Organizational Culture in a Societal Context
Lessons From GLOBE and Beyond

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With the increasing expansion of business across national boundaries and the increasingly diverse workforces within many nations, interest in organizational culture as a level of analysis nested within the larger societal level of analysis has increased. Francis Yammarino and Fred Dansereau in Chapter 4 of this Handbook provide an overview of some of the issues related to multiple levels in the conceptualization and methodology of research in organizational climate and culture. In this chapter, we review some of the challenges related to understanding organizational cultures nested within societal cultures, present how Project GLOBE (Global Leadership and Organizational Behavior Effectiveness; House, Hanges, Javidan, Dorfman, & Gupta, 2004) addressed many of these challenges, and discuss the remaining challenges to both theory and research methodology in organizational culture research across societal boundaries.

Researchers interested in issues of interactions between organizational and societal culture have used several different conceptualizations of the level of theory and level of analysis in their studies. For example, Latta (2009) examined how culture can influence the effectiveness of various leader actions in bringing about change. Kwantes and Boglarsky (2004) focused on industry-level differences in preferences for different aspects of organizational cultures. Wen-Dong Li, Yong-Li Wang, Paul Taylor, Kan Shi, and Dan He (2009) tested whether organizational culture had an impact on employee ratings of whether specific work-related personality characteristics were required for success on the job. In the present chapter, when we refer to organizational culture, we are primarily referring to literature assessing the cultural values of members of collectives located within a single broader societal culture. Project GLOBE (House et al., 2004), for example, only included nonmultinational organizations in their data collection in order

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to avoid multiple societal cultural influences on the organizational cultures assessed. This is an important point, because organizational culture can be conceptualized otherwise. For example, Joseph Scetrs and Hein Schreuder (1988) conceptualized organizational culture at the firm level of analysis. Their sample included local (Dutch) offices, staffed almost entirely by local employees of U.S.-based accounting firms, as well as firms founded and functioning solely in the Netherlands. Though multinationals certainly have organizational cultures, the literature on the relationships between organizational and societal cultures has typically avoided considering how multiple societal cultures affect a single organization’s culture. Thus our review focuses primarily on comparative studies of single-nation organizations.

PREVIOUS RESEARCH

A common thread among the vast majority of previous research projects is that they attempt to explain how individual perceptions combine to create an aggregate culture or climate. Other studies adopt a reverse approach and focus on the impact of an organizational culture or climate on the perceptions and attitudes of organizational members. Similarly, in the literature on societal cultures, there are a great many studies that focus on commonalities among individuals in a society based on values, attitudes, or practices that thus create the sharedness of a culture (e.g., Schwartz, 1992). Alternatively, studies consider the effects of the broader societal culture on the attitudes, values, and practices of members of the society (e.g., Leung, Bond et al., 2002).

These studies have provided significant advances in our understanding of the nature of organizational cultures and of the impacts of societal cultures on individuals. For those of us in the organizational sciences, however, the picture is incomplete. We as a community of researchers have generally not taken the advice of Richard Hackman (2003) when he argued that we should “bracket” our levels of analyses. Hackman suggests that “robust understanding of social and organizational dynamics requires attention to higher as well as lower levels of analysis” (p. 905). Too often, however, researchers tend only toward what he termed “reductionism.” That is, they look at lower levels of analysis for a more basic understanding of a phenomenon rather than looking at the higher level and contextual factors that may affect the phenomenon. This is, of course, not such a contentious proposition on the face of it. However, in reviewing the literature on the topic, we find that relationships are often examined at a single level of analysis—or between two specific levels of analysis—and that these relationships are then assumed to be homologous at higher levels. This is often untested, and often untrue.

To focus on our present topic, most studies conducted to date bracket the levels of analyses to the individual aggregated to the organization, but very few move up a level and treat the organization as the unit of analysis and the society as the aggregate. There are, of course, good reasons for not doing so, not the least of which is that it would simply be very difficult to conduct such a study properly. To do so would require a large representative sample of societies with a large representative sample of organizations nested within each society. As noted above, these organizations would further need to be nonmultinational so as to avoid multiple societal influences on the organization’s culture. Even in nonmultinational organizations, one also would need information about the societal cultures of each of the organizations’ members. Societal culture could have both an indirect effect through culture’s impact on the individual organizational members
as well as a direct impact on organizations within a specific society.

**Project GLOBE**

One of the few large-scale projects to examine multiple levels of analysis simultaneously, that is, relationships of individuals to organizations, individuals to societies, and organizations to societies, was Project GLOBE (House et al., 2004). GLOBE was the brainchild of Robert J. House and reflected the efforts of more than 180 researchers in more than 60 countries. The project has been amply described elsewhere (e.g., House et al., 2004; Den Hartog et al., 1999), so we focus here briefly on the project's efforts to examine organizational and societal culture together.

GLOBE data were collected within each participating country by a team of Country Co-Investigators (CCIs), some of whom were native to the country in question and some of whom were nonnative but were highly familiar with the country (often having been expatriates in the country). Data on perceptions of societal culture and organizational culture were collected via survey. (Perceptions of organizational leadership were collected in the same surveys, with all respondents completing questions on leadership.) Half of the respondents from each organization answered questions about the culture of their organization and half answered questions about the culture of the broader society. Data were to be collected in each country from at least two of three predetermined industries: financial services, food services (primarily growth and transportation, but not preparation as in a restaurant), and telecommunications. Scales were developed to assess culture at both the societal and organizational levels using the same basic constructs (e.g., power distance, gender egalitarianism), in keeping with Project GLOBE's definition of culture, which was developed to apply to these and potentially other aggregate levels. Validation efforts supported the use of these scales at both levels of analysis (Hanges & Dickson, 2004, 2006).

Unfortunately, the data gathered did not allow for full tests of a multilevel model in which individuals were nested within organizations and organizations nested within countries. In some countries, CCIs gathered data from one very large organization within a given industry (sometimes because there was a government monopoly or near-monopoly in that industry, particularly in telecommunications in the mid-1990s). In other countries, CCIs gathered data from a very large number of very small organizations. With only half of the respondents in each organization completing surveys on organizational culture, there were often insufficient responses to the organizational culture items from an organization to include that organization in subsequent analyses of the organization’s culture. The net result was a data set that was generally robust at the societal level of analysis but significantly less useful at the level of the organization within the society (Hanges, 1997, personal communication).

There have been some efforts to make use of the organization-level data from Project GLOBE, but all of these of which we are aware have in one way or another controlled for society-level variation and examined either organizational culture effects on organizational outcomes (e.g., on the proportion of managers in the organization who are women; Bajdo & Dickson, 2001), the relationship of organization-level leadership perceptions to organizational climate type (Dickson, Resick, & Hanges, 2006a), or issues of organizational culture/climate strength (Dickson, Resick, & Hanges, 2006b). We are not aware of other efforts to gather quantitative data with which to model organizational culture variation within multiple societal contexts, or of other
efforts to make use of Project GLOBE’s data to more effectively examine organizational and societal culture simultaneously.

Even so, there are reasons to forge ahead and to try to understand the effects of societal culture on organizational culture. It seems clear that the relationships that are well established at the “individual within the organization” level of analysis do not necessarily function in the same way at the “organization within the society level.” There are certainly possibilities for reciprocal influences between these levels. For example, societal views around organized labor (either pro or con) can lead to changes in the ways that people within organizations think about work in general and work in a unionized setting. Conversely, increases or decreases in the percentage of employees or citizens who are unionized can affect general societal views around organized labor. As another example, in societies having a few dominant or highly influential employers, the culture of those organizations could have an impact on the culture of their larger society. It is thus possible that the direction of influence is circular and simultaneous (from the society to the organization and back again), or even from the organization to the society. For example, a recent story on the auto manufacturer Toyota noted,

In Japan, Toyota is almost totemic; it’s the most profitable company, the biggest taxpayer, and, until now, its management techniques—known as the “Toyota Way”—were widely envied and emulated. Like many other Japanese companies, it’s stuck to the Japanese way. (Lim, 2010)

There is very little literature exploring these directions of influence, however, and most of the existing literature on the topic presumes a society-to-organization influence. Our review focuses primarily on that direction of influence, though we acknowledge possible alternatives and would be delighted to see research examining such possibilities.

ISSUES TO CONSIDER

The question of culture’s cross-level influences includes some questions and issues that first must at least be acknowledged and perhaps questioned.

One such question is whether cultural values are the right way to consider organization-level variation. Organizations vary on many characteristics, each of which influences the behavior of organization members and of the organization itself. Perhaps a focus on values shared by the members of one organization that differ from those values shared by members of other organizations is not the most useful way to consider variation between organizations. Geert Hofstede and his colleagues (Hofstede, Neuijen, Ohayv, & Sanders, 1990; Hofstede & Peterson, 2000) have argued precisely this point, asserting that “the culture dimensions developed for understanding nations simply do not work when applied to organizations” (Hofstede & Peterson, 2000, p. 405). Further, Hofstede (2004b) argues that national and organizational constructs are qualitatively different. In short, societal culture and organizational culture are not inherently homologous, in that they do not have the same pattern of relationships with variables of interest, nor is the higher-level construct simply the aggregation of the lower-level construct (Hannan, 1971).

Hofstede has identified six dimensions that, while referred to as differentiations between organizational culture types, are more based in differences in organizational practices, or “symbols, heroes, and rituals” (Hofstede & Peterson, 2000, p. 405) than in shared values. He further suggests that these are more useful means of distinguishing between organizations than his societal
culture dimensions (e.g., Power Distance, Uncertainty Avoidance, and others). The six organizational dimensions include:

1. Process-oriented versus results-oriented cultures
2. Job-oriented versus employee-oriented cultures
3. Professional versus parochial cultures
4. Open-system versus closed-system cultures
5. Tightly controlled versus loosely controlled cultures
6. Pragmatic versus normative cultures

There are some relationships between Hofstede's dimensions of societal culture and these six organizational culture-type dimensions, but "these relationships are not particularly strong, and implications of other aspects of national culture for organizational culture dimensions are negligible" (Hofstede & Peterson, 2000, p. 405).

Not all researchers have agreed. For example, Rabindra Kanungo and Alfred Jaeger's (1990) model of culture fit suggests that there is a direct connection between societal culture and work, or organizational, culture. Their six-dimensional model directly incorporates three dimensions identified by Hofstede (1980) (power distance, uncertainty avoidance, masculinity/femininity), breaks Hofstede's individualism/collectivism dimension into two separate constructs (loyalty toward community and self-reliance), and further adds the construct of paternalism. While the model of culture fit assumes a direct connection between societal and organizational culture, it also suggests that society is not the only effect on organizational culture. Other contextual factors, such as the specific industry and the marketplace, as well as factors internal to the organization such as type of ownership, also affect organizational culture. Zeynep Aycan, Rabindra Kanungo, and Jai Sinha (1999) tested this model and concluded that there was a relationship between societal culture and human resource practices but that the relationship was mediated by organizational culture, such that the societal culture affects the organization's culture, which in turn determines the nature of human resource management practices.

Project GLOBE developed a set of nine dimensions of culture (including several of the conceptual dimensions—though not the measurement—identified by Hofstede, 1980, as well as dimensions originating in the work of David McClelland, 1961, among others). GLOBE researchers developed and validated measures of these nine dimensions such that assessment was made of both values (assessing respondents' perceptions of what the society or organization should be like) and practices (assessing respondents' perceptions of what the society or organization actually is like; Hanges & Dickson, 2004). Additionally, they developed and validated measures at both the societal culture and the organizational culture levels. The primary focus of the validation effort was at the societal level, but the scales at the organization level were also found to have acceptable psychometric properties and to reliably differentiate between organizations (Hanges & Dickson, 2004, 2006).

Most recent work on organizational culture similarly defines and assesses organizational culture by focusing on values and behavioral norms that are shared among organization members (see Sagiv, Schwartz, & Arieli in Chapter 29 of this Handbook) and that differ to some degree from those values and norms shared by members of other organizations (e.g., Cooke & Rousseau, 1988; Schein, 2004; Trice & Beyer, 1993; and many others). The differences between these two perspectives may not be as great as some have argued, however—Hofstede (2001b) agrees that organizations can be meaningfully thought
of as cultures, though he suggests that the origins of the "collective programming of the mind" are different between nations and organizations. The differences in how these cultures originate result in national cultures being absorbed by individuals at a younger age and having a strong and lasting effect on individual values, while organizational cultures are learned at a later age and have a more superficial effect, with a stronger influence on practices rather than values (Hofstede & Hofstede, 2005). Hofstede, therefore, maintains that national culture-based programming is much more potent—a position that is not incongruent with arguments about the development and functioning of connectionist architectures reflecting different aspects of culture (Hanges, Lord, & Dickson, 2000), or with the positions taken by GLOBE (House et al., 2004).

OTHER FACTORS TO EXPLAIN VARIATION IN ORGANIZATIONAL CULTURES

Recently, Barry Gerhart (2008) concluded that most of the identified variability in organizational cultures is not attributable to country of origin differences, and that of the portion of variance that is attributable to country of origin differences, only a small portion seems to arise from differences in national cultures, with the rest potentially originating in a variety of other causes that vary among nations. In short, Gerhart concludes that societal culture is not the constraining factor on organizational culture that many researchers (e.g., GLOBE, Hofstede, and many others) have presumed it to be.

Indeed, in the first edition of this *Handbook*, Marcus Dickson, Ram Aditya, and Jagdeep Chhokar (2000) noted several potential influences on organizational culture in addition to societal cultural influences. These included the influence of the organizational founders, the history of the organization, and industry influences. The question of organizational founders' influence on organizational culture has received substantial attention (see Schein, 2004, for one of the best-known analyses), though the extent to which the founder reflects his or her society of origin (and thus would serve as a mediator for the influence of societal culture on organizational culture) remains less clear. Additionally, some (e.g., Gordon, 1991) have argued that apparent variations in organizational cultures are in fact variations due to industry, but GLOBE analyses do not support that contention (e.g., Dickson, Resick, & Hanges, 2006a, 2006b). Further, GLOBE analyses suggest that the influence of industry on organizational culture (and on leadership perceptions) is variable, with organizations in the financial service industry showing little variation on these variables but organizations in food service and in telecommunications showing significant variation (Brodbeck, Hanges, Dickson, Gupta, & Dorfman, 2004; Dickson, BeShears, & Gupta, 2004).

We believe that there are several other factors related to the culture of organizations nested within societal cultures that also deserve attention, including the impact of situational and people factors, the impact of the attraction-selection-attrition (ASA) model, attraction at the extremes, societal context, isomorphism, and the degree of tightness or looseness of a societal culture. We turn our attention to these topics now.

**Situational Factor Explanations**

Aycan (2000) has concisely reviewed a variety of approaches to explaining variation in organizational practices (and to a slightly lesser extent organizational culture) across societal cultures. She notes
several approaches to explain organizational variation that are not based in societal cultural values. Specifically, she groups these explanations into the following categories:

- Contingency theory, with four subthemes
  1. Industrialization, that is, the argument that that “industrialization has a homogenizing effect on organizations around the world” (p. 112)
  2. Technological implications, that is, variation in technological demands and technology in use has a greater impact than external (societal) culture
  3. Contextual elements, including organization size, industry, and dependencies on other organizations
  4. Stage of strategic development, which is argued to trump societal culture in its effects on the culture of the organization

- Political-economy theory, in which “organizations in the same sociopolitical systems are assumed to have similar characteristics, especially with respect to organizational objectives, control strategies, and degree of centralization and decision-making” (p. 112)

- Societal effect approach, in which the process by which the organization is constituted within the society is seen to carry the greatest weight; Aycan (2000) quotes Maurice, Sorge, and Warner (1980) to describe this approach, with their statement that “organizational processes of differentiation and integration consistently interact with processes of educating, training, recruiting, and promoting manpower, so that both develop within an institutional logic that is particular to a society, and bring about nationally different shapes of organizations” (p. 59)

While each of these approaches has established a substantial literature (see Aycan, 2000, for a more detailed review), other researchers have criticized these approaches either for being excessively deterministic or because they explain variations in organizational culture without attending to the cultural environment in which those organizations emerged and are located.

**People-Based Explanations**

Clearly, culture at any level is located within the people who hold and adhere to the cultural values. However, researchers have often focused almost exclusively on the personal characteristics and values of organizational founders and organizational members, or on the values that predominate in the society, to explain variation in organizational cultures across societal cultures without attending to the contextual, industrial, political, economic, or other external conditions that give rise to those values. In other words, values have sometimes been studied as if they exist in a vacuum, having an impact on other values but not being affected by outside forces themselves.

For example, as noted above Project GLOBE (House et al., 2004) assessed values at both the organizational and societal levels. Additional data on organizational characteristics (e.g., organizational age, share of market, profitability) were gathered but have yet to be included in the analyses examining the relationships between societal and organizational cultural values. While the influence of noncultural external forces on organizational culture have been acknowledged (e.g., Dickson, BeShears, & Gupta, 2004), the analyses thus far reflect a bias toward person-oriented explanations for variation in organizational cultures across societies, and we are awaiting further work that incorporates other potential explanations for the observed variation.
Attraction-Selection-Attrition

Schneider has often pointed out that individuals are not randomly assigned to organizations (e.g., Schneider, 1987; Schneider, Goldstein, & Smith, 1995; Schneider, Smith, & Goldstein, 2000). Many different processes affect individuals’ efforts to join organizations, their decisions to leave organizations, and organizations’ efforts to choose and then shape employees. Schneider’s attraction-selection-attrition model describes specific decision points in this process (see also Dickson, Resick, & Goldstein, 2008, for an expanded discussion of these processes over time), and at each point, the individual, the organization, or both take action to ensure “good fit.” In other words, individuals make choices about the organizations they attempt to join, and organizations make decisions about the people they allow to join, in both cases seeking good fit (Krisotof, 1996). This fit between organizational culture and employee cultural preferences has very concrete results for employees over and above the effects of culture itself (Kwantas, Arbour, & Boglarsky, 2007). In short, fit-seeking is an active process for employees and organizations, and fit with the organization’s culture is an important aspect of that process (Schneider, 1987). Further, people seek fit with the culture of their organizations, even when the origin of the organizational cultural values is societal rather than organizational. Soeters and Schreuder (1988), for example, found differences between Dutch accounting firms that had originated in the Netherlands and Dutch firms that were local offices of U.S.-based “Big Eight” firms, such that those that were offices of U.S.-based firms reflected U.S. cultural values, even though the employees of the firms were almost exclusively Dutch. Soeters and Schreuder concluded that self-selection of the Dutch employees drove the differences—those Dutch employees who felt best fit with the firms with Dutch values chose those firms, and those Dutch employees who felt best fit with the firms that had U.S.-typical values chose those firms.

The ASA process is inherently multilevel, with individuals seeking a place within the larger organizational unit where they will fit, and organizations seeking individuals who will fit in as part of the makeup of the organization. Research suggests that individuals do search for fit when deciding to join and remain with a particular organization, and that fit matters to organizations as they select particular applicants as employees (Schneider, Smith & Goldstein, 2000). This is not to suggest, however, that the quest for fit is infinitely homologous across levels of analysis. For example, though some organizations relocate their headquarters from one country to another (see Smith, O’Connell, & Dey, 2008, e.g.), this is generally done in the interests of reducing the corporate tax burden rather than as a means of seeking better fit with a different society. Examining this phenomenon between societal and individual levels, it is certainly true that some individuals grow disenchanted with their society of birth and seek out another, but most individuals never migrate—they do not actively seek a fit with a societal culture other than their culture of origin. The levels and processes involved in the ASA model with respect to individuals in organizational cultures and organizational cultures within societies, then, should be carefully and appropriately taken into account when considering societal culture’s effect on organizational culture.

Attracting at the Extremes

On any specific culture value, there are likely to be a small proportion of individuals who fully embrace the value, a small proportion of individuals who
absolutely reject the value, and a majority of employees who center around a societal mean. Organizations can and do exist with strong cultural values that do not reflect the societal norms—there are, for example, strongly collectivist organizations in such individualistic countries as the United States and Australia (e.g., religious orders, team-based organizations). These organizations likely draw their employees from the segment of the population that similarly differs from the societal norm. Employees at extreme ends of the distribution on specific values seek out organizations that will at least tolerate, and at best celebrate, the employees’ divergent views on these values.

Kurt Lewin (1936) has argued that

\[ B = f(P, E) \]

More explicitly, individual behavior (B) is a function of personal characteristics (P) and the environment in which the person acts (E). Schneider (1987) has countered that

\[ E = f(P, B) \]

arguing that environments do not exist apart from the people who create them. He has consistently opposed what he perceived to be efforts to hyper-focus on situations as determinants of behavior, to the exclusion of people and their characteristics, which combine to form the environment. Thus, he restates Lewin’s theorem by saying that the environment (E) is a function of the environment’s members’ personal characteristics (P) and their behavior (B). In short, organizations are the way they are because of the people in them.

Organizational Culture in Societal Context

Overall, research suggests that societal culture and organizational culture are somehow intrinsically linked. The evidence is generally correlational, however, and thus does not provide any explicit understanding of the causal direction of the linkage. While the causal direction may be assumed as the result of theory, evidence exists to support both the notion that organizational cultures are the result of societal cultures, but also that they exist despite existing societal norms. Understanding this interplay between societal and organizational cultures requires an explicit focus on organizational culture in context. Johns (2006) points out that context is important to understanding the phenomena embedded in it, as context can serve as either a main effect: on those phenomena or can interact with the phenomena to affect particular outcomes. In this case, societal culture can have a main effect on organizational culture or interact with organizational culture to affect organization-level outcomes (e.g., productivity, effectiveness) or individual-level outcomes (e.g., employee satisfaction, performance).

One way in which societal culture provides a context for organizational culture is that the values and norms of societal culture impact the meaning that employees give to aspects of organizational life. Tatiana Kostova (1999) points out that, for employees, organizational practices result in “meaning for organizational members that is symbolic and normative in nature” (p. 310), and much of this meaning is derived from employees’ own societal context. She proposed the construct of “country institutional profiles” suggesting that organizations in every societal context reflect the unique regulatory aspects of that context, the shared cognitive perspectives and filters that employees bring to work from their societal context and the shared expectations regarding norms of behavior that develop in the societal context. For example, each organizational culture operating in a particular nation is
affected by the formal rules and regulations of that nation. Consider, as a case in point, the differences in organizational cultures between countries with very stringent rules about pay equity versus those without any such rules.

Organizational cultures are also derived, at least in part, from the cognitions and behavioral norms of the employees who work in those organizations. There is literature demonstrating differences between societies on the meaning of work (Dhar, 1994), the meanings of organizational practices and symbols (Brannan, 2004), the definition of what constitutes effectiveness on the part of employees and leaders (Kwantes & Boglarsky, 2007), and the definition of what is considered in-role versus extra-role behavior (Kwantes, Karam, Kuo, & Towson, 2008). Further, the relationship between aspects of organizational functioning and culture varies by cultural context. Thomas and Pekerti (2003) found that the relationship between job satisfaction and outcomes (e.g., turnover, loyalty) in Indonesia and New Zealand was moderated by cultural differences between those two contexts. Another example comes from the results of Christopher Robert, Tahira Probst, Joseph Martoccio, Fritz Drasgow, and John Lawler’s (2000) research, in which they found that empowerment was associated with different outcomes in different countries. In Mexico, Poland, and the United States, empowerment was associated with positive views of supervisors, while in India it was related to negative views. In India, empowerment also had a negative effect on satisfaction with coworkers, while in Poland it had a positive effect. The relationship between leadership and organizational citizenship behavior at the group level has also been shown to vary depending on cultural context (Euwema, Wendt, & van Emmerik, 2007).

Societal culture as the context for organizational culture, then, affects individual cognitions by providing the examples and the reinforcement for developing specific schemas related to work, which in turn affect group-level constructs, including organizational culture. Peter Smith, Mark Peterson, and Shalom Schwartz (2002) point out that “each individual operates within a cultural environment in which certain values, norms, attitudes, and practices are more or less dominant and serve as shared sources of socialization and social control” (p. 192) and that national cultures perform these functions. In general, employees tend to be more satisfied when their organizational culture is aligned with their societal culture (Kwantes, Kuo, & Boglarsky, 2004).

Isomorphic Pressures

Individuals within a given society come to share similar values and ways of perceiving the world and of interpreting unexpected events and outcomes, and these shared aspects may differ from those shared by individuals in other societies (e.g., Hofstede, 1980, 2001; House et al., 2004). Many definitions of culture include the idea that culture is transmitted across generations: younger members learn the culture from older members and are taught the “right” ways to think, perceive, and interpret. For example, the definition of culture advanced by Project GLOBE (House et al., 2004) is “shared motives, values, beliefs, identities, and interpretations or meanings of significant events that result from common experiences of members of collectives and are transmitted across age generations” (House & Javidan, 2004, p. 15).

In prior writing, we have advocated the use of institutional theory as a means of better understanding the mechanisms by which societal cultures influence the cultures of organizations formed within those societies (e.g., Dickson, BeShears, & Gupta, 2004). Institutional theory focuses
on the processes by which organizations seek legitimacy within their environments (DiMaggio & Powell, 1983). Just as new employees wishing to move up in an organization are often told to “Imitate your boss” (e.g., Viscusi, 2008), thus leading to increasing similarity of behavior, dress, and style among individuals in a particular unit, organizations seek legitimacy through their efforts to reflect aspects of structure and behavior common within the societal culture in which the organizations function. Paul DiMaggio & Walter Powell argue that this helps to explain why organizations within a specific environment (i.e., a society) are more homogeneous than would be expected to occur by chance.

The pressure organizations feel to operate in similar ways is often referred to as “isomorphism.” DiMaggio & Powell (1983) note that isomorphic pressures lead organizations that see themselves as operating within a common environment to adopt policies and practices similar to other organizations operating in the same domain and under the same set of environmental conditions (i.e., in the same societal, legal, economic, and cultural environments). Certainly not every organization perceives the pressures in the same way or acts on them in the same way, but pressures of several different types push organizations within a societal culture to be more similar than different.

Specifically, coercive, mimetic, and normative isomorphisms exist. Coercive isomorphism, according to DiMaggio and Powell (1983), is the result of an organization existing within a particular political and legal structure. Political pressure is one way that societies pressure organizations to conform. Consider, for example, the recent emphasis in the West on corporate social responsibility (CSR). Cynthia Williams and Ruth Aguilera (2008) point out that a number of political and legal pressures have been instituted that pressure organizations to incorporate CSR into their decision making. Laws and regulations set standards and create expectations about organizational behaviors, and organizations use these standards to structure their behaviors. These standards are further reinforced by consumers and stakeholders who expect behavior that conforms to regulations. These coercive pressures can result in isomorphism among organizations and the societies they exist in, as well as noticeable differences in organizations in different societies (Williams & Aguilera, 2008, Waldman, Sully de Luque, Washburn, & House, 2006).

Mimetic isomorphism occurs when organizations within a particular context grow similar to each other due to modeling. A highly successful organization may become a model for other organizations dealing with the same contextual (e.g., social, political, legal, economic) factors that wish to emulate its success. Alternatively, according to DiMaggio and Powell (1983), uncertainty often results in modeling as a way for organizations to achieve hoped-for results with little resource outlay.

Finally, normative isomorphism occurs as the result of agreement among workers or organizations to adhere to specific standards. This happens most frequently with professional employees, who may form professional societies or organizations (e.g., the American Bar Association or the Canadian Psychological Association) with specific standards of practice and behavior that reach across organizational boundaries. These professional societies are still affected by the societal culture in which they operate, however. Mark Leach and Judd Harbin (1997), for example, reviewed the ethics codes for professional psychology organizations in 24 countries. They concluded that, although
each professional organization felt the need to create its own ethics code, the culture of the society the organization was embedded in had a distinct impact on the content of those codes.

The combination of these isomorphic pressures, then, leads most organizations within similar business segments of a society to fall at least relatively close to the societal mean for key cultural elements. This is, however, a general tendency, as there are always exceptions to this norm. In general, the literature suggests that most organizations do reflect the values and norms of the society in which they are embedded (e.g., GLOBE, House et al., 2004; Aycan et al., 1999) and those that do may be more successful (Calori, Lubatkin, & Very, 1994). Other research, however, indicates that the relationship is not as clear. In a review of Fortune 500 companies from 1985 through 1990, for example, Luis Gómez-Mejía and Leslie Palich (1997) found that a match between societal and organizational cultures was irrelevant to the performance of multinational organizations expanding into new geographic areas. Individual-level studies suggest that congruency between societal and organizational cultures may have important employee outcomes. Therese Joiner (2001), for example, found that when Greek managers’ organizational cultures were aligned with their social values, job-related stress was reduced but this alignment did not result in increased performance.

When organizational culture does not reflect societal culture, however, the question of saliency arises. Despite the isomorphic pressures discussed earlier, aspects of the organizational environment may affect the extent to which national culture affects organizational culture. Organizational culture itself may set the parameters within which employees identify with their national culture while at work. In a study examining a Brazilian multinational company, for example, Adriana Garibaldi de Hilal (2006) found clear effects of Brazilian national culture on the organizational culture of the company as a whole, with values and practices generally aligned with Brazilian societal values and practices. In looking to see how uniform the organizational culture was, however, a cluster analysis of the values and practices in different geographic locations found a number of subgroups. As noted by Garibaldi de Hilal, and consistent with institutional theory, organizational values must be “legitimized” by the host country of the organization, and this was consistent with the emergence of four clusters of organizational culture, with nationality being the strongest distinction across clusters.

This effect can be seen with cultural boundaries as well as geographical boundaries. Kim (2004), for example, qualitatively analyzed the experiences of Korean-born and American-born employees in Korean companies located in the United States. Kim found that societal culture affects the interpretation of work practices, and in turn, organizational cultures. In particular, although the organizations were all located in the United States, the managers were all Korean-born and on temporary assignments. Ethnicity and social cultural norms were made salient at these organizations, as “those at the top of the hierarchy are Korean and define ‘Korean-ness’ in accomplishing the work” (p. 89). Further, Kim concluded that this emphasis on societal culture affected the organizational culture of these companies. Specifically, both the Korean-born and the American-born employees followed the lead of top management and interpreted work behaviors in ways that were consistent with values and practices congruent with Korean rather than American culture. The more salient of societal and organizational cultures, then, is the one that impacts
employee attitudes and behaviors more strongly, as its effect on individual employee outcomes is stronger.

**Tightness/Looseness**

As noted previously, a variety of authors have posited direct linkages between cultural variables at the societal level and cultural variables at the organizational level (e.g., Hofstede & Peterson, 2000; Kanungo & Jaeger, 1990). These proposed linkages make intuitive sense, and some research at the individual level also supports this idea (see, e.g., Joiner, 2001). It is hard to investigate these linkages because of the number of organizations and number of societies necessary to fully test such propositions. Further, just as there are substantial numbers of people who fall on the opposite side of the individualistic/collectivistic scale than do most people in their culture (Triandis & Suh, 2002), there are also substantial numbers of organizations whose cultures do not match the culture of the larger society in which they emerge. India, for example, is noted as a collectivistic society, yet organizational members consistently function as individualists when at work (Dhawan, Roseman, Naidu, Thapa, & Rettek, 1995; Kwantes, 2009).

It does not appear to be the case, however, that there is equivalent variation (objectively measured) of organizational culture styles in different societal cultures. There may be restriction of range on organizational culture in some-societies, where only certain variations of cultural norms are seen as acceptable, while other societies may have organizations whose cultures run the full gamut of possibilities. We believe that this variability is attributable to cultural tightness/looseness. Michele Gelfand and colleagues (e.g., Chan, Gelfand, Triandis, & Tzeng, 1996; Gelfand, Lim, & Raver, 2004; Gelfand, Nishii, & Raver, 2006) have built on earlier work by Harry Triandis (1989) to establish the concept of cultural tightness or looseness as an important aspect of culture that moves beyond cultural dimensions.

Cultural tightness/looseness has been defined as “the strength of social norms and the degree of sanctioning within societies” (Gelfand et al., 2006, p. 1226) related to behavior. Further, “societal tightness— looseness has two key components: The strength of social norms, or how clear and pervasive norms are within societies, and the strength of sanctioning, or how much tolerance there is for deviance from norms within societies” (p. 1226). A clear implication of this dimension is that tight societies are likely to tolerate less variation in organizational functioning and culture than those that are loose. Loose cultures are likely to have fewer inculcated behavioral restraints; those restraints are likely to exist at more extreme ends of the behavioral continuum; and socialization is less likely to focus on the importance of staying within the cultural “comfort zone” (Gelfand et al., 2006).

Gelfand and colleagues (2006) further theorize that in tight societal cultures, organizations tend to emphasize control rather than flexibility, and focus the selection process on ensuring that people entering the organization (a) are trainable and (b) will fit with the culture. Noting that this idea is traceable as far back as Adam Smith (1776/1976), they posit that “organizational forms and industries that are consonant with the broader societal emphasis on flexibility and control are most likely to prosper and thrive in loose versus tight societies, respectively” (p. 1234).

Finally, Gelfand and colleagues (2006) suggest that, while the previously described “top-down” process (in which the tightness/looseness of the larger societal culture affects the cultures of organizations within the society) have substantial impact, there
are also “bottom-up” processes (in which the people within the organization exert influence on the organization’s culture that is consistent with the tightness/looseness of the larger societal culture from which they have come). This is entirely consistent with our earlier discussion of Schneider’s suggestion that $E = f(P, B)$ (i.e., the environment is a function of the characteristics of the people within the environment and the behavior of those people).

Such disproportionate sampling “at the top” in culture research may not be a uniform characteristic of samples across cultures, however. To the extent that sampling of organizational level differs from culture to culture, variations in organizational culture may be due to variations in employee perspectives due to organizational ranking rather than to the impact of societal culture. Unfortunately, this effect is hard to assess, because the organizational level of sample participants is seldom reported.

The same may be true of voice with respect to descriptions of societal culture. The GLOBE studies, for example, used responses from middle managers to describe the various societal cultures that were investigated, yet there is some evidence that who responds to such surveys makes a difference. Mary Keating, Gillian Martin, and Erna Szabo (2002) asked students and middle managers in both Austria and Ireland to describe their societal cultural contexts and found that each set of respondents within each country had different descriptions of their society. Distinct differences between both practices and values emerged in both countries on several dimensions between these groups, providing further support for the idea that who forms the sample has an impact on how the societal culture is described. Yet this variable is rarely taken into account in published research.

Michele Gelfand, Lisa Leslie, and Ryan Fehr (2008) point out that our very understanding of the construct of organizational culture has depended on little variation in voice, terming researchers’ use of the construct as basically a “US export business” (p. 494). The concept originated in the West and primarily developed in the West, leading to a strong culture-centric approach to the definition of the construct, the measurement of the construct, and the theory of the linkages between organizational culture and other organizational constructs.
Gelfand et al. argue that there is an implicit bias in cross-cultural organizational behavior research in that it reflects an independent rather than interdependent self (p. 496).

This implicit assumption of independence, which is rarely questioned, limits our understanding of organizational culture's relationship with social culture in at least two ways. First, it reflects the research paradigm from within which both the construct is defined and operationalized. Second, it reflects the research paradigm from which the research questions themselves are developed. For example, Gelfand et al. (2008) note that societal culture itself may be a determining factor in the extent to which there is synchronization between organizational and societal cultures—for some contexts but not others. In Western contexts, there is typically a sharp divide between “work” and “nonwork” contexts, with family and friends often viewed as a distinctly different group than colleagues and coworkers. This results in different norms of behavior in work and nonwork contexts and a sharper distinction between societal and organizational culture. In Eastern contexts, however, the boundary is less distinct, with the result that cultural boundaries between organizational culture and societal culture may be more permeable and/or the cultures more similar to each other.

CONCLUSION

Organizational culture is a complex, multifaceted construct. Much of the literature to date has used what Hackman (2003) termed “reductionism” to understand it—that is, looking down one level of analysis to the individual level in order to determine the individual contributions and relationships to making the aggregate, or group-level, culture. In this chapter we have “bracketed up” to look at higher-level constructs, such as societal culture, as well as at some of the many group-level constructs that can influence organizational culture. While Project GLOBE and other research efforts have provided important contributions to understanding organizational culture through both reductionism and bracketing, there are multiple other group-level influences on organizational culture that have yet to be systematically explored, either theoretically or empirically. One of the greatest challenges that we see is what Mary Keating and K. Thompson (2004) referred to as “disciplinary sectarianism.” In other words, there is a tremendous amount of research going on that focuses on shared values in organizations and societies, but most researchers in the domain are aware of only a small portion of that research—namely, the portion being done within their own discipline or subdiscipline and published in the journals read in those disciplines.

Though researchers have been addressing these topics for many years now, the current state of the literature suggests that we are in many ways still in our infancy. Arnon Reichers and Ben Schneider (1990) suggest a stage model for the evolution of constructs, in which shared and commonly accepted definitions of constructs and widely accepted methods of measurement and analysis are indicators of the maturity of a field of study. Within their model and based on their criteria, the study of culture at the organizational and societal levels is in the second stage of evolution. It has moved past the early stages in which people argued whether the constructs exist, and if they do, whether they matter. The study has not yet reached the point at which there are widely shared understandings of the constructs, their boundaries and limitations, and their antecedents and consequences. Given the lack of shared definitions and approaches to measurement, it is not surprising that we still wrestle with how these multilevel and cross-level constructs relate to each other.
Perhaps vigorous debates about these questions (e.g., Peterson & Castro, 2006; Hanges & Dickson, 2006; Dansereau & Yammarino, 2006; Graen, 2006; House, Javidan, Dorfman, & Sully de Luque, 2006) will help to move us further down the path of construct evolution.

Looking forward, a critical issue that has yet to be addressed is one that we have obliquely referenced in this chapter but have not explicitly addressed. That is, “When does culture really matter, and which culture matters when?” Aycan (2000) alluded to the “When does culture matter?” part of this issue in her conceptualization of non-societal—culture influences on organizational practices and culture. Christina Gibson, Martha Maznevski, and Bradley Kirkman (2009) address this in their work on the relationship between “the collective configuration of culture and the perceptions, beliefs, values, and behaviors of the people that belong to that culture” (p. 60)—not quite organizational culture, but certainly a related topic. Gibson et al. note that some may conclude culture really doesn’t matter that much, given the myriad individual, group, and situational moderators that determine the extent of culture’s effects on individual and group. They conclude, however, that “culture always matters, but there are certain circumstances in which culture matters more, and others in which culture matters less” (p. 60, emphasis in original). We concur, and see research on the “when more and when less” issue as a critical next step.

Finally, while some authors have focused on “When does culture matter?,” Miriam Erez and Gili Drori (2009) have focused on “Which culture matters when?” While in this chapter we have generally treated societal culture as the “topmost” variable, Erez and Drori remind us that “globalization exerts isomorphic pressures of work environments, [though] we acknowledge that such general trends towards homogenization and convergence have not erased all variations” (p. 165).

In short, our efforts to focus on societal culture should not blind us to the potential effects of global culture on organizational cultures. “Which culture matters when?” is a topic deserving of significant future research.

The chapter from Project GLOBE addressing societal culture’s effects on organizational culture begins by stating, “A major premise of the GLOBE study is that organizational cultural practices are influenced by factors external to the organization itself. As indicated in the GLOBE conceptual model, societal culture is predicted to affect the cultures of organizations embedded within these societies” (Brodbeck et al., 2004, p. 654). The premise of a societal culture—organizational culture effect appears simple; understanding the what, when, and how much of that effect is anything but.

REFERENCES


