Organizational Climate and Culture

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Keywords

Abstract

Organizational climate and organizational culture theory and research are reviewed. The article is first framed with definitions of the constructs, and preliminary thoughts on their interrelationships are noted. Organizational climate is briefly defined as the meanings people attach to interrelated bundles of experiences they have at work. Organizational culture is briefly defined as the basic assumptions about the world and the values that guide life in organizations. A brief history of climate research is presented, followed by the major accomplishments in research on the topic with regard to levels issues, the foci of climate research, and studies of climate strength. A brief overview of the more recent study of organizational culture is then introduced, followed by samples of important thinking and research on the roles of leadership and national culture in understanding organizational culture and performance and culture as a moderator variable in research in organizational behavior. The final section of the article proposes an integration of climate and culture thinking and research and concludes with practical implications for the management of effective contemporary organizations. Throughout, recommendations are made for additional thinking and research.

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FRAMING THE REVIEW

Organizational climate and organizational culture are two alternative constructs for conceptualizing the way people experience and describe their work settings (including not only businesses but also schools and governments). These topics, representing a subset of research in organizational behavior and organizational psychology, have never been reviewed in the *Annual Review of Psychology*, although they received some mention as early as 1985 (Schneider 1985). Given this void, we provide a brief historical overview of thinking and research on each topic, update the central issues identified as characterizing these literatures, and provide preliminary thoughts on integrating them.

Organizational climate may be defined as the shared perceptions of and the meaning attached to the policies, practices, and procedures employees experience and the behaviors they observe getting rewarded and that are supported and expected (Ostroff et al. 2003, Schneider & Reichers 1983, Schneider et al. 2011). On the other hand, organizational culture may be defined as the shared basic assumptions, values, and beliefs that characterize a setting and are taught to newcomers as the proper way to think and feel, communicated by the myths and stories people tell about how the organization came to be the way it is as it solved problems associated with external adaptation and internal integration (Schein 2010, Trice & Beyer 1993, Zohar & Hofmann 2012). Until the past two decades or so there have also been significant differences in the methods used to study climate and culture, with the former having been characterized by employee surveys and the latter by qualitative case studies. A historical review of the climate and culture literatures, however, reveals that culture recently has been much more often studied using surveys, and the issues addressed can both overlap and be considerably different from the issues addressed via climate surveys (Schneider et al. 2011, Zohar & Hofmann 2012).

The relative research interest in the two constructs has also varied over the decades. The topic of organizational climate dominated the early research on the human organizational environment in the 1960s and 1970s, but it moved to the background as interest in organizational culture dominated the 1980s. However, through the 1990s another transition took place, and interest in organizational climate appears to have eclipsed the focus on organizational culture in more recent years. To illustrate this shift, we reviewed articles in three of the top empirical journals in industrial/organizational psychology (*Journal of Applied Psychology*, *Academy of Management Journal*, and *Personnel Psychology*) since the turn of the century (2000–2012). We counted articles that had as one of their primary variables organizational climate or organizational culture, focusing on those that

studied them as aggregate constructs (as opposed to individual perceptions, preferences, or beliefs). Our review revealed over 50 articles that studied organizational climate and fewer than 10 on organizational culture. Although our review was limited to three journals and there are certainly other outlets that do publish more on organizational culture, we think it is an accurate conclusion that there is currently more of a focus on organizational climate than organizational culture in the industrial/organizational psychology research literature.

In this review we describe climate and culture theory and research with a primary focus on the recent literature, albeit framed within the historical developments of both fields. In addition, we present ways in which organizational climate and culture complement each other and can be mutually useful in practice. The review unfolds as follows. We begin with some early thinking and research on organizational climate. Then we introduce the three major accomplishments over the recent past for climate research: (*a*) resolution of what has come to be called the levels-of-analysis issue; (*b*) the creation of various foci for climate research that has yielded increased understanding for what climate is, how to study it, and its potential practical usefulness; and (*c*) the recent research on climate strength. In the second major section of the review, we provide a brief overview of the construct of organizational culture before focusing on the four major themes we see in recent organizational culture research: (*a*) leadership, (*b*) national culture, (*c*) organizational effectiveness, and (*d*) organizational culture as a moderator variable. In the final section, we explore ways in which climate and culture thinking and research can complement each other both conceptually and practically.

ORGANIZATIONAL CLIMATE

Serious quantitative research on organizational climate began around 1970 (see the historical overview in Schneider et al. 2011). Early research on organizational climate was characterized by little agreement on the definition of

it, almost no conceptual orientation to the early measures designed to assess it, and paradoxically an almost complete ignoring of the term "organizational." Thus, early climate research (say through the early 1980s) followed a more traditional individual differences methodology that was characteristic of the industrial psychology of the time. As the field of organizational culture began to explode in the early 1980s (following Pettigrew's introduction of it to organizational studies in 1979), organizational climate faded to the background (at least for a time) as it struggled with the levels-of-analysis issue. To some degree, the rise in interest in organizational culture in the 1980s could be attributed to the fact that it seemed to capture the richness of the organizational environment in ways that climate research had not. As Pettigrew (1990, p. 416) observed, "[There is] the impression that climate studies have been boxed in by the appearance in the nest of this rather overnourished, noisy, and enigmatic cuckoo called organizational culture. This pressure from an interloper may, however, be energizing climate researchers to rethink the role of climate studies." Pettigrew was prescient in his depiction of climate research, given that the renewed interest in the topic yielded significant progress in conceptual thinking and research methodologies (Kuenzi & Schminke 2009).

The Levels-of-Analysis Issue

Although early organizational and management writings about climate and climate-like constructs (e.g., Argyris 1957, Lewin et al. 1939) focused on aggregates and not individuals, the early quantitative research on climate that proliferated in the late 1960s and early 1970s was done by individual-differences-oriented industrial psychologists (e.g., Schneider & Bartlett 1968) and thus tended to focus on the individual level of analysis. Grappling with this issue was a major focus of researchers throughout the 1970s, with some resolution emerging in the 1980s. In brief, the issue was whether climate is an individual experience construct and/or a unit/organizational attribute. In other

words, there was confusion between the level of the theory and the level of data and analysis. Glick (1985) succinctly argued that unless (*a*) climate survey items assessed organizational functioning, (*b*) the data were aggregated to the organizational level of analysis, and (*c*) the climate measurement was focused on important organizational outcomes (more on this later), then climate research was not different from other individual-level attitudinal research. The clarification of climate as an attribute of the group or organization was an important step for climate research, although some researchers do continue to study climate at the individual level. However, such research on psychological climate (e.g., James et al. 2008) is not relevant for the present review, which is concerned with organizational climate.

Recent writings by Bliese (2000), Chan (1998), Klein & Kozlowski (2000), and LeBreton & Senter (2008) indicate that research on climate is best characterized as a referent-shift consensus model (Chan 1998). The referent-shift model uses survey items that refer to attributes of the unit/organization rather than individuals' own perspectives. Referent-shift consensus items are conceptually appropriate because they refer to the level to which individual responses will be aggregated, and they tend to yield improved consensus when aggregated (LeBreton & Senter 2008).

Consensus implies that perceptions are shared. Assessments of "sharedness" have focused on interrater agreement and/or interrater reliability. Interrater agreement addresses the extent to which raters provide similar absolute ratings of climate such that their ratings are interchangeable. The most common measure of this form of agreement in climate research is $r_{WG(J)}$ (James et al. 1984), although other alternatives such as the average deviation index (Burke et al. 1999) and a_{WG} (Brown & Hauenstein 2005), have been proposed. Commonly accepted standards for legitimizing aggregation based on agreement are typically 0.70 or higher, although the usefulness of a broadly applied cutoff has been recently questioned (see LeBreton & Senter 2008).

Interrater reliability addresses the extent to which the rank ordering of the ratings is consistent across people within units. Climate researchers typically report ICC(1), a ratio of between-unit variance to total variance (like analysis of variance, or ANOVA; Bliese 2000), and as such technically a measure of both interrater reliability and interrater agreement (LeBreton & Senter 2008). Although no firm cutoffs exist for ICC(1), James (1982) reported a median value of 0.12 among the studies in his early review, and LeBreton & Senter (2008) suggested that values of 0.01, 0.10, and 0.25 might be considered small, medium, and large effects, respectively. It is also common for researchers to report ICC(2) [sometimes also referred to as ICC(K); LeBreton & Senter 2008]. ICC(2) is an index of the reliability of group means and is related to ICC(1) as a function of group size (Bliese 2000), and ICC(2) values are commonly interpreted in line with other measures of reliability, with 0.70 or higher deemed adequate (Bliese 2000, LeBreton & Senter 2008). Values that high are obviously quite challenging to achieve with smaller group sizes (e.g., 5–6 individuals per group).

In sum, it is common practice for climate researchers to include a measure of interrater agreement as well as both within- and between-group interrater reliability to support aggregation of individual perceptions to unit and/or organizational levels of analysis. Furthermore, we emphasize that a key to such agreement and reliability evidence is the appropriate wording of climate survey items such that they represent the level of analysis to which individual perception data will be aggregated.

A very recent levels issue that has emerged in climate research concerns the study of climate across multiple levels of analysis. Over the years, studies of "organizational" climate have most frequently been studies of organizational subunits and rarely if ever of organizations themselves, much less of multiple levels of analysis. In their recent research on safety climate, Zohar & Luria (2005) demonstrated a significant main effect on safety behavior both for organizations and for subunits (groups) nested

within organizations. In addition, they showed that subunit safety climate mediated the effects of organizational safety climate on employee safety behavior. As Zohar & Hofmann (2012) note, this means that employees in organizations are able to distinguish what happens in their subunits from the larger organizational focus on safety, but that subunits within a company have more agreement in their safety climate perceptions than they have with people in the subunits of other companies. In short, levels issues are somewhat complex to conceptualize because they exist simultaneously within and between organizations, but it appears that the main effects at both levels have meaning for the people in them and their behavior.

The Focus of Organizational Climate Theory, Research, and Practice

A second major accomplishment of research on organizational climate is the development of research on focused climates. By focus we mean that early climate research might be characterized as having little focus on anything besides what might be called a climate for well-being, with a strong focus on leadership and supervisory style (Schneider et al. 2011). Industrial psychologists developed early measures of climate that had between 6 and 10 dimensions, but the dimensions chosen for study seemed to cover a variety of territories that emerged from a variety of researchers. Given this molar conceptual and measurement approach to climate, validity studies using such measures produced highly variable results at best because the generic nature of the climate measured was not useful for the prediction of specific outcomes.

Schneider (1975) recognized this issue and proposed that the bandwidth and focus of climate measures should match the bandwidth and focus of the outcome to be predicted. Adopting the personnel selection tactic of first identifying the outcome of interest, he suggested that climate measures follow suit. To clarify the distinction between molar climate and focused climate, here is what might have been a typical generic climate item followed by

the strategically focused version of the item: "My supervisor says a good word whenever he sees a job well done" versus "My supervisor says a good word whenever he sees a job done according to the safety rules" (Zohar 2000).

The two most prevalent examples of research on climates with a specific strategic focus are in the literatures on climate for customer service and climate for safety. One of the strongest tests of the outcomes of service climate was conducted by Schneider et al. (2009), who used longitudinal data at the organization level of analysis to show that companies with higher levels of service climate had higher customer satisfaction and subsequently superior financial performance. That study replicated many similar studies on the relationship between service climate and customer satisfaction. Indeed, the service climate literature now includes studies of both antecedents and consequences of it as well as studies of potential moderators. For example, Schneider et al. (2005) found that unit-level customer-oriented citizenship behavior was a mediator of service climate's effects on department-level customer satisfaction and sales. That study also showed that service leadership was an important antecedent of service climate. Indeed, our review showed that leadership has become an important antecedent theme in the service climate literature. For instance, research reveals that both transformational leadership (Liao & Chuang 2007) and servant leadership (Walumbwa et al. 2010) are significant predictors of service climate. Other research has shown that the leader's personal characteristics are also important to consider, such that a manager's service orientation was shown to fully mediate the relationship between their core-self-evaluations and the service climate of their department (Salvaggio et al. 2007). In addition to leadership, other antecedents that have been shown to predict service climate include organizational resources and unit-level engagement (Salanova et al. 2005) as well as high performance work practices (Chuang & Liao 2010). Finally, in terms of moderators of the climate-outcome relationship, Dietz et al. (2004) showed that

service climate had stronger effects when customer contact was higher, and Mayer et al. (2009a) replicated that finding, also showing that the effects of service climate were stronger when the product was more intangible and when service employee interdependence was higher.

The literature on safety climate has touched on many of the same general themes as the service climate literature, including consistent validation of the construct. Thus, meta-analytic evidence supports the consistent relationship between safety climate and accidents (Christian et al. 2009, Clarke 2006), although Beus et al. (2010b) suggested that there may be reciprocal effects between safety climate and accidents, such that increased levels of accidents influence the shared perceptions of the unit's (poor) climate for safety. A safety climate is not only related to accidents but also the reporting of those accidents, such that underreporting is significantly higher in organizations with poor safety climates (Probst et al. 2008). The antecedents of safety climate have included general transformational leadership (Zohar & Tenne-Gazit 2008), safety-specific transformational leadership (Barling et al. 2002), the safety climate of higher organizational levels (Zohar & Luria 2005), and both management-employee relations and organizational support (Wallace et al. 2006). In terms of outcomes of safety climate, recent research by Neal & Griffin (2006) used longitudinal data to demonstrate how safety climate influences individual-level safety motivation and safety behavior, which in the aggregate predicts accident rates in the work unit. Finally, there is also evidence for moderators of the outcomes of safety climate. For instance, Hofmann & Mark (2006) showed in a sample of nurses that safety climate had a stronger influence on decreasing back injuries and medication errors when complexity of the patient's condition was high.

In addition to studying specific focused climates for tangible outcomes, scholars have studied climates for various organizational processes. In this research, the measurement of climate targets the organizational process of

interest rather than the strategic outcome of interest. Some of the earliest work on process climates focused on procedural justice climate (e.g., Naumann & Bennett 2000). Recent research in that area has demonstrated that procedural justice climate could be predicted by team size and team collectivism (Colquitt et al. 2002), servant leadership (Ehrhart 2004, Walumbwa et al. 2010), and leader personality (Mayer et al. 2007). In addition, procedural justice climate is related to unit-level outcomes such as turnover and customer satisfaction (Simons & Roberson 2003), team performance and absenteeism (Colquitt et al. 2002), and unit-level citizenship behavior (Ehrhart 2004), as well as individual-level attitudes and citizenship behavior (Liao & Rupp 2005, Naumann & Bennett 2000, Walumbwa et al. 2010). Moreover, the cross-level effects of justice climate are moderated by both individual (justice orientation; Liao & Rupp 2005) and structural attributes (group power distance; Yang et al. 2007).

Interest has recently increased in another process climate: diversity climate. Several recent examples are notable. For instance, McKay et al. (2008) showed that gaps in performance between racial/ethnic groups were significantly smaller when the organization was more supportive of diversity. Pugh et al. (2008) found that workforce racial diversity was more strongly related to diversity climate when the community in which the organizational unit is based is less diverse. McKay et al. (2009) found that unit sales improvements were most positive when managers and subordinates both reported that their organization had a supportive diversity climate. Finally, Gonzalez & DeNisi (2009) showed that racial/ethnic diversity was positively related to organizational performance when diversity climate was positive.

Other examples of process climates that have been the focus of recent research include ethical climate (Martin & Cullen 2006, Mayer et al. 2009b, Schminke et al. 2005), empowerment climate (Chen et al. 2007, Seibert et al. 2004), voice climate (Morrison et al. 2011), and climate for initiative (Baer & Frese 2003, Michaelis et al. 2010). Indeed, it is reasonable

to suggest that any and all organizational processes might be usefully studied and understood through a climate lens. For example, one might conceptualize in climate terms such diverse organizational processes as organizational change (Weick & Quinn 1999), performance appraisal (Rynes et al. 2005), work motivation (Latham & Pinder 2005), and trust in organizations (Kramer 1999). The study of these from a climate perspective could yield new insights into the sets of contextual process variables that are their correlates and perhaps their antecedents.

In sum, the change to a strategic outcome and process focus for climate research has significantly improved not only the validity of climate research but also the understanding of the contexts that likely yield these focused climates. As such, the development of this more focused approach has resulted in the climate construct being more available to practitioners because it literally has focused on important organizational processes and outcomes and has indicated specific practices and behaviors that might serve as interventions in organizations to enhance performance in those areas (Burke 2011).

One topic that has yet to receive much research attention, however, is the issue of the link between process and outcome climates. Schneider et al. (2011) have proposed that process climates might be conceptualized as a foundation for outcome climates. That is, when workers perceive that their organization is concerned about their well-being through its emphasis on fairness, diversity, ethics, trust, and so forth, they are more amenable to the efforts of management to focus on strategic outcomes of value to the organization. Schneider et al. (1998) and Wallace et al. (2006) have provided empirical support for the idea that climates focused on specific outcomes require that the foundations on which they are built (foundational climates) be in place for the strategic climates to have an opportunity to emerge. Recent research by Schulte et al. (2009) supports this general premise by showing that it is the configuration of employee-supportive elements and strategy-focused elements (in their case, the focus on service) that matters most for

relevant strategic outcomes (such as financial performance and customer satisfaction). Furthermore, their results suggest that there may be a threshold of climate for well-being that is needed to build a strategic climate and that a moderate climate for well-being may suffice. Along similar lines, McKay et al. (2011) found support in a sample of retail stores for a three-way interaction between diversity climate, service climate, and minority representation in the stores to predict customer satisfaction; the graphs of this interaction indicated that customer satisfaction was generally highest when both diversity climate and service climate levels were high. More research along these lines that conceptually integrates focused climates and molar climates and that simultaneously studies multiple focused climates is needed.

On Climate Strength

In a prior section on levels issues we addressed the variety of techniques researchers employ to defend aggregation of individual perceptions to yield a score representative of the larger unit of analysis of interest. Researchers have more recently raised the following interesting question: What are the implications of observing variability in consensus within the units or organizations being studied? This is a question about the relative strength of the climate across settings and the impact that differences in climate strength may have. The fundamental idea behind climate strength is not new, being related to the concept of situational strength (Mischel 1976), a construct that has received renewed interest in recent years by Meyer, Dalal, and colleagues (Meyer & Dalal 2009; Meyer et al. 2009, 2010). As Zohar (2000; Zohar & Luria 2005) has noted, a weak climate can result when policies and procedures are inconsistent and/or when the practices that emerge from policies and procedures reveal inconsistencies.

Research on climate strength has focused on molar/generic climate (e.g., González-Romá et al. 2002, Lindell & Brandt 2000) as well as a number of focused climates, including procedural justice climate (e.g., Colquitt et al. 2002), service climate (e.g., Schneider et al. 2002), and

safety climate (e.g., Zohar & Luria 2004, 2005). The usual model guiding such work is that climate strength will moderate the relationship between the climate and outcomes of interest such that the relationship will be stronger when climate strength is high. On a conceptual level, this interaction is expected because the more consistent the experiences of employees, the more likely employees are to behave consistently as a collective such that there should be more positive outcomes on the positive end and more negative outcomes on the low end. On a measurement level, high consensus (low variability within units) provides for a more reliable mean, and with a more reliable mean there should be greater validity in conceptually relevant relationship with outcomes. Recent research has provided some promising evidence in support of the moderating effect of strength on the relationship between climate level and outcomes (Colquitt et al. 2002, González-Romá et al. 2002, Schneider et al. 2002). An interesting corollary finding from the Schneider et al. (2002) article was that the less consensus there was among employees in bank branches (the weaker the service climate was), the higher was the variance in branch customer perceptions of the service quality they received.

But not all studies reveal a significant moderator effect for climate strength in predicting outcomes (Dawson et al. 2008, Lindell & Brandt 2000, Rafferty & Jimmieson 2010, Schneider et al. 2002, Sowinski et al. 2008, Zohar & Luria 2004). We must be tentative in offering an explanation for this inconsistency in findings, but we propose that a likely crucial issue presents an interesting paradox as follows: Climate researchers spent decades attempting to write items for climate surveys such that the consensus indicators discussed earlier would be high, legitimating aggregation. But in order to have a moderator there must be significant variability across units in consensus; if consensus is uniformly high, then climate strength will not serve as a moderator. Indeed, several of the studies that did not find support for strength as a moderator seem to have had quite low variability in the level of agreement across units (e.g.,

Dawson et al. 2008, Sowinski et al. 2008, Zohar & Luria 2004).

More research on the conditions under which climate strength will function as hypothesized is clearly required, but there is beginning to be some evidence on the conditions most likely to elicit strong versus weak climates.

For example, climates have been found to be stronger when units are smaller and less diverse (Colquitt et al. 2002), when within-unit social interaction is high (González-Romá et al. 2002), when the unit's communication network is more dense (Zohar & Tenne-Gazit 2008), when units are more interdependent and have higher group identification (Roberson 2006), when units are more cohesive (Luria 2008), and when average unit tenure is higher (Beus et al. 2010a). The most commonly studied antecedent of climate strength has been leadership, with research showing that units have stronger climates when leaders are described as providing more information (González-Romá et al. 2002), being more straightforward and having less variable behavior patterns (Zohar & Luria 2004), and being more transformational (Luria 2008, Zohar & Luria 2004, Zohar & Tenne-Gazit 2008). In sum, when work units interact more, communicate more, and are more interdependent, and when leaders communicate more and share a clear strategic vision for the work, then the climate in those units will be stronger.

Although progress has been made in research on climate strength, there are still questions that need to be answered. Nevertheless, from a practical vantage point, what we can conclude is that a positive and strong climate is usually superior to a weak climate and for sure is superior to a negative climate, so the implications for practice are clear: In order to maximize the likelihood of achieving the organization's process and outcome performance goals, it is essential to consistently and forcefully promote a positive focused climate.

Climate Summary

A half century of thinking and research has produced a significant literature on organizational

climate. Perhaps the major outcome of this area of research for psychology has been the acceptance of a level of theory and data other than the individual as relevant and important in organizational psychological research and practice. Thus, the resolution of the level-of-analysis issue has been central to positioning organizational climate as an integral and integrating conceptual force in the larger world of organizational psychology and organizational behavior. Testament to this enlarged role for the construct is *The Oxford Handbook of Organizational Climate and Culture* (Schneider & Barbera 2013), in which the research and practice related to the major topics in organizational psychology are approached from climate (and culture) perspectives. More specifically, the handbook chapters reveal ways in which climate and culture are both influenced by and have influence on more fundamental organizational psychology issues, from personnel selection to organizational change.

Particularly for the world of practice, the emphasis on focused climates (e.g., climates for service, safety, justice, ethics) that currently exists has revealed insight into organizational processes and the various climates they produce for people as well as robust evidence for the validity of climate perceptions for understanding and predicting important specific organizational outcomes such as accidents and customer satisfaction. Although this specific focus for climate research has improved the prediction and understanding of specific outcomes, issues about the variability in the prediction of more global measures of organizational effectiveness based on climate measures have not received much attention. In an exception, Kuenzi (2008) showed that molar climate can in fact be useful in understanding global performance when conceptualized and studied through the competing values framework (Quinn & Rohrbaugh 1983, Weick & Quinn 1999). More research of this sort, utilizing a common framework and measure across various global performance outcomes, is needed.

We emphasize that organizations do not have a singular climate but rather multiple simultaneous climates of both the process and strategic outcome sort. Although this may be obvious, it is also true that there has been very little theory and research on the issue of multiple climates (Zohar & Hofmann 2012). Theory and research on such possible additive and interactive effects from multiple climates would be useful, especially when such multiple climates include both process and outcome foci for climate as well as molar climates.

ORGANIZATIONAL CULTURE

The review of the organizational culture construct and research on it traces a different path from that for organizational climate. This is true basically because there were few level-of-analysis issues to deal with in the organizational culture world. Emerging from a conceptual and methodological base in anthropology, the collective was the natural unit of theory and analysis, with individual differences an irrelevant idea. Instead, while the climate literature in the 1980s struggled with the levels issues, the culture literature of the same era somewhat paradoxically struggled with success in the world of management consulting. That is, culture very quickly became the darling of the management consulting world, with books such as *In Search of Excellence* (Peters & Waterman 1982) and *Corporate Culture: The Rites and Rituals of Organizational Life* (Deal & Kennedy 1982) attracting headlines. From an academic standpoint, this presented some issues because academics were not quite sure about what culture was and what it represented—and even whether it was appropriate to try to link organizational culture with the financial success of corporations (Siehl & Martin 1990).

A Brief Overview of the Organizational Culture Construct and Research Methods

Although the construct of culture itself has a long history in anthropology, and the term had been used in earlier writings on organizations (Alvesson & Berg 1992, Trice & Beyer 1993),

what Pettigrew (1979) did in introducing the topic to organizational studies was to legitimize the concept in all of its potential richness. He did this by showing how the concepts of beliefs, ideology, language, ritual, and myth could be applied to the study of organizations (Alvesson & Berg 1992), as complex as that obviously would be. This complexity scared neither culture scholars nor practitioners, the former group feeling liberated by the ambiguity the definition(s) presented, permitting them to explore culture as they saw fit, and the latter group identifying with the ambiguity as a realistic picture of the world in which they functioned.

At a more macro conceptual level, the best way to distinguish definitional (and methodological) approaches to culture is by a focus on culture as something an organization has versus something an organization is (Smircich 1983). From the "organizations have cultures" perspective, researchers are concerned with the ways in which organizations differ and are usually pragmatic in terms of their focus on organizational effectiveness and organizational change (Alvesson 2002, Weick & Quinn 1999). The research approach from this perspective is typically comparative—to explore those attributes of organizations that differentiate the more effective from the less effective (e.g., Sackmann 2011)—which explains why survey approaches have dominated research on culture from this perspective. In contrast, from the "organizations are cultures" perspective, the researcher's goal is description and understanding, including how organizational members develop meaning and come to share the very basic assumptions—the root metaphors (Smircich 1983)—that guide the way they as the organization function. The research approach here tends to be inductive (Ashkanasy et al. 2000a), using a native-view paradigm (Gregory 1983, Louis 1990) to report how insiders experience their organizations (e.g., an emic perspective). From a methodological standpoint, researchers from this perspective almost exclusively use qualitative methods in their research, as those permit the identification of the unique manifestations of culture in settings and permit the identification of ambiguity in "the" culture as an attribute of a setting.

Simply stated, there is not agreement on what culture is nor how it should be studied, but the issues have been somewhat clarified. For every definition of what culture is, there is an important contrary view. For example, in most definitions of culture the idea that it is shared is present. Yet one of the most widely influential perspectives on culture, by Martin (1992, 2002), indicates that this integrationist idea about culture is but one of three perspectives, the other two being a fragmented view and a differentiated view. The integrationist view is that organizations are or have one culture shared by all; conflict and ambiguity and differences are ignored and, if mentioned, are seen as something to fix or an aberration. The fragmented perspective focuses on ambiguity; it forcefully denies the necessity for sharedness, arguing that it is unlikely that people in an organization at different levels and in different positions/occupations—and with different personalities—would have the same experiences and attach the same meaning to the organization and what it values. The differentiation perspective is a compromise position. It notes that people occupy subcultures in organizations (by function, by occupation, by gender, and so forth) and thus may have different experiences and may even attach different meaning to the same events. Martin (2002) has recently advocated for a three-perspective theory of culture, in which all three perspectives are applied simultaneously. Building on our discussions of both climate and culture thus far, it may be useful to think of the three perspectives as addressing the general culture (integration), subcultures (differentiation), and culture strength (fragmentation) in organizations at the same time. Along these lines, Yammarino & Dansereau (2011) identify a series of climate and culture studies in which levels-of-analysis issues, especially multilevel issues, are present and discuss the ways in which these issues may be simultaneously studied.

In organizational culture research, the issue of levels has typically concerned the extent to

which the facets of culture are more or less easily observable. These different levels have been conceptualized in a variety of similar ways, but the most commonly referred to framework on the levels of culture is Schein's (2010). He proposed three levels of organizational culture: artifacts, espoused beliefs and values, and underlying assumptions. Artifacts represent the outer layer of culture and include rituals, language, myths, dress, and the organization of space. They are the most readily accessible to outsiders but also the most ambiguous in terms of the underlying meaning they may represent. Thus, although many artifacts may look the same across organizations, the meaning(s) ascribed to them may be quite different. Schein's next level of culture is espoused values, or the values that are reported by management as core to the organization but that may or may not reflect the reality in the organization for members. Schein's third level concerns what he (and others) term the underlying assumptions of organizational life. These indicate why organizational members go about their day-to-day work lives as they do, and they are frequently so ingrained that they cannot necessarily be easily articulated, requiring in-depth interviewing to illuminate them.

Recent Themes in Organizational Culture Research

In this section, we attempt to summarize the recent empirical literature on organizational culture. We do not provide an exhaustive review, but instead identify key themes and exemplars in the literature of each. The themes we focus on are (*a*) leadership, (*b*) national culture, (*c*) organizational effectiveness, and (*d*) organizational culture as a moderator variable.

One theme we do not include is research on person-organization fit. The main idea of person-organization fit involves the extent to which there is an alignment between an individual's values and the values (or culture) of their current or potential organization. Although culture is central to this literature, the focus is on the consequences of fit for individ-

uals, their subjective fit perceptions, or their preferences for an organization's culture (for a review, see Ostroff & Judge 2007). Given our focus on aggregate perceptions of organizational culture, we do not review these studies (although we do note there are exceptions that do include aggregate indicators of organization culture, such as recent research by Anderson et al. 2008).

Leadership and organizational culture. The most commonly discussed source for the organization's assumptions and values is the founder of the organization and his/her leadership. Schein's (2010, p. 236) culture-embedding mechanisms describe what leaders do to articulate their values (primary mechanisms) and reinforce them (secondary mechanisms):

Primary embedding mechanisms

What leaders pay attention to, measure, and control on a regular basis
How leaders react to critical incidents and organizational crises
How leaders allocate resources
Deliberate role modeling, teaching, and coaching
How leaders allocate rewards and status
How leaders recruit, select, promote, and excommunicate

Secondary embedding mechanisms

Organizational design and structure
Organizational systems and procedures
Rites and rituals of the organization
Design of physical space, facades, and buildings
Stories about important events and people
Formal statements of organizational philosophy, creeds, and charters

Schein argues that these cultural embedding mechanisms have an impact on culture to the extent that they are found to be useful by the organization in coping with the world in which it functions. In other words, what determines whether certain behaviors and values espoused by management ultimately become assumptions is whether those behaviors and values lead to success.

Although the theoretical literature on organizational culture is replete with discussions of the influence the founder and upper management have on an organization's culture, empirical studies of that relationship are hard to find. Nevertheless, we highlight three recent studies here that provide some insight into the role of leaders in organizational culture. Berson et al. (2008) examined the relationship between CEO values, organizational culture, and firm performance in a sample of 26 Israeli companies. Supporting their three primary hypotheses, they found that the CEO value of self-direction was positively associated with an innovative culture, security value was positively related to a bureaucratic culture, and benevolence value was positively associated with a supportive culture. In addition, these culture dimensions were subsequently related to several indices of organizational performance (including sales growth and efficiency).

The other two studies we highlight focused on leader behavior (not leader values). Ogbonna & Harris (2000) examined the extent to which the effects of three styles of leadership (supportive, participative, and instrumental) on organizational performance were mediated by organizational culture. They found partial support for culture as a mediator, with some leader behaviors having direct effects on performance. Finally, Tsui et al. (2006b) focused on the extent to which strength (consistency) of leadership was associated with the strength of the culture. Although they generally found that strength of leadership and strength of culture were related, they also identified exceptions to that relationship and clarified the reasons for the exceptions in follow-up interviews. Those interviews revealed that some leaders are able to build a strong culture through institution-building behaviors (working in the background to build strong organizational systems) rather than performance-building behaviors (showing energy and articulating a vision). More research clarifying how leaders influence culture is needed, especially research focusing on the effects of Schein's (2010) culture-embedding behaviors.

National culture and organizational culture. Multiple recent studies focus on the relationship between organizational culture and organizational effectiveness in different countries (e.g., Fey & Denison 2003, Lee & Yu 2004, Xenikou & Simosi 2006) or the measurement of organizational culture in countries outside the United States (e.g., Lamond 2003, Tsui et al. 2006a), but the primary theoretical issue of interest when it comes to national culture is the extent to which it shapes the cultures of the organizations within it. This issue has been of interest to researchers since the influential work of Hofstede (1980). In general, the results show that when national culture is correlated with the organizational culture of companies within them, a significant main effect invariably is found (Gelfand et al. 2007). The most thorough test of this relationship in recent years has been provided by the Global Leadership and Organizational Behavior Effectiveness (GLOBE) project (House et al. 2004), which collected data on societal culture, organizational culture, and leadership from over 17,000 people representing 62 societal cultures and 951 organizations. Brodbeck et al. (2004) used a subsample of that database with adequate representation within organizations and across countries and industries and showed that culture explained between 21% and 47% of the variance (with an average of 32.7%) across their nine organizational culture practice dimensions. In addition, they found that societal culture had much stronger effects than either industry or the society-by-industry interaction.

Two important points should be made in the light of this finding. First, national culture has an impact on organizational culture. Second, the impact leaves considerable variability in the organizational culture profiles possible; national culture is influential but not determinant. Indeed, Sagiv et al. (2011) report that within organizations and nations there is also significant variability in individual values. From this review, it is possible to provide some potential resolution of the theoretical issue with regard to the integrationist versus the differentiated culture, and it is in agreement with

Martin's (2002, p. 151) proposal that these can exist simultaneously as a function of the lens through which culture is viewed. Thus, through a macro lens, one might reveal whole nations as distinctive cultures but also differences between nations; a macromicro lens would reveal distinctive cultures for organizations as well as differences between organizations within a nation; a micro lens would reveal within-organization subcultures; and yet an even more refined view would reveal within-organization individual differences. More such multilevel research on organizational culture is obviously needed.

Culture and organizational performance. The idea that organizations have cultures yields a focus on the relationship between organizational culture and organizational effectiveness. A recent review of the work on this possible relationship makes it clear that such research will necessarily be based on survey measures of organizational culture (Sackmann 2011). Sackmann notes that such research is fraught with difficulties with regard to (*a*) what levels of culture should be the focus of assessments (e.g., myths, stories, values, behavior), (*b*) the unit of analysis for assessment (subcultures within organizations versus whole organizations), and (*c*) the content dimensions along which assessments might best be made (e.g., employee experiences, socialization tactics, leadership actions). Because of these difficulties, a relationship with organizational performance outcomes has been difficult to consistently establish (Wilderom et al. 2000). Nevertheless, a comparison of the Wilderom et al. (2000) review with the Sackmann (2011) review indicates that not only is there much interest in this relationship, but also that support for that relationship is growing.

Our review of recent (2000–2012) studies examining the relationship between organizational culture and performance revealed a variety of approaches to the issue, with consistent significant findings. Studies relied on a variety of fairly traditional outcomes, including objective financial measures of performance (e.g., Gregory et al. 2009, Kotrba et al. 2012,

Lee & Yu 2004), customer satisfaction (e.g., Gillespie et al. 2008), goal achievement (e.g., Xenikou & Simosi 2006), and top management reports (e.g., Chan et al. 2004, Glisson et al. 2008). Other less traditional indices of effectiveness were also studied, for example, the percentage of women in management (Bajdo & Dickson 2001) or the odds of children receiving mental health care (Glisson & Green 2006). Some studies included mediators of the culture-performance relationship (e.g., attitudes in Gregory et al. 2009), whereas others included interactive effects among dimensions of culture (Kotrba et al. 2012), with organizational practices (Chan et al. 2004), or with industry characteristics (Sørensen 2002). Researchers also used a variety of measures of culture: The Organizational Culture Inventory (Cooke & Lafferty 1989), the Denison Organizational Culture Survey (Denison 1990), and the Organizational Culture Profile (OCP; O'Reilly et al. 1991) seemed particularly common.

Using the competing values framework (CVF; Quinn & Rohrbaugh 1983) as a foundation, Hartnell et al. (2011) provided perhaps the most comprehensive test of the relationship between organizational culture and organizational performance. The CVF is characterized by two sets of competing values with bipolar dimensions defining four cells. The bipolar dimensions are flexibility versus stability in structure and an internal versus an external focus. Although more complex than we can report in detail here, the 2×2 framework yields four cells with conceptually competing values about what is important in organizations, the ways those values are manifest in organizations, and the likelihood of success in different domains of organizational performance. The four cells are named Clan (internal and flexible with a focus on people), Adhocracy (external and flexible with a focus on growth), Market (external and stable with a focus on competition), and Hierarchy (internal and stable with a focus on organizational structure). **Table 1** shows in detail the ways the four organizational culture cells hypothetically get played out with regard to basic assumptions, beliefs, values, and

Table 1   The competing values framework

Culture type	Assumptions	Beliefs	Values	Artifacts (behaviors)	Effectiveness criteria
Clan	Human affiliation	People behave appropriately when they have trust in, loyalty to, and membership in the organization	Attachment, affiliation, collaboration, trust, and support	Teamwork, participation, employee involvement, and open communication	Employee satisfaction and commitment
Adhocracy	Change	People behave appropriately when they understand the importance and impact of the task	Growth, stimulation, variety, autonomy, and attention to detail	Risk taking, creativity, and adaptability	Innovation
Market	Achievement	People behave appropriately when they have clear objectives and are rewarded based on their achievements	Communication, competition, competence, and achievement	Gathering customer and competitor information, goal setting, planning task focus, competitiveness, and aggressiveness	Increased market share profit, product quality, and productivity
Hierarchy	Stability	People behave appropriately when they have clear roles and procedures are formally defined by rules and regulations	Communication, routinization, formalization	Conformity and predictability	Efficiency, timeliness, and smooth functioning

From Hartnell CA, Ou AY, Kinicki A. 2011. Organizational culture and organizational effectiveness: a meta-analytic investigation of the competing values framework. *Journal of Applied Psychology* 96:677–694, figure 2, p. 679. Copyright © 2011 by the American Psychological Association; reprinted with permission.

behaviors (from Hartnell et al. 2011, p. 679, and based on Quinn & Kimberly 1984). Thus, the CVF takes the complex notion of different levels at which culture exists in companies and with different foci and proposes that the different levels of cultural variables do not exist randomly but tend to be associated with conceptually similar variables and that the likelihood of success for an organization is a function of the focus (e.g., employee well-being versus increased market share) of the assumptions, beliefs, values, and behavior that accrue in organizations.

In their meta-analysis, Hartnell et al. (2011) explored the structure of the CVF as well as the relationship between CVF dimensions and three indicators of organizational effectiveness (employee attitudes, operational performance, and financial performance). They found that for the most part, the CVF behaved as predicted, with organizations that were more Clan-like having employees who were more satisfied and committed, whereas those with a more market orientation had superior operational and financial performance. Perhaps most interestingly, the Hartnell et al. (2011) findings suggest that although some foci are superior for some criteria (as just reviewed), organizations scoring higher on the four cells generated in the framework also were more successful across all three effectiveness criteria. This finding is explained by Hartnell et al. (2011, p. 687) as follows: "...[T]he culture types in opposite quadrants are not competing or paradoxical. Instead they

coexist and work together... [C]ompeting values may be more complementary than contradictory." In short, organizations that do many things well are more generally more effective, and organizations that in addition have a focus on different kinds of outcome criteria will be even more effective on those outcomes.

There are at least three avenues for future research that would deepen our understanding of the relationship between culture and performance. One would be to more clearly articulate (and measure) the role of the multiple levels of culture in this relationship. Thus, what most quantitative measures of culture capture are the espoused values and/or behavioral norms in organizations and not the full richness of the construct—including myths, stories, and socialization tactics. Such a narrow view of culture is one reason why researchers from the "organizations are culture" tradition strongly discourage quantitative culture measures. Second, most research on culture focuses on the direct relationship between culture and performance, but almost all theory related to how culture impacts performance would conceptualize it in a more moderated/mediated fashion (as we will shortly review). By this we mean it explores simultaneously the cultural levels and the various foci with an addition of more specific process and content dimensions of behavior a la the climate research we recommended earlier. More research capturing this complexity would be beneficial. Finally, there are many contextual social, economic, and political reasons why organizational culture will not have an impact (or at least as much of an impact) on organizational performance. More clarification of how context (e.g., national culture, industry, economic perturbations, product/service characteristics) moderates the culture-performance relationship would help identify when culture has its strongest (and weakest) effects.

Organizational culture as a moderator variable. The final theme we highlight in recent literature on organizational culture is research that focuses on organizational culture as a contextual variable that moderates relationships between and among other constructs. Below, we highlight three studies that take this approach.

Erdogan et al. (2006) investigated whether specific dimensions of organizational culture (as measured by the OCP) would weaken or strengthen the relationship between organizational justice and leader-member exchange (LMX). Their logic was that the culture of the organization influences aspects of social relationships more or less salient to organizational members. In line with their hypotheses, they found that in cultures with high respect for people, the relationship between interpersonal justice and LMX was stronger, and in cultures high in aggressiveness, the relationship between distributive justice and LMX was stronger. In contrast, in cultures high in team orientation, the relationships between both types of justice and LMX were weaker, mainly because employees in those cultures tended to have higher-quality LMX relationships across the board.

Another example of the "culture as moderator" approach comes from Chatman & Spataro (2005). Their focus was on the relationship between being demographically different and cooperative behavior. Based on social categorization theory, they hypothesized that those who are demographically different will tend to show less cooperative behavior because they are more likely to be categorized as part of the out-group. However, using sex, race, and nationality as their demographics and the OCP as their measure of culture, they were able to show that a collectivistic culture counteracted these effects and resulted in significantly higher levels of cooperation among those who were demographically different. Thus, they concluded that the work environment in terms of its culture resulted in people looking beyond individual demographic differences and focusing on the group and the achievement of the group's goals.

Finally, Bezrukova et al. (2012) studied culture as a moderator of the relationship between group fault lines and performance. Specifically, they examined group fault lines from an informational diversity perspective, including educational, tenure, and functional background,

and found that stronger fault lines were negatively related to performance as measured by group stock options and bonuses. However, they found that a results-focused culture moderated that relationship, but more importantly, that it was the alignment of the group's results-focused culture and the department's results-focused culture that was critical. Thus, this research takes the relatively rare step of examining culture at multiple levels simultaneously, similar to Zohar & Luria's (2005) approach with safety climate that we highlighted in the section on climate.

Culture Summary

Pettigrew (1979) added new dimensions to the study of organizational behavior when he promoted a culture focus for organizational research. His emphasis on the relevance of myths, values, and history for understanding what organizations are was instructive to both researchers and practitioners. Although there were debates for decades about how to study organizational culture, including on what facets of organizations one might focus and whether culture should be expected to be related to organizational performance, since the turn of the millennium survey approaches have become more common, and increasingly there is an emphasis on the organizational performance consequences of organizational culture.

The work of Schein (1985, 2010) indicates that it is agreed by most that a major building block for organizational culture is attributable to the early decisions founders make about structures and organizing principles and to what ends valuable resources will be expended. In addition, based largely on Schein's writings, the idea that culture manifests itself at different levels (artifacts, values, assumptions) of organizations also has been accepted. Martin's (2002) conceptualization of cultures being simultaneously macro and micro in form also seems to have been accepted but with less universality. We have found Martin's perspective useful here for understanding how national, organizational, and subcultural perspectives may be simultaneously relevant, but the explication of each depends on the lens through which organizational culture is viewed.

In particular, we spent considerable time outlining the CVF of Quinn & Rohrbaugh (1983), especially via the recent meta-analysis of research within that framework (Hartnell et al. 2011). CVF is an elegant way to summarize the wide range of issues that have been studied under the culture rubric, revealing how they combine to produce particular foci for organizations on outcomes. The finding that the cells in the framework are positively related suggests that organizations that do some things appropriately also are likely doing many other things appropriately. The challenge, of course, is to make that happen (Burke 2011, Weick & Quinn 1999).

TOWARD INTEGRATING CLIMATE AND CULTURE—WITH PRACTICE IMPLICATIONS

Molloy et al. (2011) have written convincingly about the difficulties in crossing levels of analysis when more than one discipline is involved, and Reichers & Schneider (1990) decried the fact that climate and culture research of that era was characterized by parallel but not overlapping tracks of scholarship. Fortunately, both within the study of climate and within the study of culture, progress has been made in overcoming the difficulties identified by Molloy et al. and bridging the parallel tracks identified by Reichers and Schneider.

Climate and Culture Rapprochement

For example, as reviewed above, psychologists have moved from a study of climate that was at the individual level of analysis to a unit and organizational focus, and culture researchers (e.g., Martin 2002) have promoted the idea that cultures can manifest themselves simultaneously such that there are common experiences, clusters of people with different experiences, and unique experiences as well. Climate researchers have realized that a focus for their

efforts (e.g., service, safety) might yield superior results in validity research against specific outcomes, and the recent Hartnell et al. (2011) meta-analysis of the CVF reveals a similar result for culture researchers: A focus on the Clan quadrant values and behavior yields superior employee satisfaction, whereas a focus on the Market quadrant values and behavior yields superior operational and financial performance. Perhaps most notably, Schein, who in the earlier editions of his book (1985, 1992) barely mentioned climate (simply lumping climate in with "artifacts"), has more recently (2004, 2010) characterized climate as providing the behavioral evidence for the culture of a setting, such that those behaviors form the bases for employees' conclusions about the values and beliefs that characterize their organization. In line with this view, he stated in his introductory chapter to the 2000 *Handbook of Culture and Climate* that "to understand what goes on in organizations and *why it happens in the way it does*, one needs *several* concepts. Climate and culture, if each is carefully defined, then become two crucial building blocks for organizational description and analysis" (Schein 2000, pp. xxiv–xxv; italics in original). We agree with this interpretation of the relationship between climate and culture and of their mutually reinforcing properties.

The CVF (Hartnell et al. 2011, Quinn & Rohrbaugh 1983) as represented in **Table 1** provides a possible framework for more such integration across climate and culture perspectives. Climate researchers have studiously avoided the assessment of values and basic assumptions, viewing them perhaps as "soft" and therefore not immediately under management control. Certainly climate researchers could assess, in addition to policies, practices, and procedures, the values these might imply to organizational members—values for customer satisfaction, for example. And culture researchers have avoided a focus on specific criteria, whether it be strategic issues such as customer satisfaction on the one hand or process issues such as trust on the other hand. One exception can be found in recent work by Denison, who markets a well-researched culture

inventory   (**http://www.denisonconsulting. com/advantage/researchModel/model.aspx**) and who has developed a module focusing on trust—he could also of course have more focused modules on other outcomes or processes as well, for example, on customer satisfaction.

An especially attractive feature of **Table 1** is that it reveals the variety of values and behaviors that might be appropriate to create a culture of well-being or a culture of innovation, and this notion of a culture *for* something might help make the culture concept less complex both in research and practice. Recall that in early climate research it seems that the focus for such work was implicitly a climate for well-being. Recall also that in our review of climate we suggested that this climate for well-being might serve as a foundation on which more specifically focused climates might be built. The CVF, following the work of Kuenzi (2008), indicates that such a focus on well-being (a Clan culture) might serve as a foundation for more molar achievement, market, and operational/technical foci, and that these, in turn, might serve as foundations for more specifically focused strategic climates.

Needed Further Integration

But while the CVF offers the potential for increased integration of climate and culture research and the two approaches have become more like each other, we believe there are more ways in which they can learn from each other—and indeed from themselves. For example, in regard to the latter, a central variable in early writings on organizational culture—socialization experiences (Louis 1990, Trice & Beyer 1993)—paradoxically has gone missing in action. In the 2000 edition of the *Handbook of Organizational Culture and Climate* (Ashkanasy et al. 2000b), there was a chapter by Major (2000) on socialization, but the word is not even indexed in the 2011 edition. It is not that research on socialization has not been occurring. The issue is that the research has focused primarily on the

tactics individuals report experiencing during socialization (see the meta-analysis by Bauer et al. 2007) or perhaps the effects of individuals' proactivity during socialization (for a review, see Bindl & Parker 2010), but less so the role the socialization plays in the perpetuation of organizational culture to new members. In short, both culture and climate measures should focus on the socialization experiences of newcomers to settings precisely because they are newcomers, and everything that happens to them is new and likely to enter awareness—and have a long-term impact (Louis 1990, Scandura 2002, Van Maanen 1975).

The mention of newcomers also raises the issue of the development of organizations over time and the resultant changes in climate and culture that might be expected. Schein (1985, 1992, 2004, 2010) has consistently explored the issue of organizational life cycle and the implications of such for (*a*) the leadership demands on managers and (*b*) the resultant cultures to be expected as organizations enter and pass through various stages of life. The issues of development and organizational life cycles are noticeably absent from the literature on organizational climate. Perhaps this is because of the more quantitative orientation of climate researchers and the difficulty of accessing data across multiple time points over enough time to meaningfully study such issues, particularly when the focus is on entire organizations and not just subunits. Nevertheless, research along these lines is needed. Presumably, organizations have a clearly identified and communicated strategy early in their life cycle (Flamholtz & Randle 2011), but as the organization grows in terms of numbers and sales, and perhaps spreads out geographically, it would be useful to know how organizations continue to maintain a strong strategic climate. Another example of potentially beneficial research along these lines would be on how major organizational changes such as mergers, acquisitions, or restructuring affect the climate of the organization and its strength.

One useful lens for exploring the interrelationships between organizational climate and culture is that of organizational change. The question is this: If someone wanted to change an organization and improve its performance, should they change the culture? The climate? Both? If there are assumptions and values in the organization that are preventing the organization from achieving its potential, then those need to be addressed. But just having the "right" culture will be unlikely to result in high performance unless management has created a strategic climate that communicates exactly what the goals of the organization are and that organizes the various processes and procedures in the organization around their achievement. On the flip side, management's efforts to build a strategic climate will struggle if they contradict deeply held assumptions in the organization (Schein 2000). Another way to think about this issue and to demonstrate the linkages between climate and culture would be to ask how change is viewed by the executives who would be responsible for making such change happen. We explore the issue from the executive vantage point next.

Practice Implications

Executives have little concern for the distinctions we have made between culture and climate. Indeed, culture is their commonly used term. As an example, in the wake of the 2005 BP Texas City catastrophe, the independent panel widely known as the Baker Committee conducted a review of BP's "safety culture." The ensuing report (Baker et al. 2007) includes the item content of a "safety culture survey" prepared by an independent consulting firm. This survey is a clear example of a safety climate survey with its focus on policies, practices and procedures, and behaviors that (fail to) get rewarded, supported, and expected. The panel calls this a culture survey because they implicitly understand that (*a*) executive interest in "corporate culture" is in creating processes that are reinforcing of the core values underlying existing strategy, (*b*) a focused strategy requires processes that are focused on valued outcomes (such as safety), and (*c*) only by the creation of such processes do values actually get embedded

and become self-sustaining within the organization to serve as guideposts for organization members. Thus, contemporary popular business writers consider corporate culture to have the potential to "outlast any one charismatic leader" (Heskett et al. 2008).

In short, executives use corporate culture in a more expansive way than we have articulated in terms of the scholarly views we presented. Conversationally, the extended corporate vocabulary embraced by the term culture includes a broad range of intangible assets (or liabilities) such as image, brand, and the like. Such idiosyncratic frameworks may not have a foundation in scholarship, but they nonetheless serve as working frames of reference for culture as interpreted by executives.

Issues of importance to executives are (*a*) knowing the corporate culture, (*b*) changing the corporate culture, and/or (*c*) leveraging the corporate culture to create competitive advantage. Questions of "knowing" are relevant because the value of culture, like all intangible assets, is unknown. Both efforts to change and to leverage the culture are in fact dependent on the understanding of what that culture is, and perhaps the direction in which it is moving, an observation we return to shortly.

Knowing the culture. Of course, executives are agnostic with respect to how best to measure culture. They do care about the ability to make comparisons, though, leading to a natural inclination to hire consultants who can provide comparisons to benchmarks (e.g., industry comparisons, comparisons to the Best Companies to Work For or Most Admired Companies lists) that most interest them. Essential here is a quantitative measure that can be characterized by some finite number of (universal?) dimensions that are common across different organizations, with the measured constructs varying considerably. It is interesting to speculate that executives choose measures of their culture most in keeping with the values they wish to endorse and their strategic outcomes of interest a la the Quinn & Rohrbaugh (1983) CVF, and that best fit a felt need for knowledge

about a specific facet of culture/climate (such as safety or service). Executives who believe that culture is important purchase such measures and take action on results because of their beliefs in the importance of the intangible they confront in all of their activities.

From a practical standpoint, as from an academic standpoint, the emphasis on intangibles makes a complete reliance on quantitative approaches unsatisfactory to executives. This is true because the very vocabulary that is imposed by such measures on the description of the culture may be quite different from that used by those who experience it (Denison & Spreitzer 1991). Indeed, it seems reasonable to predict that the relatively near-term future of culture measurement may drift toward the ad hoc, textual-based reflections of verbal and written explanations captured through the natural language-processing mechanics now in vogue for measuring political and consumer sentiment (e.g., Pang & Lee 2008).

Changing the culture. Knowing the culture is almost always considered in the context of a felt need for cultural change or to ensure preservation of what is held as core to how the organization creates value. Indeed, interventions focused on cultural change often focus on closing the gap between existing and desired cultures, and these are typically captured in measures by asking respondents for both kinds of data. The underlying assumption (hope?) is that, with knowledge, culture can be changed through the right action. Executives implicitly understand that they have somewhat limited direct influence on effecting change because so many issues must be addressed simultaneously throughout the firm. Their job is to establish the mission and support the interventions necessary to embed the processes necessary to begin redirection—always understanding that larger social and economic forces play a significant role in who they are and what they can become (Burke 2011).

By itself, change is elusive to measure, and as such, models of corporate culture include dimensions that reflect constructs such as

adaptability; indeed, Kotter & Heskett (1992) make adaptability a central feature of organizational effectiveness, arguing that today's change necessarily precedes the necessity to change tomorrow. It is worth adding that the practical interest is not just in the direction of change, but also in the pace of that change (Flamholtz & Randle 2011).

Leveraging culture for competitive advantage. The underlying theme of many conversations about culture is how it can be leveraged as an asset. Culture is a focus for competitive advantage when it is different from other cultures and the elements that constitute it are difficult to imitate (Ployhart 2012). "The elements that constitute it" are based on the processes that get embedded through knowledge and change with the resultant climates they create for the behaviors required for success. Culture, then, yields competitive advantage as the result of a cycle beginning with the development of a unique mission statement enacted by support for the unique processes necessary to embed the mission's values and to create the focused strategic and process climates that serve as guidelines for behavior. In short, doing better than what others are doing is not the key to competitive advantage.

In sum, the most successful executives implicitly understand how climate and culture are necessarily linked and the complex steps required for achieving competitive advantage. When the culture sought is unique, when the climates created are unique in their complex simultaneous focus on important internal organizational processes (e.g., fairness, ethics, inclusion) and strategic outcomes (e.g., service, safety, innovation), then competitive advantage is possible. A silver bullet still does not exist, and the best executives know and understand this truth.

CONCLUSION

Organizational climate and culture offer overlapping perspectives for understanding the kinds of integrative experiences people have in work settings—or in any organizational settings. The constructs address the meaning people attach to their experiences of how the organization works (process climates), the strategic foci the organization has (strategic climates), and the values they attribute to the setting (culture), all in attempts to make sense of their experiences (Weick & Quinn 1999). The climate literature has focused on what Schein (2010) calls the culture-embedding mechanisms of organizations, the tangibles enacted by leaders by which they express their values and basic assumptions (Quinn & Rohrbaugh 1983) and by which they attempt to focus the energies and competencies of the people in the setting. These processes and activities are designed to yield behaviors that pursue organizational goals and objectives, and it is these behaviors that come to characterize whole organizations and subcultures within them (Martin 2002).

Climate scholars have for the past 25 years been dealing with more tangible policies, practices, and procedures as the causes of the experiences people have, focusing their efforts on understanding how workers experience the strategic initiatives of management (e.g., service, safety, innovation) and the internal processes accompanying them (e.g., fairness, ethics, inclusion). Progress has now been made in understanding when people do not agree on those climates (i.e., climate strength), but there is not much work at all on conceptualizing and understanding how multiple climates in organizations interact and/or even conflict with each other (Kuenzi & Schminke 2009).

Culture scholars have taken two directions in their efforts to conceptualize and understand organizational culture. When culture is studied as something organizations *are*, the focus is on their uniqueness and what the specific peculiarities of their "artifacts" (i.e., myths, stories, and socialization tactics) tell us about the values and basic assumptions of the people there. Alternatively, when culture is studied as something organizations *have*, comparative organizational culture research yields quantitative assessments of the ways organizations display their values for and basic assumptions

about people, achievement, formalization, and growth (a la the competing values framework shown in **Table 1**). Surveys designed to assess these inclinations share much in common with climate surveys, with the CVF providing more focus for such assessments than has been true of culture research in the past.

We obviously see these two perspectives as being useful ways to conceptualize and understand people's experiences at work. Climate offers an approach to the tangibles on which managers can focus to generate the behaviors they require for effectiveness, and culture offers the intangibles that likely accrue to produce the deeper psychology of people in a setting. The psychology of how people experience their work environment is difficult to assess but is likely what implicitly directs them in their daily lives, so it is important to understand. When a change in what directs people and their daily lives is required, then a focus on tangibles is the way to achieve it. As such, the conceptual connection between climate and culture is clear— and deserving of future research.

SUMMARY POINTS

1. Organizational climate emerges in organizations through a social information process that concerns the meaning employees attach to the policies, practices, and procedures they experience and the behaviors they observe being rewarded, supported, and expected.

2. Organizational climate research that has a focus on a strategically relevant outcome (safety, service) and/or process (fairness, ethics) is superior in understanding specific relevant outcomes to research on climate that is generic with no specific focus.

3. The aggregation of individual perceptions of climate into higher levels of analysis is accomplished both through the survey items that are written to capture climate (they are written to describe the level to which the data will be aggregated) and through the statistical procedures used to defend such aggregation.

4. Research on climate strength (the degree to which people in a unit agree in their perceptions) reveals that strength frequently moderates the relationship between climate aggregate means and outcomes of interest.

5. Organizational culture concerns the implicit values, beliefs, and assumptions that employees infer guide behavior, and they base these inferences on the stories, myths, and socialization experiences they have and the behaviors they observe (especially on the part of leaders) that prove to be useful and promote success.

6. Organizational culture may exist as an inclusive organizational construct for a whole organization but also simultaneously in the form of subcultures (e.g., based on level in the organization or occupation) and also in ways that suggest a lack of integration (the culture is fragmented).

7. Early research on organizational culture was predominantly via the qualitative case-method (emic), but more recently survey procedures have become predominant due to the comparative opportunities they present as well as the potential they offer for links to organizational performance outcomes across settings.

8. An integration of climate and culture theory and research has useful implications for practice, especially vis-à-vis practice that yields data suggestive of organizational changes that might yield improvements in organizational behavior and performance.

FUTURE ISSUES

1. Research that simultaneously studies macro generic climate, multiple strategically focused outcome, and process climates to more fully capture the reality of organizational life.

2. Research linking the fundamental beliefs, values, and assumptions that characterize culture research with the policies, practices, and procedures and accompanying behaviors that are typical of climate research.

3. Research on boundary conditions surrounding the outcome and process-focused climate studies in which links with important unit/organizational performance indicators are studied.

4. Research on the contributions human resource management practices make to the emergence and strength of climate and culture in organizations.

5. Research on the contributions of operations management, finance, legal, marketing, and other departments/functions to the experienced climate and couture of an organization.

6. Longitudinal research on the likely feedback loops in climate and culture research, especially feedback loops between outcomes and climate/culture.

7. Research on climate and culture as brand image extending beyond the boundaries of the organization with regard to image as a potential employer, service or product provider, and object of investment.

8. Research on the life cycles of organizations and the ways in which climate and culture change over time as a function of the stages of the life cycle.

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