998) an organization's cultural emphasis on individualism or collectivism may also affect interaction among members. Feelings of similarity and of a common fate among members cultivated in collectivistic cultures lead members to consider more of their co-workers to be part of their in-group. Because in-group members look for and prefer to interact with one another, members of organizations emphasizing collectivistic values should interact with one another and participate in joint efforts to solve organizational problems more frequently than would members of individualistic organizations (Chatman, 1998). Therefore, Chatman argued that members of organizations that emphasize collectivist values will interact more frequently when working on tasks than will members of organizations emphasizing individualistic values.

Creativity: According to Chatman (1998) cultural emphasis may influence creativity. Research has indicated that heterogeneous groups outperform homogeneous groups on task requiring creativity because of the availability of a greater variety of ideas, perspectives, and approaches to solving problems, but holding unique or creative perspective is not enough to improve solutions (Chatman, 1998). Group members must also be willing to share their novel, or unique ideas. In order to have willingness to share their novel ideas, individuals must trust others. At this point organizational culture plays a crucial role and Chatman (1998) discusses how cultural emphasis may affect creativity. According to Chatman:

"People who are demographically similar may have the requisite trust in each other, but their ideas may also be so similar that creativity is stunted. Dissimilar people may have the requisite variety of ideas to achieve high levels of creativity but in an individualistic culture they may be inhibited from sharing these ideas because of their lack of trust in each other. In such a culture, sharing information and novel perspectives is risky because of the potential for social ostracism or dilution of individual credit for such ideas or information. Given the lack of a naturally occurring social lubricant (as exists among demographically similar members), organizational culture should have a greater impact on demographically diverse members' production of creative ideas than on those who are

similar. Thus, the combination of dissimilar people working together in a collectivistic culture may be the most potent for producing highly creative output”.

6. Conclusions

Basically, organizational culture is the personality of the organization. Culture is consisted of the assumptions, values, norms and tangible signs (artifacts) of organization members and their behaviours.

It is difficult to deny the importance of culture as a dominant influence on the whole organizational life. Since culture is regarded as an asset, a large number of functions have been attributed to it. In this paper the literature review showed that organizational culture has a pervasive effect on organizational effectiveness. Organizational culture:

- emphasises productivity and quality,
- develops a competitive advantage,
- directs the activities of the organization’s leader,
- is an important antecedent to organizational commitment,
- determines the way the organization interacts with its environment,
- plays an important role in developing new and effective strategies,
- may be thought of as a social control system,
- can be a force for integration and consensus,
- help avoid conflict,
- facilitates the process of co-ordination,
- reduces uncertainty,
- can be an important source of motivation for employees,
- is an important key to the success of the organization,
- may have an impact on careers,
- may affect interaction among members,
- may influence creativity.

Due to the crucial impact of organizational culture on the whole organizational life, managers need to understand and manage the predominant organizational culture with which managerial and workforce action take place. Managers also need to be aware of the effect of the culture on their own work and their own values, since they are responsible for shaping, managing, and controlling culture. They also need to understand how existing culture can act as a constraint on organizational change. Where managers want to have an effect on change, they have a great likelihood of achieving it by changing and controlling culture than by using structural or procedural methods alone. Although the change of culture is slow and difficult to fulfil in practice, it can be most effectively managed by modifying the values, ideas and beliefs held by people about their employing organization. The managers can also act as a role model and reward behaviours that fit the desired cultural values.

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