3 Organizational Culture and Performance

The concept of organizational culture has drawn attention to the long-neglected, subjective or ‘soft’ side of organizational life. However, many aspects of organizational culture have not received much attention. Instead, emphasis has been placed primarily on the cultural and symbolic aspects that are relevant in an instrumental/pragmatic context. The technical cognitive interest prevails. Culture then is treated as an object of management action. In this regard, Ouchi and Wilkins (1985: 462) note that ‘the contemporary student of organizational culture often takes the organization not as a natural solution to deep and universal forces but rather as a rational instrument designed by top management to shape the behavior of the employees in purposive ways’. Accordingly, much research on corporate culture and organizational symbolism is dominated by a preoccupation with a limited set of meanings, symbols, values, and ideas presumed to be manageable and directly related to effectiveness and performance. This is in many ways understandable, but there are two major problems following from this emphasis. One is that many aspects of organizational culture are simply disregarded. It seems strange that the (major part of the) literature should generally disregard such values as bureaucratic-‘meritocratic’ hierarchy, unequal distribution of privileges and rewards, a mixture of individualism and conformity, male domination, emphasis on money, economic growth, consumerism, advanced technology, exploitation of nature, and the equation of economic criteria with rationality. Instrumental reason dominates; quantifiable values and the optimization of means for the attainment of pre-given ends define rationality (Horkheimer and Adorno, 1947; Marcuse, 1964). Mainstream organizational culture thinking – in organizations but also in academia – tend to take this for granted. The values and ideas to which organizational culture research pays attention are primarily connected with the means and operations employed to achieve pre-defined and unquestioned goals. A second problem is that subordinating organizational culture thinking to narrowly defined instrumental concerns also reduces the potential of culture to aid managerial action. Organizational culture calls for considerations that break with some of the assumptions characterizing technical thinking, i.e. the idea that a particular input leads to a predictable effect. This chapter thus shows some problems associated with the use of the term culture that does not take the idea of culture seriously enough and presses the concept into a limited version of the technical cognitive interest. It argues for a ‘softer’ version of this interest as well as for thinking following the other two cognitive interests (as sketched in Chapter 1).
The dominance of instrumental values

A basic problem in much management thinking and writing is an impatience in showing the great potential of organizational culture. Associated with this is a bias for a premature distinction between the good and the bad values and ideas, trivialization of culture, overstressing the role of management and the employment of causal thinking.

Premature normativity: the idea of good culture

Associated with the technical interest of optimizing means for accomplishment of goals is an underdeveloped capacity to reflect upon normative matters. Viewing cultures as means leads to evaluations of them as more or less ‘good’, i.e. as useful, without consideration whether this goodness is the same as usefulness or if usefulness may be very multidimensional. The more popular literature argues that ‘good’ or ‘valuable’ cultures – often equated with ‘strong’ cultures – are characterized by norms beneficial to the company, to customers, and to mankind and by ‘good’ performance in general:

Good cultures are characterized by norms and values supportive of excellence, teamwork, profitability, honesty, a customer service orientation, pride in one’s work, and commitment to the organization. Most of all, they are supportive of adaptability – the capacity to thrive over the long run despite new competition, new regulations, new technological developments, and the strains of growth. (Baker, 1980: 10)

Good cultures are, according to this author, cultures that incorporate all good things in peaceful co-existence. Also many other authors eager to appeal to practitioners focus on highly positive-sounding virtues, attitudes, and behaviour claimed to be useful to the achievement of corporate goals as defined by management (e.g. Deal and Kennedy, 1982; Trice and Beyer, 1985). They are largely instrumental in character, without considering any ambiguity of the virtue of culture or what it supposedly accomplished in terms of goal realization. The assumption that culture can be simply evaluated in terms of right and wrong come through in embarrassing statements such as that ‘the wrong values make the culture a major liability’ (Wiener, 1988: 536) has already been mentioned. Similarly, Kilmann et al. (1985: 4) argue that ‘a culture has a positive impact on an organization when it points behavior in the right direction…. Alternatively, a culture has negative impact when it points behavior in the wrong direction’.

According to Wilkins and Patterson (1985: 272): ‘The ideal culture … is characterized by a clear assumption of equity … a clear sense of collective competence … and an ability to continually apply the collective competence to new situations as well as to alter it when necessary.’ Kanter (1983) talks about ‘cultures of pride’, which are good, and ‘cultures of inferiority’, which any sane person will avoid. This type of functionalist, normative, and instrumentally biased thinking is also found in Schein’s (1985) book, in which culture is seen as a pattern of basic assumptions that has ‘proved’ to be valid for a group coping with problems of
external adaptation and internal integration. Basically, culture in this literature is instrumental in relation to the formal goals of an organization and to the management objectives or tasks associated with these goals (i.e. external and internal effectiveness). It is assumed to exist because it works – or at least used to work. Of course, changed circumstances can make a culture dysfunctional – calling for planned, intentional change – but the approach assumes that culture is or can be ‘good’ for some worthwhile purpose. As will be shown later ‘good’ and ‘bad’ are not, however, self-evident, especially when it comes to complex phenomena such as culture.

A bias towards the ‘positive’ functions of culture and its close relation to issues such as harmony, consensus, clarity, and meaningfulness is also implicit in many of these studies (see Martin and Meyerson, 1988). Symbols and cultural aspects are often seen as functional (or dysfunctional) for the organization in terms of goal attainment, meeting the emotional-expressive needs of members, reducing tension in communication, and so on. Instrumental/functional dimensions are often emphasized, for instance, in studies of rites and ceremonies (e.g. Dandridge, 1986; Trice and Beyer, 1984). The typical research focus is on social integration (Alvesson, 1987). Culture is understood as (usually or potentially) useful – and those aspects of culture that are not easily or directly seen as useful remain out of sight, e.g. on gender and ethics. The most common ideas guiding organizational analysis draw upon such metaphors for culture as tool, social glue, need satisfier, or regulator of social relations.

Problems include the premature use of moral judgement, in a way hidden behind technical understanding in which culture is viewed as a tool and presumably as easy to evaluate in terms of its goodness as a hammer. But few issues are simply good or bad, functional or dysfunctional. Some things that may be seen as good may be less positive from another angle. A ‘clear sense of collective competence’ – to connect to the citation above – does in itself sound positive and is good for self-esteem and commitment, but a high level of self-confidence may be a mixed blessing as it easily forms a part of, or leads to, fantasies of omnipotence, and may obstruct openness, reflection, willingness to listen to critique and take new external ideas seriously (Brown and Starkey, 2000).

Cultural themes thus call for careful consideration, where normative judgement should be applied with great caution. Normative talk easily prevents more nuanced interpretation.

Trivialization of culture

As argued above, the consequence of the functionalist/pragmatic approach is that culture tends to be reduced to those limited aspects of this complex phenomenon that are perceived to be directly related to organizational efficiency and competitive advantage (see, e.g. Barney, 1986; Kilmann et al., 1985). This means a rather selected interest in organizational culture. But much worse is a tendency to emphasize mainly the superficial aspects of these selected parts of organizational culture. These superficial aspects have the advantage that they are compatible with technical thinking, presumably accessible to managerial interventions. Culture
may even be equated with certain behavioural norms viewed as ‘an excellent vehicle for helping people understand and manage the cultural aspects of organizational life’ (Allen, 1985: 334). In marketing, market-oriented culture is frequently defined as the key to strong performances (Harris and Ogbonna, 1999), culture here implying certain behaviours. The problem, of course, is that norms are not the best vehicle for understanding culture. Whereas norms tell people how to behave, culture has a much broader and more complex influence on thinking, feeling, and sense-making (Schneider, 1976). Again, Barney (1986), Pfeffer (1994) and others argue that to serve as a source of sustained competitive advantage culture must be ‘valuable, rare, and imperfectly imitable’. If this statement is to make any sense at all, culture must be interpreted as highly normative, accessible to evaluation in terms of frequency (i.e. quantifiable), and capable of being copied at will. This conception deprives culture of the richness that is normally seen as its strength. At the same time, any culture may be seen as vital for competitive advantage (or as disadvantage), as it is arguably, highly significant and not easy to imitate. As Pfeffer (1994), among others, notes, many of the earlier identified sources of competitive advantage, such as economies of scale, products or process technology, access to financial resources and protected or regulated markets, become of diminishing significance as a consequence of more fragmented markets with an increasing need for flexibility in production, shorter product life cycle, internationalizations and de-regulations. A company’s competence and ability to manage people – to a considerable degree overlapping organizational culture – are not easy to imitate. Even to describe and analyse culture is difficult, as indicated by all the management texts providing only superficial and trivial descriptions of culture, such as norms about ‘market-oriented’ behaviour.

The trivialization of organizational culture is not, however, solely restricted to writings promising the quick fix. Despite an effort to define organizational culture on a deeper level, emphasizing basic assumptions, Schein (1985) in most of his empirical examples tends to address the more superficial aspects. One example concerns the acquisition of a franchised business:

The lack of understanding of the cultural risks of buying a franchised business was brought out even more clearly in another case, where a very stuffy, traditional, moralistic company whose management prided itself on its high ethical standards bought a chain of fast-food restaurants that were locally franchised around the country. The company’s managers discovered, much to their chagrin, that one of the biggest of these restaurants in a nearby state had become the local brothel. The activities of the town were so well integrated around this restaurant that the alternative of closing it down posed the risk of drawing precisely the kind of attention this company wanted at all costs to avoid. The managers asked themselves, after the fact, ‘Should we have known what our acquisition involved on this more subtle level? Should we have understood our own value system better, to ensure compatibility?’ (Schein, 1985: 34–5)

Here the problem seems to be lack of knowledge on a very specific point – what the company was buying – rather than lack of understanding of the company’s own value system. Most ordinary, ‘respectable’ corporations, whatever their organizational culture, would probably wish to avoid becoming owners of brothels. Prostitution is broadly seen as illegitimate, not only by those who
Schein views as ‘very stuffy, traditional, moralistic’ people. Apart from the moral issue, there is of course the risk that bad publicity would follow and harm the company.

Managerialization of culture

Another aspect of adapting culture to technical concerns, and the reduction of complexity and depth contingent upon such concerns, is the confusion of organizational culture with the firm’s management ideology. Frequently what is referred to as organizational or corporate culture really stands for the ideals and visions prescribed by top management (Alvesson, 1987; Westley and Jaeger, 1985). It is sometimes held that the best way to investigate ‘corporate culture’ is through interviews with top managers, but the outcome of this approach tends to be a description of the espoused ideology of those managers that ‘only skim the culture that surrounds the top executives’ (Czarniawska-Jörges, 1992: 174). Denison (1984) in a survey claiming to study corporate culture, for example asked one manager per company in a large number of companies to fill in a questionnaire.

Organizational culture and managerial ideology are in most cases not the same, partly due to the lack of depth of ideology compared to culture, partly due to variation within organizations and discrepancies between top management and other groups. To differentiate between corporate culture as prescribed and manager-led and organizational culture as ‘real culture’ and more or less emergent from below is one possibility (Anthony, 1994). However, management ideology is not necessarily very different from organizational culture – there are cases where management ideology powerfully impregnates cultural patterns (Alvesson, 1995; Kunda, 1992). But this needs to be empirically investigated and shown, and cannot be assumed. Management ideology is but one of several expressions of organizational culture. In most discussions of the relationship between culture and performance, authors focus on values espoused by senior managers, to a higher or lower degree shared by larger groups, while the complexity and variety of culture is neglected.

From a management point of view, the managerialization of organizational culture immediately appears appealing; but arguably deeper, less conscious aspects of cultural patterns than those managers are already aware of and promote are more valuable, at least in the long run, to focus on. Rather than smoothing over differences and variations in meanings, ideas and values within organizations, highlighting the latter is significant as a basis of informed management thinking and action.

Loosening the grip of premature practicality

The three weaknesses of much organizational culture thinking reviewed above are related to the wish to make culture appear as of immediate interest to practitioners, and to fit into a predominantly technical cognitive interest in which culture is reduced to a tool. Cultural studies should be permitted to develop unrestricted by, or at least more loosely connected to, concerns for practicality. It is important here to recognize the contradiction between sophisticated thinking and easily applicable practical concerns:
The more rigorously (anthropologically) the term (culture) is applied, the more the concept of organizational culture gains in theoretical interpretative power and the more it loses in practicality. In the effort to overcome this contradiction the danger is that theoretical rigour will be lost in the interest of practicality. (Westley and Jaeger, 1985: 15)

Even if one wants to contribute to practicality, rather than to anthropology, this still calls for another kind of intellectual approach than most of the authors cited above exemplify. Oversimplification and promises of ‘quick fixes’ do not necessarily serve narrow pragmatic interests, neither those of managers nor of others. Making things look clear-cut and simple may mislead. Practitioners might benefit much more from the pro-managerial and pragmatic organizational culture literature if it stopped promising recipes for how to manage and control culture and instead discussed other phenomena which managers might, with luck and skill, be able to influence – for example, specific cultural manifestations, workplace spirit and behavioural norms. Learning to ‘think culturally’ about organizational reality might inspire enlightened managerial everyday action rather than unrealistic programmes for culture change or bending patterns of meaning, ideas and values to managerial will.

Before assuming that culture is functional or good for organizational or managerial purposes, it makes sense to distinguish among possible consequences and to recognize that they may conflict. Critical reflection and learning may be a good thing, consensus facilitating control and coordinated action another, and reduction of anxiety a third; but not all these good things may be attainable at the same time and they may contradict each other. Perhaps more important, contradictory interests – those of professions, divisions, classes, consumers, environmentalists, the state, owners, top management, etc. – may produce different views on what is good, important, and appropriate. Also within complex organizations, corporate goal-attainment may presuppose considerable variation in cultural orientations. Most aspects of culture are difficult to designate as clearly good or bad. To simplify these relationships runs the risk of producing misleading pictures of cultural manifestations. Instead, the focus must become the tensions between the creative and destructive possibilities of culture formation (Jeffcutt, 1993).

**Approaches to the culture–performance relationship**

There are different ideas regarding to what extent organizational culture can be used as a managerial tool. I will point at and discuss three versions of how managers can work with culture. These represent the relative significance of management versus culture: can management control culture or must management adapt to culture?

**Cultural engineering: corporate culture as managerial design**

In the most instrumentally oriented of these formulations, culture is conceived as a building block in organizational design – a subsystem, well-demarcated from other parts of the organization, which includes norms, values, beliefs, and behavioural
styles of employees. Even though it may be difficult to master, it is in principle no different from other parts of the organization in terms of management and control. The term ‘cultural engineering’ captures the spirit of this position, which is sometimes called the ‘corporate-culture school’ (Alvesson and Berg, 1992).

Kilmann (1985: 354) recognizes that there is considerable disagreement about what culture is but concludes that ‘it is still important to consider what makes a culture good or bad, adaptive or dysfunctional’. He describes culture almost as a physical force: ‘Culture provides meaning, direction, and mobilization – it is the social energy that moves the corporation into allocation … the energy that flows from shared commitments among group members’ (p. 352) and ‘the force controlling behaviour at every level in the organization’ (p. 358). He believes that every firm has a distinctive culture that can develop and change quickly and must be managed and controlled: ‘If left alone, a culture eventually becomes dysfunctional’ (p. 354). The underlying metaphor then clearly comes from technical science.

The crucial dimension of culture, according to Kilmann, is norms; it is here that culture is ‘most easily controlled’. More precisely, it is the norms that guide the behaviour and attitudes of the people in the company that are of greatest interest and significance, because they have a powerful effect on the requirements for its success – quality, efficiency, product reliability, customer service, innovation, hard work, loyalty, etc. This is the core of most (American) texts on corporate culture (e.g. Deal and Kennedy, 1982; Peters and Waterman, 1982; Sathe, 1985; Wiener, 1988). There are many difficulties with this model. Norms refer to a too superficial and behaviour-near aspect to really capture culture, at least as defined in this book. Norms and behaviours are affected by many dimensions other than culture. Within a culture there are a number of norms related to the enormous variety of different behaviours. The point with culture is that it indicates the meaning dimension, i.e. what is behind and informs norms.

A related problem with this behaviour-near view on culture is the tendency to see culture as more or less forcefully affecting behaviour. For example, Sathe (1985: 236) argues that ‘the strength of a culture influences the intensity of behavior’, and the ‘strength’ of a culture is determined by ‘how many important shared assumptions there are’, how widely they are shared, and how clearly they are ranked. A ‘strong’ culture is thus characterized by homogeneity, simplicity, and clearly ordered assumptions. In a ‘complex’ culture – by definition any culture – assumptions will probably be very difficult to identify and rank, and it can even be argued that such a measurement approach distorts the phenomena it is supposed to study. As Fitzgerald (1988: 9–10) has put it:

Values do not exist as isolated, independent, or incremental entities. Beliefs and assumptions, tastes and inclinations, hopes and purposes, values and principles are not modular packages stored on warehouse shelves, waiting for inventory. They have no separate existence, as do spark plugs in an engine; they cannot be examined one at a time and replaced when burned out…. They have their own inner dynamic: Patriotism, dignity, order, progress, equality, security – each implies other values, as well as their opposites. Patriotism implies homeland, duty, and honor, but also takes its strength from its contrast to disloyalty; dignity requires the possibility of humiliation and shame.
Values form a knotted (if unsymmetrical) net that we cannot unravel without altering their reciprocity, harmonies, and synergy.

Moreover, to suggest that cultures can be measured on the single dimension of ‘strength’ deprives the concept of analytic and interpretive capacity: culture is a complex web of meanings, not a bundle of muscles.

Another problem with this approach is the tendency to view norms and values as capable of being abstracted from other things in an organization. ‘Corporate-culture’ writers propose that, other things being equal, a company-wide set of norms and values can be affected by the same external forces, and be the cause of behaviour and performance. This is problematic because, among other things, work norms are probably closely tied to a variety of circumstances in the workplace rather than being organization-wide. The kind of job and organization, the reward structure, and the employee’s age, gender, qualifications, and interests are probably more significant in determining these norms. Hofstede et al. (1990), for example, found age, educational level, and hierarchical position to predict work values. To try to isolate norms and values shared throughout the organization (or any other large unit) as a separate causal factor in work performance is not easy. This is not to say that norms do not matter. Rather, to a large extent they are probably associated with different groups to different degrees and have different content. For example, on the shopfloor, output restriction is reported to be a common norm, and it is probably seldom shared by management.

It would in fact be odd if CEOs, typists, factory workers, salesmen, engineers, and product designers shared norms and acted upon them in similar ways. Division of labour is a cornerstone of the modern corporation, and norms that opposed rather than reflected diversity would not necessarily make it more efficient. It might be – and sometimes is – argued that ‘corporate culture’ counteracts the disintegration fostered by the vertical and horizontal differentiation of modern organizations. But to the extent that this is the case, probably less is achieved through organization-wide norms that directly affect behaviour in a homogeneous way than through shared feelings of identification and community. Therefore it is important to distinguish between common culture as a source of shared understanding and culture as something that directly affects behaviour through norms. The social-glue metaphor thus makes more sense than culture as energizer and/or blueprint for specific behaviours. The conclusion suggested here is that the values and norms that comprise ‘corporate culture’ have a limited direct impact on organizational effectiveness in terms of work behaviour and willingness to work. Still, the relevance of cultural patterns for what goes on in organizations and different kinds of outcomes is great, but in much more indirect ways than assumed by the authors here reviewed.

Management as symbolic action: shared understandings as managerial accomplishment

A second approach linking organizational culture with performance emphasizes the reality-defining powers of management action. It is assumed that the leaders of an organization exercise more or less far-reaching influence on the way in
which employees perceive and understand their tasks and on the workplace by creating and maintaining metaphors and myths. One result of this type of influence, from management’s point of view, might be the sharing of a ‘favourable’ definition of organizational reality and work by the whole organization or a part of it (Berg, 1986; Pfeffer, 1981a; Smircich and Morgan, 1982).

Pfeffer (1981a) distinguishes between internal, management control and external, environmental control (such as market conditions and other forms of external resource dependencies (cf. Pfeffer and Salancik, 1978) and between substantive outcomes (actions and activities which lead to tangible, measurable results and have physical referents, such as budgets, salary allocations, sales, and profits) and symbolic outcomes (attitudes, sentiments, values, and perceptions). He suggests that while constraints beyond managerial control basically determine the substantive outcomes, management does have far-reaching influence on employees’ attitudes to social reality. The symbolic outcomes of managerial action increase the probability of the development of a common set of understandings about organizational affairs among members. Managerial action – and ‘culture’ (although Pfeffer does not explicitly use this concept) – involves the development of consensus around the definition of workplace activity (p. 21).

Pfeffer is careful to point out that this consensus is not necessarily about values, interests and goals, but rather about means and technology. He here differs from most other writers on organizational culture that put emphasis on values and norms rather than on meanings (cf., e.g. Kilmann, 1985).

Pfeffer considers any linkage between symbolic and substantive outcomes weak and indirect. Perception and understanding are less a cause than a consequence of behaviour and outcomes. The most important behaviour patterns are basically determined by external constraints. The cultural dimension is more a stabilizing force: ‘Shared understandings are likely to emerge to rationalize the patterns of behavior that develop, and in the absence of such rationalization and meaning creation, the structured patterns of behavior are likely to be less stable and persistent’ (p. 14). Some possible consequences of symbolic action include mobilization/motivation, satisfaction of demands, implementation of change, and, most important, attitudes and feelings of satisfaction. Clever symbolic action may partly replace ‘substance’ in an ambiguous situation and thus increase the satisfaction felt by a group without any ‘real’, substantive change: ‘Symbolic actions may serve to mollify groups that are dissatisfied with the organization, thereby ensuring their continued support of the organization and the lessening of opposition and conflict’ (p. 35). Symbolic action may also produce commitment and identification with the company. Pfeffer is more careful, then, than most writers on ‘corporate culture’ about postulating causal relations between culture and corporate performance, instead stressing the avoidance of problems which might negatively affect organizational performance such as conflict, resistance, widespread frustration, high turnover, and absenteeism.

With regard to the effects he talks about as a product of (managerial) action, whereas it is true that social processes intervene in the perception of as well as the creation of social reality, these social processes are themselves governed by (socially constructed and material) ‘reality’. In other words, the substantive
aspects of a job situation have symbolic consequences. Although Pfeffer refers to Berger and Luckmann’s (1966) concept of the social construction of social reality, he overlooks the historical dimension of this process. Our world view and patterns of social perception are historically anchored, and this may make perceptions, attitudes, and sentiments difficult to alter. Furthermore, he tends to underestimate the multiplicity of sources of socially governed perceptions and understandings of organizational affairs. Van Maanen and Barley (1984, 1985) suggest that the great variety of professions and occupations in most complex organizations may create social conflict and competitive definitions of reality and that this tendency may be reinforced by new technology. This means that consensus over technology may frequently be less prevalent than Pfeffer seems to indicate. This is not to deny that managerial action may affect how social reality is perceived in a way that leads to shared beliefs and understandings – or at least reduced diversity in these regards. The outcome of this may be stabilizing, serving to reduce conflict about technologies and negative evaluations of ambiguous situations and conditions. At the same time, the extent to which this action can produce an organizational paradigm (roughly corresponding to organizational culture) remains an open question.

Organizational culture as a constraint of management rationality: awareness of culture as a navigation aid

A third position in using the idea of organizational culture in relation to corporate performance is to treat culture as a diagnostic instrument, as an aid in making wise decisions and avoiding traps. It stresses the deep values and basic assumptions of organizations – unconscious or half-conscious beliefs and ideals about objectives, relationships to the external world, and the internal relations that underlie behavioural norms and other ‘artefacts’. Culture is viewed as relatively resistant to attempts to control and change and only occasionally manageable. This approach is not much concerned about giving advice on how culture can be controlled, but it does attempt to be of practical relevance by informing managers of what may be difficult or impossible to accomplish and providing ideas for constructive action in the light of culture. Mapping cultural terrain produces a guide for how to orient oneself and reduce making mistakes. Understanding the ‘holy cows’ of a group is for example crucial in order to avoid highly negative reactions. There are other, less dramatic traps involved, such as an unwillingness/inability to change priorities or work style due to ingrained habits and cultural competence.

The focus here is not on the effects of managerial action but rather on the consequences of organizational cultures on how initiatives and change efforts are reacted upon. Cultures are anchored in the organizational collective and exercise influence without the direct involvement of particular key actors. For Schein (1985: 9) culture is ‘a pattern of basic assumptions – invented, discovered, or developed by a given group as it learns to cope with its problems of external adaptation and internal integration – that has worked well enough to be considered valid and therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems’. Indeed, members will find behaviour
based on any other premise inconceivable. Artefacts are the visible and audible patterns of culture, existing on a surface level, and values, on the intermediary level, concern what ‘ought’ to be done and are more or less understood and consciously grasped by the organizational community.

Schein suggests that cultural phenomena have far-reaching effects on organizational effectiveness and individual satisfaction. As examples he points to the effects of culture on strategy, mergers, acquisitions, and diversifications, the integration of new technologies, intergroup conflicts within the organization, the effectiveness of communication, socialization, and the level of productivity.

One example concerns a company that had become successful by marketing a very complex product to sophisticated consumers:

When the company later developed a smaller, simpler, less expensive version of this product, which could be sold to less sophisticated customers, its product designers and its marketing and sales divisions could not deal with the new customer type. The sales and marketing people could not imagine what the concerns of the new, less knowledgeable customer might be, and the product designers continued to be convinced that they could judge product attractiveness themselves. Neither group was motivated to understand the new customer type because, unconsciously, they tended to look down on such customers. (Schein, 1985: 32)

He suggests that this problem was not merely one of inadequate training but ‘cultural’ in nature: ‘the perceptions and resulting behaviour patterns were built on deeply held, long-standing assumptions that were taken-for-granted because they had led to prior success’. The ‘deeply held, long-standing assumption’ in question is presumably that the company would manufacture and sell a complex product to sophisticated customers. This example illustrates the difficulties of accomplishing a re-orientation of the ideas and understandings of people. Competence has a strong cultural undertone and technical skills are far from sufficient. If top management had understood this better, perhaps they would have refrained from developing this product that its personnel were not good at selling or perhaps undertaken other measures to address the problems, e.g. employing new people with more suitable orientations. The example does not seem to be about sacred values, but more about how the personnel have developed blind spots in their ideas about their customers – relating to these without understanding their situation and knowledge.4

This example can, however, be utilized also for other lessons. Apparently, much of the organization no longer shared the disdain for the new type of customers, and in fact a simpler version of the product for a less sophisticated consumer group was developed, produced and marketed. Those who took the former situation for granted might resist change, have a low opinion of it, or be less skilled in dealing with a certain type of customer; but this does not really touch upon the deep level which Schein sees as the crucial one (basic assumptions). Schein’s cases give us some hints about cultural meanings and values of two groups within the company being a problem for expansion of the market, but the analysis is insufficient to tell us that much about the nature of the problem.

From Schein’s description, it seems that the company was unable to understand and judge the concerns and tastes of its customers; it may be speculative to
bring basic assumptions in to the discussion. Working for some time with a particular object will produce competence, not only in the strictly technical sense but also in a somewhat wider social or cultural one, in line with the demands of that object. Dealing with a new customer group will require the development of new capacities for understanding their concerns and tastes. An inability to understand and communicate with new customers may be the result of a lack of the required social and cultural skills. Negative attitudes and traditional values may of course be of some significance here, but a simpler explanation than Schein’s would appear to be sufficient.

Comment

The three proposed standpoints can be summarized as a contest between management and culture. They reflect different assumptions of senior managers’ possibilities of moulding organizational members’ ideas, meanings, values and norms after their business goals. In the first, management wins; in the second, management and culture are intertwined and carry similar weight; in the third, culture is the stronger force to which managers must adapt. Management’s possibilities to shape culture vary with circumstances – in a young company in a fast-growing market the chances are much better than in a situation of managing a highly experienced workforce on a mature market. Generally, some care about assuming too much ability of management to control and intentionally change culture is recommended. Stressing management as symbolic action indicates the spheres in which a significant cultural impact is possible – a shared definition of a particular sphere of organizational reality seems more achievable than getting everybody to adopt the same values and work according to the same norms. Using culture as a source of insights about what is difficult to accomplish may often have a strong pragmatic value – as indicated by, for example, the high failure rate of mergers and acquisitions.

The culture–performance relationship

The discussion so far has been dealing primarily with identifying various ways of thinking about the relevance of the culture concept for corporate performances. Critique against promises of using culture as a means for corporate goals have been raised. Much interest has nevertheless been given to effects on performance of the ‘right’ or strong enough corporate culture. There is a lot of writing and talk about this but also a few systematic empirical studies. Let us now turn to empirical investigations of culture–performance relationships.

The effects of organizational culture on performance

There are four views on the relationship between organizational culture on performance:

1. Perhaps the most common one is the so-called strong-culture thesis. It has often been assumed that commitment of an organization’s employees and
managers to the same set of values, beliefs and norms will have positive results – that the ‘strength’ of ‘corporate culture’ is directly correlated with the level of profits in a company (e.g. Denison, 1984). Researchers adopting this hypothesis tend to place new kinds of human relations (involving employees in decision-making, allowing them some discretion, developing holistic relations, etc.) at the core of organizational culture (e.g. Peters and Waterman, 1982; Ouchi, 1981). It is frequently argued that a distinct organizational culture contributes to performance through facilitating goal alignment – a common culture makes it easier to agree upon goals as well as appropriate means for attaining them. There are also positive effects on motivation – a shared culture encourages people to identify with the organization and feel belongingness and responsibility for it, it is assumed (Brown, 1995).

2. There are also, however, researchers that suggest the reverse relationship between culture and performance: that high performance leads to the creation of a ‘strong’ corporate culture (cultural homogeneity). It is possible that success brings about a common set of orientations, beliefs and values. A particular workplace spirit may develop and there may be little incentive or encouragement to question ‘ways of doing things’, thus forming broad consensus and possibly conformism. This culture may be more than just a by-product of high performances: values and meanings may reproduce a successful organization and thus contribute to performances. It may also be a source of conservatism and a liability in situations calling for radical change.

3. Another idea draws upon contingency thinking to suggest that under certain conditions a particular type of culture is appropriate, even necessary, and contributes to efficiency. Wilkins and Ouchi (1983), for example, consider culture an important regulatory mechanism in organizational settings too complex and ambiguous to be controlled by traditional means (bureaucracy and the market). In corporate situations where these means of regulation function well, corporate control as a distinct form is less significant.

4. Still another version says that ‘adaptive cultures’ are the key to good performance, i.e. cultures that are able to respond to changes in the environment. Such cultures are characterized by people willing to take risk, trust each other, are proactive, work together to identify problems and opportunities, etc. It may be tempting to say that ‘adaptive cultures’ are self-evidently superior. There easily enters an element of tautology here: ‘adaptive’ implying successful adaptation and this is per definition good for business. But as Brown (1995) remarks, there are organizations that are relatively stable and fit with a relatively stable environment, and risk-taking and innovation are not necessarily successful. Too much change can lead to instability, low cost-efficiency, risky projects and a loss of sense of direction.

It is very difficult to investigate and test these diverse ideas. The relatively few systematic empirical studies on the culture–performance link lead us to conclude that none of these four ideas have received much empirical support (Brown, 1995; Calori and Sarnin, 1991; Siehl and Martin, 1990). Siehl and Martin find important methodological deficiencies in all these studies and suggest that
the idea of a corporate culture concept cannot be linked simply and tightly to corporate results.

Is it meaningful to try to investigate any causal link between culture and performance?

Of course failure to establish an empirical link does not mean that no such link exists. Empirical study in the area is very difficult to carry out. Not only is culture difficult to capture but so is performance (Sköldberg, 1990). It is common sense that something that we can call ‘corporate culture’ will have an impact on many types of actions in organizations and consequently also on corporate financial results. Any such influence may, however, be lost among all the factors and interaction patterns that have something to do with these results. Bhaskar’s distinction between ‘the domain of the empirical’, experiences created by direct and indirect observation, and ‘the domain of the real’, events which take place whether or not we observe them, is useful here (Outhwaite, 1983). The empirical is distinct from the real partly because not everything is observed and partly because not everything is observable. This view strongly warns against an empiricist approach. In the absence of opportunities to ‘observe’ culture and its role, we can of course speculate about it. As we have seen, however, such speculation is also problematic.

Instead of giving up the idea of finding clear-cut empirical answers to the question of ‘corporate culture’s’ effect on performance, some researchers have argued that a more refined approach which takes into account the complexity of culture should guide empirical studies. Saffold (1988: 546), for example, argues that it is reasonable to expect that ‘a phenomenon as pervasive as organizational culture affects organizational performance’ but current models oversimplify the relationship. He points to five important shortcomings of empirical studies: (1) ‘strong-culture’ studies tend to emphasize a single, unitary organizational culture even though multiple subcultures rather than unitary cultures seem to be the rule; (2) measures of the ‘strength’ of culture are ambiguous partly because in the study of culture ‘meanings are central, not frequencies’ (Van Maanen and Barley, 1984: 307); (3) there is a preference for broad-brush cultural profiles, focusing on very general values and norms, which fail to do justice to the complexity of culture; (4) there is insufficient attention to the variety of possible culture–performance links. A particular cultural feature may affect different performance-related organizational processes in different directions. Development of shared meanings may, for example, have a positive effect on organizational control but at the same time create conformism and reduce the organization’s capacity to learn and change; (5) there are many methodological problems in existing studies, ranging from overreliance on top management views to the absence of control groups.

Saffold goes on to suggest an enriched framework which involves the ‘use of appropriate measures of culture’s impact’, the use of contextual rather than modal analysis (i.e. avoidance of static and abstract categorizations), and attention to multiple interactions. This framework involves: (1) measures of cultural dispersion, the degree to which cultural characteristics are dispersed throughout an organization (sociologically, psychologically, historically and artefactually);
measures of cultural potency (the power of the culture itself to influence behaviour); (3) studies of ‘how specific culturally conditioned processes contribute to outcomes’; and (4) the recognition of multiple, mutually causal interactions. Hardly surprisingly, he notes that ‘if it all sounds complex, it is – unavoidably so’, but believes that his framework ‘reflects the true richness of culture–performance relationships’. In this observation he is probably correct.

Saffold’s ‘three correctives’ will probably discourage researchers from attempting the task of studying culture–performance relationships. Siehl and Martin (1990) suggest that there are more worthwhile projects. I agree. The four propositions about the connection between culture and performance treated in the previous section all presumably offer some input to thinking and are worth taking seriously also in the absence of a firm answer to the possibly naive question of which is the correct one. Even if research should converge in finding support for one of these as being more frequently valid than the others, there are still reasons for practitioners to think through their own organizational situation in relationship to various views on culture. Even if studies of large samples of organizations should indicate no or only a weak general correlation between e.g. ‘strong’ cultures and performance, a specific organization may still benefit from efforts to develop more shared values and orientations.

Does culture cause anything? The problems of separating culture and other phenomena

The technical cognitive interest and the metaphors based upon it typically rest upon and favour separating corporate phenomena into variables and then seek correlations and causal relations. Through manipulating a certain variable – e.g. the organizational reward system or the design of the product – certain outcomes are promoted, e.g. employees paying more attention to costs or increased consumers’ curiosity. I will here try to show that this logic works less well in the case of organizational culture. Again, I will proceed from a brief review of how respected organizational culture researchers have difficulties dealing with the issue of separating culture from other phenomena and establishing causal relationships. My purpose is of course not to engage in faultfinding for its own sake, but to show some traps and difficulties in cultural thinking that we can learn from.

In an overview article on the investigation of workplace cultures, Louis characterizes culture as:

a set of understandings or meanings shared by a group of people. The meanings are largely tacit among members, are clearly relevant to the particular group, and are distinctive to the group. Meanings are passed on to new group members … [culture’s content is] the totality of socially transmitted behavior patterns, a style of social and artistic expression, a set of common understandings. (1985: 74)

She cites four examples of the effects of workplace culture: increase in the safety and meaningfulness of work through team-oriented work in coal mines (Trist and Bamforth, 1951); increase in workers’ commitment to and identification...
with a group and organization; elimination of the need for structural controls to induce desired attitudes and behaviour; and facilitation of the socialization of new members.

Given Louis’ definition of culture, it is difficult to see how culture and the outcomes of culture can be separated. If culture is meanings and socially transmitted behaviour patterns, how can it then induce attitudes and behaviours and replace structural controls? Organizational culture then becomes both cause and effect. The teamwork in the coalmines is not necessarily an effect of the culture there; the work situation and its teamwork orientation may produce a certain culture. Even better, one might say that the workplace culture cannot be separated from the way the job is performed and therefore no causal relationship can be established. Workplace culture is a way (a set of aspects) of doing a job – the shared meanings and understandings is the cognitive basis of a certain kind of work as a social practice. Formulated like this, culture is intrinsically related to behaviour, rather than standing in an external relationship. It is an aspect on behaviour, rather than a force that causes behaviour.

The same holds for the statement that ‘the socialization of new members is facilitated by work group cultures’ (Louis, 1985: 85); without culture, socialization is impossible, and without socialization there would be no one to ‘carry’ culture. Furthermore, if there were no specific work group culture, there would be no need for socialization: people would fit in anyway as a result of a shared broader culture associated with nation, class, profession, etc. In for example organization dominated by a strong profession, newcomers belonging to the profession are typically not going through a particular workplace socialization process. In other organizations, not characterized by distinct work group cultures or cultures associated with occupations or other macro groups, the workplace would be characterized by very different individuals, with very idiosyncratic ideas and orientations, thus making cooperation difficult; but here there would not be any need or possibilities for socialization. (Similar remarks can be made against Schein (1985) who also argues that culture and socialization are externally related rather than logically hanging together.) Rather than saying that work group culture facilitates socialization, it makes more sense to say that work group culture is the prerequisite for socialization. Without a distinct culture, no distinct socialization is needed or possible.

I do, however, agree with Louis that workplace culture is important to understanding the nature of workers’ commitment and identification with the workplace. Improved work safety in the coal mine and attention to the welfare of the families of work group members could also be interpreted as outcomes of workplace culture. Coping with accidents and health problems typically involves cultural changes at the workplace level, e.g. reconstructing meanings and values associated with masculinity and risk-taking. Generally, it is often difficult to separate clearly what is culture and what is its outcomes; Louis’ definition of culture seems to include much of what is generally presented as partly ‘outside’ culture, to some extent outcomes of culture.

Louis’ study is a fairly typical example of the difficulty in separating ‘culture’ from ‘non-culture’. Another author speculating about the implications of culture
for organizational performance and other outcomes is Gagliardi (1986: 124). He claims that ‘a common culture strengthens cohesion, improves the ability to communicate, allowing that the spirit, rather than the letter, of the organization’s rules are observed’. It is hard to imagine that cohesion, ability to communicate, and a spirit of organizational rules would be possible without a common culture. These presumed outcomes exist to a greater or lesser extent in most definitions of culture (including those by Gagliardi and Louis). But as mentioned, there is a possibility that a culture might include anti-communal, individualistic and/or bureaucratic values which could produce outcomes other than those suggested by Gagliardi, but this possibility is not included in his view of culture as inherently ‘good’ or functional. Thus this kind of statement appears either as tautological/trivial or in many cases – if the culture concept is stripped of a strong functionalistic bias and the possibility of anti-communal or bureaucratic values and ideals is acknowledged – as unfounded. More generally, Pennings and Gresov (1986: 323) also refer to the difficulty of isolating values and norms and estimating their causal importance: ‘the deterministic weight to be assigned to cultural factors is highly problematic. In assessing, for instance, the extent to which values determine behaviour, the best evidence of what values exist often lies in norms. But the existence of a norm is usually evidenced by regularities of behaviour and hence the whole explanation becomes tautological’: culture explains what it is – it is ‘cause’ and ‘effect’ at the same time. The culture literature share this unfortunate bias with many other fields of management, eager to point at what leads to effectiveness, e.g. large parts of the research on leadership (Alvesson and Deetz, 2000) and strategy (Levy et al., 2001).

Before ending this section, I want to emphasize that I am not saying that it is impossible to identify outcomes of culture such as financial results or absence patterns. Tautological reasoning can be avoided. It frequently makes sense to try to point at how the shared meanings may affect action and possible outcomes. But one needs to be careful about how culture is conceptualized and realize that culture is also an aspect of the outcome. Culture affects results in subtle, complex ways and cause–effect thinking can seldom appreciate this. One way of reducing the problem is to avoid sweeping statements about cultures as wholes and instead look at specific cultural manifestations and study their consequences, e.g. outcomes more ‘close’ to the manifestations than financial results.

Positive and less positive outcomes of corporate culture: a case study

The organizational culture of a computer consultancy company

Having delivered all this critique against the efforts of others to relate organizational culture to performances and other valued outputs, the simplistic evaluation of cultures in terms of good or bad as well as the overemphasis on the positive function of culture, I will try to manoeuvre a bit more carefully. (I still suspect that the observant reader will find contradictions and problems also in my text.) Some years ago I did a case study of a Swedish computer consultancy company and I
will refer to it in terms of possible connections between culture and performance (Alvesson, 1993b; 1995).

The company, called Enator, was founded ten years prior to my study and employed 500 people. Rapid growth, high profits, low personnel turnover and very favourable market ratings plus considerable positive public attention (including media interest) meant that the company performed well at the time. Managers and other employees attributed a great deal of the success to the corporate culture.

Important values and norms in the company were openness, friendship, to have fun, informality, communicative and social orientations and skills, a downplayed sense of hierarchy, personal support, working hard for the company, being prepared to spend some leisure time taking part in activities orchestrated by the company, etc. Some devaluation of technical skills compared to social, communicative aspects of project management and customer interaction could also be part of the values and ideas in the company. An important part of the maintenance of these values was the recruitment of people who shared these values and orientations (cf. Sathe, 1985; Wilkins and Ouchi, 1983, etc.). These cultural orientations seemed to be rather well anchored among the majority of the employees.

The creation and reproduction of a culture and its impact on people can take place through specific activities, various types of behaviours from key actors and other ‘cultural agents’, through language and through material arrangements. Action, verbal and material symbolism thus shape and express culture (Dandridge et al., 1980). I’ll use these three categories to produce an overview of corporate culture.

A large number of events were institutionalized in order to strengthen the social relations in the company. Every third month the various units (subsidiaries employing up to 50 persons) did something special, which was financed by the company: combining a conference or a training session with walking in the mountains, sailing, diving, etc. Large parties also took place every year. A number of company-supported activities regularly took place in the corporate building outside Stockholm: a chorus, art club, navigation course and so on. The management tried to make the employees consider the company as a family.

Major identity-facilitating activities took place when the company celebrated various events. Enator’s tenth anniversary, for example, was celebrated during three days on the island of Rhodes in Greece. All the 500 employees, the board and some other people were flown to the island and faced with a programme including a variety of social activities.

Language use in the company was also intended to shape ideas and meanings. A slogan was ‘fun and profit’, illuminating the significance of having a good workplace climate as well as being profitable. The term ‘giant directors’ were sometimes used in order to signal distance from excessive respect for hierarchy and formal positions. Sometimes senior managers said things like ‘as I am the only person here whose time is not debitable, I’ll fix the coffee’. This was intended to express relatively egalitarian social relations.

The design and interior of the main corporate building also had some meaning and identity-reinforcing qualities. One was to support the view that the company
should be seen as a home. The house was laid out in a way that supports the idea. Half of the top floor was designed in such a way that a homely feeling was created. There was a kitchen, sauna, pool, television, cosy furniture, a piano bar, etc. People were working in office landscapes. They sat tightly together. There was very little area per individual. The ‘public’ spaces were rather large.

The building was quite original and received much attention from the mass-media in Sweden. The architecture included a number of other cultural artefacts, expressing the management ‘philosophy’ of the company. Contrary to the common mode, top management was located on the first floor. The internal walls and the office of the top managers were made from transparent glass. This was intended to symbolize openness and to facilitate interaction. The design also reflected a view of how work should be conducted. Very few straight lines existed. There were no long corridors. The middle of the building was dominated by a triangular open square. Some of the strengths of Enator in project work, according to interviewees, were also said to be symbolized in the architecture: an ability to communicate and handle social relations with clients. In order to be understood and have an impact physical material intended as communication must often be complemented by a conversation or explanation indicating the meaning of the design (Berg and Kreiner, 1990). In the company the employees were encouraged to accept and embrace the ideas and values of the company mentioned above, and in this light the architecture and interiors were relevant and conducive to its philosophy and make sense for the employees. Corporate talk and the materia then supported each other.

One key aspect of all this was that management considered itself to be very competent in dealing with personnel and the social side of business and the organization. According to the CEO, ‘If there is anything we are good at, it is this. We are damned good at this’.

In this company, comparatively distinct and broadly shared patterns of meanings, ideas, values and beliefs, communicated through actions, language and materia were developed. Corporate culture guided managers and other personnel in their way of relating to the company, to each other, to customers, etc. The meaning of being an organizational member – being part of a social community, viewing work and organizational belonging partly in non-instrumental terms – was for example then a salient cultural expression.

Some possible positive outcomes

The management style and the corporate culture led to people being knitted more closely to each other and to the company. A feeling of loyalty was fostered. There are indications of this from statements made by interviewed consultants such as ‘one feels more inclined to work a bit harder for this company’. The work groups, sometimes assembled with people who did not know each other in advance, tended to run smoother from the start and cooperation was improved. People felt that they primarily belonged to Enator and worked with this in their mind. The corporate culture also functioned as a resource for managers to make people do the job even in situations when it did not feel pleasant or stimulating. As one consultant said:
The managers are drawing heavily on loyalty. The culture’s purpose is to build a sense of belongingness, a loyalty with the company. If we hadn’t that, people would quit all the time. The reasons from the company are egoistic. But this is not necessarily negative. It is fun also. But you don’t say ‘I don’t give a damn in this. I will not do it. I am not going to that place again’. You don’t do that. Of course, you do the job.

Personnel turnover was very low. Many consultancy companies risk that key people leave the company to start businesses of their own. Enator seemed to be very successful in avoiding this, although a successful foreign subsidiary departed led by the manager, which was a big blow for the company.

There are thus indications on a high level of corporate loyalty and identification as well as a broadly shared understanding of work principles, and good social relations were associated with corporate culture. All this was likely to affect work cooperation, efforts and client interactions in positive ways. Low turnover meant reduced costs for hiring, but even more significantly that the company safeguarded its human capital in a labour market in which there was much demand for IT people. Culture could then be seen as a social glue contributing to keeping the organization together.

The problem of separating culture and specific outcomes of culture is worth considering here. When cultural values include belongingness and loyalty, which almost per definition means a dis-inclination to leave the organization, and these go hand in hand with low turnover, it is not particular revealing to say that the culture has an effect on turnover. On the other hand, a focus on culture as ideas, meanings and values means that any behavioural implication is not automatic or self-evident. The interview quotation above gives a good hint on how cultural meanings and values work: there are ideas and values frequently expressed and drawn upon in the company, e.g. by managers when they want to persuade employees, which then guide and inform people in specific situations.

Complexities 1

Even though organizational culture seems to be a central dimension in or behind the company’s rapid growth and good results, factors other than the corporate culture as an abstract, isolated entity must be acknowledged here. These concern both management control efforts and contingency and demographic factors. A young, expanding company in a growing market with a relatively homogeneous workforce – many of them between 30 and 40 years old – in professional jobs, certainly made the development of this climate and commitment easier. These structural factors do not, however, automatically produce these effects. Many companies in a fast-growing market fail. Only a few really succeed. A homogeneous group – in terms of professionalism and age – is not a guarantee for a good atmosphere. It can be said, however, that the preconditions for the development of a corporate culture were very favourable for Enator. It is difficult to separate a corporate culture from the external conditions of its shaping and reproduction. The border between cultural aspects – meanings, ideas, values – and the somewhat more superficial organizational climate – the experienced spirit, the attitudes and emotions – makes it also difficult to evaluate the exact role of the culture.
One should also add that developing and nurturing these cultural orientations are not for free. Costs involve investments, not so much of money as of managerial time and energy. But costs involve also that other virtues than those prioritized to some extent must be sacrificed. For example, people who are not perceived to fit in this company in terms of personal style cannot be recruited or promoted without problems and/or weakening of the dominant cultural meanings and values: this may have meant that Enator employed fewer technically excellent managers and personnel than the competitors. Another potential problem was that the emphasis on having fun and being positive means that critique and complaints were discouraged. Only bring up problems if you have a constructive alternative, was one norm. The other side of a positive workplace climate may then be low awareness of problems and thus limited learning possibilities. Almost deliberately, i.e. directly connected to the values and norms espoused, parts of the culture then functioned as a blinder, reducing problem awareness.

Complexities 2

Nevertheless, despite the mentioned complexities and uncertainties there are good reasons to believe that Enator’s financial results at the end of the day probably benefited from the particular meanings, ideas, beliefs and values that characterized the organization, at least for a number of years.

Here, however, context must be borne in mind. At the time, the market was growing and there was a scarcity of computer people. In this situation, a culture functioning as a social glue is a strong benefit. In a less positive market situation and with plenty of computer people available, an emphasis on organizational membership as highly positive and as a source of self-identity may be less of an advantage. Strong feelings of community and downplayed hierarchy may make managerial work more difficult when tough decisions are to be made, in terms of deteriorating working conditions or tasks or even making people redundant. In such situations, a less committed, more instrumentally oriented workforce may be easier to deal with. Managers that sincerely believe in strong bonds between the company and the personnel may even be prepared to take some losses rather than dismiss personnel. It is, to make things even a bit more complicated, not possible to say something very certain about the pros and cons of meanings and values as those expressed in the Enator case even under circumstances less favourable than when the culture was formed. Outcomes – or aspects – of culture such as corporate commitment, social bonds, loyalty, and the emphasis on fun activities may still be a resource in times of recession. Companies need loyal employees also in difficult times and after downsizing. This can be maintained if the contradictions between the ideal and practices going in different directions are not perceived as too strong or the reasons for deviation from the espoused ideals are accepted.

A stronger problem, however, followed from the earlier emphasis on being positive and optimistic and nurturing a happy workplace climate. This was related to the success of the company during the first 10–15 years and made it difficult to adapt thinking, decision-making and communication to less fortunate conditions:
A part of Enator’s way of dealing with things in the 80’s was to pump positive information into the organization, but not to work with negative information in the same way, i.e. one did not balance positive and negative information in the success culture that was emerging. In times of radical change this was a negative factor that the managers were not that capable of sitting down with the employees, saying ‘guys, there are problems piling up around the corner’. Instead they said: ‘this is a storm, it will disappear in due course, it is only temporary’. This is something that successful organizations easily run into, and it was precisely what happened in this case. (Manager, interviewed some years after the original study)

We can here make connections to several of the second-level metaphors for culture treated in Chapter 2. In the company culture can be said to have worked as an affect-regulator – prescribing certain emotions and their expression. Being positive, optimistic and friendly were celebrated, while critique, negativity and a focus on difficulties were discouraged. This led to some limitations of problem awareness and cooperation difficulties with a new CEO who had the assignment to turn losses into profits mainly through cutting costs, i.e. dismissing employees. Values around and norms for expressing emotions also interact with and overlap selective perception and blind spots in how one creates the organizational reality. Culture as blinder meant a de-emphasis on severe signs on problems, sometimes bordering on denial. This aspect becomes salient and problematic in times of difficulties, in particular before these are obvious. Feelings – guided by cultural rules – affect our observations and are important in how we construct our reality (Jaggar, 1989). Of course, a deep recession and a shrinking market gradually leads to people in the company rethinking the situation, but the collective emotional orientations make this slower and perhaps more painful at times. It should, however, be added at the same time that a preference for optimism may be an advantage in keeping up the spirit also in a time of crisis.

Of course, from a managerial point of view, the good culture is adaptable and will change with circumstances. The problem is that such a chameleon-like culture does not really exist. An organization ingrained with positive and warm feelings in an expansion situation cannot immediately switch to embrace a neutral, detached and cold mentality. Culture means a certain level of commitment, depth and inertia. It guides and constrains. It changes relatively slowly and painfully, and seldom in full accordance with managerial intentions.

This case illustrates the potential significance of cultural meanings and values for corporate results, but also that the relationship is not causal, linear, external or stable. Better than to make simplistic evaluations of a set of meanings and values in terms of ‘good’, ‘functional’ or ‘profitable’ is to try to evaluate the complexities and uncertainties involved and realize that cultural manifestations call for more sophisticated understandings and evaluations. Dealing with cultural issues in a way that contributes to corporate results calls for an ongoing struggle in which culture as a tool and as a trap is carefully considered with frequent intervals.

The case also illustrates the three standpoints on management versus culture reviewed earlier (see pp. 47–53). The development of the company according to my interpretations above indicates a transition from management being fairly successful in shaping culture to culture almost controlling managers. I will return
to this case company in Chapter 5, addressing leadership during different stages in the company’s development, and here the second position – management as symbolic action – will also be illustrated.

The ambiguity of performance: blame time and milking

Most interest in culture and performance focus on the organizational level: ideas on corporate culture are linked to corporate results. For the large majority of organizational participants, even up to fairly senior levels, company-wide cultural patterns and aggregated results are of less concern than the meanings, values and ideas in the work units they work in and/or are responsible for and their results. Also, in order to understand organizational culture in relationship to performance, it is often wise to focus on the cultural nature of performance issues in relationship to individual actors and smaller units.

An interesting question then is how performances on the unit level are evaluated and what matters for the rewards/sanctions, reputation and career prospects of individual managers in charge. This has, of course, a presumably ‘rational’ side tied to reliability of different performance measurements and human resource management systems. There are, however, significant cultural dimensions involved here. What are the beliefs and governing ideas behind the forming of opinions of the performances of organizational actors? Are these rationalistic and measurement oriented, or do mainly impressions and indicators on ‘qualitative’ dimensions matter? Is there a short-term or a long-term perspective in the evaluation of performance? Is there an ‘organizational memory’ so that performances are put into the context of history, development and connections over time; or are there only vague notions of what has happened earlier in a unit and what a particular individual has accomplished over time and not just only recently? Is there an ‘intellectual’ orientation and an engagement in careful analysis before concluding who or what bear different kinds of responsibilities for a particular result or a failure? Or is there a strong ‘action-orientation’ where judgements and decisions are arrived at relatively quickly and thus based on simple models and unsophisticated ways of reasoning – meaning that a result is ascribed to the person at present in charge rather than to a complex mix of internal and external circumstances for which nobody in particular can be blamed?

Another set of issues concern the consequences for people of particular results, such as the relative role of a particular track record (irrespective of its unreliability) for the career of a person. Are people promoted based on indications of results? Or on seniority? Or do connections and nepotism matter more? Arguably, some cultures (national, organizational, professional) give priority to social relations and supportive relationships with regards to promotion; others view these as immoral (nepotistic, corrupted) and/or bad for business. One may talk about meritocratic versus political-nepotistic cultures. Another issue regards the significance of historical results in relationship to people’s ‘potential’ based on their capacity to give favourable impressions of themselves. In many cases how people manage in
‘high-visibility’ situations such as presentations for senior managers may mean more for promotion than what they actually have accomplished (Jackall, 1988).

In Chapter 2, organizational culture as an exchange-regulator was addressed. In this light culture means the framework for how to deal with the company–employee relationship in terms of mutual expectations on the relationship performances–rewards, including how one responds to the questions just raised. In certain cultures the values and meanings around performance-evaluations and rewards encourage a long-term perspective and bear in mind the various contributions that people make over time. In others, ideas and expectations around the exchange is more focused, narrow and ‘performance-oriented’, frequently meaning a strong attention to what can be measured in the short time period.

Arguably, the cultural analysis of how different kind of ideas, meanings and ways of reasoning about performance matters is an interesting and important topic. There are a few writings addressing the issue on a conceptual level (e.g. Wilkins and Ouchi, 1983) but very few empirical studies. The topic is, on the whole, neglected by most of the literature on organizational culture and performance. An excellent, but – as a cynic might have predicted – in the management literature neglected exception is Jackall (1988), who studied the world of managers in big US corporations. He puts performance in the centre of cultural analysis, not outside it.

Jackall emphasizes the ambiguity and arbitrariness of performance evaluations in the companies he investigated. He also stresses the politics, suboptimizations and short-sightedness of people involved. Of course, there are positions and organizational situations in which fairly reliable performance indicators exist. But in many cases, it is not easy to say how well or how badly a particular unit and its manager perform. Coincidence, chance and complexities matter. These circumstances do not put any strong imprints on how senior managers relate to the situation – they disregard the complications and look at the short-term rather than the long run. Several conditions contribute to this orientation on time. The expansion of MBAs with little interest in production and with managerial tools reflecting the short-term mentality characterizing business education, the pressure from the financial markets for rapid results as well as the fragmentation of consciousness that follows from the structure and pace of managerial work all contribute to this. Managers think in short terms because they are evaluated by their superiors and their peers on their short-term results in most US and many other companies. Jackall quotes one manager saying that ‘our horizon is today’s lunch’ as well as the old joke ‘I know what you did for me yesterday, but what have you done for me lately’ as fairly illustrative for how many people feel about the time horizon in at least parts of US business (Jackall, 1988: 84).

This short-term mentality means that little of a strong sense of responsibility is developed and a specific outcome easily is linked to the wrong person.

Big corporations implicitly encourage scapegoating by their complete lack of any tracking system to trace responsibility. Whoever is currently and directly in charge of an area is responsible – that is, potentially blamable – for whatever goes wrong there, even if he has inherited other’s mistakes. (Jackall, 1988: 87)

Sometimes things go wrong and a negative result or a growing awareness of a problem emerges which means that ‘blame-time’ comes. Blame-time does not
typically mean the in-depth exploration and careful sorting out who is truly responsible for a bad result, but bear the imprints of limited accountability and political processes.

The shortcomings of rationality in ascribing results to particular individuals are sometimes also strong in cases where the financial results are more ‘positive’. Good short-term results may follow from harsh cost-cutting, that may lead to difficulties and bad results after some time. This is called milking and may be more less systematically used and be more or less tolerated in different organizations.

Some managers become very adept at milking businesses and showing a consistent record of high returns. They move from one job to another in a company, always upward, rarely staying more than two years in any post. They may leave behind them deteriorating plants and unsafe working conditions or, say, in marketing areas where fixed assets are not an issue, depleted lines of credit and neglected lists of customers, but they know that if they move quickly enough, the blame will fall on others. The ideal situation, of course, is to end up in a position where one can fire one’s successor for one’s own previous mistakes. (Jackall, 1988: 94)

In a management consultancy company that I studied project managers that understaffed assignments and pushed their team members very hard – with negative effects on personal development, job satisfaction, and turnover – were often appreciated by senior management, as they frequently were able to produce a very high margin in their projects. Due to limited transparency the substantial unfortunate ‘side effects’, were not always obvious to senior management.

Milking is of great interest from a cultural perspective partly because it stresses the limits of rationalistic ideas about ‘numbers’ and ‘results’. It emphasizes the importance of the time perspective, of how evaluations are made and what kind of judgement and communication permeates an organization. Is milking more or less accepted, i.e. is it part of organizational culture? Is it on the border or the grey zone between what is viewed as, when conducted in a moderate way, normal and sensible (‘rules of the game’) and what is dangerous for business? Or are performance evaluations and career moves long-term, corporate memory of high quality and – probably contingent thereupon – opportunism hampered, meaning that milking would, if detected, be very negative for a person’s future.

There is much variation between different companies in this respect. In many Japanese companies the long-term and more collective orientations presumably reduce the substantive and moral space for milking. In one of the companies studied by Jackall milking, although sometimes recognized as a problem and disapproved of, was used regularly and an element in every successful career. One manager, Noll, had a reputation for aggressive milking in the plants he had headed. At one occasion, a vice-president who was his superior accused him of this. Noll responded with great boldness: ‘Joe, how in hell do you think you got to where you are and how do you think you stay there?’ The effect of this was that ‘the matter was dropped because everyone present, including the vice-president, knew that Noll was right, that is, he was simply pointing out the institutional logic that they all live by’ (Jackall, 1988: 96).

In the management consultancy case the situation was slightly different. There were considerable concerns for retaining the personnel and milking though running
projects very tight was not part of a ‘cultural normality’ in the same way as in Noll’s company. Managers could run into problems if they were identified as repeatedly understaffing projects. One may say that the cultural exchange-regulating system here was somewhat less ‘milking-accepting’ than in the case of Noll and his colleagues.

Another interesting aspect concerns the cultural rules for addressing the milking issue openly in a company. Jackall treats some important constraints for this. One is the importance ascribed to being loyal with one’s boss. People pointing at problematic or immoral behaviour of superiors can easily be seen as unreliable and disloyal in superior–subordinate relationship, which leads effectively to marginalization. Another is certain rules against raising moral issues: there is a code against playing the ‘holier than thou game’. One may say that the exchange-regulating relationship between superiors and subordinates – building upon mutual support and reliability – worked against the optimality of the exchange-regulating relationship between employee and the company, as it tended to conceal opportunism.

In my management consultancy case, the victims of the understaffing of projects were mainly junior consultants, uncertain about their self-esteem, eager to perform well and get accepted and, over time, promoted. In the company the general expectation was that people worked hard and showed themselves to be of the ‘right stuff’. To raise complaints could easily be turned against themselves and perceived as indicating an unwillingness to work as much that is ‘needed’ (to some extent masked as ‘client orientation’) or inability to ‘deliver’.

A problem is, of course, is that it is frequently difficult to clearly identify milking or understaffing motivated by a one-sided objective of creating a high margin and a disregard of personnel concerns. The situation is often ambiguous. Pressure from above to produce strong short-term results, problems of separating milking from tough but financially sound rationalizations and the difficulties in predicting the amount of resources needed for a particular project all help to make the picture difficult to see through. As we will return to in particular in Chapter 7, ambiguity is a central feature in companies and this contributes to the usefulness of a cultural approach to organizational performances.

**Conclusion**

Organizational culture is highly relevant for understanding the things that characterize organizations, including financial and other forms of performance.

In the chapter I have identified three positions on this topic:

- **Culture as building block** – corporate culture is assumed to be designed by management and having a strong impact on results.
- **Management as symbolic action** – culture is seen as mediated in actions, language use and arrangements primarily affecting beliefs and understandings, thus having mainly consequences on attitudes and orientations, and less directly so for ‘substantive outcomes’ (such as profits).
Culture as a terrain of possibilities and pitfalls – understanding culture is important for managers’ possibilities in navigating in and with the organization.

The predominant thought model among practitioners as well as academics seem to be the building block. Many people using it unfortunately assume that corporate culture stands in a simple causal relationship to corporate results, can easily be evaluated in terms of ‘good’ or ‘bad’ (functional or dysfunctional), and may be controlled by management. The other two positions are more realistic and more useful, as an inspiration for ongoing management action in relationship to subordinates and, respectively, as a source of informed decisions and manoeuvring.

It is not possible to say that corporate culture – in general or a specific type of culture – has a clear and simple effect on performance. This does not mean that there is no connection between culture (however defined) and performance; on a general level there certainly is. I agree with Whipp et al. (1989: 582) that ‘elements of culture … may supply vital links between the rational aspects of policy and the subjective, less tangible features of employees’ behaviour exactly because of the way values pervade an enterprise’. Propositions of how culture brings about distinct outcomes, however, often seem problematic. Either the causal link is speculative and uncertain or it is difficult to separate culture from outcome. Some of the authors treated in some depth above (Schein and Louis), run into problems when they claim causal relations or correlations between organizational culture and what they treat as other elements. This is to some extent a matter of using too broad-brushed concepts of culture. If one takes an interest in specific cultural manifestations they can be tentatively related to other manifestations or outcomes, e.g. actions symbolizing equality through avoidance of salient hierarchy, and status symbols may facilitate feelings of community, which then may reduce turnover. In the case company treated in the chapter, Enator, under certain conditions this was most likely positive for the company, but it is difficult, even misleading, to say that the culture as a whole was a significant cause of profits.

The managerially oriented technical cognitive interest, modelled after engineering sciences and practices, dominates much organizational culture, but is misplaced. So is also the inclination to go for quick fixes in management popular writings and training. Organizational culture is best conceptualized as complex patterns of meanings, ideas and symbolism. To evaluate their implications in terms of guidance and constraints of relevance for managerial decision-making and action calls for the postponement of normative judgements until a qualified understanding of the subject matter has been accomplished. Such understanding frequently prevents catchy labels signalling ideals such as ‘culture of pride’ or ‘marketing-oriented culture’ presumed to bring about profits.

The practical applications in organizational life are rather a matter of aspiring for insights, understandings, and then, in a second step, aim for slow fixes. Sometimes organizational culture is very useful for trap-avoiding – it facilitates insights about how depth dimensions may lead to serious problems for rationalistic projects that take the human side of business insufficiently into account.
All this is not to deny that leading actors, and to some extent also people in less salient positions, may have a strong impact on cultural meanings in organizations, as illustrated by the Enator case, where the preconditions for a rather far-reaching impact was quite good. Managers, often more than other people, contribute in the shaping or reshaping of meanings and ideas held by the people they interact with. However, context must be borne in mind in understanding when and how managers affect the orientations of their subordinates. There are no recipes for success that just can be copied and applied without consideration of time and space. Impact on meaning formation is actually what leadership is about, from a cultural point of view. As will be explored in Chapters 5 and 8, this is not (normally) about large-scale engineering projects controlling and intentionally changing corporate culture, but is typically better understood in more incremental, everyday life, and culturally constrained ways. Culturally informed local action then typically concentrates on the everyday life and how to deal with its mundane character.

The difficulties in establishing results and the linking of results to particular actors contribute to the need for paying attention to how performance evaluation, credit and blame exist in a cultural context. Of interest here are cultural themes such as time perspective, intellectual versus action orientations in relationship to tracking responsibility and cultural rules for pointing versus tabooring milking strategies for improving performances. Obviously, there is considerable national and industry-level variation. Japanese companies have a reputation for being long-term oriented and thus having a richer coverage of individuals’ contributions than for example US companies. Organizations with complex R & D work, where individual contributions may be impossible to measure even in a medium-long perspective, have a completely different evaluation situation than for example sales organizations.

One view of organizational cultures in this respect thus concerns their qualities as exchange-regulators. These may be summarized as being about: (1) the span of dimensions incorporated (core performances or consideration of a mixture of relevant qualities); (2) the time perspective employed (including what kind of organizational memory that exists); (3) the degree of openness and transparency in and around evaluation procedures in reward and promotion situations; and (4) the experienced quality of evaluations made (including perceptions of the energy and skills devoted to the assessment process). Exchange-regulating aspects of culture also include orientations around trust, scepticism and opportunist in relationship to equity in the employer/employee relationship.

In the next chapter the relevance and significance of a cultural approach to a wide spectrum of corporate dimensions will be further explored. Through indicating the richness in ways in which cultural patterns in organizations affect all kinds of actions and relations, both internally and externally, it is made clear that understanding culture is crucial for managerial and other organizational actions, without this being so simple that a causal link between organizational culture and performance can be established.
Notes

1 Often, especially in large organizations, it is difficult to study more than a limited part of the organization. One possibility is to concentrate on a particular unit. One possible avenue is to investigate ‘what happens between floors, in the middle management level, the “thick waist” of complex organizations’ (Czarniawska-Joerges, 1992: 87).

2 As many authors emphasize, all phenomena are symbolic in the sense that they must be put into a cultural framework in order to be understood (Sköldberg, 1990; Tompkins, 1987). Tangible things such as products and money are therefore also symbolic. In order to separate symbols with strong physical referents from other (‘pure’) symbols, Sköldberg (1990) talks about the latter as ‘meta-symbolic’. Meta-symbolism refers to other more tangible forms of symbolism: a story or myth might symbolize certain social relations, which in themselves are symbolic. In order to separate the two forms of symbols (à la Pfeffer), as well as to remind ourselves that even ‘substantive’ phenomena are symbolic, we could refer to these as ‘substantive-symbolic’ as opposed to ‘meta-symbolic’. A distinction such as Pfeffer makes between the substantive versus the symbolic could then be read as the substantive-symbolic versus the meta-symbolic. However, in our present context we have no need to call attention to the symbolic nature of substantive phenomena. The recognition of the basically symbolic character of management action makes Pfeffer’s position different from that of a variable approach, and he relies rather heavily on culture as an organizing metaphor, but without using it as a root metaphor, as the dualism of his approach makes clear.

3 Pfeffer uses the metaphor ‘paradigm’ in referring to the overall patterns of an organization in these regards, but it is not any of the ‘paradigms’ of Kuhn (1970). Kuhn’s metaphors for ‘paradigm’ are world view, community, and key exemplar; in using various metaphors he is probably not atypical of scholars working with complex concepts and frameworks.

4 Making a connection to the second-level metaphors addressed in Chapter 2, the blinder metaphor seems more relevant here than the sacred cow metaphor to explore the problem.

5 People may feel a high level of loyalty in the company, but may still leave if they receive a very good offer or for family reasons, while keeping a positive feeling about the ex-employer (Alvesson, 2000). There is no very tight or coherent relationship between the cultural and behavioural levels, although meanings and ideas tend to guide action.