EDGAR H. SCHEIN
WITH PETER SCHEIN

ORGANIZATIONAL CULTURE AND LEADERSHIP

5TH EDITION

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Acknowledgments

The six years since the last edition have been different in many respects. I am now living in Palo Alto, California, in a retirement complex close to my son, Peter, who has also become my colleague and coauthor. Living in Silicon Valley and seeing the world out here through the lenses of Peter's 25 years of experiences in a number of different start-ups and mature companies have given me a new perspective on organizational culture and leadership issues. I am therefore most grateful to Peter who is now also my partner in our Organizational Culture and Leadership Institute (OCLI .org), and to various friends and clients with whom I have worked out here. Peter's wife, Jamie Schein, has also provided great insights from her current leadership role in the administration of the Stanford Graduate School of Business.

I am especially grateful to Google, Human Synergistics, Genentech, Stanford Hospital, IDEO, The Institute of the Future, Intel, and the Silicon Valley Organization Development Network, which have provided a variety of opportunities for me to learn from and contribute to what goes on in this fascinating geographically contained pocket of innovation. My growing focus on the culture of medicine has led to many important insights about occupational cultures in particular, thus I want to thank Mary Jane Kornacki, Jack Silversin, Gary Kaplan, and the other members of the summer workshop that I attended for many years at Mary Jane's and Jacks' retreat on Cape Ann. Here in California I want to thank James Hereford and the members of the impromptu monthly lunch meetings that I have had with a group of doctors and administrators at the Stanford Hospital. Others who deserve thanks for educating me on the complexities of the medical world are Marjorie Godfrey, Kathy McDonald, Diane Rawlins, Dr. Lucian Leape, Dr. Tony Suchman, and my surgeon son-in-law Dr. Wally Krengel.

In my new life out here I have become less of a teacher and more of a writer and coach. In that regard I want to acknowledge the stimulation and help I have received from Steve Piersanti and his Berrett-Kohler publishing company that has facilitated my writing three new books in the applied areas of helping, coaching, and consulting, which supplement in important ways the scholarly work that underlies this book. I also want to thank iUniverse for working with me on my memoirs and thereby providing an opportunity to think much more broadly about the evolution of culture and leadership in my own career.

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Last but certainly not least, I have to acknowledge past and present colleagues and fellow scholars who have continued to stimulate me over the last six years—John Van Maanen, with whom I cowrote the new version

of *Career Anchors*; Lotte Bailyn, whose wisdom continues to be awesome; Bill Isaacs and Gervaise Bushe, who brought me into the whole dialogic world; Otto Scharmer, who keeps opening up new worlds of thinking and learning; David Bradford, who provided much needed advice and stimulation out here; Noam Cook, whose philosophical insights provide important perspectives on cultural matters; and Steve Barley, Warner Burke, Amy Edmondson, Jody Gittell, Charles O'Reilly III, and Melissa Valentine, whose current research is pushing us into much needed new dimensions of cultural analysis.

As was the case with previous editions, the editorial staff from Wiley, Jeanenne Ray and Heather Brosius, were most helpful in first gathering feedback of how to improve this book and then facilitating the editorial process.

Preface

This fifth edition of my *Organizational Culture and Leadership* book is being written in Palo Alto, California, in the heart of Silicon Valley. I am acutely aware that I am writing in a different place and at a very different time. I have now partnered with my son who has experienced over his 25 years of change in various Silicon Valley technology companies all kinds of leadership and all kinds of organizational cultures. I cannot convey adequately how different things feel at this time and in this place from what I was experiencing in Cambridge in 2008 when I wrote the fourth edition.

I am happy to have Peter working with me on this next edition and to help me capture some of what we both feel, and that provides some of the flavor of what has happened to the concept of "organizational culture" during the past couple of decades. With his insights and our joint experience of the past several years, I can navigate a bit better through the various different culture "trees" without losing sight of the forest as a whole.

Much of what is new in this book is hinted at in Peter's Foreword. Before you get to that I want to say a few words about what I think is the same in this edition and what I think is different and to some extent "new." My three-level model of how to define and think about culture has held up well and remains the strong skeleton of this whole approach to cultural analysis. What is new is to begin to apply this thinking to the bigger picture of a multicultural world. To this end I have added as a case my study of the Economic Development Board of Singapore and followed that up with two chapters on the problems of analyzing and working with macro cultures such as nations or worldwide occupations. I have emphasized that every organizational culture is nested in other, often larger cultures that influence its character; and every subculture, task force, or work group is,

in turn, nested in larger cultures, which influence them. I have enhanced the discussion of how one can begin to work across national culture divides.

Although it is not a new emphasis, I am much more concerned in this edition with focusing on how our own socialization experiences have embedded various layers of culture within us. The cultures within us need to be understood because they dominate our behavior and, at the same time, provide us choices of who to be in various social situations. These choices are only partially attributable to "personality" or "temperament"; rather, they depend on our situational understandings that have been taught to us by our socialization experiences. I have therefore introduced as an important element for leadership choices a description of the social "levels of relationship" that we all have learned as part of our upbringing. We can be formal, personal, or intimate and can vary that behavior according to our situation. In that way, recognizing and managing the cultures *inside* us becomes an important leadership skill.

I continue to be impressed that culture as a concept leads us to see the *patterns* in social behavior. I have, therefore, ignored much of the recent research that (1) picks out one or two dimensions of culture, (2) relates those to desired outcomes of various sorts, and then (3) claims that culture matters. I thought we always knew that. However, the growing interest in unraveling the patterns we see in nations and in organizations and the various typologies of culture that have sprung up deserve review and analysis in this edition. In that regard it is important to differentiate the quantitative diagnostic studies from the more qualitative dialogic inquiry processes, and, with help of my son, to reflect on some of the more recent "rapid" diagnostic methods.

My emphasis is on culture as what a group *learns*, the explanation of how leadership and culture formation are two sides of the same coin, and the fact that the role of leadership changes with the growth and aging of an organization. These remain the same and are the heart of the book. I have tried to shorten this edition by taking out material that was either redundant or irrelevant, and to make the suggestions to the reader more interesting.

I continue to believe that culture is serious business, but it will be a useful construct for us only if we really observe, study, and understand it.

Foreword

Ed and I have been partnering for the past year to expand his readership, grow his consulting business, and provide for more opportunities for helping and learning. It's a great honor to share some thoughts in this foreword to the book that provides us with the name for our venture, the Organizational Culture and Leadership Institute (OCLI.org).

When Ed first started this book in the early 1980s, organizational culture was a pretty new concept. Now, the concept is universally accepted, discussed, diagnosed, shaped, "changed," blamed, and so on. This has happened in a generation. When I was finishing my social anthropology undergraduate degree in 1983, Ed was finishing the first edition of *Organizational Culture and Leadership*. Earlier this year (2016), as Ed's granddaughter (my daughter) was finishing her undergraduate economics degree and was preparing to join an international management consulting firm, he asked her to describe the firm's culture. This was perhaps presumptuous on Ed's part as she had had only a summer internship's worth of experience in this culture with which to answer the question. Yet, with little hesitation she described key artifacts and espoused values of this firm's culture. We drew the inference that after just a couple of months she had been exposed to, even indoctrinated into, this culture deeply enough that she could articulate it and, ideally, thrive within it.

However, there is nothing surprising about this; mature corporations (in this case, firms that offer business advisory services) have studied their culture and have established imagery, metaphors, and a vocabulary with which to describe it and teach it. Is it surprising that such implicit cultural immersion or indoctrination would be part of the summer internship program? If there is one thing that a summer internship should test it is "fit" between the firm and the individual. So it does make perfect sense that

both firm and individuals have figured out that as with industry, training, and job function, corporate culture is central to any assessment of mutual "fit" and is a critical priority at the beginning of an employment term.

Yet, should I be surprised that my daughter could easily answer this open-ended question about her prospective employer's culture? Like me, she grew up in a household and extended family that talks routinely about this stuff. It's in the DNA, so this question would never seem particularly out of context for her. Yet the facility with which she responded still stood out for me. I am pretty sure Ed asked me the same question about my first employer, and I'm pretty sure I fumbled around trying to articulate what I was experiencing. I had just as much corporate culture to observe, but none of it was made explicit, and I did not have the vocabulary with which to describe it.

Over the course of four editions of *Organizational Culture and Leadership*, we've moved from culture being something that everyone at work had a vague sense was guiding behavior and shaping decisions, to culture being understood and described with a common language, to being a vital measure of "fit" for retention, to being touted as a firm's greatest virtue, to being leveraged for strategic change. Culture, in this explicitly leading role in our consciousness of our work lives, is now the subject of numerous deeply analytical survey-based diagnostic systems as well as simple "app"-based dashboarding tools (some of which have garnered many millions of dollars of start-up investment from top-tier venture capitalists). "There's money in them thar hills" is now something that we can project without hesitation about the diagnosis, analysis, and change of organizational culture. This has happened within a generation.

My views on organizational culture have been shaped mostly from my approximately 25 years in Silicon Valley. Whether drawn from Apple in the early 1990s, or internet start-ups in web "1.0," or Sun Microsystems in the 2000s, I recognize that cultural norms in tech companies, while all different from each other, are also categorically different from typical norms in other industries and locales. One of the first explicit descriptions of Silicon Valley tech-company culture that I experienced was captured in this simple question—"Is it a penguin culture or a bear culture"? I did not know what this meant, though I assumed it must be better to be a "bear culture."

Whether or not it is possible to create a descriptive culture model that is value-neutral, devoid of any normative tilt, is not the focus here except to propose that the simpler the taxonomy the more likely it is to have a normative leaning, one way or the other. In this case, the two culture types differ when describing how a company or group responds to the challenge of an incompetent or weak member of the group. Bears attempt to nurture the weak pack member back to health—that is, to improve the underperforming team member. This was not the reason for my leaning to the bear culture that I expected before hearing the explanation. I assumed it would have something to do with strength and dominance coupled with intelligence. Instead it was about nurturing the weak. Penguins, by contrast, respond to the weak member of their flock by pecking the weakling to death. Rather than the cute sophistication we associate with penguins, this cultural foundation was all about brutal decisiveness.

Reflecting on this continuum, from penguin to bear, my first thought is that this is one fairly accurate way to delineate tech companies, ranking them along this nurturing-to-brutal dimension. But as we think about culture models, this simple example reveals two other important themes that Ed explores at length in this edition. First, we are drawn to simple, compelling models or taxonomies. For example, Cameron and Quinn's OCAI (Organizational Culture Assessment Instrument) represents an interesting culture model based on a "competing values framework" (as one could say bear versus penguin represent competing values). What I find most compelling about OCAI is the language and metaphor: cultures are described as "clan," "adhocracy," "hierarchy," or "market." These descriptors resonate; they make sense and stick with us as we try to understand or describe what we experience.

Similarly, technology innovators in Silicon Valley have relied heavily on metaphors from the very beginning to illuminate and sell breakthrough technology to the uninitiated and uninformed. For example, the "window" and "navigator" helped us understand PC user interfaces and internet browsers. With the right metaphors we can refer to things in standardized ways, describing disparate artifacts as conforming to a model. The "operating system" term has come to mean far more than OS X or Linux these days; these OS abstractions and standardizations are what made it possible for business and personal users to find general utility in highly complex

machines. We have now come full circle to where we borrow personal computing metaphors to characterize business structures and functions. The "business operating system" notion provides metaphor and language to standardize the descriptions of an organization's way of doing things. And a company's culture is one abstraction that we now accept as integral to its "operating system." Silicon Valley has made a point of describing dimensions, attributes, and facts as fitting into nice compelling models described in memorable metaphors that provide just enough detail to represent a consistent model of a complex human system in an unforgettable symbolic way. This too has happened within a generation.

My emphasis on this progress over the past generation raises the question: Can we or should we project what the next generation will bring to the understanding of organizational culture, leadership, and change? While I am not a futurist, anticipating the impacts of two things in particular seems important. First, as I mentioned previously, there are many ways and new schemes continue to be created for measuring culture and climate. In general, we can predict that more and more of what we experience in our work and personal lives will be measured, benchmarked, and scored, all in the interest of fine-tuning and improving. With ubiquitous networks, powerful low-power sensors capable of instrumenting practically anything, and unlimited cloud computing and storage, there is no reason why nearly every aspect of our work lives (and home lives) can't be measured from one second to the next. "Big data" is a many-faceted phenomenon affecting most dimensions of leadership, including culture and climate.

There is the self-reinforcing notion that we can instrument and study so much of our productivity, so why not study at finer-tuned intervals? This might allow us to see patterns and interactions in data that we did not know were in any way related (trying to understand "the unknown unknowns"). Shouldn't we expect a system that provides the instrumentation that would allow us to study individuals, teams, interactions, conflicts, and resolutions to have real-time predictive *culture* analytics? Yes, this is cringe-worthy, which is probably why I would expect that whoever is developing these systems will have many options for sponsorship and financing. We are living in a "measure everything" world in which benchmarks and scorecards, particularly when standardized, are magnetic in their attraction and quite possibly radioactive in their potential (harm).

"More better" is now *more better faster*. Should we not expect a surge in popularity of culture models and culture analytics that provide for *more better faster*, catalyzing faster positive change? Whether we can change culture *more better faster* will not be proved or disproved anytime soon, and those arguing that only climate can really be changed faster will remain on higher ground. Regardless, surveys using standard 5-point scales constitute instrumentation, just as recording and coding natural language (e.g., interview transcripts) or logging yes/no responses on apps on smartphones is all instrumentation. We will, with increasing frequency, capture, code, parse, analyze, store, and re-analyze culture and climate, using all of the latest big data techniques until we far exceed the point of diminishing returns. And I do not think we are anywhere near that point today.

Are we headed back to the future, updated Taylor-ist "scientific management," and time-and-motion analytics using big data for knowledge workers because *more better faster* is ultimately better for everybody? The purpose of doing any of this instrumentation and rapid analysis is to create positive change, which will typically be judged by ROI metrics; businesses study their culture to drive positive change that is ultimately related back to profitability. Is there some other more altruistic reason to study organizational culture that is not explicitly tied to improving key performance indicators: profitability from increased productivity, "engagement," and retention? Ed has been asked many times over many years to help companies "do a culture study." I do not believe he has ever offered to help with a culture study without knowing what the problem was. There is little point in spending hours on ethnography, diagnostics, and analytics without knowing what truly concerns senior management. Similarly, there is little point in doing culture studies that do not factor in the shifting motivations and evolving norms of non-leader stakeholders and employees.

In 2016 there is much concern and hand-wringing about how "millennials" (those born from 1980 to 1995) will change everything in the workplace. (I should note here that "generation Z" is broadly considered to be a different post-millennial cohort; for the purposes of this discussion, I will include generation Z in the broader term.) Regardless of the reality that baby-boomers and Gen-Xers seemed different as well, many have pointed to a difference that millennials appear to be "entitled" and motivated by things other than corporate or even personal profitability.

The notion that "purpose-driven" millennials may make capricious work and career choices strikes fear in leaders of companies large and small. Is it possible that organization design and organizational culture can no longer assume rational economic self-interested behavior from the current cohort filling the workforce? Shaping artifacts and conventions around core beliefs that motivate newly indoctrinated employees is vital to corporate self-preservation and growth. Economic self-interest among most if not all members of a corporation is generally assumed to be a given and therefore leverageable. Yet if economic self-interest is less important among millennials than environmental, spiritual, or collective shared interest, the artifacts, conventions, and assumptions—the cultural DNA of the company—may be out of sync with the interests of the company's younger employees.

Engagement has become a central concern for senior management of all organizations, particularly those that employ younger workers. Many software-as-a-service companies offer survey solutions for benchmarking and tracking engagement. The promise is insight into and knowledge of employees' motivations that will provide levers for retention and hiring, not to mention improved productivity and optimized organizational designs (for example, "holacracy"). Engagement surveys can be very efficient (quick and smartphone-based), prime examples of *more better faster* ways to make work-life improvements adapted to perceived shifting motivations of millennials. The engagement survey typically measures an individual's response to a series of statements reflecting the climate and attitudes of the subject organization. Putting aside methodological concerns with quick online surveys, these are still individual surveys of individual attitudes. Central to the study of organizational culture, as Ed expands on in this edition, is the argument that point-in-time surveys of individual attitudes run the risk of missing the two most critical underpinnings of organizational culture and climate: (1) *group* attitudes and responses to challenges and (2) the precedent events that have led to the present—said another way, the history that is always present.

Perhaps rather than just surveying for engagement of individual millennials, it will be important to consider what is distinct about them as a group (a subculture) with reference to the history of their early work lives. What makes the subculture is more than the current attitudes of frequently surveyed individuals. Deal, Levenson (and Gratton) summarize in

their excellent *What Millennials Want From Work* (2016) that for the culture of those born between 1980 and 1995, their coming-of-age milieu is critical to understanding any present-day motivations. Those entering the workforce this millennium have had the internet in their hands for many years (smartphones providing instant connectedness to facts, people, and opinions from everywhere). And this same cohort has seen more cataclysmic terrorism and recession than any group since the period from 1930 to 1950. Is it "entitlement" or is it self-determination drawn from the power of instant information and global personal networks, compounded by justifiable doubts about the permanence of jobs, companies, countries, and ways of life? If the engagement surveys echo "a sense of entitlement" among this cohort of the workforce, part of the understanding of this must be the history this group shares and how the group responds to the cultural DNA of the company in which it exists.

Another aspect of millennials holding access to the (digital) world in their hands is clock and time-zone flattening. The "always-on" device suggests a much different work day (>16 waking hours versus 9-to-5) for a millennial, particularly if there is no distinction made between work and home phone numbers or email addresses. Likely this engenders a very different attitude about blending work and personal life for this cohort. Yet, if these blurred lines are taken advantage of by employers, there are bound to be disconnects if not dis-satisfiers. Millennials are also inextricably bound to the "gig economy." Whether by choice or by accident, a thirty-something in 2016 or 2026 may have, or plan to have, a period in his or her career that is characterized by uncommitted gigs of low-engagement project work.

Companies have learned over the past generation how attractive it can be to build productivity through contract hiring. It offers effective risk mitigation and cost containment. Among the potential downsides, perhaps the biggest, is that the knowledge and training gained by the contract employee leaves the company when the gig is over. Regardless of the costs and benefits of the emerging gig economy, it is critical to recognize that millennials have not adapted to this change, they were born into the gig economy. And for many it is preferable for its freedom, flexibility, and exposure to many new people, new companies, and new networks. A millennial may be deeply engaged with many things, and the current work gig may just

not be one of them, despite all of the emphasis placed on creating a culture of engagement at work.

Time-zone flattening matters because the personal networks woven together by savvy smart-device users have become global and inclusive of time and place. Social networks spawn affinity groups that thrive on diversity of country and culture of origin. Such global affinity groups are powerful overlays that shape or shift subcultural attitudes of the like-minded, wherever they may happen to live and work. Millennials may well arrive at work with a global cross-cultural awareness that demands the attention of managers and leaders seeking to retain them in light of their diffuse focus on their world and their lives that encircle their work.

Cultural stereotypes (norms) can be like bright lights to moths, attractive in their clarity, powerful in their simplicity, and incendiary in their effect. We know it is too easy to reduce millennials to a rigid collection of known attributes and expected behaviors. But if "entitlement" and "low engagement" are commonly associated with this cohort, managers and leaders will be justifiably compelled to study the behaviors and search for patterns that can be understood and generalized. Stereotyping is just another way of scaling information in the interests of operational efficiency. If all the *more better faster* survey approaches yield is echoes of stereotypes, the management responses that survey results suggest may be incendiary. Subcultural sediment, from age (or youth), history, geography, and technology, is subtle and requires more ethnographic and deliberative study than can be drawn from mechanical data-gathering approaches focused on individual employees.

In dealing with the deepest layers of culture, such as the tacit assumptions that may motivate millennials, Ed's fifth edition of *Organizational Culture and Leadership* expands on this central argument: organizational culture should be studied, with qualitative insights captured, shared, and steeped in the group, ever mindful of the founder's and the organization's history in which, and out of which, the culture evolves.

Peter A. Schein

About the Authors

Ed Schein is Professor Emeritus of the Massachusetts Institute of Technology (MIT) Sloan School of Management. He was educated at the University of Chicago, Stanford University, and Harvard University, where he received his Ph.D. in Social Psychology. He worked at the Walter Reed Army Institute of Research for four years and then joined MIT, where he taught until 2005.

He has published extensively, including *Organizational Psychology, 3rd ed.*, (1980), *Process Consultation Revisited* (1999), a book on career dynamics (*Career Anchors, 4th ed.* with John Van Maanen, 2013), *Organizational Culture and Leadership, 4th ed.* (2010), *The Corporate Culture Survival Guide, 2nd ed.* (2009), a cultural analysis of Singapore's economic miracle (*Strategic Pragmatism*, 1996), and Digital Equipment Corp.'s rise and fall (*DEC is Dead; Long Live DEC*, 2003).

In 2009 he published *Helping*, a book on the general theory and practice of giving and receiving help. This was followed in 2013 by *Humble Inquiry*, which explores why helping is so difficult in Western culture, and which won the 2013 business book of the year award from the Dept. of Leadership of the University of San Diego. He has just published *Humble Consulting* (2016), which revises the whole model of how to consult and coach, and is currently working with his son, Peter, on *Humble Leadership* (2017), which challenges our current theories of leadership and management.

He continues to consult with various local and international organizations on a variety of organizational culture and career development issues, with special emphasis on safety and quality in health care, the nuclear energy industry, and the US Forest Service. An important focus of this new consulting is to focus on the interaction of occupational and organizational subcultures and how they interact with career anchors to determine the effectiveness and safety of organizations.

He is the 2009 recipient of the Distinguished Scholar-Practitioner Award of the Academy of Management, the 2012 recipient of the Life Time Achievement Award from the International Leadership Association, the 2015 Lifetime Achievement Award in Organization Development from the International OD Network, and has an Honorary Doctorate from the IEDC Bled School of Management in Slovenia.

Peter Schein is a strategy and OD consultant in Silicon Valley. He provides help to start-ups and expansion-phase technology companies.

Peter's expertise draws on over twenty years of industry experience in marketing and corporate development at technology pioneers. In his early career he developed new products and services at Pacific Bell and Apple Computer, Inc. (including *eWorld* and *Newton*). He led product marketing efforts at Silicon Graphics Inc., Concentric Network Corporation (XO Communications), and Packeteer (BlueCoat). He developed a deep experience base and passion for internet infrastructure as the web era dawned in the mid-1990s.

Thereafter, Peter spent eleven years in corporate development and product strategy at Sun Microsystems. At Sun, Peter led numerous minority equity investments in mission-critical technology ecosystems. He drove acquisitions of technology innovators that developed into multi-million dollar product lines at Sun. Through these experiences developing new strategies organically and merging smaller entities into a large company, Peter developed a keen focus on the underlying organizational culture challenges that growth engenders in innovation-driven enterprises.

Peter was educated at Stanford University (BA Social Anthropology, *Honors and Distinction*) and Northwestern University (Kellogg MBA, Marketing and Information Management, *Top Student in Information Management*).

Part One

DEFINING THE STRUCTURE OF CULTURE

To understand how culture works we need to differentiate two perspectives. The most obvious and immediate impulse is to look for culture *content*. What is the culture about, what are the key values that we need to understand, what are the rules of behavior? Different people have different biases and assumptions about what is important. In the current national context we see a great emphasis on the cultural content pertaining to the role of government, leadership, and management in deciding what is good for everyone and focusing on the values of individual freedom and autonomy. Another culture analysis might, however, say that this is totally irrelevant to what the values are around saving the planet and becoming environmentally responsible. A third person chimes in with the importance of family values and the threat to "our culture" of allowing civil marriage. Parents lament or praise the new values that their children are bringing into the culture, or are just plain puzzled about what this new "millennial" generation is all about. We have to watch our language lest we say something "politically incorrect" about racial or gender issues.

The point is that culture *content*, the values we care about are all over the map. To make some sense of this variety, we have to look first

at the *structure* of culture and develop a perspective on how to analyze the complex cultural landscape we encounter. In the next four chapters I will develop a "model" of the structure of culture. We will analyze several organizational cultures, illustrate how nested they are in larger cultural units. Chapter 1 gives a dynamic definition of culture. Chapter 2 describes the basic three-level model of the "structure" of culture that will be used throughout the rest of the book. In Chapter 3 this model is illustrated with Digital Equipment Corporation, a U.S. computer company that I encountered in its early growth period and in which I could, therefore, observe the growth and evolution of a culture. In Chapter 4 I describe Ciba-Geigy, an old Swiss-German chemical company, that illustrates some of the problems of a mature industry in a very different technology and the impact of national culture. In Chapter 5 I describe the Singapore Economic Development Board, which illustrates both a fusion of Western and Asian national cultures and an organization in the public sector. The cases are intended to highlight that cultures are learned *patterns of beliefs*, *values*, *assumptions*, and *behavioral norms that manifest themselves at different levels of observability*.

1

HOW TO DEFINE CULTURE IN GENERAL

The Problem of Defining Culture Clearly

Culture has been studied for a long time by anthropologists and sociologists, resulting in many models and definitions of culture. Some of the ways that they have conceptualized the essence of culture illustrate the breadth as well as the depth of the concept. Most of the categories that follow refer primarily to *macro* cultures such as nations, occupations, or large organizations but some are also relevant to *micro* or subcultures. As you will see from the pattern of references, many researchers use several of these definitional categories, and they overlap to a considerable degree. Culture as we will see exists at many levels of "observabilty." The categories are arranged roughly according to the degree to which you, as an observer, will be able to see and feel those cultural elements when you observe an organization or group.

- **Observed behavioral regularities when people interact:** The language they use along with the regularities in the interaction such as "Thank you" followed by "Don't mention it," or "How is your day going so far," "Just fine." Observed interaction patterns, customs, and traditions become evident in all groups in a variety of situations (e.g., Goffman, 1959, 1967; Jones, Moore, & Snyder, 1988; Trice & Beyer, 1993; Van Maanen, 1979).
- **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. Climate is sometimes included as an artifact of culture and is sometimes kept as a separate phenomenon

to be analyzed (e.g., Ashkanasy, Wilderom, & Peterson, 2000; Schneider, 1990; Tagiuri & Litwin, 1968; Ehrhart, Schneider, & Macey, 2014).

- **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 & Beyer, 1993; Deal & Kennedy, 1982, 1999).
- **Espoused values:** The articulated, publicly announced principles and values that the group claims to be trying to achieve, such as "product quality," "price leadership," or "safety" (e.g., Deal & Kennedy, 1982, 1999). Many companies in Silicon Valley such as Google and Netflix announce their culture in terms of such values in all of their recruiting materials and in books about themselves (Schmidt & Rosenberg, 2014).
- **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 Hewlett-Packard or, more recently, the explicit statements about culture in Netflix and Google (e.g., Ouchi, 1981; Pascale & Athos, 1981; Packard, 1995; Schmidt & Rosenberg, 2014).
- **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 classic Hawthorne studies (e.g., Homans, 1950; Kilmann & Saxton, 1983).
- **Rules of the game:** These are 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" (e.g., Schein, 1968, 1978; Van Maanen, 1976, 1979b; Ritti & Funkhouser, 1987; Deal & Kennedy, 1999).
- **Identity and images of self:** How the organization views itself in terms of "who we are," "what is our purpose," and "how we do things" (e.g., Schultz, 1995; Hatch, 1990; Hatch & Schultz, 2004).
- **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