

An Emerging View of Organizational Behavior and Development Studies: Edgar H. Schein's Theory of Organizational Culture

Chiaki Nakano

Introduction

Jeffrey Pfeffer distinguishes theories of organizations into three categories, according to the perspective on action which these theories adopt. The first perspective presumes action as purposive, boundedly or intendedly rational, and prospective or goal directed. Such organizational theories as Expectancy Theory, Goal Setting Theory, Needs Theory, Job Design Theory, and Structural Contingency Theory belong to this category. The second perspective views action as externally constrained or situationally determined. Operant Conditioning Theory, Social Learning Theory, Role Theory, Social Information Processing Theory, Population Ecology, and Resource Dependence Theory are members of this category. The third perspective sees action as being somewhat more random and dependent on an emergent, unfolding process. Ethnomethodology, Cognitive Theory, Language in Organization, and Organizations as Paradigms belong to this category (Pfeffer, 1982, pp. 5-13).

The third perspective is a relatively newly emerging perspective which encompasses a sophisticated integration of the first two. The organization is viewed as a socially constructed reality, and the manager is viewed as having a symbolic, legitimating, sense-making role (Pfeffer, 1982, p. 11). The studies of Organizational Culture is one of the most influential theories in this perspective. However, the more increased the discussions of the topic, the more confused the issues become. The field is in urgent need of clarifying the concept and functions of Organizational Culture. Among the various discussions of issues, Edgar Schein's work,

Organizational Culture and Leadership (1985) is one of the most impressive studies in the academic as well as the practical sense.

The major purpose of writing this paper is to examine Schein's Theory of Organizational Culture in order to explore a new perspective of studies of organizational behavior and development. The organization of this paper consists of three parts: Structural Perspective, Functional Perspective, and Methodological Perspective.

1. Background

(1) Educational/Professional Background

Edgar H. Schein (1928-) is the Sloan Fellows Professor of Management at the School of Management, Massachusetts Institute of Technology (MIT). He is well known as a leading scholar in the fields of organizational behavior and development (OB&D) and career dynamics. He has published more than a hundred books and articles in those fields. Besides these impressive academic achievements, he has consulted with a number of companies and, in 1988, was awarded "Consultant of the Year" by the Consulting Division of the American Psychological Association and the American Society for Training and Development.

Schein received a B. A. degree (1947) from the University of Chicago, a M. A. degree (1949) from Stanford University, and a Ph. D. degree (1952) in social psychology from Harvard University. He was greatly influenced by the interdisciplinary atmosphere of Harvard's Department of Social Relations where he did his graduate work in the late 1940s and early 1950s. In that department, he was exposed simultaneously to anthropology, sociology, social psychology, and clinical psychology. In the department at that time, joint educational efforts were being made by great figures such as Clyde and Florence Kluckhohn, Talcott Parsons, Samuel Stouffer, George Homans, Henry Murray, Robert White, Gordon Allport, Jerome Bruner, Richard Solomon, and David McClelland (Schein, 1985a, p. xi).

After graduating from Harvard, Schein joined the army and was involved with the repatriation of Korean prisoners of war. At the Walter

Reed Army Institute of Research, he studied "brainwashing". This resulted in his first book, *Coercive Persuasion* (1960). After his army service, he was invited by Douglas McGregor to MIT's Management School in 1956. McGregor then obtained a scholarship for him to go to the National Training Laboratories (NTL) in Bethel, Maine. Here he met and began to interact with such figures as Richard Beckhard, Leland Bradford, and Ronald Lippitt (Luthans, 1989, p. 62). Since that time, Beckhard has been a close colleague of Schein's and teaching him most of what he knows about organizational change and consulting (1985a, p. xv).¹

In NTL, Schein began to learn about what the field approach is. People at NTL were heavily involved with the real world, trying to change things. They were different from people sitting in an experimental laboratory, trying to figure things out. He found that what the experimentalists were trying to explain in the laboratory forced them to trivialize the phenomenon. The academic studies of attitude change, for a good example of such trivialization, dealt with trivial problems such as getting people to change their brand of toothpaste. Any theory built from such trivial studies would not be able to explain deeper levels of attitude and belief change. Thus, he became more of a clinician and less of an experimentalist and, sometime in 1960s, he decided to give up on experimentation (Luthans, 1989, p. 62).

During the 1960s through 1970s, Schein's main research activities had been in the field of career development and process consultation. His major works during this period include *Interpersonal Dynamics* (1964, with others), *Organizational Psychology* (1965), *Process Consultation* (1969), *Professional Education* (1972), and *Career Dynamics* (1978). Throughout these works, he has consistently insisted that what should be studied more in organizations is the process—the dynamics of how things work. This view has proceeded to his current research interests.

Within the last few years, he published a couple of follow-ups to his original book on process consultation, *Process Consultation: Volume 2* (1987) and *Process Consultation: Volume 1* (revised, 1988). He also published a book on a methodological approach to OD research, *The Clinical*

Perspective in Field Work (1987).

(2) Study of Organizational Culture

Schein's two major research areas, process consultation and career development, were integrated and led him to study organizational culture. During the 1980s, organizational culture became one of his primary research interests. His *Organizational Culture and Leadership* (1985) is a kind of synthesis of his previous research activities.

There are two major reasons that led his interest in studying organizational culture: one is that the topic has heated up; the other is that the studies of organizations has become ever more interdisciplinary.

-1. Increasing Discussion of Organizational Culture

The field of study on organizational culture emerged around 1980². Provoked by the success of some Japanese companies, some writers began to focus their attention on national and organizational culture. There has been a rash of books on the topic such as Ouchi's *Theory Z* (1981), Pascale and Athos's *The Art of Japanese Management* (1981), Deal and Kennedy's *Corporate Culture* (1982), Peters and Waterman's *In Search of Excellence* (1982). Many of these authors claim that culture makes a major difference to organizational effectiveness. However, they use different concepts of culture and different methodologies and, then, confuse the issues. One of Schein's main purposes in writing his book was "to clarify what culture is, what it does, and how it relates to organizational effectiveness, so that these various claims can be put into a useful perspective for the manager and the student of organizations" (1985a, p. x).

-2. Increasing Interdisciplinary View

Schein maintains that the field of organization studies is maturing into more interdisciplinary modes of thinking and conducting research. Since the late 1970s, the studies of organizations have introduced various new methods such as ethnography, epistemology, phenomenology, participant observation, qualitative research, and clinical research. In this sense, Schein, originally influenced by the atmosphere of Harvard's

Department of Social Relations as previously mentioned, has shifted his own view toward a more interdisciplinary perspective (1985a, p. xi). These new methods or interdisciplinary view have provided the ways to explore such sensitive aspects of organization phenomena as culture which was difficult to investigate through previous research methods.

I think that these two reasons, the heating topics and interdisciplinary view, are not separate, but are rooted simultaneously in the same scientific foundation which is currently in the process of transition. Previously, in the social sciences, the prevailing paradigm was "positivism" which emphasized the empirical test and objectivity. While positivistic methods were relevant to investigate and understand the "hard" aspects of organizational phenomena, it has become increasingly clear that these methods have problems in dealing with some aspects of human behavior or the "soft" aspects of organizational phenomena (Vaill, 1981).

Although the new paradigm is not yet known, there is some shift in the organizational paradigm from analytical to more analogical, from objective to more subjective, from atomistic to more holistic, and so forth. Both emerging discussion of culture and interdisciplinary view should be understood in the context of such a paradigm shift. This is the reason why the organizational culture discourse emerged simultaneously with the introduction of various new methods of interdisciplinary view. Organizational reality and new age of science is now requesting the studies of organizational culture.

[Part 1: Structural Perspective]

2. Definition and Structural Model

(1) A Formal Definition of Organizational Culture

Since the early 1980s, corporate or organizational culture has been one of the hottest topics in the field of management and organization theory. Scholars, consultants, and managers now believe that organizational culture is the key to organizational excellence. Some writers search for the "right" kind of culture, others argue that the "strong" culture is more likely to be associated with effectiveness than the "weak" culture (Ouchi, 1981; Deal and Kennedy, 1982; Peters and Waterman, 1982).

Entailed are discussions of how to create, manage, and change culture in relation to the organization's environment, strategy, and performance (Davis, 1984; Hickman and Silva, 1988). It is also mentioned that organizational culture is one of the most important factors in managing organizational change (Kanter, 1983; Connor and Lake, 1988).

However, only a few of them provide a clear definition of organizational culture, and use different methods and different standards to evaluate the concept. The topic is confusing. It is critical to define the concept of organizational culture in a manner that will provide a common frame of reference for practitioners and researchers (Schein, 1984, p.3).

One of Schein's major purposes in writing his book, *Organizational Culture and Leadership*, is to clarify the concept of organizational culture from a dynamic point of view. Here is his formal definition of culture: a pattern of basic assumptions—invented, discovered, or developed by a given group as it learns to cope with its problems of external adaptation and internal integration—that has worked well enough to be considered valid and, therefore, to be taught to new members as

the correct way to perceive, think, and feel in relation to those problems (1985a, p.9).³

The important point to be recognized in this definition is that the essence of organizational culture is the pattern of basic assumptions, many of which have dropped out of consciousness and have a taken-for-granted quality (1985b, p. 317). In order to better understand what this taken-for-granted pattern of basic assumptions is, Schein provides his structural model of organizational culture, the levels of culture.

(2) Structural Model—Levels of Organizational Culture

There are various cultural elements in an organization, such as office layout, rules, rituals, stories, values, codes of conducts, organizational charters and philosophy. Schein distinguishes three levels among these cultural elements in order to avoid conceptual confusion (1985a, pp. 13-14). Figure 1 is his structural model of organizational culture which shows three levels of culture and their interaction.

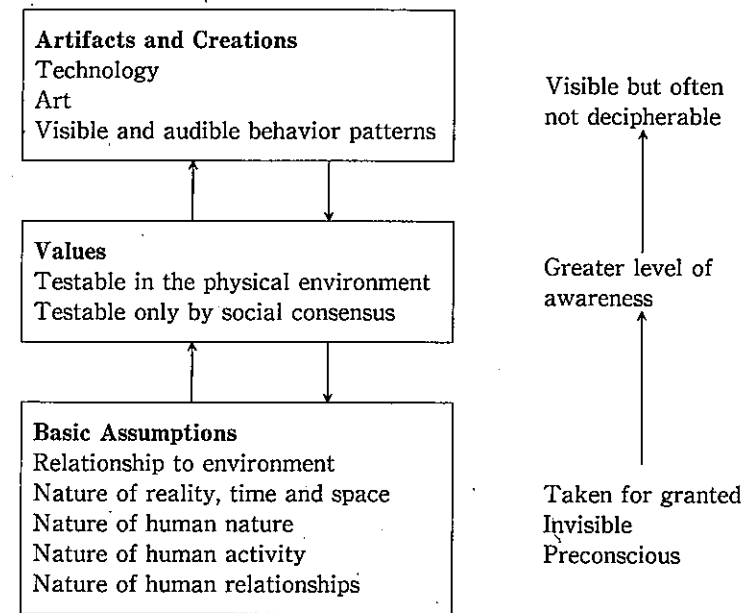
Level 1 : Artifacts and Creations

The most visible level of the culture is an organization's "artifacts and creations". This level includes all of its constructed physical and social environment such as architecture, technology, office layout, manners of dress, public documents (e.g. organizational charters and employee orientation materials), and visible and audible behavior patterns of its members (1984, p. 3; 1985a, p. 14-15). Schein notes that this level of analysis is tricky because the data are easy to obtain but hard to interpret without understanding the other two deeper levels (1984, p. 3).

Level 2 : Values

The second level of culture is comprised of the "values" that govern the way a group constructs its environment and the way its members behave. These values can be inferred by interviewing key members or by analyzing artifacts such as documents and charters. In a young business, for example, if sales begin to decline, the leader may say, "we must increase advertising," because of his belief that "advertising

Figure 1. Levels of Culture and Their Interaction



Source: Schein, 1985a, p. 14.

always increases sales". This leader's belief, within some time, becomes the group's values, "we should advertise more when we are in trouble" (1985a, p. 15-16). What we should note is that these values represent only the manifest or espoused values of a culture. Yet, the true or underlying reasons for their behavior remain concealed or unconscious' (1984, p. 3).

Level 3 : Underlying Assumptions

When a solution to a problem works repeatedly, it soon becomes taken for granted that it will always solve this problem. What was once a hypothesis is gradually transformed into "basic underlying assumption" about how things really are. As the assumption is increasingly taken for granted, it drops out of awareness (1985a, p. 18; 1984, p.4). To really understand an organizational culture and to more completely ascertain

the group's values and overt behavior, we have to delve into the underlying assumptions (1984, p.3). Since the basic underlying assumptions are invisible, unconscious, and taken for granted, they are difficult to be observed, but they do actually determine how group members perceive, think, and feel (1984, p. 3). This level is the real essence of organizational culture.

(3) Content of Culture

This deepest level of assumptions deals with the general and ultimate issues about humanity. Because of the human need for order and consistency, assumptions become patterned into types of "cultural paradigms", which tie together the basic assumptions about humankind, nature, and activities. Cultural paradigms are sets of interrelated assumptions that form a coherent pattern (1984, p. 4). Table 1 shows five major categories of basic assumptions around which cultural paradigms form.⁵

Western culture tends to be oriented toward an active mastery of nature (D-1), and is based on individualistic, competitive relationships (D-5). It uses a future-oriented, linear, monochronic concept of time (D-2), views space and resources as infinite (D-2), assumes that human nature is neutral and ultimately perfectible (D-3), and bases reality or ultimate truth on science and pragmatism (D-2) (1984, p. 5).

In contrast, some Eastern cultures are passively oriented toward nature (D-1). They seek to harmonize with nature (D-1) and with each other (D-5). They view the group as more important than the individual (D-5), are present or past oriented (D-2), see time as polychronic and cyclical (D-2), view space and resources as very limited (D-2), assume that human nature is bad but improvable (D-3), and see reality as based more on revealed truth than on empirical experimentation (D-2) (1984, p. 5).

Whereas Americans tend to value pragmatic (D-2) and proactive "doing" culture (D-4), people of some Asian countries put more importance on moralistic (D-2) and reactive "being" culture or harmonizing "becoming" culture (D-4). Every nation has different basic assumptions

Table 1. Basic Assumptions Around Which Cultural Paradigms Form

(D-1) 1.	<i>Humanity's Relationship to Nature.</i> At the organizational level, do the key members view the relationship of the organization to its environment as one of dominance, submission, harmonizing, finding an appropriate niche, or what?
(D-2) 2.	<i>The Nature of Reality and Truth.</i> The linguistic and behavioral rules that define what is real and what is not, what is a "fact," how truth is ultimately to be determined, and whether truth is "revealed" or "discovered"; basic concepts of time and space.
(D-3) 3.	<i>The Nature of Human Nature.</i> What does it mean to be "human" and what attributes are considered intrinsic or ultimate? Is human nature good, evil, or neutral? Are human beings perfectible or not?
(D-4) 4.	<i>The Nature of Human Activity.</i> What is the "right" thing for human beings to do, on the basis of the above assumptions about reality, the environment, and human nature: to be active, passive, self-developmental, fatalistic, or what? What is work and what is play?
(D-5) 5.	<i>The Nature of Human Relationships.</i> What is considered to be the "right" way for people to relate to each other, to distribute power and love? Is life cooperative or competitive; individualistic, group collaborative, or communal; based on traditional lineal authority, law, charisma, or what?

Source: Schein, 1985a, p. 86. For easy reference, "basic assumptions" are referred to as dimensions, e. g. D-1, D-2, D-3.....

around which cultural paradigms develop.

Schein presents the above mentioned cultural paradigms in his study of the Action company and Multi company as examples at the organizational level. Both Action company and Multi company, for example, view themselves as technologically dominant (D-1). But, Action is oriented toward pragmatism and a short-time horizon (D-2), and also tries to reduce power distance between superiors and subordinates (D-5), Multi, on the other hand, is more moralistic, views a long-time horizon (D-2), and values hierarchy and formality⁶ (1985a, pp. 86-109). These two companies represent the vast differences revealed in various cultural paradigms.

Cultural paradigms are far more multi-dimensional than some of the typologies of organizations that we find in our literature. Many of these typologies take only a single assumption dimension. Cultural paradigms, however, are actually more complex sets of assumptions about human nature, human activity, and the nature of reality, space, time, and the environment (1985a, pp. 108-111). Thus, for Schein, the degree to which these assumptions interlock into a coherent or consistent pattern — the consistency of a culture — is equally, or possibly more important than the strength of a culture.

[Part 2: Functional Perspective]

3. Functions of Culture in Organizations: What Culture does

The formal definition and the structural model of organizational culture described in Part One show us what culture is, but do not tell us what culture does and how culture begins, develops, and changes. We now examine these functional aspects in order to understand the dynamics of organizational culture.

Schein holds that, theoretically, organizational culture has two major functions: one is the positive “problem-solving” or “organizational learning” function; the other is the “anxiety-reducing” function.

(1) Positive, Problem-Solving Function

When we see that a culture serves to solve the problems a group faces, it will be useful to distinguish between two kinds of problems: the group’s basic problems of (1) survival in and adaptation to the external environment and (2) integration of its internal processes (1985a, p. 50).

-1. External Adaptation and Survival

The problems of external adaptation and survival basically specify the coping cycle that any system must be able to maintain in relation to

Table 2. The Problems of External Adaptation and Survival

-
1. *Mission and Strategy.* Obtaining shared understanding of core mission, primary task, manifest and latent functions.
 2. *Goals.* Developing consensus on goals, as derived from the core mission.
 3. *Means.* Developing consensus on the means to be used to attain the goals, such as the organization structure, division of labor, reward system, and authority system.
 4. *Measurement.* Developing consensus on the criteria to be used in measuring how well the group is doing in fulfilling its goals, such as the information and control system.
 5. *Correction.* Developing consensus on the appropriate remedial or repair strategies to be used if goals are not being met.
-

Source: Schein, 1985a, p. 52.

its changing environment. The essential elements of that cycle are shown in Table 2 (1985a, p. 52). Each element of this problem-solving cycle itself is not so different from traditional discussions of organization theories, e. g. contingency theories and strategic management theories. The point of Schein’s discussion is that how to cope with this cycle is characterized by the consensus on each element of the cycle, which is developed among a group member, as the group accumulates its own history.

-2. Internal Integration

Any organization must deal with the internal integration issues if the organization is to function as a social system. Because an organization cannot survive if it cannot manage itself as a group, internal integration and external survival problems are two sides of the same coin. Table 3 outlines the major problems of internal integration around which cultural solutions must be found (1984, pp. 10-11; 1985a, p. 65).

These external and internal issues are common for any organization. However, the nature of the solutions varies from one organization to another because the nature of the solutions reflects the assumptions

Table 3: The Problems of Internal Integration

1. *Common Language and Conceptual Categories.* If members cannot communicate with and understand each other, a group is impossible by definition.
2. *Group Boundaries and Criteria for Inclusion and Exclusion.* One of the most important areas of culture is the shared consensus on who is in and who is out by what criteria one determines membership.
3. *Power and Status.* Every organization must work out its pecking order, its criteria and rules for how one gets, maintains, and loses power; consensus in this area is crucial to help members manage feelings of aggression.
4. *Intimacy, Friendship, and Love.* Every organization must work out its rules of the game for peer relationships, for relationships between the sexes, and for the manner in which openness and intimacy are to be handled in the context of managing the organization's tasks.
5. *Rewards and Punishments.* Every group must know what its heroic and sinful behaviors are; what gets rewarded with property, status, and power; and what gets punished in the form of withdrawal of the rewards and, ultimately, excommunication.
6. *Ideology and "Religion."* Every organization, like every society, faces unexplainable and inexplicable events, which must be given meaning so that members can respond to them and avoid the anxiety of dealing with the unexplainable and uncontrollable.

Source: Schein, 1985a, p. 67.

and consensus among members and the history of the organization. Each organizational culture is unique, just as its way of problem-solving is also unique (1984, p. 10).

(2) Anxiety Reduction Function

If we say organizational culture's problem-solving function is as a positive organizational learning function, then there should also be a negative learning function. Schein maintains that organizational culture also serves as the anxiety reduction function.

According to Schein, in order to fully grasp the importance of

anxiety reduction in culture formation, we have to consider, first of all, the human need for cognitive order and consistency. In the absence of shared "cognitive maps," the human organism experiences a basic existential anxiety that is intolerable—an anxiety observed in extreme situations of isolation or captivity (Schein, 1961). Humans also experience the anxiety associated with being exposed to hostile environmental conditions and to the dangers inherent in unstable social relationships, and anxiety associated with occupational roles such as coal mining and nursing (1984, p. 8). Cultural assumption serves as a defense mechanism for reducing such human anxieties.

Secondly, humans experience anxiety when they are faced with cognitive uncertainty or overload, that is, when they can not sort out from the mass of stimuli those that are important and those that are not. Cultural assumptions can be thought of as a set of filters or lenses that help us to focus on and perceive the relevant portions of our environment. Without such filters or lenses, we would experience overload and uncertainty (1985a, pp. 82-83).

Once organizational members have cultural solutions, they can relax to some extent. They tend to resist a change because a change forces members to give up the assumptions that stabilized their world. A change inherently produces anxiety. This is the reason why it is so difficult to change culture (1985a, p. 83).

I think Schein's insight has been developed through his experience as a clinician who has long consulted many organizations and who has deeply observed human psychology. While many authors write on changing or managing organizational culture (Kanter, 1983; Davis, 1984; Hickman and Silva, 1988), we should not be too optimistic, but should be more cautious about the difficulty to change or manage culture.

4. Culture Formation: How culture begins and develops

(1) How Culture Forms—Theoretical Basis

Before getting into Schein's analysis of the culture formation process, I will mention the theoretical and conceptual basis of his frame-

work on this issue. Central to his analysis is a synthesis of (1) group dynamics theory, (2) leadership theory, and (3) learning theory (1985a, p. 148).

-1. Group Dynamics Theory

One of the major issues of group dynamics theory has been to reveal underlying interpersonal and emotional processes among people which help us explain assumptions "shared" or "common to" organizational members. The important points to understand are how each individual comes to feel that he is a member of the group in the first place and how each member resolves the core conflict between the wish to be enveloped by and fused with the group (1985a, pp. 149-150).

-2. Leadership Theory

Another theoretical basis relevant to understanding how culture forms and evolves are a variety of leadership theories. These studies have attempted to understand the relationship of the leader to the group and the effect of a leader's personality and style on group formation. When Schein stresses the role of leaders in shaping culture, he is influenced by theories such as *initiating structure* vs. *consideration* (the Ohio State leadership studies), *task orientation* vs. *relationship orientation* (Fiedler, 1967), *production-centered* vs. *relationship-centered* (Likert, 1961, 1967), the "managerial grid" (concern for *production* vs. concern for *people*; Blake and Mouton, 1964), and his own study on three kinds of competence (*analytical*, *interpersonal*, and *emotional* competence; Schein, 1978). (Schein, 1985a, pp. 170-174).

-3. Learning Theory

Throughout Schein's discussion of culture, there is an underlying proposition that culture is *learned* and can be understood only within the context of an evolutionary, dynamic learning model. As already shown in the previous section, there are two types of learning situations — *positive problem-solving situations* and *anxiety-avoidance situations*. Practically, these two types of situations are intertwined, even though, structurally, they should be clearly distinguished because they have different consequences for the stability of culture (1985a, p. 174). In this sense,

Table 4: Stages of Group Evolution

Stage	Dominant	Socioemotional Focus
1. Group Formation	Dependence: "The leader knows what we should do."	Self-Orientation Emotional focus on issues of (1) inclusion, (2) power and influence, (3) acceptance and intimacy, (4) identity and role.
2. Group Building	Fusion: "We are a great group; we all like each other."	Group as Idealized Object Emotional focus on harmony, conformity, and search for intimacy. Member differences are not valued.
3. Group Work	Work: "We can perform effectively because we know and accept each other."	Group Mission and Tasks Emotional focus on accomplishment, teamwork, and maintaining the group in good working order. Member differences are valued.
4. Group Maturity	Maturity: "We know who we are, what we want, and how to get it. We have been successful, so we must be right."	Group Survival and Comfort Emotional focus on preserving the group and its culture. Creativity and member differences are seen as threat.

Source: Schein, 1985a, P.191.

culture can be defined as the outcome of organizational learning (1985a, p. 183).

(2) Observing Culture Emerge in Small Groups

Another basis for Schein's framework of culture formation process is derived from his own experiences in running training groups for the National Training Laboratories and in observing small groups within various organizations during his consulting activities. By analyzing the small group situation, he found that there is a sequence of shared underlying assumptions which characterize each of the developmental stages of the group. Table 4 outlines the stages of group evolution and underlying assumptions dominant in each stage. He extrapolates from these insights

on the small group formation process to the wider organizational context in the following sections⁷ (1985a, p. 190).

(3) The Role of the Founder in Creating Organizational Culture

Every organization is goal oriented and has a specific purpose. When the founder creates the organization, he brings different types of assumptions with him, which underlie his vision, values, and philosophy. Culture does not start from scratch; it begins with the founder. Usually, founders or entrepreneurs are strong-minded about what to do and how to do it⁸. Their problem is how to articulate, teach, embed, and work their own assumptions into the organization (1983, p. 14-17; 1985a, pp. 209-221).

Schein identifies ten mechanisms which are used by founders or key leaders to embed their own values or assumptions. Table 5 shows these mechanisms varying along two dimensions: (1) how powerful their effects are, and (2) how implicit or explicit the messages are conveyed.

-1. Primary Embedding Mechanism

Among mechanisms in Table 5, according to Schein's observation, the primary embedding mechanisms are more powerful and more important than the secondary mechanisms. Below, I will briefly summarize each of these embedding mechanisms.

What Leaders Pay Attention to, Measure, and Control

This is one of the best mechanisms available for leaders to communicate what they believe in or care about. By "paying attention to", Schein means anything from what is noticed and commented on, to what is measured, controlled, rewarded, and in other ways systematically dealt with. All of these send clear signals to members about the leaders' priorities, values, and beliefs. Even the leaders' casual remarks, questions, and emotional outbursts can be as potent as formal control mechanisms and measurements, if they are consistent with the leaders' basic assumptions. The key is the consistency, not the intensity of the attentions (Schein, 1985a, pp. 225-227).

Table 5. How is Culture Embedded and Transmitted?

<u>Primary Embedding Mechanisms</u>	<u>Secondary Articulation and Reinforcement Mechanisms</u>
<p><u>Explicit</u></p> <ul style="list-style-type: none"> -Deliberate role modeling, teaching, and coaching by leaders. -Explicit reward and status system, promotion criteria. -What leaders pay attention to, measure, and control. -Leader reactions to critical incidents and organizational crisis. 	<ul style="list-style-type: none"> -Formal Statements of organizational philosophy, charters, creeds. -Design of physical spaces, facades, and buildings. -Stories, legends, myths, and parables about key people and events. -How the organization is designed and structured. -Organizational systems and procedures.
<p><u>Implicit</u></p> <ul style="list-style-type: none"> -Criteria used for recruitment, selection, promotion, leveling off, retirement, and "excommunication" of people. 	

The original table (Schein, 1983, p. 22.) lists these mechanisms in order from explicit to implicit. Based on Schein's discussion in Chapter Ten (Schein, 1985a), I modified the table by adding another dimension — the power of their effects.

Leader Reactions to Critical Incidents and Organizational Crises

When an organization faces a crisis, such as when organizational survival is threatened, when norms are unclear or challenged, and when insubordination occurs, the manner in which leaders deal with it creates

new norms, values, and working procedures, and reveals important underlying assumptions. Crises also are significant in culture creation and transmission partly because the intensity of learning is increased by the heightened emotional involvement during such periods. If people share intense emotional experiences and collectively learn how to deal with very emotionally involving situations, they are more likely to remember what they have learned (1985a, p. 230).

Deliberate Role Modeling, Teaching, and Coaching

Founders and new leaders of organizations generally seem to know that their own visible behavior has great value for communicating assumptions and values to other members, especially newcomers. For example, some presidents have made a number of videotapes that outline his explicit philosophy, and these tapes are shown to new members of the organization as part of their initial training. However, there is a difference between the messages delivered from staged settings, such as when a president gives a welcoming speech to newcomers, and the messages received when a president is observed "informally". The informal messages are the more powerful teaching and coaching mechanism (1985a, p. 232).

Criteria for Allocation of Rewards, Status, and Promotions

Members of any organization learn from their own experience with promotions, performance appraisals, and other rewards and punishments. The leaders can quickly communicate their own priorities, values, and assumptions by consistently linking rewards and punishments to the behavior they are concerned with. What Schein refers to here is the actual system, what really happens, not what is espoused, published, or preached. These systems should be consistent with the leaders' values and assumptions as well as with the leaders' daily behavior (1985a, pp. 233-235).

Criteria for Recruitment, Selection, Promotion, Leaving off, Retirement, and Excommunication

One of the most potent ways in which culture is embedded and perpetuated is in the initial selection of new members. This mechanism

is very subtle because it operates unconsciously in most organizations. Since an organization is apt to recruit people who fit into it, an ongoing culture can be hard to change. On the other hand, culture change can be accelerated if one recruits and selects new members according to criteria that fit new cultural assumptions. Unless someone outside the organization is explicitly involved in the hiring, there is no way to know how much the selection process is dominated by the current implicit assumptions (1985a, p. 235).

-2. Secondary Articulation and Reinforcement Mechanism

Schein labels these mechanisms "secondary" because they work only if they are consistent with primary mechanisms. If they are inconsistent, they will either be ignored or be a source of internal conflict (1985a, p. 237).

Organization Design and Structure

The ways of designing an organization carry implicit messages of what leaders assume and value about the task, the means to accomplish it, the nature of people, and the relationship among employees. This category includes the design of work, who reports to whom, the degree of decentralization, the criteria for differentiation (how to divide up product lines, market areas, functional responsibilities, and so on), the mechanisms used for integration, and so forth (1983, p. 22.; 1985a, pp. 238-239).

Organizational Systems and Procedures

Implicit messages of what leaders assume and value are conveyed by the various types of information, control, and decision support systems in terms of categories of information, time cycles (the daily, weekly, monthly, quarterly, and annual cycle of routines, procedures, reports, forms, and other recurrent tasks), who gets what information, and when and how performance appraisal and other review processes are conducted (1983, p. 22). The origin of such routines is often not known to participants, or sometimes even to senior management, but their existence lends structure, predictability, and concreteness to an otherwise vague and ambiguous organizational world. These systems and procedures make

organizational life predictable and, thereby, reduce ambiguity and anxiety (1985a, p. 239).

Design of Physical Space, Facades, and Buildings

This category encompasses all the visible features of the organization that clients, customers, vendors, employees, and visitors would encounter. The messages that can be inferred from the physical environment are potentially reinforcing the leader's messages, but only if they are managed to be so. Leaders who have a clear philosophy and style often choose to embody that style in these visible manifestations of their organization (1985a, p. 240).

Stories About Important Events and People

As an organization develops its own history, some of this history becomes embodied in stories about events and leadership behavior. Thus, the story — whether it is in the form of a parable, legend, or even myth — reinforces assumptions and teaches assumptions to newcomers. However, since the message found in the story is often highly distilled or even ambiguous, this form of communication is somewhat unreliable (1985a, p. 241).

Formal Statements of Organizational Philosophy, Creeds, Charters

These formal statements are an attempt by the leaders to explicitly state their values or assumptions. However, such public statements cannot be seen as a way of defining the culture of the organization. At best they cover a small, publicly relevant segment of the culture, those aspects that leaders find useful to publish as an ideology for the organization (1985a, p. 242).

To conclude, Schein insists that these ten mechanisms represent all the possible ways in which leaders' messages are communicated and embedded, even though they vary in potency, explicitness, and intentionality (1983, p. 24). The important point is that all of these mechanisms do communicate culture content to newcomers regardless of

whether the leaders may or may not be aware of sending them. Leaders do not have a choice about whether or not they communicate. They have a choice only about how much to manage what they communicate. Organizations differ in the degree to which the cultural messages are consistent and clear, and this variation in cultural clarity is probably a reflection of the clarity and consistency of the assumptions of the leaders (1985a, p. 243).

5. Culture Change: Organizational Growth Stages and Culture Change Mechanisms

Organizational culture is always a learning process reflecting the complex interaction between (1) the assumptions and theories that founders bring to the group initially and (2) what the group subsequently learns from its own experiences (1983, p. 14). As an organization develops, its external and internal environments change, and it follows that the organizational learning experience also changes. The questions are how culture affects such a change process and how culture itself changes in the process.

Schein examines this kind of culture change process by paying attention to the major organizational growth stages — the birth and early growth, midlife, and maturity — which are delineated by some developmental variables such as generational age⁹, size, and complexity. Table 6 shows the major cultural issues and most relevant change mechanisms for each of the three major organizational growth stages (1985a, pp. 270-272). Below, I will summarize the culture change process in each growth stage, focusing on the change mechanisms.

(1) Birth and Early Growth

In Stage 1, the birth and early growth of a new organization, the founder or founding family is still dominant. The main cultural thrust comes from the founders and their assumptions. As long as the organization succeeds in fulfilling its primary task and survive, their cultural

Table 6. Growth Stages, Functions of Culture, and Mechanisms of Change

<i>Growth Stage</i>	<i>Function of Culture / Issue</i>
I. <i>Birth and Early Growth</i> Founder domination, possible family domination	<ol style="list-style-type: none"> 1. Culture is a distinctive competence and source of identity. 2. Culture is the "glue" that holds organization together. 3. Organization strives toward more integration and clarity. 4. Heavy emphasis on socialization as evidence of commitment.
<i>Succession Phase</i>	<ol style="list-style-type: none"> 1. Culture becomes battleground between conservatives and liberals. 2. Potential successors are judged on whether they will preserve or change cultural elements.

Change Mechanisms

1. Natural Evolution
2. Self-Guided Evolution Through Organizational Therapy
3. Managed Evolution Through Hybrids
4. Managed "Revolution" Through Outsiders

II. *Organizational Midlife*

- | | |
|---|---|
| <ol style="list-style-type: none"> 1. Expansion of products/ markets 2. Vertical integration 3. Geographical expansion 4. Acquisitions, mergers | <ol style="list-style-type: none"> 1. Cultural integration declines as new subcultures are spawned. 2. Loss of key goals, values, and assumptions creates crisis of identity. 3. Opportunity to manage direction of cultural change is provided. |
|---|---|

Change Mechanisms

5. Planned Change and Organization Development
6. Technological Seduction
7. Change Through Scandal, Explosion of Myths
8. Incrementalism

III. *Organizational Maturity*

- | | |
|--|--|
| <ol style="list-style-type: none"> 1. Maturity or decline of markets 2. Increasing internal stability and/or stagnation 3. Lack of motivation to change | <ol style="list-style-type: none"> 1. Culture becomes a constraint on innovation. 2. Culture preserves the glories of the past, hence is valued as a source of self-esteem, defense. |
|--|--|

Transformation Option

1. Culture change is necessary and inevitable, but not all elements of culture can or must change.
2. Essential elements of culture must be identified, preserved.
3. Culture change can be managed or simply allowed to evolve.

Destruction Option

- | | |
|--|---|
| <ol style="list-style-type: none"> 1. Bankruptcy and reorganization 2. Takeover and reorganization 3. Merger and assimilation | <ol style="list-style-type: none"> 1. Culture changes at fundamental paradigm levels. 2. Culture changes through massive replacement of key people. |
|--|---|

Change Mechanisms

9. Coercive Persuasion
10. Turnaround
11. Reorganization, Destruction, Rebirth

Source: Schein, 1985a, pp.271-272

paradigms are viewed as the organization's distinctive competence and the basis for member identity. Culture serves as the psycho-social "glue" that holds the organization together (1985a, p. 273).

Of more importance to the culture change process, however, is the succession phase, the shift from founder to a second-generation chief executive officer, even if that person is one of the founding family members. The succession serves more or less to unfreeze the organization. Potential successors are often judged on whether they will preserve or change existing cultural elements. Thus, culture becomes a battleground between conservatives and liberals (1985a, pp. 275-277).

Change Mechanism 1: Natural Evolution

If the organization is not under too much external stress and if the founder or founding family is present for a long time, the culture simply evolves by assimilating what works best over the years. Such evolution involves two basic processes: general evolution and specific evolution (1985a, p. 277).

General Evolution toward the next historical stage of development is the result of diversification and increasing organizational complexity,

differentiation, and integration. In addition, the elements of the culture that operate as defenses are likely to be retained and strengthened over the years (1985b, p. 31).

Specific Evolution is the adaptation of specific parts of the organization to their particular environments. Thus, a high-technology company may develop highly refined R & D skills, while a consumer products company may develop highly refined marketing skills. Such differences reflect important underlying assumptions about the nature of the world and the actual growth experiences of the organizations (1985b, p. 31).

Change Mechanism 2: Self-Guided Evolution through Organizational Therapy

Culture, as a defense mechanism to avoid uncertainty and anxiety, should be able to help an organization assess for itself its strengths and weaknesses, and then modify this culture, if necessary, for survival and effective functioning. Therapy that operates through creating self-insight permits cognitive redefinition to occur and thereby can produce dramatic changes. Outsiders will be needed to (1) unfreeze the organization, (2) provide psychological safety, (3) help to analyze the present defensive nature of the culture, (4) reflect back to key people in the organization how the culture seems to be operating, and (5) help the process of cognitive redefinition. When this process works, usually because the client is highly motivated to change, dramatic shifts in assumptions can take place (1985a, pp. 278-279).

Change Mechanism 3: Managed Evolution through Hybrids

When the present culture must change in some way to survive in a changing environment, a young organization often tries to manage such change without losing its identity. One process is to selectively fill key positions with "hybrids". By hybrids, Schein means "insiders" who have grown up in the culture and are accepted by others, but whose personal assumptions are somewhat different from the mainstream direction in which the company needs to move. Formal management succession, when the founder or founding family finally relinquishes control, provides an opportunity to change the direction of the culture if the successor is the

right kind of hybrid. The typical feeling of other members is "we don't like what he is doing in the way of changing the place," but acceptable "because at least he is one of us" (1985a, pp. 280-281).

Change Mechanism 4: Managed "Revolution" through Outsiders

A young and growing company may select outsiders to fill key positions, on the grounds that the organization needs to be more "professionally" managed — that is, needs to bring in modern management tools that the founder did not have. Turning to outsiders is also the most likely course if the company is in economic difficulty due to perceived inefficiencies associated with the founder's culture (1985a, p. 281).

(2) Organizational Midlife

In stage 2, the organizational midlife, the founder or founding family is no longer in an ownership or dominant position. After some generations elapse or the organization grows in size, the number of professional managers exceeds that of family members. The organization has to maintain and develop itself through a strategic issue such as geographical expansion, development of new products and/or new markets, vertical integration to improve its cost and resource position, mergers and acquisitions, divisionalization, or spin-offs.

From a cultural point of view, the degree of integration declines as new subcultures develop within the organization and, consequently, the loss of some key goals, values, and assumptions results in a kind of cultural identity crisis. This process provides the organization with an opportunity to manage the direction of cultural change (1985a, pp. 282-285).

Change Mechanism 5: Planned Change and Organizational Development

A midlife organization develops various conflicts such as between headquarters and field staff, between divisions, and between functional groups. A consultant from outside the company, e. g. an OD practitioner, is often introduced by the dominant coalition of managers to help them find the way to integrate the diverse and conflicting subcultures. This

kind of change effort includes an understanding of the organization's culture and intervention that creates mutual insight and develops a commitment to superordinate goals (1985a, p. 285).

Change Mechanism 6: Technological Seduction

The deliberate and managed introduction of new technologies causes culture change in two ways. First, the introduction of new behavior patterns disrupts the social and interpersonal relationships that have been built up around the old technology and thus forces an examination and reevaluation of the assumptions on which those patterns were built. Secondly, technological change usually involves new assumptions about the nature of the organization's mission, goals, means, measurements, and remedial actions. Such assumptions are built into the technology itself but may not be recognized until the technology is in place (1985b, pp. 35-36).

Change Mechanism 7: Change through Scandal, Explosion of Myths

As a company matures it develops a positive ideology and a set of myths about how it operates ("espoused theories" : Argyris and Shon, 1978), while at the same time it continues to operate by other assumptions ("theories-in-use") which more accurately reflect what actually goes on. Where such incongruities exist between espoused theories and theories-in-use, this change mechanism operates more clearly. Nothing changes until the consequences of the theories-in-use create a visible, public scandal that cannot be hidden, avoided, or denied. This mechanism tends to be more evolutionary than managed, so it may be more properly noted as an event that causes change rather than as a tool for organizations to use. It is possible, however, to imagine scenarios in which managers actually engineer scandals in order to induce some of the changes they want (Schein, 1985b, p. 37).

Change Mechanism 8: Incrementalism

Incrementalism is achieved when all of a manager's decisions are consistently biased toward a new set of assumptions, even though individually each decision is a small change. Key leaders do not create massive

changes even when they have a clear idea of where they eventually want to end up. Instead, they look for opportunities to make small changes, constantly test how these work, and concentrate on the opportunistic utilization of fortuitous events to move the system in the desired direction. Such a process changes the culture slowly over a long period of time (1985b, p. 38).

Schein summarizes the organizational midlife as the period when managers have the most choice about how to manage cultural issues. As organizations face increasingly turbulent environments, *flexible* cultures, which encourage diversity rather than uniformity, may well be more advantageous than strong cultures (1985b, p. 38).

(3) Organizational Maturity and/or Stagnation and Decline

Some organizations find that, over a long period of time, significant segments of their culture become dysfunctional in a dynamic, turbulent, and competitive environment. This is the stage when an organization is no longer able to grow because it has saturated its markets or become obsolete in its products. On the other hand, the organization often increases its internal stability or falls into stagnation, and lacks motivation to change. Culture becomes a constraint on any organizational change, and serves only to preserve the glories of the past.

In this kind of situation, the organization has only two basic options: one is "turnaround", that is the rapid transformation of parts of the culture so that the organization can become competitive once again; the other is "destruction", a total reorganization through a takeover, merger and acquisition, or bankruptcy proceeding (1985a, pp. 291-293).

Change Mechanism 9: Coercive Persuasion¹⁰

If an uncomfortable culture change is to be undertaken, people will be more likely to accept it if they have no other choices and face few alternative jobs, the loss of stock options or pension benefits, the threat of being blackballed with other potential employers, and so on. When exit is prevented, the change manager can escalate the amount of change and can count on more willingness to tolerate the discomfort of change. At

the same time, if the rewards of success follow quickly on the heels of this change, a real momentum toward new cultural assumptions can be generated. The change manager needs insight and skill to manipulate the restraining forces and incentives (1985b, pp. 39-40).

Change Mechanism 10: Turnaround

Turnaround is really the use of many of the other mechanisms of change to alter a situation when the present culture has become, to some degree, dysfunctional. The most important condition for turnaround is that the organization's culture must be unfrozen. The organization must first recognize that some of its old ways of thinking, feeling, and acting are obsolete. When the organization is unfrozen in this sense, change is possible if there is a turnaround manager or team with a clear sense of where the organization needs to go, a model of how to change the culture to get there, and the power to implement the model. If any of these are lacking, the process will fail (1985b, pp. 40-41).

Change Mechanism 11: Reorganization, Destruction, and Re-birth

If the group as a carrier of a given culture is eliminated or destroyed, that culture is also destroyed, and whatever new group begins to function builds its own, new culture. This process is traumatic, and therefore not typically used as a deliberate strategy, but it may be necessary if economic survival is at stake (1985b, p. 41).

Schein concludes that different functions are served by culture at different organizational stages, and the change issues are therefore different at those stages. In each case, the change process must involve unfreezing, redefinition of, and refreezing organizational culture (1985a, p. 296).

[Part 3: Methodological Perspective]

6. Organizational Development and the Study of Organizational Culture

(1) Organizational Development as a Philosophy

Schein argues that the field of organizational development (OD) needs to rethink its roots and philosophy, especially in reference to the study of organizational culture. He views OD as a philosophy for working with clients rather than as a technology, a set of tools. He points out that, although OD as a technology has discovered the enormous potential of "data gathering", it has become too tool oriented and has missed the point that the essence of OD is the joint work with the client system where diagnosis and intervention are completely intertwined and where data gathering itself must be seen as a major intervention. This point becomes most apparent in the study of organizational culture (1990, p.3).

Technology-oriented OD tends to have the notion that we can go into an organization with a questionnaire and ask employees to tell us about their actual culture and then ideal culture. It assumes, first of all, that the dimensions of culture in organizations are understood and documented well enough to construct a questionnaire or survey instrument. Secondly, it assumes that individual respondents answering the questionnaire are sufficiently in touch with their own deeper cultural assumptions to give accurate data. Third, it assumes that such a questionnaire is a desirable and/or valid intervention as part of an OD process (1990, p. 4.)

Schein does not agree to any of these three assumptions. First, cultures are multi-dimensional complex systems and difficult to be understood by being dimensionalized along only a set of dimensions

invented by the investigators. Any given set of dimensions may fit one industry, but it may be irrelevant to another one. Not only do the basic dimensions differ from one organization to the next, but the importance of any given set of assumptions in a given organization at a given time also varies significantly.

Second, the individuals in an organization are often rather blind to their own cultural assumptions because these assumptions are taken for granted and even unthinkable for them. Therefore, individual respondents can not give accurate cultural data in a questionnaire.

Third, researchers should be more careful about the impact of giving culture surveys to employees or managers as an intervention. Such a questionnaire survey projects at best a superficial and incorrect concept about what culture is. Worse, such a survey sometimes implies that culture can be easily improved or changed. From his observations about culture, Schein believes that underlying assumptions shared by people are the most stable things that organizations have, and the notion that researchers can change culture with a questionnaire is absolutely utopian at best (1990, p.4).

In order to make more constructive interventions around culture, Schein insists that we have to regain the philosophical stance on OD, that is, to involve the clients and let them own the problems. To this purpose, he proposes "the clinical perspective" which emphasizes a joint effort between a client and a consultant.

(2) Clinical Approach

Schein differentiates the clinical perspective from other types of field work such as ethnography and a questionnaire survey:

The essence of the clinical perspective is that whatever you do when you work with organizations, it should be guided very much by the philosophy of letting the participants tell their own story, finding out where they hurt, and trying to help. The role of consultant or researcher is helping participants to clarify and articulate so that

they can cope better with their problems" (Luthans, 1989, p. 70).

In ethnography, for example, the researcher obtains concrete data in order to understand the culture he is interested in for intellectual and scientific reasons. The group members studied are often willing to participate but usually have no particular stake in the intellectual issues.

In contrast, in a clinical approach, the group members are clients who have their own interests. To solve some problem they face, clients need the involvement of a consultant outside the organization. In the clinical situation, the client must get the cooperation of the consultant as a helper, while, in the ethnographic situation, the researcher must obtain the cooperation of subjects. The nature of the relationship between client and helper in the clinical situation is completely different from that between researcher and subjects in a ethnographic study. This different nature of the relationship brings about different kinds of data in studying culture (1985a, p. 21).

The following statement represents how Schein applies the clinical approach to the analysis of organizational culture.

[W]hat I now do with organizations is first inquire *why* they want to analyze their culture. Then, if they have some sound reasons, I give them my structural model of *artifacts, values, and assumptions*. I work with whole executive team and say: "Let's figure this out together. What are some of your artifacts? What are some of the values that underlie what is going on? What deeper assumptions does that imply? I play the role of the outsider raising the questions. I write down on flipcharts what they came up with, but *they* supply all of the data and figure out their own culture with my help" (Luthans, 1989, p. 71).

Schein believes in K. Lewin's words that one does not really understand a system until one tries to change it (1985a, p. 135). This clinical approach not only makes his analysis unique but also enables him to reach a deeper understanding of cultural phenomena.

(3) Ethical Problems in Culture Studies and Interventions

Being guided by the philosophy of the clinical approach, Schein refers to some ethical problems which are involved in culture studies and interventions. He holds that any sort of organizational research is an intervention. Since organizational culture is a very sensitive issue, the process of intervention cannot be without its problems, risks, and potential costs. He identifies three kinds of basic risks which must be assessed by researchers.

First, the analysis of the culture could be incorrect. If the decision maker in the organization is given incorrect data, and if decisions are made on the basis of them, serious harm could be done to the organization (1985a, p. 137).

Secondly, the organization might not be ready to receive feedback about its culture. Even if the analysis is correct, the insiders may not be prepared to digest what has been learned about them. The organization might be reluctant to accept the cultural truth about itself because of some reason, e. g. they simply do not like it. If the organization has a biased image about itself, such an image is harmful to the organization in some way (1985a, pp. 137-138).

Thirdly, the organization could be made more vulnerable through having its culture revealed to outsiders. If the analysis of the culture of an organization becomes known to outsiders by being published or being discussed among interested parties, the organization might be put at a disadvantage (1985a, p. 139).

The analyst of a culture has a professional obligation to fully understand the potential consequences of his or her investigation (1985a, p. 140). The researcher should have ethical principles of intervention such as protection of the client's welfare. The ethics of research should, first of all, be the ethics of intervention (1985a, p. 145).

7. Conclusion and Future Research Perspective

In Part One, we discussed Schein's formal definition and his structural model of organizational culture. The elaborate clarification of the concept of culture is one of his major contributions to the field of studies on organizational culture.

With his structural model which identifies three levels of culture, we are able to avoid the conceptual confusion which conventional discourse of culture has often fallen into. Each cultural element which was viewed as "culture" by many authors on the topic is positioned somewhere in his model. Moreover, he makes it clear that culture differs from other concepts such as "a pattern of behavior", "climate", "values", and "corporate philosophy". Rather, culture operates at one level below these others and largely determines them (1985a, p. 314). He also argues that culture is far more than oversimplified typologies or dichotomies of organizational phenomena. Provided with Schein's definition and structural model of culture, many of the possible conceptual misunderstandings come to an end.

In Part Two, we examined functional aspects of culture. Schein emphasizes the dynamic process of culture, focusing on the role of organizational leaders in creating, developing, and changing culture. What makes his discussion unique is his dynamic view and deep insights into human psychology. He argues that, as an organization grows, its environment, whether external or internal, changes. However, the culture, once formed, is hard to change because it serves as a defense mechanism. Therefore, the culture often becomes dysfunctional in the changing environment. When culture becomes a constraint on adaptation, the leader plays a pivotal role in reforming the culture. But, it should be noted that "culture controls the manager more than the manager controls culture" (1985a, p. 314).

This discussion offers some criticisms of other writers of organizational or corporate culture. Some have argued that there is a "correct" or "better" culture, or that a "strong" culture is better than a "weak"

culture. From Schein's point of view, however, when the organization faces the problem of cultural dysfunction, the stronger the culture is, the less adaptive the organization becomes. He states, "what is correct or whether strength is good or bad depends on the match between cultural assumptions and environmental realities" (1985a, p. 315). He also mentions that all aspects of culture are not necessarily relevant to the effectiveness of the organization. We should reexamine our assumptions that a "strong" culture makes a company excellent.

In Part Three, we discussed his clinical approach to the analysis of organizational culture. The clinical perspective is actually Schein's general view of organizational development as a philosophy. We can trace the origin of his clinical perspective back to his experience at the National Training Laboratories in the late 1950s. He has consistently supported this approach and has applied it to studies of organizational culture. Schein holds that this method is appropriate, particularly to such a sensitive issue as organizational culture. The clinical perspective not only differentiates his analysis from others' but also enables him to reach a unique and deep understanding of cultural phenomena.

Finally, I want to refer to some future research perspectives in relation to the studies of organizational culture. First, Schein believes that the study of organizational culture is and will be one of the important building blocks of future organization theory (Pedersen and Sorensen, 1989). While he will continue to study organizational culture from the clinical point of view, it is expected that serious efforts from different methodological approaches such as empirical and normative ones will be conducted by others. Through accumulating various types of research, we will be able to further enrich and deepen the field of study on organizational culture.

Secondly, one of the most interesting research questions which should be investigated is how information technology impacts on organizations. Zuboff argues that information technology has not only automating capacity but also "informating" capacity, which makes workers have more knowledge and more responsibility and, consequently, blurs the

distinction between managers and workers (Zuboff, 1988). This process forces organizations to be flatter. Schein holds, however, that this kind of organizational change will be hampered by the assumption that all organizations are fundamentally hierarchical in nature. This "hierarchy" assumption is deeply and widely embedded among people particularly in individualistic cultures such as that of the U. S. The future organization theory is expected to deal with this kind of problem between such technological forces and people's assumptions (Schein, 1986; 1989a, 1989b).

Another interesting issue is the relationship between national or societal culture and organizational culture. Schein believes that differences in the ways of management among countries are very much a reflection of cultural assumptions (Letter from Schein, dated 9/25/90). If so, can we say that the organizations in nations, such as Japan or some European countries, where people have an assumption that cooperation and harmony are important, are more suitable in developing flatter organizations and teamwork and, in turn, in introducing new information technology than the American organizations? Or, when an organization is operated in a foreign country in which its members' basic cultural assumptions are strikingly in conflict with basic organizational assumptions, how can the organization develop and manage its organizational culture? As economies become increasingly global, organizational studies with comparative or cross-cultural perspectives will be increasingly indispensable.

<Notes>

1 The following references listed without an author's name represent Schein's book or article, unless otherwise indicated.

2 Before 1980, there were some studies on organizational culture or related to it. For example, Philip Selznick, in *Leadership in Administration* (1957), argues that a real function of leadership is "to institutionalize" organization, that is, "infuse values" into organization, and proposes the concept of "organizational character." Some works on organizational climate such as R. Tagiuri and G. H. Litwin's *Organizational Climate* (1968) are also closely related to the issue. Although these books are somehow different in their point of view from recent studies on organizational culture, they offer significant suggestions to current discourse on the topic.

3 This Definition of culture can be applied to any levels of social unit from the broadest levels of civilization and Western or Eastern cultures, and countries or ethnic groups, to more specific levels of organizations and small groups (Schein, 1985a, p.8).

4 C. Argyris distinguishes "espoused theory" of action, which a person gives allegiance to and, upon request, he communicates to others, from "theory-in-use," which is implicit assumption that actually guides his actions. Theory-in-use may or may not be compatible with his espoused theory, and the individual may or may not be aware of the incompatibility of the two theories (Argyris and Schön, 1974). Schein views this concept of "theory-in-use" as congruent with what he calls "basic assumptions."

5 Schein obtained basic ideas about these categories of assumptions in Table 1 from Kluckhohn and Strodtbeck's original comparative study of cultures (Kluckhohn, F. R., and Strodtbeck, F. L., *Variations in Value Orientations*, New York: Harper & Row, 1961).

6 Schein refers to Action company and Multi company as examples to illustrate his discussion in almost every chapter of his book (Schein, 1985a).

7 Schein realizes that phenomena of small groups cannot be automatically treated as models for organizational phenomena because, in organizational context, we should consider additional levels of complexity and new phenomena which are not visible in the small group (Schein, 1985a, p. 185). However, his analysis of small groups from the dynamic view provides a groundwork for his models of culture formation and change at the organizational level.

8 According to Schein, founder/owners, by virtue of their position and personality, tend to fulfill some unique functions especially in the early history of their organizations. Further discussion of how founder/owners differ from professional managers is shown in his article, "The Role of the Founder in Creating Organizational Culture" (Schein, 1983, pp. 24-28).

9 According to Schein, generational age is the most crucial variable from the cultural point of view. By generational age, he means whether the company is still managed by the founder (first generation), is controlled by the founding family (second or third generation), or dominated by professional managers (Schein, 1985a, pp. 272-273).

10 The concept of coercive persuasion was originally derived from his studies of prisoners of the Korean war (Schein, 1961). According to him, "if the people to be changed can be physically or psychologically restrained from leaving, they can be made more susceptible to whatever changes are to be made" (Schein, 1985b, pp. 39-40).

<Bibliography>

- Argyris, C., and Schon, D. A. (1974), *Theory in Practice: Increasing Professional Effectiveness*, San Francisco: Jossey-Bass.
- Argyris, C., and Schon, D. A. (1978), *Organizational Learning: A Theory of Action Perspective*, Reading, Mass.: Addison-Wesley.
- Blake, R. R., and Mouton, J. S. (1964), *The Managerial Grid*, Houston: Gulf.
- Connor, P. E., and Lake, L. K. (1988), *Managing Organizational Change*, New York: Praeger.
- Davis, S. M. (1984), *Managing Corporate Culture*, New York: Harper & Row.
- Deal, T. E., and Kennedy, A. A. (1982), *Corporate Cultures*, Reading, Mass.: Addison-Wesley.
- Fiedler, F. E. (1967), *A Theory of Leadership Effectiveness*, New York: McGraw-Hill.
- Hickman, C. R., and Silva, M. A. (1984), *Creating Excellence: Managing*

- Corporate Culture, Strategy, and Change in the New Age*, New York: New American Library.
- Jespersen, F. F. (1989), "Corporate Culture is the Real Key to Creativity (The Q & A with Edgar H. Schein)," *Business Month*, Vol. 133, May, pp. 73-75.
- Kanter, R. M. (1983), *The Change Masters*, New York: Simon & Schuster.
- Likert, R. (1961), *New Pattern of Management*, New York: McGraw-Hill.
- Likert, R. (1967), *The Human Organization*, New York: McGraw-Hill.
- Luthans, F. (1989), "Conversation with Edgar H. Schein," *Organizational Dynamics*, Vol. 17, Spring, pp. 60-76.
- Ott, J. S. (1989), *The Organizational Culture Perspective*, Pacific Grove, California: Brooks/Cole.
- Ouchi, William G. (1981), *Theory Z*, Reading, Mass.: Addison-Wesley.
- Pascale, R. T. and Athos, A. G. (1981), *The Art of Japanese Management*, New York: Simon & Schuster.
- Pedersen, J. S. and Sorensen, J. S. (1989), *Organizational Culture in Theory and Practice*, Vermont: Gower.
- Peters, T. J. and Waterman, R. H. (1982), *In Search of Excellence*, New York: Harper & Row.
- Schein, E. H. (1961), *Coercive Persuasion*, New York: Norton.
- Schein, E. H. (1978), *Career Dynamics: Matching Individual and Organizational Needs*, Reading, Mass.: Addison-Wesley.
- Schein, E. H. (1980), *Organizational Psychology* (Third Edition), Englewood Cliffs, N. J.: Prentice-Hall.
- Schein, E. H. (1981), "Does Japanese Management Style Have a Message for American Managers?" *Sloan Management Review*, Vol. 23, Fall, pp. 55-68.
- Schein, E. H. (1983), "The Role of the Founder in Creating Organizational Culture," *Organizational Dynamics*, Vol. 12, Summer, pp. 13-28.
- Schein, E. H. (1984), "Coming to a New Awareness of Organizational Culture," *Sloan Management Review*, Vol. 25, Winter, pp. 3-16.
- Schein, E. H. (1985a), *Organizational Culture and Leadership*, San Francisco: Jossey-Bass.

- Schein, E. H. (1985b), "How Culture Forms, Develops, and Changes", In R. H. Kilmann, M. J. Saxton, R. Serpa, and Associates, *Gaining Control of the Corporate Culture*, San Francisco: Jossey-Bass.
- Schein, E. H. (1985c), "Organizational Culture: Skill, Defense Mechanism, or Addiction?" In F. R. Brush and J. B. Overmier (Eds.), *Affect, Conditioning, and Cognition: Essays on the Determinants of Behavior*, Hillsdale, N. J.: Lawrence Erlbaum Associates.
- Schein, E. H. (1986a), "Epilogue for Symposium on International Human Resource Management: New Directions, Perpetual Issues, and Missing Themes", *Human Resource Management*, Vol. 25, Spring, pp. 169-176.
- Schein, E. H. (1986b), "Are You Corporate Cultured?" *Personnel Journal*, Vol. 65, November, pp. 83-96.
- Schein, E. H. (1986c), "How Leaders Embed and Transmit Culture", *Armed Forces Comptroller*, Vol. 31, Summer, pp. 6-12.
- Schein, E. H. (1986d), "What You Need to Know about Organizational Culture", *Training and Development Journal*, January, pp. 30-33.
- Schein, E. H. (1989a), "Corporate Teams and Totems", *Across the Board*, Vol. 26, May, pp. 12-17.
- Schein, E. H. (1989b), "Reassessing the 'Divine Rights' of Managers", *Sloan Management Review*, Vol. 30, Winter, pp. 63-68.
- Schein, E. H. (1990), "Organization Development and the Study of Organizational Culture", OD Newsletter, Academy of Management, Summer, pp. 3-5.
- Selznick, P. (1957), *Leadership in Administration: A Sociological Interpretation*, New York: Harper & Row.
- Tagiuri, R., and Litwin, G. H. Eds. (1968), *Organizational Climate: Exploration of a Concept*, Boston: Harvard Graduate School of Business, Division of Research.
- Vaill, P. B. (1981), "Paradigm Development in the Social Sciences", Unpublished Paper, The George Washington University.
- Zuboff, S. (1988), *In the Age of the Smart Machine: The Future of Work and Power*, New York: Basic Books.