

*In memory of my parents
Idris and Rachel Morgan*

IMAGES OF ORGANIZATION

Updated Edition of the International Bestseller

Gareth Morgan

Schulich School of Business, York University, Toronto

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Second, in developing the implications of the brain as a way of creating capacities for learning and self-organization there is a danger of overlooking important conflicts that can arise between learning and self-organization, on the one hand, and the realities of power and control, on the other. Any move away from hierarchically controlled structures toward more flexible, emergent patterns has major implications for the distribution of power and control within an organization, as the increase in autonomy granted to self-organizing units undermines the ability of those with ultimate power to keep a firm hand on day-to-day activities and developments. Moreover, the process of learning requires a degree of openness and self-criticism that is foreign to traditional modes of management.

Both these factors tend to generate resistance from the status quo. Managers are often reluctant to trust self-organizing processes among their staff and truly "let go." Many early experiments in self-organizing work designs encountered this problem, and they still do. There is such a strong belief that order means clear structure and hierarchical control that any alternative seems to be a jump in the direction of anarchy and chaos. As has been suggested, successful self-organizing systems always require a degree of hierarchical ordering. But this hierarchy must be allowed to emerge and change as different elements of the system take a lead in making their various contributions. In such systems, hierarchy and control have an emergent quality; they cannot be predesigned and imposed.

Application of ideas associated with the brain metaphor thus requires both a "power shift" and a "mind shift." Few will probably quarrel with the ideal of creating "learning organizations" that are able to evolve and adapt along with the challenges they encounter. But when ideal comes to reality, many forces of resistance can be unleashed.

Finally, we have to be aware of the strong normative bias of the brain metaphor. As suggested above, few will quarrel with the aim of increased learning. But what are the purposes to be served? As will be clear from discussion in Chapter 8, a future where learning organizations devote all their energies to outwitting other learning organizations is a recipe for enormous turbulence. Imagine the uncertainty and upheaval that this would create. Continuous learning may seem fine as an end in itself. But in practice it needs to be accompanied by an awareness of the cybernetic limits that will help make it a positive process from a societal perspective.

5

Creating Social Reality

Organizations as Cultures

Ever since the rise of Japan as a leading industrial power, organization theorists and managers alike have become increasingly aware of the relationship between culture and management. During the 1960s, the confidence and impact of American management and industry seemed supreme. Gradually, but with increasing force, throughout the 1970s the performance of Japanese automobile, electronics, and other manufacturing industries began to change all this. Japan began to take command of international markets, establishing a solid reputation for quality, reliability, value, and service. With virtually no natural resources, no energy, and over 110 million people crowded in four small mountainous islands, Japan succeeded in achieving the highest growth rate, the lowest level of unemployment, and, at least in some of the larger and more successful organizations, one of the best-paid and healthiest working populations in the world. Out of the ashes of World War II the country built an industrial empire second to none.

Although different theorists argued about the reasons for this transformation, most agreed that the culture and general way of life of this mysterious Eastern country played a major role. "Culture" thus became a hot topic in management in the 1980s and early 1990s, with the special character of Japan prompting Western management theorists to take special interest in the culture and character of their *own* countries and the links with organizational life.

Culture and Organization

But what is this phenomenon we call culture? The word has been derived metaphorically from the idea of cultivation: the process of tilling and developing land. When we talk about culture we are usually referring to the pattern of development reflected in a society's system of knowledge, ideology, values, laws, and day-to-day ritual. The word is also frequently used to refer to the degree of refinement evident in such systems of belief and practice, as in the notion of "being cultured." Both these usages derive from nineteenth-century observations of "primitive" societies conveying the idea that different societies manifest different levels of social development. Nowadays, however, the concept of culture does not necessarily carry this old evaluative stance, being used more generally to signify that different groups of people have different ways of life.

When talking about society as a culture we are thus using an agricultural metaphor to guide our attention to very specific aspects of social development. It is a metaphor that has considerable relevance for our understanding of organizations.

In this chapter, we first explore the idea that organization is itself a cultural phenomenon that varies according to a society's stage of development. We then focus on the idea that culture varies from one society to another and examine how this helps us understand cross-national variations in organizations. Next, we explore patterns of corporate culture and subculture between and within organizations. Finally, we take a detailed look at how patterns of culture are created and sustained and how organizations are socially constructed realities.

ORGANIZATION AS A CULTURAL PHENOMENON

Political scientist Robert Presthus has suggested that we now live in an "organizational society." Whether in Japan, Germany, Hong Kong, Great Britain, Russia, the United States, or Canada,

large organizations are likely to influence most of our waking hours in a way that is completely alien to life in a remote tribe in the jungles of South America. This may seem to be stating the obvious, but many characteristics of culture rest in the obvious. For example, why do so many people build their lives around distinct concepts of work and leisure, follow rigid routines five or six days a week, live in one place and work in another, wear uniforms, defer to authority, and spend so much time in a single spot performing a single set of activities? To an outsider, daily life in an organizational society is full of peculiar beliefs, routines, and rituals that identify it as a distinctive cultural life when compared with that in more traditional societies.

Anthropologists and sociologists have long observed these differences. For example, in societies where households rather than formal organizations are the basic economic and productive units, work has a completely different meaning and often occupies far less of a person's time. The distinctions drawn between means and ends and between occupational activities and other aspects of social life tend to be far more blurred.

The French sociologist Emile Durkheim has shown that the development of organizational societies is accompanied by a disintegration of traditional patterns of social order, as common ideals, beliefs, and values give way to more fragmented ones based on the occupational structure of the new society. The division of labor characteristic of industrial societies creates a problem of integration, or what may be more accurately described as a problem of "cultural management." Ways have to be found of binding the society together again. Government, religion, the media, and other institutions and individuals concerned with shaping opinion and belief play important roles in this process.

In a sense, we can thus say that people working in factories and offices in Detroit, Moscow, Liverpool, Paris, Tokyo, and Toronto all belong to the same industrial culture. They are all members of organizational societies. Their work and life experience seem qualitatively different from those of individuals living in more traditional societies dominated by domestic systems of production. If nothing else, modern office and factory workers share basic expectations and skills that allow organizations to operate on a day-to-day basis. Although we often regard the routine of organizational life as just that, routine, it does in point of fact rest on numerous skillful accomplishments. Being a factory or office worker calls on a depth of knowledge and cultural practice that, as members of an organizational society, we tend to take for granted.

For these reasons, some social scientists believe that it is often more useful to talk about the culture of industrial society rather than of industrial societies because the detailed differences between countries often

mask more important commonalities. Many of the major cultural similarities and differences in the world today are occupational rather than national, the similarities and differences associated with being a factory worker, a janitor, a government official, a banker, a store assistant, or an agricultural worker being as significant as those associated with national identity. Important dimensions of modern culture are rooted in the structure of industrial society, the organization of which is itself a cultural phenomenon.

ORGANIZATION AND CULTURAL CONTEXT

However, although all modern societies share much in common, it would be a mistake to dismiss cross-national differences in culture as being of little significance. The course of history has fashioned many variations in national social characteristics and views of the meaning of life and in national style and philosophies of organization and management. The recent success of Japan, the decline of industrial Great Britain, the fame of American enterprise, and the distinctive characteristics of many other organizational societies are all crucially linked with the cultural contexts in which they have evolved.

For example, if we examine the Japanese concept of work and the relations between employees and their organizations we find that they are very different from those prevailing in the West. The organization is viewed as a collectivity to which employees belong rather than just a workplace comprising separate individuals. The collaborative spirit of a village or commune often pervades work experience, and there is considerable emphasis on interdependence, shared concerns, and mutual help. Employees frequently make lifelong commitments to their organization, which they see as an extension of their family. Authority relations are often paternalistic and highly traditional and deferential. Strong links exist between the welfare of the individual, the corporation, and the nation. For example, at Matsushita, one of Japan's largest and most successful corporations, these principles permeate company philosophy (Exhibit 5.1).

Murray Sayle, an Australian expert on Japan, has offered an intriguing theory of the historical factors accounting for this solidarity. He believes that Japanese organizations combine the cultural values of the rice field with the spirit of service of the samurai. Whereas the former is crucial for understanding solidarity in the factory, the latter accounts for many characteristics of management and for the pattern of interorganizational relations that has played such a crucial role in Japan's economic success.

Basic Business Principles

To recognize our responsibilities as industrialists, to foster progress, to promote the general welfare of society, and to devote ourselves to the further development of world culture

Employees' Creed

Progress and development can be realized only through the combined efforts and cooperation of each member of our Company. Each of us, therefore, shall keep this idea constantly in mind as we devote ourselves to the continuous improvement of our Company.

The Seven "Spiritual" Values

1. National Service Through Industry
2. Fairness
3. Harmony and Cooperation
4. Struggle for Betterment
5. Courtesy and Humility
6. Adjustment and Assimilation
7. Gratitude

These values, taken to heart, provide a spiritual fabric of great resilience. They foster consistent expectations among employees in a workforce that reaches from continent to continent. They permit a highly complex and decentralized firm to evoke an enormous continuity that sustains it even when more operational guidance breaks down.

"It seems silly to Westerners," says one executive, "but every morning at 8:00 a.m., all across Japan, there are 87,000 people reciting the code of values and singing together. It's like we are all a community."

Exhibit 5.1 Company Philosophy at Matsushita Electric Company

SOURCE: Pascale and Athos (1981: 75-76, 73).

Rice growing in Japan has always been a precarious activity because of the scarcity of land and the short growing season. In retrospect, the process of building a civilization on this crop appears to be a prototype of the Japanese ability to take on projects that seem impossible. Above all

else, traditional rice cultivation is a cooperative affair. As Sayle has observed, there is no such thing as a solitary, independent, pioneering rice farmer. The growing process calls for intensive teamwork in short backbreaking bursts of planting, transplanting, and harvest. Everyone is expected to perform to the best of his or her ability to ensure that the collective outcome is as good as it can be. If one family fails to maintain their irrigation ditches in good repair, the whole system suffers. When the crop fails because of disastrous weather conditions, the whole group is punished. There are no individual winners or losers. Under such circumstances, conformity and tradition are favored over opportunism and individuality. Respect for and dependence on one another are central to the way of life. It is this rice culture that was originally transferred to the Japanese factory.

Rice farmers in Japan were always willing to share their crop with those who were able to look after them. Such was the case in relation to the samurai, the "men of service" who depended on the farmers for their rice and physical existence. They played an important role in Japanese military and bureaucratic history and are now paralleled in the managerial "clans" or elites that run Japanese society. Protection of one's employees, service to each other, and acceptance of one's place in and dependence on the overall system are dominant characteristics. This service orientation extends to relations between organizations and the wider society, as reflected in the Matsushita philosophy. It is also crucial in explaining the close and collaborative relations between the banking system and Japanese industry. In contrast with the West, where the banks tend to act as independent judges and controllers of corporate investment, in Japan they assume a responsibility to provide help when and where it is needed.

Coupled with an amazing capacity to borrow and adapt ideas from elsewhere, first from China and later from the West, the cultures of rice field and samurai blended to create a hierarchical yet harmonious form of social organization within a modern industrial context. The managerial echelons were elitist and highly meritocratic, as they had been for centuries. Workers readily contributed to the material goals of their industrial masters and deferred to their authority because that had always been the traditional relationship between worker and samurai. No surprise, therefore, that so many people have been prepared to sing the company song and commit a lifetime to the corporate family.

The basic system of organization is feudal rather than modern, and from outside the culture seems distinctly oppressive, particularly as mobility between ranks is highly restricted, being determined for each individual from a very early age. However, it is important to realize that

the kind of submissiveness and deference to authority found in Japan is not necessarily experienced as demeaning. Hierarchy in a Japanese corporation is as much a system of mutual service as one of top-down control. As Robert Dore, a well-known commentator on Japanese society, has noted, there seem to be different relations between subordination and self-respect in Japan. In many Western countries, individualistic culture leads us to seek and gain self-respect by competing with others, or against the wider "system," thus emphasizing our uniqueness and separateness. In Japan, cultural conditions allow workers to achieve self-respect through service *within* the system, even though there may be many aspects of the system that they find distasteful. In this regard, the spirit of the samurai pervades the whole culture.

It is difficult to judge a culture from the outside. What seems unacceptable from a Western viewpoint may be completely acceptable from within. That said, however, there is often a tendency in management reports of Japanese organizations to celebrate overall accomplishments while ignoring some of the more distasteful aspects of the work experience. Dazzling success stories tell of the way the Japanese arrive at work early or stay late to find ways of improving efficiency through the activities of voluntary "quality circles," or of how the dedicated Honda workman straightens the windshield-wiper blades on all the Hondas he passes on his way home each evening. Far less attention is devoted to the disgruntlement with which many workers accept the burdens of factory life. In this regard, the firsthand account of work in a Toyota factory by Japanese journalist Satoshi Kamata helps provide a refreshing balance. Although perhaps untypical of Japanese industry as a whole, it shows how Toyota's relentless drive for success in the early 1970s was accompanied by much personal deprivation on the part of many workers, particularly those living hundreds of miles away from their families in camps rigidly policed by company guards. Although the workplace was characterized by the genuine spirit of cooperation found in the rice field, it was also characterized by constant pressures to achieve demanding work targets and fulfill the requirements of company values and norms. The exercise of company authority—whether in the form of an arbitrary transfer from one workplace to another, of a call for extra work effort, or of canceled leave—was often resented, even though accepted with a grumble and a joke as an inevitable feature of life. Kamata's account suggests that in day-to-day life in a Japanese factory can be at least as grueling as that in any Western manufacturing plant. The important difference is that the Japanese seem to have a greater capacity to grin and bear it!

Many discussions of Japanese management tend to ignore the cultural-historical circumstances that allow Japanese management to flourish as it

does. They tend to overestimate the ease with which techniques and policies can be transplanted from one context to another, for it is the context that often makes the difference between success and failure. Debates regarding the merits of the Japanese system continue. For some writers, it offers a model for practice throughout the world. For others, it represents the remnants of a feudal system that may be well on the verge of major transformation as a restless youth culture, exposed to Western rather than samurai and rice field values, exerts its influence on work and society. When people grow up in a city environment in a "TV" and "multimedia" age, the rice field is an alien environment. The new experience is a transforming force.

Our focus on Japan is intended to be no more than illustrative. The point is that culture, whether Japanese, Arabian, British, Canadian, Chinese, French, or American, shapes the character of organization. Thus, in Great Britain, generations of social change and class conflict often perpetuate antagonistic divisions in the workplace that no amount of conciliation and management technique seems able to overcome. In contrast with the Japanese, British factory workers have traditionally defined themselves in opposition to a system they perceive as having exploited their ancestors as it now exploits them. Managerial elites assumed a basic right to rule "workers," whom they saw as having a "duty to obey" (Exhibit 5.2). Antagonism and strife rather than "factory solidarity" became the order of the day.

If we turn to the United States for illustrations of how culture shapes management, the ethic of competitive individualism is probably the one that stands out most clearly. Many American corporations and their employees are preoccupied with the desire to be "winners" and with the need to reward and punish successful and unsuccessful behavior. In this regard, it is significant that the American expert on Japan Ezra Vogel, writing in the 1970s, posed the Japanese challenge in an American way, titling his book *Japan as Number One*. From an American perspective, industrial and economic performance is often understood as a kind of game, and the general orientation in many organizations is to play the game for all it's worth: set objectives, clarify accountability, and "kick ass" or reward success lavishly and conspicuously.

In an essay written in the early 1940s on the relation between morale and national character, anthropologist Gregory Bateson drew attention to differences among parent-child relations in North America, England, and elsewhere. He noted the American practice of encouraging certain forms of boastful and exhibitionistic behavior on the part of children still in a dependent and subordinate position, whereas in England, children were encouraged to be submissive spectators in adult company and rewarded for being "seen but not heard." Bateson suggests that these child-rearing

The antagonism that often runs throughout the British workplace is gently yet clearly illustrated in the following account offered by management writer Charles Handy:

When Auntie Came to Dinner

My aunt by marriage is a splendid character, but from a bygone age. Her father never worked, nor his father before him, nor, of course, had she ever earned a penny in her life. Their capital worked for them, and they managed their capital. Work was done by workers. She sees all governments today as insanely prejudiced against capital, all workers as inherently greedy and lazy, and most managements as incompetent. No wonder the world is in a mess and she getting poorer every day.

Tony is a friend from work. His father was a postman. He started life as a draftsman in a large engineering firm. He grew up believing that inherited capital was socially wrong. He had never met any man who did not or had not worked for his living.

They met, by chance, at my house over a meal. It started quietly, politely. The she inquired what he did. It transpired that he had recently joined his staff union. Auntie had never met a union member.

"Good Heavens, how could you?" she said.

"It makes very good sense," said Tony, "to protect your rights."

"What rights? What poppycock is this? If people like you spent more time at their work and less looking after their own interests, this country wouldn't be in its present mess."

"Don't you," said Tony, "spend your time looking after your rights?"

"Of course," she said, "but then, I've rights. I provide the money that makes it possible for people like you to live."

"I provide the labor that keeps your money alive, although why I should work to preserve the capital of rich people whom I've never met is something that puzzles me."

"You talk like a Communist, young man, although you dress quite respectably. Do you know what you're saying?"

"You don't have to be a Communist to question the legitimacy of inherited wealth."

My aunt turned to me.

"You see why I'm worried about this country?" she said.

Each regarded the other as an example of an unnatural species. Given their opposed "core beliefs," no proper argument or dialogue was possible, only an exchange of slogans or abuse. It is a score that is replicated at negotiating tables as well as dinner tables.

Exhibit 5.2 Antagonistic Attitudes and the Workplace

SOURCE: From C. Handy, *Gods of Management*, Souvenir Books of London, 1978, pp. 161-162.

practices have considerable implications for later life—in the American case, creating a great deal of room for self-appreciation and self-congratulation as a basis for independence and strength. We see this in the “We’re No. 1” syndrome. We also find it in an organizational context in the opportunities created for conspicuous achievement on the part of those in subordinate roles combined with expressive congratulation from those in superior roles.

Consider, for example, some of the illustrations presented in Tom Peters and Robert Waterman’s *In Search of Excellence*, a book that can be understood as an early American management response to the rise of Japan. The idea of rewarding and motivating employees so that they come to see themselves as winners is a dominant theme. For example, Thomas Watson, Sr., of IBM is reported to have made a practice of writing out a check on the spot for achievements he observed in wandering about the organization. At Tupperware, the process of positive reinforcement is described as being ritualized every Monday night when all the saleswomen attend a “Rally” for their distributorship. At the rally, everyone marches up on stage in the reverse order of the previous week’s sales, a process known as “Count Up,” while their peers celebrate them by joining in “All Rise.” Almost anyone who has done anything at all receives a pin or badge or several pins and badges. The ceremony combines head-on competition with a positive tone that suggests that everyone wins. Applause and hoopla are reported as surrounding the entire event.

The above examples provide splendid illustrations of Gregory Bateson’s point about how the culture of the United States re-creates patterns found in American parent-child relations. However, the most colorful example emerging from the Peters and Waterman research is found in the early years of a company named Foxboro, where a technical advance was desperately needed for survival. Late one evening, a scientist rushed into the president’s office with a working prototype. Dumbfounded at the elegance of the solution and bemused about how to reward it, the president rummaged through the drawers in his desk, found something, and leaning toward the scientist said, “Here!” In his hand was a banana, the only reward he could immediately put his hands on. As Peters and Waterman report, from that day on a small “gold banana” pin has been the highest accolade for scientific achievement at Foxboro.

Positive reinforcement is practiced in many Japanese, British, French, and other non-American corporations, often with considerable influence on employee motivation and performance. However, the United States stands supreme in the extent to which a concern for winning and direct reward for appropriate behavior have established themselves as important features of the culture and corporate life.

While it is a mistake to talk about any country as if there is an integrated, homogeneous culture, especially when societies are becoming so culturally diverse, important cross-national differences definitely exist. By understanding these differences we are able to get a much better appreciation of “foreign” practice. At the same time, we are able to gain a much better appreciation of our own. One of the interesting aspects of culture is that it creates a form of “blindness” and ethnocentrism. In providing taken-for-granted codes of action that we recognize as “normal,” it leads us to see activities that do not conform with these codes as abnormal. A full awareness of the nature of culture, however, shows us that we are all equally abnormal in this regard. There is considerable value in adopting the standpoint of the cultural stranger because, in becoming aware of the stranger’s point of view, we can see our own in a refreshingly new perspective.

CORPORATE CULTURES AND SUBCULTURES

The influence of a host culture is rarely uniform. Just as individuals in a culture can have different personalities while sharing much in common, so too with groups and organizations.

It is this phenomenon that is now recognized as “corporate culture.” Organizations are mini-societies that have their own distinctive patterns of culture and subculture. One organization may see itself as a tight-knit team or family that believes in working together. Another may be permeated by the idea that “we’re the best in the industry and intend to stay that way.” Yet another may be highly fragmented, divided into groups that think about the world in very different ways or that have different aspirations as to what their organization should be. Such patterns of belief or shared meaning, fragmented or integrated, and supported by various operating norms and rituals can exert a decisive influence on the overall ability of the organization to deal with the challenges that it faces.

One of the easiest ways of appreciating the nature of corporate culture and subculture is simply to observe the day-to-day functioning of a group or organization to which one belongs, *as if one were an outsider*. Adopt the role of anthropologist. The characteristics of the culture being observed will gradually become evident as one becomes aware of the patterns of interaction between individuals, the language that is used, the images and themes explored in conversation, and the various rituals of daily routine. As one explores the rationale for these aspects of culture, one usually finds that there are sound historical explanations for the way things are done.

An excellent illustration of this kind of analysis has been provided by my colleague Linda Smircich, who studied the top executive group of an American insurance company. The company was a division of a much larger organization offering a broad range of insurance services to agricultural organizations and to the general public. Sustained observation of day-to-day management generated two key impressions.

First, the company seemed to emphasize cooperative values and an identity rooted in the world of agriculture rather than in that of competitive business. The staff were polite and gracious and always seemed prepared to give help and assistance wherever it was needed. This ethos was reflected in one of the company mottoes: "We grow friends."

However, coexisting with this surface of friendly cooperation was a second dimension of organizational culture that suggested that the cooperative ethos was at best superficial. Meetings and other public forums always seemed dominated by polite yet disinterested exchange. Staff rarely got involved in any real debate and seemed to take very little in-depth interest in what was being said. For example, hardly anyone took any notes, and the meetings were in effect treated as ritual occasions. This superficiality was confirmed by observed differences between the public and private faces of the organization. Whereas in public, the ethos of harmony and cooperation ruled, in private, people often expressed considerable anger and dissatisfaction with various staff members and with the organization in general.

Many organizations have fragmented cultures of this kind, where people say one thing and do another. One of the interesting features of Linda Smircich's study was that she was able to identify the precise circumstances that had produced the fragmentation within the company and was able to show why it continued to operate in its somewhat schizophrenic fashion. Ten years earlier, when the organization was just four years old, it had passed through a particularly "traumatic" period that witnessed the demotion of its president, the hiring and firing of his successor, and the appointment of a group of professionals from the insurance industry at large. These events led to the development of separate subcultures. The first of these was represented by the original staff, or the "inside group" as they came to be known, and the second by the new professionals—"the outside group." Most of the outside group had been recruited from the same rival insurance company and brought with them very strong beliefs as to what was needed in their new organization. "This was how we did it at . . ." became a frequent stance taken in discussion. They wanted to model the new organization on the old.

The new president, appointed after the firing of the second, was a kind and peace-loving man. He set out to create a team atmosphere that would

bind the organization together. However, rather than encourage a situation where organizational members could explore and resolve their differences in an open manner, he adopted a style of management that really required organizational members to put aside or repress their differences. The desire for harmony was communicated in a variety of ways, particularly through the use of specific rituals. For example, at special management meetings, the staff became an Indian tribe. Each member was given an Indian name and a headband with a feather. The aim was to forge unity between inside and outside groups. During this ritual, the practice of levying a 50-cent fine on anyone who mentioned the name of the rival insurance firm was introduced.

In both subtle and more obvious ways, the president continued to send messages about the need for harmony. He introduced regular staff meetings to review operations at which calm, polite cooperation quickly established itself as a norm. As some staff members reported,

We sit in the same seats, like cows always go to the same stall.

It's a real waste of time. It's a situation where you can say just about anything and no one will refute it.

People are very hesitant to speak up, afraid to say too much. They say what everyone else wants to hear.

Harmony and teamwork were also sought through the use of imagery to define the desired company spirit—for example, the slogan "wheeling together." The logo of a wagon wheel was spread through the company. The idea of "putting one's shoulder to the wheel" or "wheeling together" featured in many discussions and documents. An actual wagon wheel, mounted on a flat base, was moved from department to department.

The effect of this leadership style was to create a superficial appearance of harmony while driving conflict underground. This created the divergence between the public and private faces of the organization observed by Smircich and led to a situation where the organization became increasingly unable to deal with real problems. Because the identification of problems or concerns about company operation frequently created controversy the organization didn't really want to handle, the staff tended to confine their discussion of these issues to private places. In public, the impression that all was well gained the upper hand. When problematic issues were identified, they were always presented in the form of "challenges" to minimize the possibility of upsetting anyone. Driven underground by a style of management that effectively prevented the discussion of differences, genuine concerns were not given the attention they deserved. Not surprisingly, the organization no longer exists as a

separate entity; the parent group eventually decided to reabsorb the insurance division into the main company.

In this case study, we see how corporate culture develops as an ethos (e.g., "let's bury our differences and keep the peace") created and sustained by social processes, images, symbols, and ritual. Rituals are often embedded in the formal structure of the organization, as in the case of the president's weekly staff meeting; the real function of which was to affirm that senior members of the organization were at some form of peace with each other. The case also illustrates the crucial role played by those in power in shaping the values that guide an organization. In this example, even though the president was perceived by the staff as being relatively weak, he managed to exert a decisive influence on the nature of the organization. The case also shows how historical circumstances, in this case the conflict between inside and outside groups, can shape the present. We also see how the fundamental nature of an organization rests as much in its corporate culture as in the more formal organization chart and codes of procedure. Indeed, it is probably no exaggeration to suggest that, in this case, corporate culture may have been the single most important factor standing between success and failure.

The idea of building a team of integrated players is a powerful one, and the president of the insurance company was probably not at fault in choosing this metaphor. Rather, the problems lay in the way it was coupled with norms favoring passivity. Had the metaphor been linked with an ethos favoring openness and innovation, and had team players been encouraged to make active contributions, the company's fortunes could have turned out very differently indeed.

Such is the case with Hewlett-Packard (H-P), a recognized leader in the microelectronics business. H-P was started in the 1940s by Bill Hewlett and Dave Packard and has established a corporate culture famed for strong team commitment coupled with a philosophy of innovation through people. The company decided to put the team ethos on the line early in its history, adopting a policy that it would not be "a hire and fire company." This principle was severely tested on a couple of occasions in the 1970s, as it has been many times since then, when declines in business forced the company to adopt the policy of a "nine-day fortnight," whereby staff took a 10 percent pay cut and worked 10 percent fewer hours. Whereas other companies resorted to layoffs, H-P kept its full complement of staff, thus emphasizing that all members of the H-P team shared the same fortune and that a measure of job security was possible even in unfavorable times.

Being a member of this team, of course, carried a set of obligations. Enthusiasm for work and an ethos of sharing problems and ideas in an

atmosphere of free and open exchange were values the organization actively encouraged. Much of this ethos stemmed from the day-to-day example set by Hewlett and Packard, the founding heroes who established a reputation for hands-on management throughout the company. The ethos was also fostered by ritual "beer busts" and "coffee klatches" and by numerous ad hoc meetings that created regular opportunities for informal interaction.

Stories, legends, and myths about corporate heroes circulated through the organization and did much to communicate and sustain the cultural values underlying H-P's success. New recruits were treated to slide presentations that showed how "Bill and Dave" started the company in Bill's garage and used the Hewlett oven for making some of the first products. On another occasion they learned that when Bill Hewlett visited a plant one Saturday and found the lab stock area locked he immediately cut the padlock, leaving a note saying, "Don't ever lock this door again. Thanks, Bill." Along with more formal statements of company philosophy, the message soon hit his home: At H-P we trust and value you. You're free to be enthusiastic about your job even if it's Saturday and to innovate and contribute in whatever way you can. Even though Hewlett-Packard is now spread across many continents, the founding spirit of "Bill and Dave" still pervades the company.

For a very different example of the development of corporate culture, let us now turn to the development of ITT under the tough and uncompromising leadership of Harold Geneen. The story here is one of success built on a ruthless style of management that converted a medium-sized communications business with sales of \$765 million in 1959 into one of the world's largest and most powerful and diversified conglomerates, operating in over ninety countries, with revenues of almost \$12 billion in 1978. Under Geneen's twenty-year reign, the company established a reputation as one of the fastest-growing and most profitable American companies—and, following its role in overseas bribery and the downfall of the Allende government in Chile, as one of the most corrupt and controversial.

Geneen's managerial style was simple and straightforward. He sought to keep his staff on top of their work by creating an intensely competitive atmosphere based on confrontation and intimidation. The foundation of his approach rested in his quest for what were known as "unshakable facts." He insisted that all managerial reports, decisions, and business plans be based on irrefutable premises, and he developed a complete information system, a network of special task forces, and a method of cross-examination that allowed him to check virtually every statement put forward.

Geneen possessed an extraordinary memory and an ability to absorb vast amounts of information in a relatively short time. This made it

possible for him to keep his executives on their toes by demonstrating that he knew their situations as well as, if not better than, they did. His interrogation sessions at policy review meetings have become legendary. These meetings, which have been described as "show trials," were held around an enormous table capable of seating over fifty people, each executive being provided with a microphone into which to speak. It is reported that Geneen's approach was to pose a question to a specific executive or to sit back listening to the reports being offered while specially appointed staff people cross-examined what was being said. As soon as the executive being questioned showed evasiveness or lack of certainty, Geneen would move in to probe the weakness. In complete command of the facts, and equipped with a razor-sharp ability to cut to the center of an issue, he would invariably also cut the floundering executive and his argument to shreds. It is said that these experiences were so grueling that many executives were known to break down and cry under the pressure.

Geneen's approach motivated people through fear. If an executive was making a presentation, there was every incentive to stay up preparing throughout the night to ensure that all possible questions and angles were covered. This intimidating style was set by Geneen from the very beginning of his tenure. For example, it is reported that early in his career with ITT he would call executives at all hours, perhaps in the middle of the night, to inquire about the validity of some fact or obscure point in a written report. The message was clear: ITT executives were expected to be company men and women on top of their jobs at all times. The idea that loyalty to the goals of the organization should take precedence over loyalty to colleagues or other points of reference was established as a key principle.

ITT under Geneen was a successful corporate jungle. High executive performance was undoubtedly achieved but at considerable cost in terms of staff stress and in terms of the kind of actions that this sometimes produced, such as the company's notorious activities in Chile. The pressure on ITT executives was above all to perform and deliver the goods they had promised. Their corporate necks were always on the line. Geneen's approach typifies the managerial style that psychoanalyst Michael Maccoby has characterized as that of the "jungle fighter": the power-hungry manager who experiences life and work as a jungle where it is eat or be eaten and where winners destroy losers.

The "cut and thrust" corporate culture of ITT under Geneen stands poles apart from the "let's bury our differences" culture of the humble insurance company considered earlier. It also stands poles apart from the successful team atmosphere created at Hewlett-Packard. As in the case of our cross-cultural comparisons between Japan, Great Britain, and the

United States, the examples are just illustrative. They show how different organizations can have different cultures. Extending the principle, we see that IBM is very different from Microsoft. Both are unlike Compaq, Apple, Coca-Cola, or Boeing.

A focus on the links between leadership style and corporate culture often provides key insights into why organizations work the way they do. However, there are other factors that need to be considered.

For example, gender may also be a powerful cultural force.

"Macho" case studies such as those of Harold Geneen do an excellent job in bringing this to light in an extreme way. But the influence of gender is far more pervasive than this. For example, as researchers such as Carol Gilligan and Sally Helgesen have suggested, traditional forms of organization are often dominated and shaped by male value systems. For example, the emphasis on logical, linear modes of thought and action, and the drive for results at the expense of network and community building, from a gender standpoint, express values and approaches to life that are much more "male" than "female."

We will have a lot more to say on this in Chapters 6 and 7 because a strong case can be made for the idea that many aspects of the corporate world have been trapped within a male archetype creating what Betty Harragan has vividly described as "no-woman's land." Until recently, it has been a man's world where women and associated gender styles were physically and psychologically marginalized or excluded from the male-dominated reality.

This has led to the creation of organizations that often have strong female subcultures standing in tension and, at times, opposition with male power structures. Often, this unleashes powerful forces that can politicize a corporate culture along gender lines, a point further discussed in the next chapter.

From a cultural standpoint, organizations shaped around "female" values are more likely to balance and integrate the rational-analytic mode with values that emphasize more empathic, intuitive, organic forms of behavior. Interestingly, the new flat, network forms of organization that are emerging to cope with the uncertainty and turbulence of modern environments require managerial competencies that have more in common with the female archetype than the male. As this develops, we can expect to see the transformation of many corporate cultures and subcultures away from the dominant influence of male values and associated modes of behavior.

The trend is already evident in the way that new-style corporate leaders such as Anita Roddick of the Body Shop are forging different styles of management and creating very different niches for their

organization. For example, as Roddick puts it, "I run my company according to feminine principles—principles of caring, making intuitive decisions, not getting hung up on hierarchy or all those dreadfully boring business-school management ideas; having a sense of work as being part of your life, not separate from it; putting your labor where your love is; being responsible to the world in how you use your profits; recognizing the bottom line should stay at the bottom."

This quotation is taken from the work of Sally Helgesen, who, in her book *The Female Advantage*, shows how women like Frances Hesselbein of the Girl Scouts of the USA, Barbara Grogan of Western Industrial Contractors, Nancy Badore of Ford Motor Company's Executive Development Center, and Dorothy Brunson of Brunson Communications, like Anita Roddick, bring distinctively female styles of management to the workplace. They help create cultures where hierarchy gives way to "webs of inclusion." They manage by placing themselves "in the middle of things," building communities based on inclusive relationships characterized by trust, support, encouragement, and mutual respect. They help to produce organizations that are truly "networked," where the *process* of doing things is as important as the end result or product. Through their actions and successes they are modeling ways of producing corporate cultures that seem to have a lot in common with the brainlike forms of organization explored in Chapter 4.

In developing these points about the importance of gender values, it is interesting to note that we have again ended up focusing on the links between leadership and corporate culture. Powerful leaders seem to synthesize so many aspects of their organizations. But it is really important to recognize that formal leaders do not have any monopoly on the ability to create shared meaning. The leader's position of power may lend him or her a special advantage in developing corporate value systems and codes of behavior because formal leaders often have important sources of power through which they can encourage, reward, or punish those who follow their lead. However, others are also able to influence the process by acting as informal opinion leaders or simply by acting as the people they are. Culture is not something that can be imposed on a social setting. Rather, it develops during the course of social interaction.

In any organization there may be different and competing value systems that create a mosaic of organizational realities rather than a uniform corporate culture. Besides gender, race, language, and ethnicity, religious, socioeconomic, friendship, and professional groups can have a decisive impact on the cultural mosaic.

For example, different professional groups may each have a different view of the world and of the nature of their organization's business.

Accountants may subscribe to one kind of philosophy and marketing people to another. The frame of reference guiding development engineers may be different from the perspective of members of the production department, marketing, and sales. Each group may have developed its own specialized language and set of favored concepts for formulating business priorities.

Social or ethnic groupings may also give rise to different norms and patterns of behavior with a crucial impact on day-to-day functioning, especially when the ethnic groupings coincide with different organizational activities. An excellent example of this has been provided by sociologist W. F. Whyte in his studies of restaurants, where status and other social differences between kitchen staff and those waiting on tables often create many operational problems. When a high-status group interacts with a low-status group, or when groups with very different occupational attitudes are placed in a relation of dependence, organizations can become plagued by a kind of subcultural warfare. Different norms, beliefs, and attitudes to time, efficiency, or service can combine to create all kinds of contradictions and dysfunctions. These can be extremely difficult to tackle in a rational manner because they are intertwined with all kinds of deep-seated personal issues that in effect *define* the human beings involved.

Subcultural divisions may also arise because organization members have divided loyalties. Not everyone is fully committed to the organization in which he or she works. People may develop specific subcultural practices as a way of adding meaning to their lives (e.g., by getting involved with friendship and other social groupings at work) or by developing norms and values that advance personal rather than organizational ends. For example, the politicking through which organizational members sometimes advance careers or specific interests can result in the development of coalitions sustained by specific sets of values. These coalitions sometimes develop into forms of counterculture, in opposition to the organizational values espoused by those formally in control.

Many organizations are characterized by such informal divisions of opinion within the top management group and sometimes in the organization at large. Typically, these divisions usually result in a struggle for control, which in certain important respects can be understood as a struggle for the right to shape corporate culture. As in politics, such struggles are often closely linked to questions of ideology.

Foremost among all organizational countercultures, of course, are those fostered by trade unions. It is here that the battle for ideological control is often most clearly defined, for trade unions are in effect countercultures in the sense that their existence stems from the fact that the

interests of employee and employer may not be synonymous. Trade unions have their own specific cultural histories, which vary from industry to industry and from organization to organization within an industry. The philosophy, values, and norms of union culture usually exert an important impact on the mosaic of culture, subculture, and counterculture that characterizes life in any organization.

Creating Organizational Reality

Shared values, shared beliefs, shared meaning, shared understanding, and shared sense making are all different ways of describing culture. In talking about culture we are really talking about a process of reality construction that allows people to see and understand particular events, actions, objects, utterances, or situations in distinctive ways. These patterns of understanding help us to cope with the situations being encountered and also provide a basis for making our own behavior sensible and meaningful.

But how does this occur? How is culture created and sustained? How do we construct our realities? We have already begun to answer these questions in general terms, but it is useful to take a closer and more systematic look at the process involved.

CULTURE: RULE FOLLOWING OR ENACTMENT?

Sociologist Harold Garfinkel has demonstrated that the most routine and taken-for-granted aspects of social reality are in fact skillful *accomplishments*. When we travel on a subway car, visit a neighbor, or act as a normal person walking down the street, we employ numerous social skills of which we are only dimly aware. Just as a tightrope walker might think nothing of running across a high wire to collect his or her possessions at the end of rehearsal, oblivious to the skill that this involves, so too in the most mundane accomplishments of daily life.

Garfinkel elucidates our taken-for-granted skills by showing us what happens if we deliberately attempt to disrupt normal patterns of life. Look a fellow subway passenger in the eye for a prolonged period of time. He or she will no doubt look away at first but get increasingly uncomfortable as your gaze continues. Perhaps he will eventually inquire what's wrong, change seats, or get off at the next stop. Behave in your neighbor's house as if you live there. Disrupt the smooth and continuous line of your

walk down a crowded street with a series of random stops and turns or with the shifty manner of a suspicious character. In each case, you will gradually discover how life within a given culture flows smoothly only insofar as one's behavior conforms with unwritten codes. Disrupt these norms and the ordered reality of life inevitably breaks down.

In one sense, then, we can say that the nature of a culture is found in its social norms and customs and that if one adheres to these rules of behavior one will be successful in constructing an appropriate social reality. Thus, a businessperson visiting overseas, or even visiting a client or another organization at home, may be well advised to learn the norms that will allow him or her to "go native." For example, in visiting an Arab state it is important to understand the different roles played by men and women in Arab society and the local rules regarding the flexible nature of time. In general, Arabs in their home country have reservations about conducting business with women. Also, they like to take their time in building business trust and sound relationships before they make decisions, refuse to be hurried, and do not necessarily see a 2:00 p.m. appointment as meaning 2:00 p.m. People who unwittingly break these rules and attempt to keep a fixed schedule or to rush their business will frequently get nowhere. Their actions are likely to be as disruptive as those of the norm-breaking passenger on the subway car.

However, there seems to be more to culture than rule following. This has been illustrated in several important studies conducted by Garfinkel and his colleagues, which show that the ability to apply a rule calls for much more than a knowledge of the rule itself, as rules are invariably incomplete. For example, sociologist David Sudnow has illustrated that even in the administration of justice, an area of human activity where action is supposed to be determined by clearly defined rules, the application of a specific law calls upon background knowledge on the part of the legal officer or judge that goes well beyond what is stated in the law itself. His studies show that cases of child molesting or burglary, for example, are typically assigned to legal categories on the basis of images and judgments as to what constitutes a "normal crime" in these areas. A series of subjective decisions are thus made on the nature of the case before any rule is applied. Lawyers and judges do not follow the rules. Rather, they invoke rules as a means of making a particular activity or particular judgment sensible and meaningful to themselves and to others. In effect, the parties involved in this process are involved in a definition of the rules that are to be applied. This process often involves negotiation—for example, among the defendant and his or her lawyer, the public prosecutor, and the judge, all of whom may subscribe to competing definitions of the situation being considered.