

## **‘Understanding organisational culture as a trait theory’**

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Core text: 6200 words, total 8500 words

### **Structured Abstract**

#### **Purpose:**

This paper aims at an organisational culture theory redefining existing concepts of organisational or corporate culture dimensions. It does this by embracing a new concept of organisational culture that fits with thematic classes of organisation theory.

#### **Design:**

Knowledge cybernetics will be used to show the interconnections (interaction processes) between thematic fields of organisation theory following Hatch and Cunliffe (2006). Its perspective is that social collectives have normative collective minds that can be explored in terms of their social psychological processes, and normative personalities.

#### **Findings:**

In concert with Bandura's concept of collective agency, that of "normative personality" is integrated into organisational context and Piaget's notions of how the mind operates are applied to the organisation. Organisational culture manifests itself by different emphasis given to different types of the interconnections/interactions between the organisation and its environments and different emphasis on different types of information flows within the organisation

#### **Research limitations/implications:**

The paper is a theoretical construct exploring organisational culture from the perspective of thematic fields of organisation theory. It requires further elaboration and development of a questionnaire to be tested in different contexts and samples.

#### **Practical implications:**

It has the capacity to provide pragmatic meaning in case studies and may contribute to identification of dysfunctions in organisations.

#### **What is original/ what is the value of the paper?**

This is the first approach to take a view from the thematic fields of organisation theory on research into organisational culture by applying knowledge cybernetics.

**Keywords:** Organisational culture, generic theory, corporate normative personality, knowledge cybernetics, organisational behaviour, organisation theory platform.

**Abstract 70 Words**

This paper aims at developing a generic model of organisational culture, which distinguishes between the internal environment (organisational culture, strategy, structure, operations) and external environment (legitimization environment, task environment) of an organisation and suggests a set of five bipolar traits to characterize the normative personality characteristics of the organisation. The presented generic model of organisational culture allows diagnostic analyses in order to map and create typologies depending on context.

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## INTRODUCTION

Even most advanced students have difficulties to find a concise and straightforward answer to the question: ‘what have in common the models of organisational culture of Schein (1985), Hofstede et al. (1990) and Sagiv and Schwartz (2007)’? Even, if the concise answer is found that all three claim to explain corporate cultures, it is most difficult for the students not to add many more sentences beginning with the addendum ‘but, their approaches are completely different.’

This paper aims at a coherent organisational culture theory, which should envelop different classes of organisation culture theory and organisation theory. The approach focuses on redefining existing concepts of organisational or corporate culture in a way that a new concept of organisational culture fits thematic classes of organisation theory.

The paper starts with the concept of normative personality. Next, we build a dynamic generic model of organisational culture that specifies domains, processes, relationships and interdependencies within and beyond organisational boundaries as well as contexts. Then we discuss how and which cultural dimensions can be applied to the proposed model in order to test the model empirically. The paper closes with a discussion about the generic model of organisational culture and its managerial implications.

## NORMATIVE PERSONALITY

The concept of normative personality rests on the assumption that organisations consist of a coherent group of people, i.e. a human activity group which attempts to regulate (to harmonize) the behaviour of the group. A norm will develop, from which deviations may occur. Depending on the centrality of a rule and the degree of behavioural deviation, a non-compliant would be ignored, tolerated, admonished or punished in a way that is consistent with the perceived severity of the deviation.

Bandura (1986) has been interested in the idea of the self-efficacy of human agency, its exercise coming from one of three attributes, namely personal, proxy and collective (Bandura, 1999). The *collective agency* operates through shared beliefs of efficacy, pooled understandings, group aspirations and incentive systems, and collective action, and this arises through normative processes. The collective agency can be better understood to be a normative agent. that among other things can attain goals and accomplish its desired collective tasks. It involves a belief or perception that efficacious collective actions are possible in relation to a social need. The difference between self-efficacy and collective efficacy relates to both cultural cohesion and empirical agent differences. The efficacy of a normative agent will influence its ability to communicate, to set goals, and to persevere during adversity (Bandura, 1995). Normative personality processes in transparent organisations have observable information processes. In particular, a normative agent may behave independently from the empirical agents that compose it because the normative anchors for social behaviour may be different from the anchors of empirical agent behaviour, as has been shown by the literature on Strategic Groups (Fiegenbaum and Thomas 1995); Herding (Hirshleifer and Teoh 2003; Welch 2000); and Groupthink (Janis 1972).

In order to understand more about the normative personality, we may find direction from theories of the empirical personality. Not only is there support from Bandura on this, but others too (e.g.

Weick and Roberts 1993; G.J.Hofstede et al. 2002; Brown 1961; Gindis 2009; Barley 2007). Normative agents behave consistently as “legal persons”, with a unitary rationality that can be explained. This realization puts us in a position to develop a model of normative personality. In Figure 1, performance involves the evaluation of directed behaviour, and is related to the interaction between the behaviours, which are embedded in personality structures, and the social environmental factors with which it is coupled. Here personality is taken to be socio-cognitive in nature. It is instructive to note that organisational culture is migrated into the personality to create the personality metasystem.

The capacity of an organisation to develop and implement a strategy depends on its figurative and operative intelligence. *Figurative intelligence* (Piaget 1950) is the capacity to provide an image of the reality in the form of structured models, which in turn reflect the cognitive base of knowledge, values and truths. It regulates modes of perceiving, feeling, thinking, and judging. *Operative intelligence* of the organisation provides the capacity of the organisation to put the structured models into effect by appropriate action (observable behaviour). It is dynamic and intimately connected to experience. Understanding experience is providing meaning and helps making sense of patterns of processes for people involved (Langley 1999:695).

Because of the context of this model, rather than using the term operative intelligence we use the term *operative personality intelligence*. *Operative personality intelligence* is the manifestation of personality structures that facilitate and condition behaviours from which performance arises. *Figurative personality intelligence* is the set of figurative images (including mental models) that have solidified to form normative personality. This way, in a collective agent the intelligence attributes relate to the efficacious manifestations of beliefs, values and knowledge as personality patterns, including attitudes, which govern how decision imperatives should be addressed.

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Figure 1 about here  
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Using cybernetic theory, Van Egeren (2009) has come to the recognition that personality traits take a controlling role in personality. Traits not only have control, but more significantly also have ontologically distinct functionalities in personality theory tied into socio-cognitive processes. In knowledge cybernetics, the ontological distinctions between traits are quite clear, relating to different classes of information and having distinct orientations. Thus, we can distinguish between information related to concepts (like ideas), organised patterns of figurative events (like planning) and structured events, which can result in action related information. E.g. in his social theory, Habermas (1987) identifies for an agent technical, practical and critical deconstraining cognitive interests. This has been adapted by Yolles (2006 & 2009) and discussed by Yolles and Fink (2009). The trait variables can be assigned in a number of ways and get different names, depending on the personality context, but in this paper, it is aimed at describing them according to concepts we can derive from organisation theory and theories of organisational culture.

## **THEORIES OF ORGANISATIONAL CULTURE REVISITED AND LINK TO ORGANISATION THEORY**

Among the most cited publications in the field of cultural studies are those of Hofstede (1980), Alvesson (2002), Denison et al. (2004), Hatch (1993), Chokkar et al. (2007) and House et al. (2004). Their work deals with various dimensions of national and organisational culture or refers more closely to the leadership practices in organisations and uses a distinct set of team or group leadership dimensions that are of high relevance for organisational cultures

For sake of parsimony, we base our further considerations on four publications: Assuming that ‘practices’ of corporate culture are distinct from national values, Hofstede et al. (1990) derived six dimensions of ‘organisational practices’ from large sets of narrative interviews. Sagiv & Schwartz (2007) put emphasis on the assumption that society exerts pressure on the culture of an organisation. Thus, there must be some similarity between values at the society level and of the organisation. They derived three bipolar dimensions from culture theory considerations. Schein (1985) offered a structure of elements of organisational culture from the unconscious to espoused values and observable phenomena (artefacts). While others, too, undertook important steps to interrelate components of corporate cultures with structural elements (Hatch, 1993; Homburg & Pflesser, 2000; Allaire & Firsirotu, 1984) we base our new model of organisational culture on the classes of organisation theory, as in the book by Hatch and Cunliffe (2006).

From the selected literature, we identify recurrent domains of organisational culture that should be represented by a generic model:

**Value and belief system:** capturing the underlying assumptions of organisational behaviour.

**Strategy:** representing the overall orientation towards task achievement and impacts on structures and activities of an organisation. Strategies define what should be done.

**Structural system:** reflecting the manifestation of values and beliefs as norms, rules and regulations, it defines normative patterns of behaviour.

**Operations:** Organisational behaviour and action are the observable manifestation of values, strategies and structures. How things are actually done and can be observed.

**External environment:** giving legitimacy as an influential factor on organisational culture or feedback from the market.

These five domains are also represented by the model of Hatch & Cunliffe (2006) (see Figure 2). Here, in a diffuse way, all domains are linked with each other and no specific processes are identified. A generic model of organisational culture can build on this model, however requires further development in order to explain clearly the relationships and processes between the domains and to show that traits can indicate the importance that is given to different processes in different organisations.

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## **OBJECTIVES AND REQUIREMENTS OF A GENERIC MODEL OF ORGANISATIONAL CULTURE**

Before we start with developing a generic model of organisational culture, we have to define how a generic model differentiates from non-generic models. Our intention is to derive a model of organisational culture from a priori theorizing rather than post hoc examination of data. This paper is concerned with theory building rather than theory testing. As part of theory building within the area of transformational change situations, this research chooses to develop a new conceptual device (Flynn et al., 1990), rather than examining relationships among antecedent variables (Parkhe, 1993). The desired research outcome will be a refined framework with explanatory power rather than statistically tested hypotheses. By critical thinking, this can be achieved by integrating concepts of organisation theory, culture theory and personality theory. As we have shown, a weakness of the field of organisational culture research and of organisational theory is that they consist of a variety of dispersed classes of theory, which are only loosely related to each other and are not based on a generic theoretical platform. Thus, there

is need of a generic theory, which should allow for application across cultures, but at the same time should be sensitive for local variations of culture and organisations and should be able to explain similarities and differences between cultures (Denison et al., 2004).

In line with Simpson et al. (2005), we identify the following conditions for generic models:

A generic model should

- (1) be connected to widely recognized fundamental properties and processes of an object of attention.
- (2) reduce complexity.
- (3) provide a powerful and extensible construct for modelling that is able to respond to queries about problem situations.
- (4) recognize epistemic distinctions like objects, events, boundaries, processes and the environment.
- (5) be able to provide structured response to complex problem situations.

In this paper, the generic model of organisational culture is shaped in a way that it accounts for different types of information an organisation might receive by its environment. Information could be positive or negative feedback, but also news from the environment at large (e.g. newspapers, TV, etc.) or specifically collected information, as it is the case for market research (e.g. about consumers, competitors, etc.). All kinds of information are processed and structured within the organisation and decisions are made which generate useful patterns of behaviour and lead to action as well as interaction with the environment. Normative traits indicate the emphasis, which is given to different processes that might convey conflicting information.

### **DEVELOPING A GENERIC MODEL OF ORGANISATIONAL CULTURE**

According to Hatch & Cunliffe (2006), we can distinguish between four internal domains: (1) organisational culture and identity, (2) organisational strategy, (3) organisational design, structure and processes, and (4) organisational behaviour and performance. Hatch & Cunliffe (2006) also refer to 'strategic response to external environment'. However, 'responding' clearly refers to a certain form of action, namely reaction to a certain event. 'Strategic response to external environment' definitely is a process and not a domain - what will be discussed when we refer to relationships between the organisation and the external environment.

While the model of Hatch & Cunliffe (2006) suggests multiple vague interactions between domains – each domain is linked to all other domains – other models, like those of Schein (1985), highlight a certain hierarchy between domains of organisational culture. We build on the idea from Schein (1985) and integrate all four domains from the Hatch & Cunliffe (2006) book and the domains of the Schein (1985) model into Figure 1 to create a dynamic model of organisational culture (see Figure 3).

Following the Schein definitions, 'organisational culture' represents underlying, unobservable assumptions on which every organisation is based on. 'Organisational strategy' provides goals and directions, which are set into effect through organisational structures, which manifest rules, norms and regulations. Therefore, strategy belongs to an unobservable domain. It can be allocated to 'espoused values', i.e. those values which have high priority for the organisation. 'Organisational design, structure & process' as well as 'organisational behaviour & performance' are those elements of an organisation that are visible to its members as well as the external

environment, they represent artefacts. Figure 3 shows the result of blending widely recognized organisational culture theory (Schein, 1985) and organisation theory (Hatch & Cunliffe, 2006).

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Insert Figure 3 about here  
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When we now compare figure 1 with figure 3 we find that we have achieved a match of constructs, which, thus, are easily integrated:

1) The domain of **organisational culture** corresponds to the collective personality metasystem. A broad range of basic underlying assumptions envelops attitudes and conceptual information, values and beliefs. Schein (1985) postulates that organisational culture has a direct effect on espoused values. Given the hierarchical order established by Schein (1985), it becomes clear that the impact of organisational culture on operations unfolds through strategy and structure, thus supporting the idea of a ‘guiding’ influence of culture on organisations.

2) **Espoused values** contain a selection of those values, attitudes and principles, which guide the focused decision making processes of the organisation. They find their expression in the **strategy** of the organisation.

**Strategies** are classically defined as the overall orientation of an organisation for reaching pre-set goals and objectives (Chandler, 1973; Whittington, 2001), i.e. a long-term plan for maximizing profits (Caves, 1980) or covering costs, in case of non-profit organisations. Furthermore, organisational strategy ‘is an organisation process, in many ways inseparable from the structure, behaviour and culture of the company in which it takes place’ (Andrews, 1971: 53). Strategies influence the interaction between structures and behaviour and vice versa. This conclusion derives naturally from Schein (1985) who argues that ‘espoused values’ have an impact on ‘artefacts’, which in turn influence ‘espoused values’. As organisational structures as well as behaviour belong to artefacts, both are affected by strategy. By considering this, we follow the seminal work on strategy-structure-fit. Chandler’s (1973: 48) famous postulation that ‘structure follows strategy’ can be considered as a starting point for this debate. He empirically observed that organisations after changes in strategies suffered from a phase of ineffectiveness. However, after structural changes, organisations started to become more profitable again. Similar conclusions have been drawn by several other scholars or implicitly refer to such a causal link (e.g. Donaldson, 1987, 1996; Hamilton and Shergill, 1992, 1993; Andrews, 1971, Williamson, 1975, Ansoff, 1965). Therefore, we can deduce that different strategies require different structures (Stopford & Wells, 1972; Wolf & Egelhoff, 2002). On the other hand, structures provide the frame of reference for future information processing and strategic decision-making. Thus, it is also true that structures have a feedback effect on strategies (e.g. Child, 1972; Galbraith and Nathanson, 1978; Fredrickson, 1986). For our model of organisational culture, we assume a feedback relationship between structure and strategy as proposed by Amburgey & Dacin (1994) and Harris & Ruefli (2000).

It is worth noting that strategies might be subject to change. In order to become aware of the fact that strategies need to change, it is necessary that organisations recognize deficits in performance through performance assessment. While the pure assessment of, e.g. decreasing revenues, does not necessarily lead to learning and changes in strategies, we have to account for organisational learning as ‘processes of detecting and correcting error’ (Argyris, 1977: 116). In this context, ‘learning’ should not be confused with ‘adaptation’ (for a more detailed discussion see Fiol & Lyles, 1985). While in a first step performance assessment might directly lead to ‘adaptation’ of structures, only through ‘learning’ a change in strategy might take place. Thus, assessing

organisational performance might constitute a trigger for learning processes. Organisations might or might not learn from their mistakes. Dodgson (1993: 377) argues that only those organisations are ‘learning organisations’, which purposefully design strategies and construct structures in order to enhance and maximize organisational learning. Preference for learning or perseverance of strategies can be identified with normative traits.

3) **Structure** of an organisation reveals action related information that conditions behaviour. Structure is the observable manifestation of strategic orientations and regulates information flows, decision-making and patterns of behaviour; i.e. the ‘internal allocation of tasks, decisions, rules, and procedures for appraisal and reward, selected for the best pursuit of [...] [a] strategy’ (Caves, 1980: 64). Level of hierarchy and control in an organisation can be identified in this domain. Structures develop due to the need to organise behaviour in a meaningful way and provide orientation for organisational members to set actions that comply with organisational strategy, organisational culture and, as a result, manifest themselves as accepted patterns of behaviour.

In line with Schein (1985), organisational structures and behaviour represent the observable manifestations (artefacts) of organisational strategies. Organisational structure and organisational behaviour are directly linked to each other as they both refer to artefacts. Thus, structures build the frame of reference for running organisational operations and guide or cushion behaviour of members of an organisation, which translate into certain ‘patterns of behaviour’ supported by organisational structures. At the same time, behaviour is also reversely linked to structures. Here we account for adjustment processes on the level of artefacts. Considering that organisations might need to change over time, it may become necessary to restructure certain or even all parts of an organisation to align organisational behaviour in a way to accomplish organisational tasks and comply with a pre-defined strategy. Thus, structures need to change if organisational behaviour does not lead to the expected performance (e.g. on the market) (Harris & Ruefli, 2000) identified through ‘performance assessment’.

4) **Operations:** Patterns of behaviour and performance unfold as observable manifestations of strategies, which are implemented through organisational structures. It makes an organisation’s existence observable.

So far, we defined a model of organisational culture that reflects internal domains and processes of an organisation, linking organisational culture, strategy, structure and operations systematically to each other. The model provides theory-driven insights into dynamic processes of an organisation, which allows mapping change processes between all domains, determined by well-defined processes.

Next, we have to consider that organisations are embedded into various contexts, which can generally be called the ‘external environment’. Recalling the models cited in the beginning of this article, in particular the model by Hatch & Cunliffe (2006), we recognize, that a differentiation between internal and external environment is reasonable in order to determine processes related to the organisation itself and those related to the outside world, e.g. society or market. Thus, we have to further extend the model and consider the external environment as part of a generic model of organisational culture.

### **5) Environmental relationships of organisational culture**

We define external environment as ‘all elements outside the boundary of the organisation’ (Daft, 2009) to which an organisation needs to adapt (Aldrich & Pfeffer, 1976). However, the

organisation can also have an impact on its environment. While the organisational environment can be viewed as ‘relatively fixed conditions’ (Gartner, 1985: 700), we opt for a rather dynamic approach, which can account for rapid changes in the environment as triggers for changes in organisations. As we aim at a generic model of organisational culture, we have to ensure that it is valid in different contexts, thus in various environments. Therefore, using solely either ‘the market’ or ‘the society’ as domains would (1) limit the model to these contexts and (2) would infringe on criteria three and four for generic models. In order to avoid overgeneralization and following Donnelly-Cox & O’Regan (1999) we identify two different and distinguishable external environments to which an organisation is fundamentally linked to: **legitimization environment and task environment** (Figure 4).

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**Legitimization environment** refers to all stakeholders of an organisation, as defined by Freeman (1984). Institutions and stakeholders (government agencies, shareholders, employees, suppliers, customers, etc) in a way or other legitimize the activities of organisations. We understand legitimacy as ‘a generalized perception or assumptions that the actions of an entity are desirable, proper or appropriate within some socially constructed system of norms, values beliefs and definitions’ (Suchman, 1995: 574). Child (1972) highlights that organisations do not only reflect their ‘members goals, motives or needs’, but are to some extent dependent on goals, motives and needs of the external environment. This does not exclude that different stakeholders may have conflicting interests. With reference to society, as a rather general idea of a legitimating stakeholder, we find the notion of ‘pressure’ of national culture on organisations (Sagiv & Schwartz, 2007, see also Parsons, 1960 and Meyer & Rowan, 1977). Within society, institutions legitimize strategies, which are in line with societal values and goals. Consequently, organisational culture has to reflect similar values as those held by stakeholders. On the other hand, since organisations specialize on fulfilling specific tasks within the society organisational culture in a way has to be different from national culture (Hofstede, 1993).

Based on these insights, into our model we insert a domain, which represents the ‘**legitimizing environment**’, and two processes that link this domain to organisational culture. ‘Pressure of legitimization’ indicates the influence of institutions on the organisation and ‘legitimization management’ indicates the response of the organisation, which may try to shape ‘societal beliefs’ by lobbying (Donnelly-Cox & O’Regan, 1999).

**Task environment** is what mostly likely could be associated with ‘the market’. However, we abstain from using the term ‘market’, as organisations may pursue different operations related to several markets or even activities that are only loosely linked to ‘markets’, e.g. voluntary support of elderly or handicapped people. Generally, organisations develop strategies to achieve certain tasks that are either profitable or, at least, constitute financial survivability. Thus, organisational structures need to account levels of performance (Child, 1972). For example, while non-profit organisations have to balance expenditures with revenues and donations, for-profit organisations intent to generate revenues that exceed their expenditures, thus create a profit/surplus. Operations are directed at the successful accomplishment of tasks, performed within a given organisational structure. From this we can conclude, that operations are directly linked to the task environment in two ways: by ‘action’ and by ‘market feedback’ as a response to organisational operations. As operations are strongly guided by structures, these structures influence the link between operations and task environment. The external environment does not have a direct impact on

organisational structures. A change in structures follows from internal activities, i.e. operations. Within the organisation, performance assessment can induce change of organisational structures, which perhaps is needed because the task environment does not respond sufficiently positively to the action of the organisation (Figure 4).

### **UNDERSTANDING TRAITS OF ORGANISATIONAL CULTURE**

The model in figure 4 consists of six domains, and each domain is the starting point or direct input of two directed processes. Thus, we have five upper level processes (forward linkages) and five lower level processes (feedback loops). The contrast between forward linkages and feedback loops allows us to construct for each pair of processes a bidirectional trait, which indicates whether the organisation gives more weight to the forward linkage or to the information in the feedback. Beginning from the left: 1) Either an organisation is more strongly bound to the compliance requests of societal institutions or it is rather capable to manage these requests and can pursue an autonomous strategy. 2) Either the value perceptions, ideas and knowledge of the owner (founder) and the managers drive the strategy of an organisation or the organisation gives more weight to information, which is supplied by staff in operations based on customer relations. 3) Either, the structure of the organisation is more rigidly driven by the ideas of the owner (founder) and the managers and sets tight and detailed rules of behaviour or it is driven by the staff's operational response and performance assessment in connection with market feedback. 4) In operations, either staff closely follows the rules set by organisational structure, or staff has flexibility to interpret rules and can deviate from 'normal' patterns of behaviour. 5) With respect to task environment, either the organisation follows its own ideas and perceptions or it closely seeks customer response and is open to new experience.

Based on this understanding we now can attempt to give a particular meaning to the 'dimensions of organisational culture', which we find in the seminal work of Hofstede et al. (1990), and Sagiv and Schwartz (2007). It is interesting to note that both research teams identified dimensions, which seemingly fit our model, but considered separately both models do not cover the whole range of traits we would need:

Again beginning from the left hand side of the model: Sagiv and Schwartz (2007) found three bipolar dimensions, which in our model would relate to organisational culture (Embeddedness vs. Autonomy), strategy (Harmony vs. Mastery) and structure (Hierarchy vs. Egalitarianism). By contrast, the six dimensions of Hofstede et al. (1990) relate to all other domains, but not embeddedness of an organisation into society. That is not really a surprise, because in their research this team aimed at identifying 'practices', which are different from national values. The Hofstede et al (1990) dimensions relate to strategy (Parochial vs. Professional), structure (Tight Control vs. Loose Control, and Job-Oriented vs. Employee-Oriented), operations (Normative vs. Pragmatic; Process-oriented vs. Results-oriented), and relationship to task environment (Open System vs. Closed System).

As an extension to these important findings, we also can refer to the famous strategy discussion between the 'Market-based view' represented by Michael Porter (1980, 1985) and the resource-based view expressed by J.B. Barney (1991) which clearly fits the dichotomy of the strategy domain in our model.

Finally, having studied personality traits as they are identified by the Big Five Model (Costa & McCrae 1992) and in MBTI (Myers 1962). Yolles and Fink (2009) conclude that these traits, or at least some items which are aggregated to form these traits, have a meaning in a model of the

normative personality of an organisation. Considering all that information, we derive a set of ‘traits of the normative personality of organisations’ (Table 1).

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***Dependency vs. Autonomy:*** An organisation may be more subject to strong pressure from the legitimization environment, while other organisations may act more autonomously. Thus, following Sagiv & Schwartz (2007), we may distinguish between more embedded or more autonomous organisations. As a consequence, we could expect that organisations, which score high on this dimension (i.e. strong dependency) share very similar values with the external environment and more strongly feel the ‘cultural pressure’. In contrast, due to intense ‘lobbying’ autonomous organisations have an impact on the legitimization environment.

***Opportunity and change seeking vs. Reliance on organisational resources:*** In terms of strategy, the market-based view (Porter, 1980, 1985) and the resource-based view (Barney, 1991) are the most prominent contrasting strategic perspectives. While a market-based orientation reflects a stronger emphasis on functional departments, e.g. finance, marketing, etc., the resource-based view implies strong emphasis on real performance ‘in the field’. Organisations following the resource-based view will more strongly rely on ‘market feedback’, ‘performance assessment’ and ‘single-loop learning’. From that perspective, it is necessary to identify and preserve unique resources within operations (tacit knowledge) to maintain competitive advantage. In contrast, organisations that follow the market-based view would emphasize ‘operationalisation’, patterns of behaviour’ and ‘action’ as in their view resources are mobile, substitutable and not rare.

***Strong hierarchy vs. Loose hierarchy:*** Organisations with a strong hierarchy have rigid rules that have to be followed. Organisations that score high on strong hierarchy can be considered of being less able to change quickly. They rely on strategies elaborated by top management (often under the influence of outside stakeholders as is the case in state agencies) and on stringent rules of behaviour. Organisations with ‘loose hierarchies’ are more flexible and less rely on written rules. As an example, with respect to level of formalization we can expect that state agencies or state owned enterprises differ severely from private organisations (Hooijberg & Choi, 2001).

***Rule obedience vs. Pragmatism:*** Referring to operations, we define organisations as high on ‘rule obedience’ if employees strictly follow the explicit rules (code of conduct) of the organisation, i.e. work only within the given structures and obligatory procedures. The other pole of the trait, ‘pragmatism’ is rather oriented towards the task environment, i.e. operations directly respond to the requirements of the task environment and do not necessarily have to conform to the internal system of rules and procedures.

***Extroversion vs. Introversion:*** This terminology is borrowed from personality theory and describes a personality that either prefers to openly interact with its task environment or not. Therefore, extroverted organisations strongly emphasize the interaction with their task environment, are open to new experiences and are ready to adopt new practices (Scott 1992). Organisations scoring high on ‘extraversion’ would emphasize ‘single-loop learning’, ‘action’, ‘market feedback’, and ‘performance assessment’. Thus, we would assume that organisational

culture might play less of a dominant role in formulating operations. Cultural pressure of the legitimizing environment is less intensive.

‘Introversion’ implies that organisations formulate operations based on their established cultural values, which depend strongly on the legitimization environment. Such organisations are less open to new experiences and trust in strategies, structures and operations that have been established in the past.

## EVALUATING THE GENERIC NATURE OF THE DEVELOPED MODEL OF ORGANISATIONAL CULTURE

In this part of the paper, we return to the five conditions that define generic models and provide insights into how and why the developed model of organisational culture can be classified as generic.

**(1) A generic model should be connected to widely recognized fundamental properties and processes of an object of attention:** We have built our model of an open organisational system on commonly known constructs and research findings. The model identifies culture, strategy, structure and operations as fundamental domains, which enable the proper illustration of organisational and cultural mechanisms and information flows between interrelated domains and links to the external environment.

**(2) A generic model should reduce complexity:** Our model reduces organisations to four domains (organisational culture, strategy, structure and operations, cf. Hatch & Cunliffe, 2006), but places these domains into a coherent set of knowledge flows. Thus, it reduces complexity to a meaningful extent without reducing the applicability to various contexts in different fields of research.

**(3) A generic model should provide a powerful and extensible construct for modelling that is able to respond to queries about problem situations:** The model, as presented above, can be used to illustrate dysfunctionalities of organisations, which would be reflected by extreme scores of the bidirectional normative personality traits. Dys functionality can be identified if a process of the model (a knowledge flow) is blocked or does not work properly (Beer & Eisenstat, 2000; Yolles, 2007).

**(4) A generic model should recognize epistemic distinctions like objects, events, boundaries, processes and the environment:** Compared to most models, e.g. those presented at the beginning of this paper, we aimed at making clear distinctions between organisational domains (objects and boundaries within an organisation), specified processes and the internal and the external environment. Events in the task environment or in the legitimizing environment can be triggers for specific internal processes. While performance assessment reflects the event of a decrease in sales, the event of a new regulation is felt as increasing compliance pressure on an organisation; both might lead to change in strategies and of structures, but through different channels within the organisation.

**(5) A generic model should be able to provide structured response to complex problem situations:** The model might serve as a diagnostic tool to identify specific problem situations. It provides a solid framework for analysis of a dysfunctional organisation, e.g. identifying the roots of employees’ resistance to implement cost saving strategies, etc.

## DISCUSSION

What are the benefits and the limitations of this model compared to other approaches to organisational culture?

The idea of developing a generic model of organisational culture derived from the desire to create a more holistic and dynamic model of organisational culture that contributes to cross-cultural and organisational research and combines dispersed classes of organisational and culture theory. That idea came up because we find plenty of research that assumes a shortcut, e.g. a direct impact of values on performance, what does not seem to be appropriate.

With reference to personality theory, we can integrate commonly known theories that receive widespread acceptance. We are aware of the fact that we could not refer to all theories and we clearly did not aim at discussing the full range of research findings of each field that we addressed. We rather selected prominent seminal work to integrate them into a model of organisational and cultural dynamics. Considering every research field in detail would clearly have gone beyond the scope of this paper. This is a limitation of the model. However, future efforts might show whether this model can easily integrate also other classes of organisation theory (if there are any) or other concepts of corporate culture. The model as such has been developed on a theoretical basis. Only findings of other studies were integrated into the model. Further steps should be to test the concepts of traits and to validate the significance of the processes of knowledge flows within different organisations.

What are the implications of the generic model of organisational culture for scholars, managers and other practitioners? Among the benefits of this model, we can argue that we achieved two important goals: (1) We developed a model, which consists of domains and processes that are clearly defined and can be replicated by recognized research findings. The generic model of organisational culture can be applied to different contexts. (2) While we focused on organisational culture, we imported concepts from different research disciplines, most notable personality theory, organisational theory, organisational behaviour, organisational learning, etc. Thus, we bridged a gap between research fields that are commonly not considered of being linked to each other.

With respect to managerial implications, we may recall the conditions for generic models, which provide a broad overview of the applicability of such models. Apart from that, since the generic model of organisational culture builds on existing research, its managerial implications should be comparable to those of Hofstede et al. (1990), Sagiv & Schwartz (2007), Homburg & Pflesser (2000), etc., but, we hope that the presented model allows for greater traceability, i.e. a better understanding for organisational culture dynamics and diagnostics, and will provide structured response to specific problems. Nevertheless, it is subject to future research to prove this claim.

The question of testing models is always a crucial issue. Since the development of the model has been theory-driven at this stage, we did not aim at testing it empirically. However, we can provide some recommendations for doing this. For example, it would be possible to refine dimensions for each domain in our model. Hofstede et al. (1990) and Sagiv & Schwartz (2007) are two prominent examples that provide such dimensions, which are strongly related to most of the domains in the generic model of organisational culture. In addition, items belonging to recognized personality traits and/or types might as well serve as good references to build new traits. In addition, the Competing Values Framework (Quinn 1988) might serve as a valuable source for developing appropriate items or normative traits.

Besides the use of quantitative research methods, it would also be possible to use the model to illustrate case studies, which refer to complex and context-dependent situations. It could be useful to apply the generic model of organisational culture as a framework for case studies referring to organisational dysfunctions in cross cultural mergers and acquisitions.

In view of the above, it would also be possible to develop typologies of organisations and organisational culture (cf. Cartwright & Cooper, 1993). Typologies can be created with reference to critical levels of scores of normative personality traits, e.g. state agencies are tightly regulated and, thus, more strongly embedded into its legitimization environment than private enterprises. Management of state agencies will be more engaged in legitimacy management (lobbying) than loosely regulated private firms.

### **SUMMARY**

The paper provides a new, dynamic and generic model of organisational culture. We characterize organisations by referring to four internal domains (organisational culture, strategy, structure and operations) and to the external environment by distinguishing between legitimization environment and task environment. We define ten unidirectional processes that constitute links between these domains. These links stand for knowledge flows or action taken. The importance assigned by the organisation to these knowledge flows or action can be characterized with help of five bidirectional traits of the normative personality: Dependency on others vs. Autonomy; Opportunity and change seeking vs. Reliance on organisational resources; Strong hierarchy vs. Loose hierarchy; Rule obedience vs. Pragmatism; Extroversion vs. Introversion.

We are convinced that with this model we have taken a first step towards gaining deeper insights into cultural dynamics in organisations. To conclude, we can give an answer to the rhetoric question put in the beginning: Schein, Hofstede et al. and Sagiv & Schwartz focused on different aspects of organisational culture, which need to be integrated into one coherent generic model of organisational culture. We believe to have developed that coherent model.

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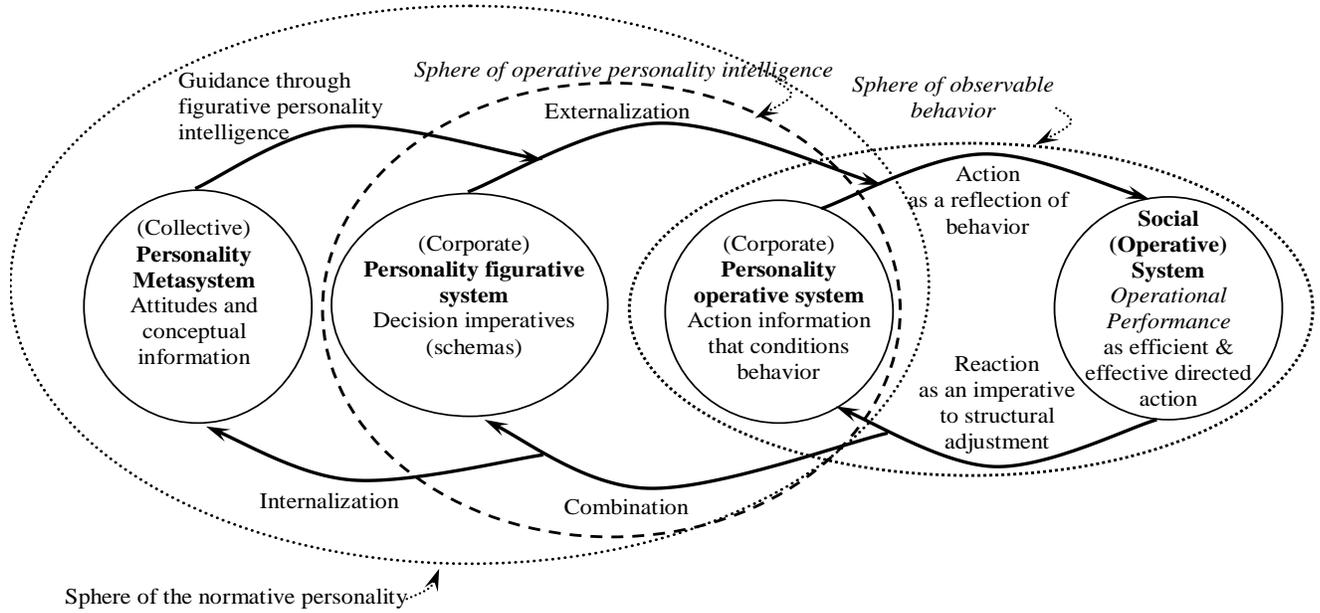
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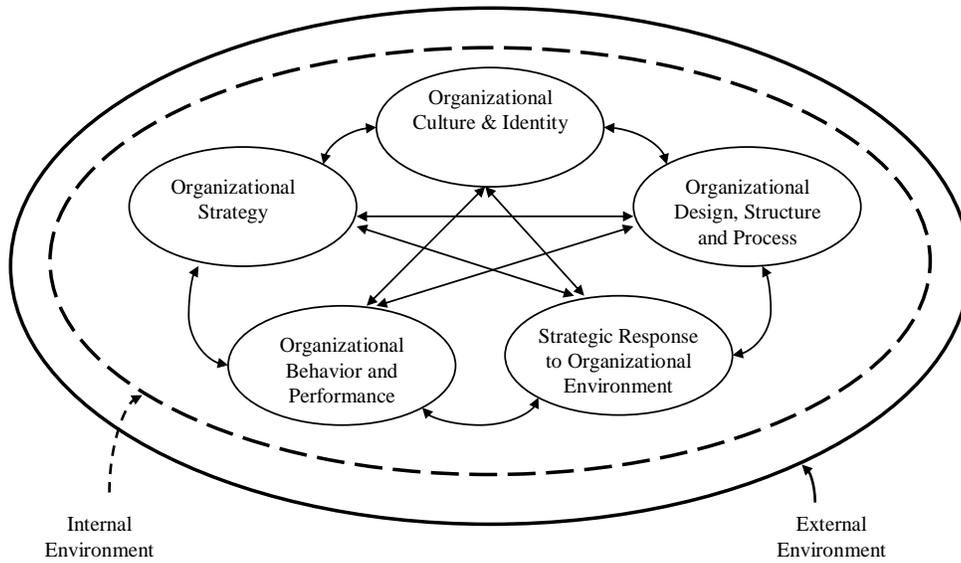
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# FIGURES & TABLES

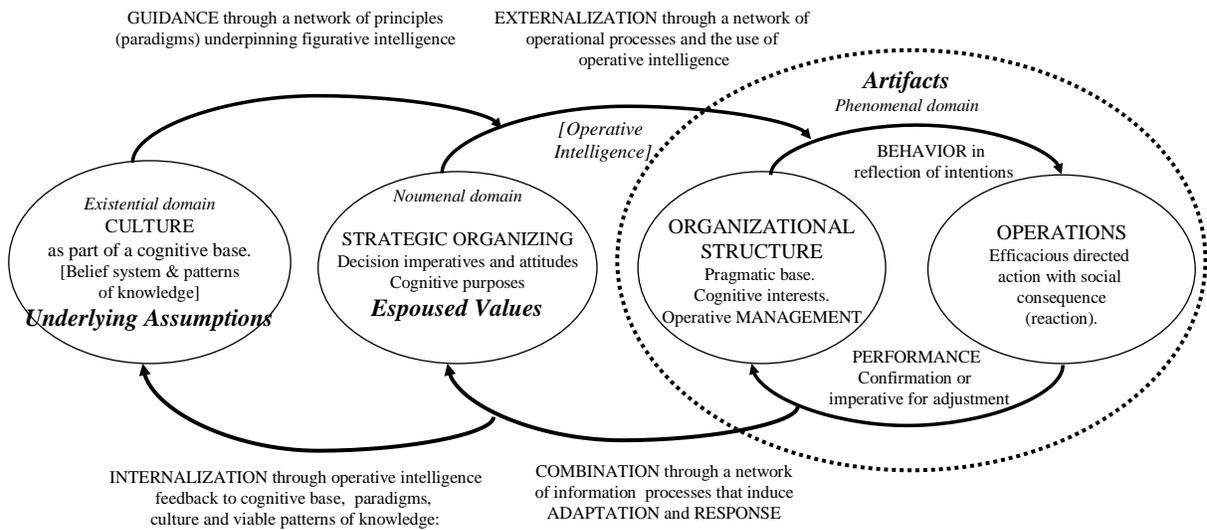
**Figure 1**  
**Normative Personality with Figurative and Operative Intelligence**



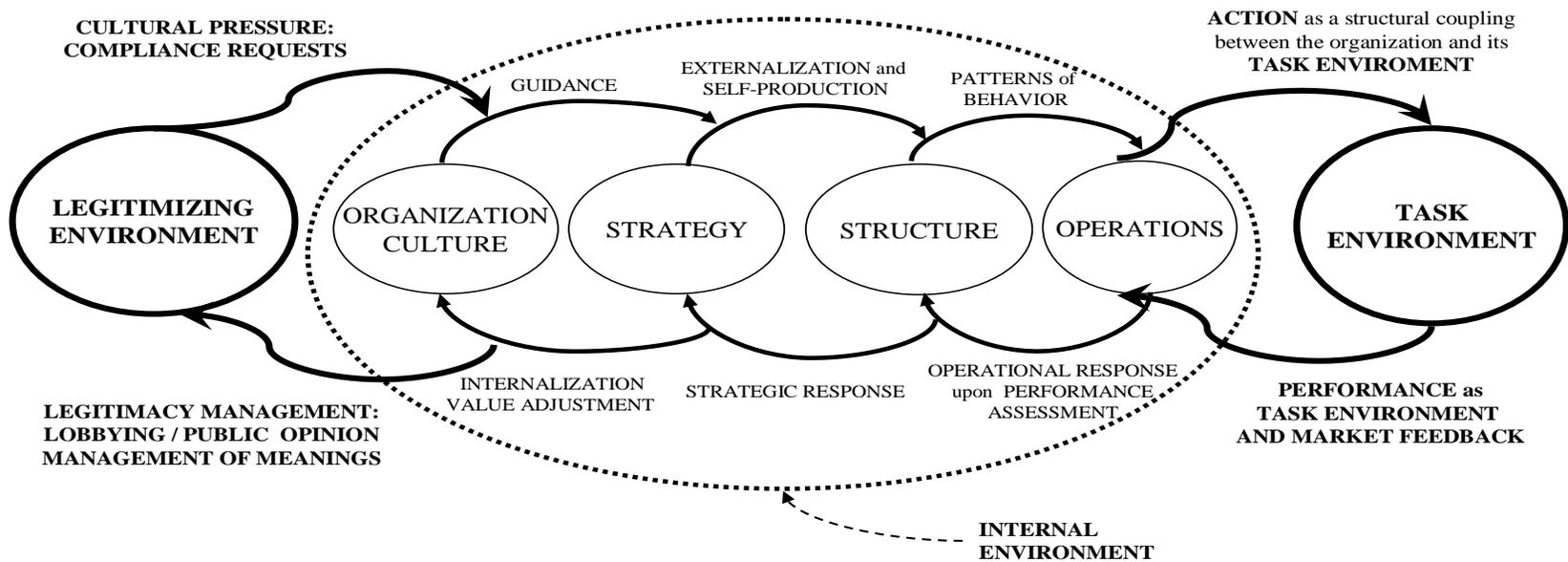
**Figure 2**  
**Classes of Organisation Theory According to Hatch & Cunliffe (2006)**



**Figure 3**  
**Integrating Hatch & Cunliffe's (2006) classes of organisation theory**  
**and Schein's (1993) model of organisational culture**



**Figure 4**  
**Generic Model of Organisational Culture Embedded into Internal and External Environment**



**Table 1**  
**Traits of the Normative Personality of an Organisation**

<b>Domains</b>	<b>Trait</b>	<b>Existing dimensions/traits/types/ classificational characteristics that relate to these traits</b>
Organisational Culture	Dependency on others vs. Autonomy	Embeddedness vs. Autonomy (Sagiv & Schwartz, 2007) Intuition vs. sensing (Myers, 1962)
Strategy	Opportunity and change seeking vs. Reliance on organisational resources	Parochial vs. Professional (Hofstede et al. 1990) Harmony vs. Mastery (Sagiv & Schwartz, 2007) Market-based view vs. resource-based view (Porter, 1980, 1985; Barney, 1991) Feeling vs. Thinking (Myers, 1962) Agreeableness (Costa & McCrae, 1992)
Structure	Strong hierarchy vs. Loose hierarchy	Tight Control vs. Loose Control (Hofstede et al. 1990) Hierarchy vs. Egalitarianism (Sagiv & Schwartz, 2007) Job-Oriented vs. Employee-Oriented (Hofstede et al. 1990) Conscientiousness (Costa & McCrae, 1992)
Operations	Rule obedience vs. Pragmatism	Normative vs. Pragmatic (Hofstede et al. 1990) Process-oriented vs. Results-oriented (Hofstede et al. 1990) Judging vs. Perceiving (Myers, 1962)
Relationship to external environment	Extroversion vs. Introversion	Open System vs. Closed System (Hofstede et al. 1990) Extraversion/Extroversion vs. Introversion (Myers, 1962; Costa & McCrae, 1992) Openness to new experiences (Costa & McCrae, 1992)