Organizational Culture and Climate

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Abstract and Keywords

Although there have been several attempts to address the conceptual ambiguities in the literature discussing organizational climate, organizational culture, and their interrelationship, there remains much confusion and a general lack of clarity about what these two constructs represent, as well as how they may interrelate. In order to provide some clarity, we provide a comprehensive review of both constructs and conclude with a model describing how organizational climate can be viewed as a bottom-up (i.e., flowing from employee perceptions) indicator of the underlying core values and assumptions that form the organization's culture. Recommendations for researchers seeking to investigate organizational climate and culture, as well as suggestions for future research, are discussed throughout the chapter.

Keywords: Espoused values, enacted values, multiple strategic climates, organizational culture, organizational climate, organizational systems and processes

Despite attempts to reconcile the conceptual ambiguity permeating the relationship between organizational climate and culture, there remains a lack of clarity and much confusion over definitions, measurement and the interrelationship between these two constructs. As just one example, Verbeke, Volgering, and Hessels (1998) reviewed 25 years of research and identified 32 different definitions of organizational climate and 54 different definitions of organizational culture. As much as we would like to say that the ensuing decade resolved all of this ambiguity, that is unfortunately not the case. The purpose of this chapter, hopefully, is to provide some much needed clarity. In order to accomplish this, we first start with the construct of organizational climate and discuss its defining features and seek to clarify several conceptual ambiguities. We then do the same for the construct of organizational culture. Finally, we conclude by describing an

integrative model discussing how organizational climate can serve as a window through which organizational culture can be viewed.

Organizational Climate

Perhaps the best place to begin our discussion of organizational climate is by focusing on the principal components cutting across the various definitions in the literature. Fortunately, this has been done for us. Specifically, Verbeke et al. (1998) found that the various definitions of organizational climate virtually all identified climate as socially shared perceptions of organizational members regarding key characteristics of their organization. This defining feature is both good news and bad news. The good news is that, despite there being 32 different definitions of organizational climate, one can identify commonalities across all of these definitions. The bad news, however, is that this defining feature is so broad as to perhaps lose any potential for usefulness. Organizational behavior research is characterized, in (p. 644) fact, by a large number of perception-based measures referring to key organizational characteristics or features—such as work monotony (Melamed, Ben-Avi, Luz, & Green, 1995), routinization and formalization (Bacharach, Bamberger, & Conley, 1990), or job control and complexity (Frese, Kring, Soose, & Zempel, 1996)—which are all based on employee perceptions. Similarly, assessments of supervisory supportiveness (Oldham & Cummings, 1996), team cohesion (Chang & Bordia, 2001), and deviant organizational behavior (Vardi & Weitz, 2004) are also based on employee perceptions. This leaves unanswered the question of how perceptions of organizational climate are conceptually distinct from these other perceptions of key organizational characteristics and features. The following sections contain our attempt at clarifying these differences.

We begin with perhaps one of the most agreed upon areas of conceptual ambiguity—recognizing that agreement on an area of conceptual ambiguity may very well be an oxymoron—that climate perceptions can vary in breadth from a single, multidimensional global perception to much more narrow perceptions focused on a particular strategic element (e.g., Glick, 1985; Ostroff, Kinicki, & Tamkins, 2003; Schneider, Bowen, Ehrhart, & Holcombe, 2000).

Climate as Global Perceptions

Early work on global climate perceptions suffered from a lack of discriminant validity in terms of the underlying dimensions comprising the overall global perceptions. Given the presumption that organizational climate represents a summary of the manner by which employees experience their organization, climate scholars have taken the liberty of including almost any conceivable dimension, resulting in a proliferating set of dimensions and lack of uniformity among alternative climate scales. There, however, have been

several notable exceptions where specific, theoretically driven inclusion criteria have been specified.

One such example is the global organizational climate discussion based on person-environment (P-E) fit (Ostroff, 1993). Following previous work on P-E fit, Ostroff (1993) identified three higher order climate dimensions (i.e., affective, cognitive, and instrumental), each subdivided into four lower order dimensions. From this theoretical frame, employees are assumed to assess the psychological meaning of their environment in terms of fit to key personal factors. Shared assessments focusing on such personal factors identify respective climate dimensions. Recently, Carr, Schmidt, Ford, and DeShon (2003) adopted this taxonomy as a conceptual model for global organizational climate. Using meta-analytic techniques, they analyzed the results of 51 studies, reporting significant relationships between the three higher order climate dimensions and three generic outcome criteria: job performance, psychological well-being, and withdrawal. These relationships were mediated by job satisfaction and organizational commitment, constituting proximal outcomes of this global climate.

A second exception is the Organizational Climate Measure (OCM) published recently by Patterson et al. (2005). The theoretical framework in this case involves the competing values model (Quinn & McGrath, 1985; Quinn & Rohrbaugh, 1983). The competing values model has as its foundation the organizational structure dimensions of internal integration and external flexibility (adaption), where these dimensions are viewed as competing values (i.e., flexibility vs. control; internal vs. external orientation). The dimensionality of OCM is thus structured in terms of the four competing values' quadrants, which are subdivided into 12 lower order dimensions or subscales as follows: (a) human relations (e.g., employee welfare, autonomy, participation, supervisory support); (b) internal process (e.g., formalization, tradition); (c) open systems (e.g., flexibility, innovation, outward focus); and (d) rational goals (e.g., efficiency, quality, performance feedback). Based on a large validation study, Patterson et al. (2005) reported that subscales in each quadrant exhibited concurrent and predictive validity with a number of content-related outcome criteria.

These theory-based approaches to global climate seem to advance organizational climate research by offering a strategy for dealing with the problem of ill-defined boundaries or ever-expanding climate dimensions. However, it is noteworthy that the theoretical frameworks for global climates, such as the ones described above, have been developed for purposes other than organizational climate. In other words, in both of the examples above, existing theoretical frameworks were used to then formulate a climate assessment. This is a much different approach than developing a theoretical framework for *organizational climate* and then developing measures based on this frame. In addition, this approach does not really answer the question of what constitutes a climate perception. Is it the case that any individual-level theory focused on employee perceptions of organizational characteristics can become part of a global climate measure as long as the perceptions become shared? **(p. 645)** Answering such questions would not

only offer a foundation for climate theory, but it should also allow for the integration of other theoretical models and constructs into climate research.

Climate as Domain-Specific Perceptions

The other perspective on organizational climate is that climate should be "for something," where the something should be a strategic focus of the organization (e.g., climate for customer service, quality, safety). Within this approach, organizational climate is made up of shared perceptions among employees concerning the procedures, practices, and kinds of behaviors that get rewarded and supported with regard to a specific strategic focus (Schneider, 1990). While this view of climate involves shared perceptions—as do all approaches to organizational climate—this view of climate clearly puts in place an important boundary condition. Implicit in this approach to climate is that the shared perceptions are limited to specific organizational facets or domains (e.g., climate for service, innovation, ethics, safety; Schneider, Bowen, Ehrhart, & Holcombe, 2000). Thus, rather than having universal referents such as supervisory support or procedural formalization, this perspective on organizational climate focuses climate perceptions on a specific strategic focus of the organization, in which the climate informs employees of the kinds of role behavior likely to be supported and rewarded. Two good examples of this approach to organizational climate are service climate (Schneider, White, & Paul, 1998) and safety climate (Zohar, 1980, 2003).

In addition to the theoretical benefits of being clear in terms of focus and boundary conditions, facet-specific climates offer some methodological refinement by creating congruent linkages between predictor and outcome criteria, which are operationalized at the same level of specificity (Schneider & Reichers, 1983). For example, recent meta-analyses of safety climate research, covering 202 studies, identified significant corrected correlations between safety climate and outcomes such as employee safety behavior and accident/injury rate (Beus, Payne, Bergman, & Arthur, 2010; Christian, Bradley, Wallace, & Burke, 2009; Nahrgang, Morgeson, & Hofmann, 2009). Similar data were presented for service climate as a predictor of customer satisfaction and perceptions of service quality (Schneider et al., 1998). This type of equal specificity of predictor and criteria has not always been observed within the global climate perspective (Schneider & Reichers, 1983). The advantages associated with domain-specific climates notwithstanding, further development of climate theory requires the specification of additional conceptual boundaries as qualifiers of the unique attributes of climate perceptions. It is to this task that we turn next.

Attributes of Domain-Specific Climate Perceptions

An examination of early discussions of organizational climate reveals that one of its qualifying attributes is that of apprehending the (implicit) order in the organizational environment as a means for better adapting or adjusting to that environment (Schneider, 1975). Assuming that the building blocks of the organizational environment consist largely of policies, procedures, and practices, climate perceptions as order-seeking interpretations of the environment refer to the nature of *relationships between or the relative priorities among* these elements, rather than to the consideration of individual elements in isolation. This process is equivalent to pattern recognition, whereby raw data are classified into recognizable patterns whose characteristics transcend those of the individual elements making up the pattern. The main practical advantage of this higher level of analysis stems from the fact that once patterns are recognized and the relationships between and relative priorities among these elements are perceived, individuals will have a more informed and comprehensive perspective on the kinds of behaviors that are likely to be supported and rewarded.

This adds an additional criterion to climate perceptions. Climate perceptions should not only be domain specific, but they should also focus on the configurations, relationships, or relative priorities among several strategically focused domains. Unlike other perception-based constructs in organizational behavior, the referents of climate perceptions relate to system- or pattern-level properties characterizing specific domains of the organizational environment and strategy. Thus, safety climate perceptions focus on the nature of relationships between safety policies, procedures, and practices, taking into account additional characteristics such as discrepancies or misalignments between words and deeds. Added to this perception of safety in isolation, however, is the notion that often rules and procedures associated with one domain compete with those associated with other domains (e.g., safety vs. productivity or efficiency). From an employee standpoint, it is the overall pattern and signals sent by this complex web of rules and policies across competing domains that ultimately must be sorted out in order to discern what role behavior is expected, rewarded, and (p. 646) supported. Our argument is that domain-specific climate perceptions should move beyond a focus on a specific domain in isolation toward a more comprehensive evaluation that captures at least some of these competing domains. We now turn to this and other pattern-level attributes that we believe should begin to constitute both theoretical discussions of organizational climate, as well as measurement operationalizations of climate.

Relative Priorities

As noted above, one system-level attribute that differentiates climate from other types of perceptual measures is the notion of relative priority among competing strategic goals or operational demands. Organizations and organizational leaders have been long recognized as having to deal with competing demands. For example, Lawrence and Lorsch (1967) identified the competing structural demands of integration versus differentiation, and Quinn and Rohrbaugh (1983) identified the dual polarities of flexibility versus stability and internal versus external orientations as primary dimensions

of organizational structure. Such structural complexity requires organizational leaders to exhibit cognitive and behavioral complexity in an effort to not only understand these competing demands but also manage them (Denison, Hooijberg, & Quinn, 1995). One basic element of leading and managing in this environment is determining and communicating to employees relative priorities among these competing operational demands.

Take safety climate as an exemplar: one expression of competing demands arises in manufacturing organizations where production speed or profitability tend to compete with non-productive investments in workers' health and safety. Facing such competing demands, organizational leaders are likely to (formally or informally) assign relative priorities to each facet (Humphrey, Moon, Conlon, & Hofmann, 2004). Given this, a rational response by employees is to evaluate these (implicit) signals regarding relative priorities so that they can align their role behavior with the expectations of organizational leaders. This evaluation of relative priorities can be based on a comparison of safety versus production policies, procedures, and practices and the implied signals regarding the importance of each domain. Obviously, how organizational leaders trade off these policies and procedures when situations arise in which they are in direct conflict will provide the clearest message to employees regarding which is most important. Practically speaking, if productivity is favored across a variety of situations, it implies a higher priority, and employees will align their behaviors accordingly.

The operationalization of safety climate, therefore, should involve employees evaluating the relative priority of safety such that the overall level of safety climate represents the shared perceptions of the priority of safety compared to other competing priorities (Zohar, 2003). Using a modified safety climate scale in which safety considerations were contextualized by the presence of different competing demands, Zohar and Luria (2004) demonstrated that supervisory decisions in situations in which they had to choose between safety and accomplishing the mission were predictive of employee perceptions of safety climate. A similar logic would apply with other types of organizational climates as well. Service climate, for example, has been shown to compete with productivity and/or efficiency goals (Schneider & Bowen, 1995), and the climate for creativity or innovation (Anderson & West, 1998) would compete with organizational demands for stability and control (Quinn & Rohrbaugh, 1983). Irrespective of the climate domain, we believe that organizational climate perceptions should be viewed from the perspective of "procedures-as-pattern" rather than to individual procedures viewed in isolation. In other words, climate—irrespective of domain—should be operationalized in the context of other competing domains.

Alignment Between Espousals and Enactments

A second pattern-level attribute of organizational climate is the alignment between espoused and enacted priorities. This attribute refers to the extent of convergence or divergence (i.e., alignment or misalignment) between words and deeds on behalf of managers at different levels of the organizational hierarchy (Argyris & Schon, 1996; Simons, 2002). For example, it has been documented that, despite the espousal of employee safety as a high-priority issue, safety procedures are often compromised under competing operational demands such as production pressures or costs, thus resulting in a gap between enacted and espoused priorities (Eakin, 1992; Pate-Cornell, 1990; Wright, 1986). In keeping with our general discussion of organizational climate, espoused and enacted priorities must have a particular referent (e.g., a certain policy or some goal) such that they are domain specific (Lewicki, McAllister, & Bies, 1998). For example, a unit manager might espouse a strong emphasis on service (p. 647) quality, even though her daily practices might suggest that this is true for only a small group of customers (e.g., business-class customers). Simultaneously, this same manager's espoused attitudes regarding employee empowerment could line up nicely with her daily actions regarding empowerment.

This alignment between enacted and espoused priorities is an important attribute of climate perceptions because it is only the *enacted* policies that provide reliable information regarding the kinds of behavior likely to be rewarded and supported (Zohar, 2003). In other words, the distinction between espoused and enacted priorities is of key adaptive significance because only the latter informs employees of behavior-outcome expectancies (Zohar, 2000, 2003).

This alignment between enacted and espoused priorities is not always an easy thing for employees to evaluate. As noted by Simons (2002), the assessment of alignment requires multiple observations, across multiple situations. Over time and across situations, a pattern will emerge that will inform employees how large the gap is between enacted and espoused priorities. As this gap becomes clearer, climate perceptions will be adjusted accordingly.

The evaluation of espoused versus enacted priorities will also include supplementary assessments involving the situational demands contributing to alignment (or the lack thereof). For example, if managers act inconsistently with their espoused priorities only under extreme circumstances, this signifies a higher priority for the focal domain, as opposed to gaps occurring under ordinary conditions. Espoused priorities regarding service quality, for example, might be compromised for certain customer types (e.g., one-time or low-volume customers) or certain product categories, where the justifying logic is that the organization must focus its limited resources on key customers or products. Similarly, the espoused priorities regarding employee safety might be compromised under conditions in which production has fallen a certain number of days behind schedule or if safety changes cost more than a certain amount of money. Such compromises and the situational characteristics that trigger them create for employees a discrepancy between

enacted and espoused priorities which, in turn, help to inform their overall climate perceptions.

Internal Consistency

A third pattern-level attribute of climate perceptions is the internal consistency among policies, procedures, and practices. Whereas the previous attribute referred to discrepancies between leaders' words and actions, this attribute refers to potential inconsistencies nested among organizational policies, procedures, and practices. Although the bureaucratic, or rational, view of organizations suggests an internal consistency and stability among policies, procedures, and practices (Blau & Scott, 1962; Weber, 1968), other views characterize organizations as "organized anarchies" (Cohen, March, & Olsen, 1972) and "loosely coupled systems" (Weick, 1979). These various views of organizations suggest that internal consistency among organizational elements and processes may vary considerably. In other words, as almost every reader has probably experienced, organizations can create rules and policies that seem logically inconsistent and/or mutually exclusive.

Adopting a level-of-analysis perspective, it is possible to identify cross-level inconsistencies. A recent multilevel model of climate (Zohar, 2000, 2003; Zohar & Luria, 2005), suggested that organizational policies define strategic goals and the means of their attainment, whereas procedures provide tactical guidelines for actions related to these goals and means. Practices, on the other hand, relate to the implementation of policies and procedures in each subunit. In other words, top managers are concerned with policy making and the establishment of procedures to facilitate policy implementation, while at lower organizational levels, supervisors execute these procedures by turning them into predictable, situation-specific action directives (identified as supervisory practice). A potential area for inconsistencies to arise is through supervisory discretion in policy implementation. Supervisory discretion stems from a number of sources, such as the presence of competing operational demands, and the fact that procedures rarely cover all situations (Zohar & Luria, 2005). As members of both individual units and the organization as a whole, employees will perceive signals both from senior management regarding policies and from their local supervisor regarding how these practices are operationalized in their immediate job context. The result is perceptions regarding both an overall organizational climate as well as a local group-level climate in which these two climates may be well aligned and consistent, or quite inconsistent and discrepant. As these discrepancies arise, employees perceive a lack of internal consistency among policies, procedures, and local practices. This inconsistency will further inform climate perceptions.

As an example, consider a supervisor who directs workers to disregard certain safety procedures (p. 648) whenever production falls behind schedule, thus creating a gap between company procedures and subunit practices. This local practice, which departs from organizational policy, helps to inform employee perceptions regarding the level of safety climate within the subunit. If the procedurally inconsistent supervisory practices

are accompanied by aligned supervisory words and deeds, this will further strengthen the discrepancy between group- and organization-level climates (Zohar & Luria, 2005).

Reexamination of Existing Climate Scales

Given the qualification of climate perceptions as adaptively oriented order-seeking interpretations of the organizational environment, focusing on system-level attributes and priorities among policies, procedures, and practices; it is possible to examine the extent to which available climate scales are actually capturing the distinctive aspects of organizational climate. An examination of a number of existing scales suggests that most scales include a mix of items, some of which meet these climate qualifications and some of which do not. For example, one recently developed scale—the Organizational Climate Measure (Patterson et al., 2005)—includes many procedure- and practice-based items that agree with our central attributes of climate (e.g., management lets people make their own decisions much of the time; people are suspicious of other departments; and everything has to be done by the book). Items that do not capture the distinctive aspects of organizational climate include general perceptions of organizational operations (e.g., time and money could be saved if work were better organized; the organization is continually looking for new opportunities in the marketplace; and the way that this organization does things has never changed very much). Although these latter items refer to perceived organizational policies and practices, they bear little relationship to adaptive challenges and relative priorities, both of which signal the kinds of behavior likely to be rewarded and supported. In contrast, items from the former group inform employees of priorities (e.g., making one's own decisions, operating by the book), or misalignments (e.g., holding back rather than cooperating with other departments).

Many of the domain-specific measures of organizational climate include the same sort of item mix. For example, the climate for creativity (Amabile, Conti, Coon, Lazenby, & Herron, 1996) includes 10 subscales in which some items address climate attributes (e.g., people are encouraged to solve problems creatively; I have the freedom to decide how I am going to carry out my projects; and there is free and open communication within my work group); whereas other items capture more general perceptions (e.g., I have too much work to do in too little time; my area of this organization is effective; there are many political problems in this organization; my supervisor serves as a good work model; and I feel challenged by the work I am currently doing).

Although we have cited a few examples above, we believe that many of the existing climate scales—both general and domain-specific—do not sufficiently distinguish between climate perceptions and other more generalized employee perceptions. This failure to adequately distinguish climate from other perceptions raises issues with respect to discriminant validity and conceptual clarity—both of which impede the development of a clear and concise theory of organizational climate. Although domain-specific climates (i.e., safety climate, service climate) help to eliminate potential conceptual ambiguity, assessing “climates-for-something” does not necessarily ensure that the other attributes

of climate are being assessed (e.g., patterns of policies, relative priorities). The following sections, associated with the etiology of climate, offer several additional features that can qualify organizational climate as a unique construct.

Although clarifying climate measures will go a long way in helping to reduce the conceptual ambiguity currently existing within the field, measures alone will not address all the issues. Another issue occurs after individual perceptions are measured: climate perceptions must be shared among employees in order for a “climate” to exist. It is to this issue that we now turn.

Measuring Individual Perceptions Is Not Enough: They Must Be Shared

Organizational climate is an emergent construct such that it consists of *shared* employee perceptions regarding psychologically meaningful attributes of the organizational environment. From a levels-of-analysis perspective, organizational climate originates with individual members’ experiences and perceptions, which gradually become socially shared through a variety of mechanisms, thus emerging as a group-level property (Kozlowski & Klein, 2000).

One key theoretical question relates to the process through which these perceptions become shared and, therefore, climate emerges. How do individual perceptions become shared? Why do groups engage in activities resulting in this emergence? These questions —focused on the antecedents of (p. 649) climate—have not received much attention in the literature, yet this is another key factor distinguishing climate perceptions from other, more general, employee perceptions.

How Do Climate Perceptions Become Shared?

Previous reviews identified a number of antecedents likely to promote the emergence of shared climate perceptions (Ostroff et al., 2003; Schneider & Reichers, 1983). Given the limited empirical evidence for most of them, they will be used to highlight a research agenda for the continued development of climate theory.

Structuralist View

The structuralist explanation for climate emergence is based on research suggesting that organizational settings create environmental features influencing employees' attitudes and perceptions. Early research in this area investigated the relationship between objective settings (e.g., size, hierarchal levels, technology type, and formalization) and global organizational climates (James & Jones, 1974; Payne & Pugh, 1976). Reviews of this literature have found, however, a lack of consistent results between objective structural attributes and organizational climates (Berger & Cummings, 1979; Ouchi & Wilkins, 1985). Other studies, using less tangible structural attributes, resulted in different outcomes. For example, Kozlowski and Hults (1987) tested the effects of standardization, centralization, specialization, and reward procedures on the climate for technical updating among support and R&D engineers. Technological complexity, less emphasis on formal procedures, and greater opportunities for internal rewards were associated with a more positive updating climate.

This research suggests that structural features may influence climate perceptions, but they do not dictate climate perceptions. In other words, since structural features are things that every employee can observe or experience, they create a mechanism for shared perceptions to emerge. Yet, as noted above, individual supervisors can exhibit a great deal of discretion in the local unit in terms of how they enact day-to-day practices related to these structural features. Given the distinction between espoused and enacted policies and procedures, as well as variations in the consistency between formal policies and group-level operationalization, it follows that structural features may be predictive of between-situational variance in climates, yet there is likely to be significant variability unaccounted for by these structural features. Thus, even though the formal structure will influence employee perceptions, we argue that the main predictors of climate perceptions will be the more proximal characteristics such as supervisory decisions made when two competing operational demands come head-to-head.

Symbolic Interactionism

Symbolic interactionism is the philosophical view that meaning and reality are socially construed, arising from cognitive exchanges among people seeking to comprehend their environment (Blumer, 1969; Stryker, 2008). In other words, the meaning of things and the interpretation of events arise from the interplay between one's own perceptions and those of others in the same situation. During such a process, one's perceptions are being checked and modified in light of others' observations and assessments. Symbolic interaction involves comparing bits of information and cues, discussing possible interpretations, and attempting to reach consensual interpretation of the meaning of events, procedures, and practices at the workplace. As a result of such a process, over time, group members' perceptions are expected to converge, resembling processes of newcomer socialization (Schneider & Reichers, 1983). Such convergence promotes the emergence of climate because group members come to share the meanings of their organizational environment. Because group members interact more often with each other

than with employees from other groups, they are likely to develop shared perceptions of the local, subunit climate as well as more global organizational climate perceptions.

Sense Making

Similar to symbolic interactionism, sense making refers to an ongoing interpretative process in which the meaning of daily events and changing circumstances is construed through social exchanges among the individuals experiencing it (Weick, 1995, 2005). Sense making is typically discussed in the context of individuals facing complex and ambiguous work situations. When this occurs, individuals discuss possible meanings and interpretations and, through this process, develop a shared understanding of the situation and possible responses (Weick, Sutcliffe, & Obstfeld, 1999). Sense making is, therefore, an ongoing, socially based interpretive process directed at the construction of plausible interpretations or accounts of ambiguous situations requiring action on behalf of the participating actors (Brown, 2000).

(p. 650) The role of sense making or symbolic interactions as antecedents to climate has not been well studied, despite the long-standing proposition regarding its key role in climate emergence (Schneider & Reichers, 1983). The few available studies on this subject used social-interaction rating scales (Gonzalez-Roma, Peiro, & Tordera, 2002; Klein, Conn, Smith, & Sorra, 2001), or social-network techniques (Rentsch, 1990; Zohar & Tenne-Gazit, 2008), as proxies for sense-making processes. Using a variety of specific climates, these studies reported positive relationships between the frequency of social exchanges and density of group communication networks and climate strength (i.e., the degree of within-unit agreement among unit members' climate perceptions; Zohar & Tenne-Gazit, 2008).

Leadership

Throughout much of the history of climate research, there has been a long-held proposition that "leaders create climate" (Lewin, Lippitt, & White, 1939). The notion of leadership as a climate antecedent has hardly changed since, although this has resulted in limited empirical work (Dragoni, 2005; Kozlowski & Doherty, 1989; Ostroff et al., 2003). Much of the available work focuses on safety climate, consistently supporting the climate-leadership relationship (Barling, Loughlin, & Kelloway, 2002; Gonzalez-Roma et al., 2002; Hofmann & Morgeson, 1999; Hofmann, Morgeson, & Gerras, 2003; Zohar, 2002; Zohar & Luria, 2004; Zohar & Tenne-Gazit, 2008).

This relationship can be explained as a social learning process in which group members repeatedly observe and exchange information with their leader as a means for interpreting the organizational environment (Dragoni, 2005). Supervisory practices are relatively easy to observe due to their proximity and availability, and they routinely inform group members as to relative priorities as well as behavior that is valued and supported by both the leader and the organization at large (Ashforth, 1985; Zohar, 2003). When such perceptions are shared due to the commonality of the leader's messages and practices, they constitute the core meaning of domain-specific climate.

Transformational leadership, in particular, is likely to be quite influential in the development of climate perceptions. Transformational leaders foster closer relationships with group members (Bass, 1990; Yukl, 2006), characterized by mutual trust and openness (House & Shamir, 1993), and by rich two-way interpersonal communication (Klauss & Bass, 1982). This type of leadership creates opportunities for sharing and clarifying task cues and perceptions (Kirkpatrick & Locke, 1996). Transformational leaders are also expected to exhibit greater consistency across situations in terms of their leadership practices due to reliance on values and visions as the main driver of their behavior (Bass, 1990; Burke et al., 2006; Shamir, House, & Arthur, 1993).

Transformational leadership, therefore, will directly influence climate through the articulation of long-term goals and objectives and the ongoing two-way communication that will serve to clarify expected and supported behaviors as well as the relative priorities within the unit. Transformational leaders are also likely to affect climate emergence indirectly through their influence on the nature of communication among group members. For example, a recent meta-analysis found that transformational leadership is predictive of group cohesion (Bass, Avolio, Jung, & Berson, 2003; Burke et al., 2006). This increased cohesion, since it increases communication and group identity, will result in stronger shared climate perceptions. More direct evidence of this relationship has been provided recently by Zohar and Tenne-Gazit (2008). They found that the relationship between transformational leadership and safety climate strength was mediated by the density of the communication network among group members.

These antecedents imply that shared climate perceptions evolve as a result of ongoing member-leader and member-member interactions (see also Kozlowski & Doherty, 1989). Although there is much evidence suggesting that these interactions do result in shared climate perceptions, less consideration has been given as to why individuals engage in this collective investment of cognitive effort. In other words, a less asked question is: Where does the motivation for engaging in such social information processing—as opposed to individually searching for the requisite answers—come from?

The Motivation for Climate Perceptions: Social Verification

Given that organizational climate qualifies as *shared* perceptions of the organizational environment, it is important to explicate possible reasons for the shared quality of climate perceptions. Namely, why do group members strive for shared perceptions? We believe that a key reason for the creation of shared perceptions lies in the complexity and equivocality of the organizational environment. As noted above, there are a variety of sources for (p. 651) such complexity, including the presence of competing values (Quinn & Rohrbaugh, 1983), competing operational demands (Lawrence & Lorsch, 1967), discrepancies between espousals and enactments (Simons, 2002), and cross-level variations in policy implementations (Zohar & Luria, 2005). Other sources relate to the multiplicity of organizational policies and procedures, accompanied by the fact that they are often little known or understood by relevant employees (Hargie & Dickson, 2007;

Stevens, Steensma, Harrison, & Cochran, 2005). Given the lack of a simple and rational structure, employees need to engage in interpretive and sense-making activities that involve a social-, interpersonal-based process (Weick, 1995).

This is consistent with other theoretical perspectives suggesting that when contextual cues are ambiguous, individuals turn to others for social verification (Festinger, 1954). One such perspective—the shared-reality model (Hardin & Higgins, 1996)—postulates that subjective experiences survive as reliable and valid interpretations by virtue of being reproduced in others and accepted by them as the veridical interpretation of the group's external world.

In the context of organizational climate, these theories suggest that the formation of shared climate perceptions is motivated by the need to interpret the complex pattern of signals existing within the organizational context regarding what issues are of high priority and what behaviors are likely to be rewarded and supported. Given the complexity of the organizational environment, individuals will be motivated to test their understanding with others in order to determine if it is a reliable and valid understanding of the organizational context. We believe that it is this social verification process that motivates the formation or emergence of organizational climate.

Not One, But Multiple Climates

Now that we have explored the attributes of organizational climate as well as the process through which they come about, we turn our attention to looking across multiple climates. The domain-specific climate perspective implies the existence of multiple coexisting climates in an organization. For example, financial institutions such as bank branches should have climates for business ethics, customer service, and professional updating. Manufacturing companies should have climates for innovation, quality, and safety. Despite the obviousness of this possibility, there has not been much consideration of this theoretically nor many investigations empirically. Theoretically, it is possible to argue for three possible models describing the nature of relationships between coexisting climates, identified in terms of independent, interactive, and causal effects.

Independent Climates

A model postulating independent climates in organizations assumes that specific climates can coexist, exerting independent effects on employees’ work behavior. In statistical terms, this is equivalent to a main effects model in which independent climates are unaffected by each other (i.e., when the level of one climate is expected to exert no effect on the other climates).

An example of such a model is provided in a study testing the effects of the climates for initiative and psychological safety on firm performance and profitability outcomes (Baer & Frese, 2003). Both climates were positively related to the firm performance outcomes of return on assets and goal achievement, acting also as two independent moderators of

the relationship between firm-level innovation (i.e., use of lean manufacturing, simultaneous engineering, and JIT production) and its performance outcomes. Across all analyses, both climates were investigated independently. Another example is Ostroff's (1993) global climate perspective in which three dimensions—identified as cognitive, affective, and instrumental climates—were tested with meta-analytic techniques by Carr et al. (2003). The results revealed that the three subclimates exerted independent effects on job satisfaction and organizational commitment.

Interactive Climates

The interactive climate model assumes that coexisting climates either influence each other's level or that their effect on outcome criteria reveals an interaction effect. An example for the former is offered by the Organizational Climate Measure (OCM), based on the competing values framework (Patterson et al., 2005). As noted above, this global climate measure is based on four subclimates associated with the organizational domains of: (a) human relations, (b) internal processes, (c) open systems, and (d) rational goals. Rather than being independent, these domains are assumed to exert competing strategic and operational demands, requiring senior and lower level managers to cope with the resultant complexity (Quinn & Rohrbaugh, 1983). In statistical terms, such competition implies (p. 652) interaction because the higher the priority of one domain or quadrant, the lower should be the priority of the competing domain. In their validation study, Patterson and colleagues (2005) tested the relationships between each subclimate and its relevant outcome criteria (e.g., open-systems climate was tested with the company's market-research and innovation activities, whereas internal-process climate was tested with use of performance appraisals and cross-functional teams); however, no statistical tests of interaction effects were reported.

Causal Climates

The causal climates model extends the interactive model with the assumption that some climates are more fundamental than others because they refer to contextual factors in the organizational environment that are likely to influence or interact with a variety of specific climates. Schneider and colleagues refer to them as foundational climates and particularly highlight two (Schneider, White, & Paul, 1998). The first foundational climate is focused on work facilitation, referring to the removal of obstacles and the introduction of facilitators such as supportive supervisory practices, sharing information, giving feedback, and offering training. The second foundational climate is focused on internal organizational service, referring to interdepartmental cooperation practices, shared job knowledge, and the quality of internal service. Because these climates reflect the availability of resources for performing the work, as well as the extent of managerial concern for employees' well-being, they were expected to influence relevant facet-specific climates such as the climate for service. Using a longitudinal design, Schneider and colleagues (1998) reported data supporting a causal relationship between the foundation climates and the service climate which predicted, in turn, customer-satisfaction level. A similar study tested the effects of the foundational climates for management-employee relations and organizational support of employees on safety climate in a transportation

company (Wallace, Popp, & Mondore, 2006). Results indicated that safety climate mediated the effect of the foundation climates on driving accident rates during the following year.

Similar ideas were discussed more recently by Zohar (2008) regarding the climates of safety and work ownership. The climate for work ownership concerns the extent to which employees see opportunities and managerial support for psychologically owning aspects of their work. Such psychological ownership means that aspects of the work become part of, or an extension of, one's identity (Pierce, Kostova, & Dirks, 2003), which results in greater commitment to the owned objects, increased professional self-esteem, and a proactive orientation toward work (Van Dyne & Pierce, 2004). This climate can be considered a foundational climate by virtue of its relationship to the fundamental issues of prevention versus promotion (Higgins, 2002), or passivity versus (pro)activity as primary work orientations. This underlying orientation, in turn, should influence domain-specific climate perceptions associated with facets such as service, innovation, ethics, or safety.

For example, if work-ownership climate is high, resulting in a proactive orientation to work, and safety is considered a high-priority issue (i.e., high safety climate), employees are expected to consider safety as an ownership target. This combination would result in safety citizenship behavior, characterized by initiating change, offering help, and exhibiting stewardship (Hofmann et al., 2003). If, however, high work ownership is accompanied by a low safety climate, ownership targets are likely to exclude safety considerations, resulting in safety defiance. Such situations are often described in post-accident reports, indicating that production or profit goals may lead managers and employees to overlook substantial risks while striving to achieve other higher priority goals (Hopkins, 2006). A low work-ownership climate would result in safety compliance under conditions in which safety is considered important, but workers are only expected to follow rules and procedures when getting the work done.

Climate as Multilevel Perceptions

In addition to multiple domain-specific climates occurring within the organizational context, climate perceptions will also be influenced by the hierarchical nature of organizations. As noted above, the variety of unique situations accompanying task execution will leave the door open for supervisors to exercise discretion in the implementation of various policies and procedures. Between-unit variability relating to different ways of implementing company policies and procedures is, therefore, to be expected. That said, however, there is also between-organization variability in the overall climate level (Zohar & Luria, 2005). Think about it this way. The overall organizational climate sets the general level of climate (i.e., overall mean), whereas the discretion exercised in the various subunits establishes the variability around this mean. Between-organization (p. 653) variance exists at the level of the overall mean and between-unit variance exists within the organization across subunits. The customer service climate of

fast food restaurants are a good example. McDonalds, Hardees, Wendy's, and Chick-fil-a differ in their overall levels of customer service climate. Yet, within each of these organizations, there would be variability across each of the locations in terms of service climate.

Given this between-organization and between-subunit variability, employee climate perceptions will be constructed at multiple levels of analysis. Corporate policies, procedures, and the gap between espoused and enacted priorities constitute the primary target or referent for organizational level climate perceptions. Supervisory practices and daily decisions made between competing operational demands constitute the target or reference for subunit climate. Consistent with this theoretical level, organization-level climate perceptions should be aggregated to the organizational level, and subunit climate perceptions should be aggregated to the subunit level—assuming homogeneity or consensus in perceptions exists at the appropriate level of analysis (Kozlowski & Klein, 2000).

There is evidence validating this multilevel view of climate perceptions. Specifically, Zohar and Luria (2005) found that there was significant variance across subunits in group climate and significant variance between organizations in organizational climate. In addition, they found that subunit climate mediated the effect of organizational climate on employee safety behavior, and that stronger organizational climates reduced the between subunit variance in group climate. These results suggest that, despite the challenge of formulating climate perceptions, employees were able to develop multilevel climate perceptions that varied systematically between organizations and across subunits within an organization. A summary of the above discussion is presented in Table 20.1.

Organizational Culture

Organizational culture, like climate, has suffered from conceptual ambiguity and varying definitions. A content analysis of the 54 available definitions of culture revealed that, at its foundation, it consists of a system of shared behavioral norms and underlying beliefs and values that shape the way of doing things in the organization (Verbeke et al., 1998). Most scholars also agree that organizational culture consists of different elements (e.g., assumptions, stories, behavioral regularities) that are hierarchically ordered from deeper to more surface levels (behavioral regularities; Detert, Schroeder, & Mauriel, 2000; Furnham & Gunter, 1993; Rousseau, 1990; Schein, 2004). Deep-level elements typically include basic assumptions, values, and/or beliefs about the organizational context that have shown to be successful in the past and are, therefore, now ingrained, taken for granted, and unquestioned (Allaire & Firsirotu, 1984; Detert et al., 2000; Schein, 2004). Surface-level elements include observable artifacts or manifestations of the underlying, deep-level elements. Artifacts include a large variety of objects such as structures and processes, myths and stories, language and signals, and policies and procedures that are more easily observable than deep-level elements (Allaire & Firsirotu, 1984; Trice & Beyer, 1993). Because each deep-level element can express itself by a large variety of artifacts, there is a few-to-many mapping such that a very few deep-level elements can produce a much greater number of surface-level elements.

A subset of these artifacts—namely, espoused beliefs, values, and ideologies—are often viewed as guiding role behaviors and organizational practices, leading Schein (2004) to consider this as an intermediate culture level. Espoused beliefs can consist of public declarations during meetings or ceremonies, written documents describing the company and its strategy, or symbols and stories. If the espoused beliefs and values are congruent with the underlying assumptions, they can establish clearer links across the deep and surface culture levels. However, as has been noted above, because of misalignment between espoused beliefs and enacted beliefs, such congruence cannot be assumed, leaving the core of culture hard to decipher or delineate by organizational members and/or observers.

Culture's Syntax

Although an organization's culture can be characterized by only a few basic assumptions, beliefs, or core values, the diversity of their manifestations through surface-level artifacts can result in large cultural variations. By analogy, even though the syntactic structure of a legitimate sentence can be defined by a very few elements (e.g., subject, predicate, adjective, and adverb), the elements can result in an endless number of specific manifestations that communicate quite different ideas. One way to deal with this complexity of different manifestations of culture is to organize the deeper level elements into basic content categories. One such categorization included the following dimensions (Schein, 2004): (p. 654) (p. 655) (p. 656) external adaptation, internal integration, reality and truth, nature of time, and human nature and relationships. Each of these dimensions is further subdivided into a number of subcategories. For example, the external adaptation category includes shared basic assumptions about the core mission and primary tasks of the organization, goals and means for achieving this mission, how results will be measured, and potential corrective actions that will need to be taken in response to feedback. The nature-of-time category includes assumptions about the definition and measurement modes of time, kinds of time, and its importance in the organization. Once culture is conceived as a combination of assumptions in each of these categories, it can be measured or described in terms of qualitative descriptions or quantitative analysis of employees' shared cognitions regarding the nature of the assumptions within each category.

Table 20.1 Key Observations and Research Needs

Organizational Climate
Key Observations
Organizational members are motivated to understand the organizational context in order to clarify behavioral expectations and to ensure their success. Yet, organizational contexts are complex, with competing demands, goals, and priorities. Thus, understanding this environment requires a complex pattern-matching process in which organizational members decipher the relative priorities of various strategic initiatives. This view of organizational climate suggests:
1. Organizational climate should be conceptualized and measured as domain-specific, shared perceptions regarding key strategic initiatives of the organization (e.g., safety, customer service, quality).
2. Organizational climate should be conceptualized and measured as a relative priority. For example, safety climate should be conceptualized and measured as the

relative priority of safety compared to production. Climate for service should be conceptualized and measured as the relative priority of service versus other competing demands (costs, efficiency).

3. The pattern-level attributes of organizational climate consist of:

a. The relative priority of different objectives—particularly in situations where two (or more) strategic objectives compete with one other (safety versus productivity, service versus costs).

b. Alignment (or gaps) between espoused and enacted priorities.

c. Internal consistency of priorities among policies/strategic initiatives at the top of the organization and localized practices within subunits.

4. Organizational climate should be viewed as a multilevel construct. The policies and strategic focus of top management establishes the broad, organizational-level climate, whereas local practices within the subunit establish the more localized, subunit climate.

Recommendations/Future Research

Our recommendations for organizational climate include:

1. Measures of organizational climate need to be focused on domain-specific climates (i.e., climate for “something”) and vary by organizational level:

a. Climate measures designed to assess the overall organizational climate should be focused on policies and strategic initiatives.

b. Climate measures designed to assess localized, subunit climate should be focused on localized practices (i.e., how policies get enacted through localized behavioral practices).

2. Future research needs to further explore how climate perceptions become shared both at the subunit and organizational levels.

3. There has been virtually no research investigating the interrelationships among different climates. We proposed three possibilities—independent, interactive, and causal. Much more research is needed here.

Organizational Culture

Key Observations

Over time, organizational members develop a system of shared assumptions, values, underlying beliefs, and behavioral norms that have been shown to help the organization with external adaptation and internal integration. These shared perceptions represent the organization's culture. This view of organizational culture suggests that:

1. Organizational culture is hierarchically structured, with basic assumptions, core values, and beliefs residing in the “deep core layer” of organizational culture. Behavioral norms and organizational artifacts offer surface-level manifestations of culture. Such a structure suggests that similar basic assumptions and core values may result in a number of different behavioral norms and artifacts (few-to-many mapping).

2. Although many researchers have used the foundations of organizational culture—basic assumptions and core values—interchangeably, they are fundamentally different starting points and, therefore, should lead to different endpoints. These differences relate to their respective referents:

a. The referent of basic assumptions is a shared history of success in solving the fundamental organizational problems of external adaptation and internal integration. Organizational responses that have proven successful time and again assume a taken-for-granted status, making it difficult to think of any other alternative.

b. The referent of core values is a shared moral criterion or action standard that defines what is good, desirable, and right. Such criteria or standards frequently become socially shared by means of social learning, often using the organization's founder and/or figure heads as role models. Jointly, they describe the right way to act in pursuing the ultimate human goal of “best possible living,” and, as such, act as socially shared guiding principles or an internal moral compass. These socially shared values constitute the value-based elements of organizational culture.

3. Given that the two referent categories are conceptually diff erent, it follows that they cannot be used as interchangeable culture constructs. Available culture categorization models use either basic assumptions (e.g., Hofstede, 1998; Schein, 2004), or core values (e.g., Schwartz, 1992) as their conceptual framework. At the current time, the mapping of elements belonging to one framework onto the other remains an open question.

4. Given the hierarchical nature of culture elements, deep-level elements are, by definition, more difficult to measure than surface-level elements. Yet, only the former can define the essence of culture. Although there has been progress in the

measurement of values (e.g., Schwartz's 1992 circumplex model), the same is not true for the measurement of basic assumptions and/or beliefs. We suggest that the integration of climate and culture constructs off ers some promise in this regard.

5. Organizational culture, like climate, should be viewed as a multilevel construct. Using values as the requisite referent, it has been shown that employees compare their individual values with group- and organization-level value systems, which are amenable to subsequent comparisons with professional and national value systems. Likewise, basic assumptions have been shown to exist at various levels of analysis, allowing cross-level comparisons.

Recommendations/Future Research

1. Organizational culture must be measured and described in terms of its underlying assumption- and value-based elements. In other words, there is a need for measuring culture in terms of both primary components.

2. Future models of organizational culture should conceptualize the nature of relationships or mapping between the two element categories, developing an integrated framework. Because the respective referents belong to diff erent conceptual categories, they should no longer be used as interchangeable constructs, a practice that has increased conceptual ambiguity associated with the culture construct.

Integration of Organizational Climate and Culture

Key Observations

Our perspective on organizational climate—that it represents shared perceptions of the relative priorities enacted within the organization—suggests that organizational climate could be used as a bottom-up indicator of organizational culture. Specifically:

1. The shared assumptions and core values forming the foundation of the organization's culture will inform the strategic initiatives and policies enacted by senior management.

2. As these strategic initiatives and polices are enacted, gaps can develop between these espoused and enacted values and practices. Organizational members—motivated to understand the organizational context—decipher these gaps and other patters of enacted behavior, which forms their perceptions of the relative priorities among competing goals and objectives.

3. In this way, climate is a bottom-up, inductive way to learn about the underlying values and core assumptions of the organization. This is considered a bottom-up process because it is flowing from the perceptions of organizational members regarding what is actually done, as opposed to the top-down process (driven by core values and assumptions) focused on what should be done.

Recommendations/Future Research

There has been virtually no research using organizational climate perceptions as a way to bridge enacted practices with the deeper, underlying core values and assumptions forming the deep structure of organizational culture. Much work is still to be done.

Another well-known categorization of culture is Hofstede's (1980; 1998) five-category bipolar list of assumptions associated with the world of work: (a) large versus small power distance, (b) strong versus weak uncertainty avoidance, (c) individualism versus collectivism, (d) masculinity versus femininity, and (e) long versus short-term orientation. Using cross-organizational data, Hofstede (1980) used these five categories to identify varying cultural assumptions across different countries (e.g., process vs. results orientation, employee vs. job orientation, parochial vs. professional orientation, open system vs. closed system, loose vs. tight control, and normative vs. pragmatic orientation).

The above examples highlight the fact that alternative classifications of culture have used non-overlapping categories for describing organizational culture. Such a lack of uniformity makes the operationalization of culture more challenging. This lack of uniformity also has been compounded by the lack of standard measurement procedures as will be discussed below.

Culture Typologies

Instead of starting with the notion of culture and attempting to identify its underlying content, an alternative approach is to identify different types of cultures based on other a priori theoretical frameworks. A well-known example is the competing values framework for organizational culture (Cameron & Quinn, 1999). As noted above, this framework specifies two dimensions of organizational effectiveness criteria (flexibility vs. stability; internal vs. external orientation), resulting in four quadrants that represent different basic assumptions and core values. Because the quadrants represent opposite poles of the underlying dimensions, they identify competing assumptions and values (i.e., competing culture types). The four culture types are labeled as: hierarchy (internally focused and stable organization), market (external focus and stability), clan (internally focused and flexible organization), and adhocracy (external focus and flexibility). Since

these different cultural types are assumed to compete one with the other, organizations will have a certain level of each culture. Organizational effectiveness will result from different patterns of cultures that are congruent with environmental demands.

A similar typology, based on the same two underlying dimensions, has been discussed by Denison and colleagues (Denison, 2001; Denison & Mishra, 1995). Their four cultural types were described in terms of adaptability, involvement, consistency, and mission (Denison, 2001; Denison & Mishra, 1995). Each quadrant is operationalized with three attributes as follows: involvement (empowerment, team orientation, and capability development); consistency (core values identifying primary expectations, interpersonal agreement, and coordination and integration); adaptability (creating change, customer focus, organizational learning); and mission (vision, goals and objectives, strategic direction).

Notably, both typologies are based on structural dimensions of organizations; in this sense, they are simlar to Schein's (2004) categories of external adaptation and internal integration. Although it is easy to view Schein's typology as subsuming the typologies of Cameron and Quinn and Denison, these latter authors argue that each of the four culture types implicates congruent basic assumptions associated with the other content categories in Schein's system (e.g., nature of human beings, social relations, leadership, and management). These arguments obviously need empirical validation.

Goffee and Jones (1998, 2001) suggested another typology, based on the social-interaction dimensions of solidarity (i.e., cooperation between different or unlike individuals or groups) and sociability (i.e., affective or friendly relations at work). Again, these two dimensions result in four different cultural types: mercenary (high on solidarity, low on sociability), communal (high on sociability, low on solidarity), networked (high on both), and fragmented (low on both). This framework construes the foundation of organizational culture as assumptions about the nature of social relationships within the organization. The authors further explore additional assumptions connected to each of their four **(p. 657)** culture types (e.g., assumptions related to the physical world, nature of time, individual identity, and social communication).

A different typology, focusing on behavior norms, was offered by Cooke and Szumal (1993, 2000). The two bipolar dimensions underlying this typology are people versus task, and satisfaction versus security. The first orientation (people vs. task) is associated with primary leadership dimensions (Blake & Mouton, 1964), and the second with the self-regulatory dimensions of promotion versus prevention (Higgins, 1997, 2002). Jointly, they result in four behavioral norms, which have been empirically found to formulate three types of culture: constructive culture (achievement, self-actualizing, humanistic, and affiliative norms), passive/defensive culture (approval, conventional, dependent, and avoidance norms), and aggressive/defensive culture (oppositional, power, competitive, and perfectionist norms). Based on this framework, Cooke and Szumal (2000) developed

the Organizational Culture Inventory (OCI), which assesses both the ideal and currently operationalized culture (i.e., normative behavior).

The idealized culture is viewed as being driven by basic assumptions and values. The operationalized culture—or the behavior norms currently existing within the organization—are viewed as driven by not only these basic assumptions and beliefs, but also by other attributes of the organization (e.g., role hierarchy, procedural formalization, employee participation, and leadership style) which, in turn, are influenced by the broader resources of and demands placed upon the organization (e.g., financial reserves, technical expertise, performance pressures, technological change). When these attributes of the organization exert a greater influence on the culture than the underlying assumptions and values, then gaps can emerge between the deeper-level aspects of culture (values, assumptions) and the surface-level manifestations of this culture (behavioral norms).

The above examples demonstrate that there is little agreement among culture scholars regarding the categories comprising culture or the resultant types of organizational culture. Whereas some scholars base the elements of culture on organizational structure (e.g., external vs. internal orientation or flexibility vs. stability), others focus on social interaction (e.g., solidarity and sociability), or behavioral orientations (e.g., task vs. people and satisfaction vs. security orientations). Not surprisingly, the resulting typologies are qualitatively different. Despite these differences, most of the available models of culture preserve the basic distinction between deep-and surface-level cultural layers. At the same time, however, an examination of the elements comprising the deep layer of culture reveals potential sources of ambiguity that need to be clarified in order to enhance the development of organizational culture research. It is to this issue that we turn next.

Values as Culture Elements

As noted above, the deep layer of culture includes basic assumptions and values as key elements. Assuming internal consistency between the two element classes, they offer complementary perspectives for construing and classifying culture. Whereas most discussions and measures of organizational culture relate to basic assumptions, values can offer some advantages.

As noted by several authors, the development of value theory has lingered for several decades due to conceptual ambiguity associated with the construct (Hitlin & Piliavin, 2004; Rohan, 2000). Recent developments, however, have served to resolve some of this ambiguity. A value system is a meta-cognitive structure guiding the way in which social actors behave, evaluate others' actions, and explain their own actions (Schwartz, 1994). The organizing principle of the value system is that of relative priorities among individual values or their relative importance. In Aristotelian terms, value priorities serve as guides to the ultimate human goal of "best possible living" through the actualization of human

potential. Each value within the larger system can be conceptualized as a desirable outcome of actions, which guides the selection and evaluation of actions and events (Schwartz & Bilsky, 1987). Values form criteria or referents for the desirable or preferable, ordered by relative importance (Rokeach, 1973).

Schwartz (1992) offered a value classification system based on the two dimensions of openness to change versus conservation, and self-enhancement versus self-transcendence. Ten value types, representing the full range of human values, are arranged in this space, forming a circumplex model. The distance between value locations indicates intraindividual differences in value priorities and opposite locations along the circumplex indicate competing values. For example, one person's value system might give high priority to the values of stimulation and self-direction, whereas another person's value system would prioritize security and traditional values. Using the Schwartz Value Inventory, it has been shown that the ten value types and their spatial locations remain stable across national cultures around the world, suggesting that it can be used as (p. 658) a universal classification system (Schwartz, 1994, 1999, 2004).

Schwartz's (1992) circumplex model has been shown to not only adequately represent personal value systems, but it also has been shown to represent socially shared value systems (Rohan, 2000). A socially shared value system within an organizational context reflects that organization's culture. Individuals have been shown to be able to construe several concurrent value systems and to be able to compare these different value systems. In the case of organizational culture, this suggests that individuals will be able to compare and contrast their personal value system to the socially shared value system of the organization and experience the degree of fit. Layered upon these individual and organizational value systems could also be value systems that operate at the national cultural level. Taken together, this suggests a multilevel values model in which individuals construe and compare several structurally compatible value systems, comparing their personal values with their group- and organization-level values and, possibly, their professional and/or national value priorities. Rohan (2000), for example, reported that a better fit between personal and organizational values resulted in greater organizational commitment and job satisfaction. This model is akin to the multilevel climate model as described above, suggesting that culture, like climate, is based on individual assessments that turn into shared social assessments, which operate at different levels of analysis (e.g. group, organization, or profession).

Culture as Basic Assumptions or Core Values

Conceiving culture as a pattern of shared basic assumptions or core values offers complementary perspectives for the culture construct. Both elements can serve as guiding principles for action and adaptation and, therefore, help to define appropriate behavior across situations. They do, however, differ in terms of how they define and operationalize appropriate behavior.

The referent of basic assumptions is a shared history of success in solving the fundamental organizational problems of external adaptation and internal integration (Detert et al., 2000; Schein, 2004). Assumptions that have proven successful time and again assume a taken-for-granted status, making it inconceivable to think of any other alternative. Philosophically and theoretically, the problems presented by issues of external adaption and internal integration lead to a process of sense making and the construction of reality utilizing an inquiry process (e.g., What is the problem here? What does this mean? How should we respond?; see also Dewey, 1938; Weick 1995, 2005). When this sense-making process is consistently successful, it creates underlying schemas or mental models that become accepted as true and valid (DiMaggio, 1997; Gioia & Poole, 1984). Because this process of inquiry has to do with ongoing organizational adaptation issues, it starts with the founders of the company, establishing the original organizational culture, and continues with subsequent leaders in their ongoing process of coping with the issues of external adaptation and internal integration.

In contrast to basic assumptions that are based on successful organizational responses, the referent for core values is an ideal action in terms of desirability, based on the goal of the best possible living (Rohan, 2000). They are oriented toward the self-concept of individuals and social concept of groups, serving as an internal moral compass. Thus, in contrast to being built on past successful actions, values offer a more abstract reference point for the self-regulation of one's own behavior and the social regulation of others' behavior (Smith, 1991). At its most basic level of understanding, values provide the criteria or standards that define what is good, desirable, and right (Hitlin & Piliavin, 2004). The referents of value systems, therefore, relate to the good, desirable, and right way to achieve the best possible living.

Although individuals and organizations develop basic assumptions based on their successful past behavior, it is more of an open question as to why an individual or organization would adopt certain values over others. Hitlin and Piliavin (2004) suggested that a number of different factors—socialization, education, occupation, parental (and founders') values, and national culture—can lead to the formation of core values. Once identified and adopted, the maintenance and sustainability of shared values is assumed to depend on: (a) the bottom-up influence of surface-level artifacts that reinforce the core values (e.g., formal procedures, informal expectations, and organizational practices; Markus & Kitayama, 1994), and (b) ongoing processes subsumed in the attraction-selection-attrition model (Goodman & Svyantek, 1999; O'Reilly, Chatman, & Caldwell, 1991; Schneider et al., 1995).

Basic Assumptions and Core Values: Two Very Different Roads to Organizational Culture

The notion of organizational culture, at its deepest level, comprising basic, unquestioned assumptions (p. 659) and core values, has been long acknowledged in the literature. Yet the fundamental differences between these two foundations and the implications of these

two different starting points have been rarely acknowledged. In fact, much of the literature has used core values and basic assumptions interchangeably. For example, as described above, the OCI model provides two culture profiles identified as OCI-Ideal and OCI-Norms (Cooke & Szumal, 1993, 2000). The former describes deep-level values and assumptions whereas the latter describes surface-level norms and practices. The strength of relationships between the two levels depends on external situational attributes, resulting in possible culture disconnects. A similar distinction has been applied for the Competing Values model (Cameron & Quinn, 1999), in which the quadrant-based culture profile is measured by reference to the current and preferred organizational practices. In both cases, the measurement of (current) culture is based on observable artifacts, whereas the measurement of (ideal or preferred) culture is assumed to be driven by underlying values and assumptions. Such conceptualizations of culture overlook the inherent differences between basic assumptions and core values.

Core values represent moral and “best-possible-living” criteria as guiding principles for life of individuals and organizations, whereas basic assumptions represent schema developed from successful past behavior. Arguably, however, because these referents belong to different conceptual categories, they are not necessarily synonymous or interchangeable, nor can one be deduced from the other. For example, in the Competing Values model, a clan culture is founded upon the basic assumptions of internal maintenance, coupled with flexibility and concern for people (Cameron & Quinn, 1999). Such a culture is characterized by the artifacts of loyalty, commitment, teamwork, and mentoring. Using the Schwartz (1992) model, it is possible to infer that this culture is based on the core values of benevolence (whose artifacts include helpfulness, honesty, and loyalty) and universalism (expressed by artifacts such as equality, broad-mindedness, and social justice), emerging out the underlying dimensions of self-transcendence and conservatism (Schwartz, 1992)—two dimensions that are semantically quite different from the internal maintenance and flexibility/concern for people dimensions of the Competing Values model. This means that, although the assumptions and values of the clan culture overlap with core values in the Schwartz (1992) model, these values are manifestations of different underlying dimensions that are not interchangeable.

The three-culture typology of constructive, passive/defensive, and aggressive/defensive cultures (Cooke & Szumal, 2000) offers even poorer mapping with the values model. By way of example, the constructive culture is associated with the norms of achievement, self-actualization, humanistic encouragement, and social affiliation. An examination of the circumplex values model reveals that these norms are scattered all over the model, violating its empirically derived organization whereby similar values must be located adjacent to each other.

The lack of one-to-one mapping between assumption-based and value-based culture typologies carries two important implications. First, a complete description of culture requires the separation of basic assumptions and core values as deep-level elements. Each of these element types should be measured separately, and culture ought to be

described in terms of both. Second, future models of organizational culture should conceptualize the nature of relationships between the two dimensions, developing an integrated framework.

Measurement Issues Related to Organizational Culture

Despite repeated calls for the development of better (quantitative) culture measurement methodologies, there has been little progress over the last decades (Ashkanasy, Broadfoot, & Falkus, 2000; Ostroff et al., 2003). One of the major challenges in this regard stems from the dominance of the multilayered model of culture, stipulating a distinction between deep and surface layers. This distinction poses measurement problems because the model assumes complex, moderated mixed-effect relationships between its layers. Any basic assumption can result in a variety of (espoused) values and beliefs, giving rise, in turn, to a variety of observable or reportable artifacts. Because cross-layer relationships are moderated by situational attributes, there is a one-to-many mapping problem that prohibits a simple deductive process in which observable artifacts can be used to uncover the underlying assumptions or core values.

This difficulty has led to the ongoing debate between etic versus emic approaches, or qualitative versus quantitative measurement of culture, which has been well discussed in previous reviews (Allaire & Firsirotu, 1984). Furthermore, the available quantitative scales—favored by organizational psychologists—tend to focus on observable (p. 660) or reportable artifacts (e.g., behavior norms or espoused values; Ashkanasy et al., 2000; Hofmann & Jones, 2004). Consequently, the available culture measurement scales deduce the nature of underlying assumptions associated with each of its possible profiles. For example, Cameron and Quinn's (1999) clan culture—emerging from an internal focus coupled with high flexibility—is postulated to signify a series of basic assumptions, such as: the organization is like an extended family, leaders are mentors or parent figures, the organization is held together by loyalty and tradition, and employees perform best through participation and teamwork. Although these are logical deductions, they assume a one-to-one mapping between cultural layers, resulting in an operationalization of culture that does not adequately capture the underlying complexity of the theoretical construct.

One of the few attempts to develop a non-linear, induction-based framework for the cross-layer measurement of culture was done by Schein (2004), who utilized a 10-step clinical assessment methodology. This methodology, as outlined by Schein (2004), involves a structured process of qualitative inquiry that focuses on cross-layer transformations as a mechanism for discovering the underlying basic assumptions of the organization's culture. The process is based on group interviews in which culture is first described in terms of artifacts and espoused values, and then any observed conflicts and discrepancies between these elements are discussed. Using intuitive reasoning and brainstorming techniques, group members search for the underlying factors that could have resulted in such inconsistencies, framing them as tentative basic assumptions. Notably, this process

is guided by an informed consultant/researcher who is knowledgeable about the theory of culture and relevant classifications of culture elements at each of its layers. A summary of the above discussion is presented in Table 20.1.

Integration of Organizational Culture and Climate

The challenges of measuring and conceptualizing organizational culture as a multilayered construct in which the deepest layer represents core values and unquestioned assumptions must also be viewed from the perspective of employees within the organization (i.e., members of the culture itself). In fact, the issues of organizational culture interpretation on behalf of the individuals who live in that culture has remained little discussed or studied (Erez & Early, 1993). Yet, if the deepest layers of organizational culture take on an unconscious or taken-for-granted/unquestioned nature, then it seems that employees may only be aware of the more surface-layer elements (e.g., cultural artifacts, espoused values, organizational structures, behavioral routines), and it is these elements that influence their behavior. From this vantage point, organizational culture is assumed to shape the way of doing things in the organization primarily through its surface-layer attributes. This further implies an integrative conceptual framework in which climate constitutes a cognitive mechanism for the interpretation of culture by organizational employees (Ostroff et al., 2003).

An examination of the organizational climate literature reveals three relevant attributes of climate theory. First, climate perceptions focus on the surface-layer attributes of culture (e.g., policies, procedures, and practices). Second, due to the multiplicity of policies, procedures, and other artifacts, employees focus on those associated with key performance facets or job domains. Third, climate perceptions concern artifact patterns—drawing on symbolic interactionism (Blumer, 1969; Stryker, 2008) and sense-making processes (Weick, 1995, 2005)—that identify any gaps between espoused and enacted priorities, internal inconsistencies between policies and practices, and relative priorities of competing goals as indicators of the underlying values and beliefs. Organizational climate was thus redefined as shared assessments of the true (vs. espoused) priorities among competing demands (e.g., customer service vs. transaction efficiency), misalignments between espoused and enacted priorities and goals, and cross-level discrepancies between formally declared organizational policies and informal supervisory practices.

Our climate model presumes that organizational employees focus on alignments, misfits, and priorities among observable artifacts as a means for identifying the kinds of behavior likely to be rewarded and supported with regard to key facets. In fact, the identification of true priorities and/or misalignments between espousals and enactments offers a parsimonious strategy or solution for the challenges imposed by organizational

complexity. This is equivalent to the identification of the tacit organizational theory-in-use, which is often at odds with the espoused theory that is being used for explaining or justifying organizational policies and practices (Argyris & Schon, 1996). In both cases, the goal is to structure multiple artifacts into a meaningful pattern indicative of the implicit payoff structure (i.e., behaviors that get rewarded) in (p. 661) organizations where this is often at odds with the espoused payoffs. Organizational climate, according to this model, structures the variety of domain-specific artifacts into recognizable patterns whose attributes inform employees of the true payoffs for alternative role behaviors.

Climate perceptions, resulting in shared cognitions of enacted (vs. espoused) priorities and values at the workplace, provide an important, if little used, step in deciphering the deep layer of organizational culture. In fact, such perceptions offer similar information to that offered by Schein's clinical assessment methodology for organizational culture. However, rather than relying on an expert consultant or researcher for conducting the assessment process, our climate model presumes that organizational employees engage in functionally equivalent processes, focusing on alignments, misfits, and priorities among observable artifacts as a means for inferring the nature of underlying elements driving these artifacts.

As noted above, the specificity of climates implies the emergence of several concurrent climates with which employees assess key domains in their organizational environment (i.e., a multiclimate model). Once the implicit priorities and enacted values associated with each climate domain are combined or integrated, their joint meaning can be considered as forming an interim layer of culture whose specification should make it easier to map observable artifacts with basic assumptions and core values. For example, a poor safety climate (indicative of low priority for operator safety in situations in which it competes with productivity or efficiency considerations) coupled with a poor ethics climate (indicative of little concern for employee welfare and customer rights) suggest core values of power and dominance and/or basic assumptions associated with a Darwinist perspective on organizational survival and success.

This line of reasoning suggests a bottom-up process in which the demonstrated efficacy of employees in developing shared climate perceptions results in socially verified patterning of artifacts in terms of true priorities and enacted values. Such patterning identifies implicit attributes of the organizational environment, whose combined meaning can be used for mapping cultural artifacts with deep layer elements. The referents of climate perceptions thus offer an intermediate level of culture analysis whose metrics (i.e., pattern attributes) can be used for enhancing the mapping of relationships between observable artifacts and deeper layer elements.

This intermediate level of analysis differs from Schein's (2004) intermediate level in several ways. Schein's (2004) model postulates that the intermediate level of culture refers to *espoused* beliefs and values or formally declared strategies and action philosophies, serving to justify organizational policies and actions. Because espousals

originate with senior management, it follows that this is a top-down model. Our intermediate level refers to *enacted* beliefs and values, whose detection or identification results from sense-making processes conducted by organizational employees. Consequently, this is a bottom-up model. Theoretically speaking, the recorded prevalence of espousal and enactment misalignments in organizations (Argyris & Schon, 1996; Simons, 2002) suggests that enacted beliefs and values offer more valid information regarding deep-layer assumptions and values than their espoused counterparts. Although such information does not allow linear mapping with the deep-layer elements, it is postulated to constitute a more proximal indicator than the espoused counterparts. Further development of climate theory and research, focusing on multiclimate issues and the integration of multiple climates as indicators of underlying assumptions and core values, offers a promising agenda for organizational culture and climate research. This model is presented graphically in Figure 20.1.

The organizational culture model that we are proposing includes organizational climate as an integral element, incorporating top-down and bottom-up processes in culture conceptualization and measurement. Conceiving climate as a socially based inquiry of the implicit structure of the organizational environment suggests that it is possible to use an insider perspective for studying organizational culture. Contrary to the traditional use of the external perspective, associating it with qualitative analysis by participant expert observers (Allaire & Firsirotu, 1984), climate methodology allows quantitative analysis of standard surveys whose items are designed according to the criteria listed above. Once this analysis is expanded, covering the major specific climates for an organization, it should be possible to collect more complex, employee-based descriptions of enacted beliefs and values. The analysis of multiclimate perceptions should thus offer richer information for deducing the nature of underlying assumptions and core values (i.e., the organization's culture).

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Figure 20.1 Graphic Description of the Theoretical Model

This integrative framework posits that organizational employees are more capable of interpreting (p. 662) the deep layer of their organizational culture than is commonly assumed. Using climate-based cognitions as leverage for inquiring about implicit properties of their organizational environment, organizational employees may have developed greater capacity for conceptualizing the culture they live in than has been assumed. This perspective is consistent with other cognitive approaches to organizational culture

(DiMaggio, 1997) and organizational behavior at large (Erez & Early, 1993), highlighting the complex architecture of cognitive structures and processes. In fact, the extent of requisite cognitive variety and complexity is seemingly greater than has been hitherto implicated, considering that each of the specific climates has a multilevel structure, resulting in organization- and group-level climates (Zohar, 2000). The resultant variation between group climates is expected to result in concordant variations in organizational culture perceptions (see Martin, 2002). The challenge in moving forward is to align the theoretical perspective discussed here with the measurement and assessment of both organizational climate and culture. Once the measurement approaches are aligned, then researchers will be in a much better position to investigate the interrelationship between climate and culture. We are optimistic that these interrelationships will begin to bridge the gap between these two literatures such that they are eventually viewed as integrative concepts in which one (organizational climate) is viewed as a lens through which to view the other (the deep layers of organizational culture).

Conclusions

In this chapter, we have attempted to provide a comprehensive analysis of both the organizational climate and culture literatures, as well as providing thoughts on the integration of culture and climate. Our hope is that we have provided much needed clarity in terms of what constitutes climate perceptions and how they differ from other perceptions studied in organizational behavior. We also hope that we have provided some needed analysis of the deep structure of organizational culture, the two pathways through which it comes about, and the difficulty of one-to-one mapping of deep layers of **(p. 663)** culture with more observable artifacts. By viewing the overall pattern-level interpretation aspects of *multiple* domain-specific climates as a window through which to assist in the mapping of cultural artifacts—one of which is organizational climate—with deeper, tightly held organizational assumptions and values, we have proposed a model linking these two constructs together in a new way. This new linkage, of course, needs to be the focus of much empirical research moving forward. Because we have covered so much ground, we thought that it might be useful for us to pull together our key observations, recommendations, and ideas for the future in one place. Table 20.1 provides a high-level map to our key observations.

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