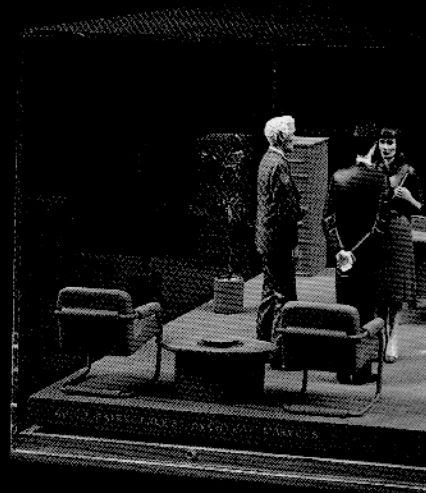


# Corporate Culture

*MANAGING THE INTANGIBLE STYLE OF CORPORATE LIFE MAY BE THE KEY TO AVOIDING STAGNATION. BY RALPH H. KILMANN*



**S**uccess in business is determined not by an executive's skills alone, nor by the visible features—the strategy, structure and reward system—of the organization. Rather, the organization itself has an invisible quality—a certain style, a character, a way of doing things—that may be more powerful than the dictates of any one person or any formal system. To understand the soul of the organization requires that we travel below the charts, rule books, machines and buildings into the underground world of corporate cultures.

Culture provides meaning, direction and mobilization, a social energy that moves the corporation into either productive action or destruction. I have encountered many organizations in which this social energy has barely been tapped; whether diffused in all directions or even deactivated, it is not mobilized to help the company. Most members seem apathetic



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or depressed about their jobs. They no longer pressure one another to do well. Pronouncements by top managers that they will improve the situation fall on the deaf ears of employees who have heard these promises before. Nothing seems to matter. The soul of the organization is slowly dying.

Other companies show considerable energy, but it is driving employees in the wrong direction. The organization lives in an immense culture gap. The social energy pressures members to persist in types of behavior that may have worked well in the past but are clearly dysfunctional today. The gap between the outdated culture and what is needed for organizational success gradually develops into a culture rut—a habitual, unquestioning way of behaving. There is no adaptation or change, only routine motions, despite the fact that the company is unsuccessful. This rut can go on for years, even though morale and performance suffer. Bad habits die hard. Culture shock occurs when the sleeping organization awakes and finds that it has lost touch with its original mission. The new world has left the insulated company behind—a Rip Van Winkle story on a grand scale.

On the other hand, one has merely to experience the energy that flows from shared commitments among group members to know it—the power that emanates from mutual influence and esprit de corps. Why does one organization have a very adaptive culture while another has a culture mired in the past? Is one a case of good fortune and the other a result of bad luck? On the contrary, it seems that any organization can find itself with an outdated culture if the culture itself is not managed explicitly. I have found that, unattended, a company's culture almost always becomes dysfunctional. Normal human fear, insecurity, oversensitivity, dependency and paranoia seem to take over unless there is a concerted effort to establish an adaptive culture. People cope with uncertainty and perceived threats by protecting themselves, by being cautious, by minimizing their risks, by going along with a culture that builds protective barriers around work units and around the whole organization. An adaptive culture, alternatively, requires risk and trust; employees must actively support one another's efforts to identify problems and adapt to solu-

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tions. The latter can be accomplished only by a very conscious, well-planned effort at managing culture.

A company's culture sometimes supports self-defeating individual behavior that persists in spite of its many disruptive effects on morale and performance: doing the minimum to get by; purposely resisting or even sabotaging innovation; and being very negative in general about the organization's capacity to change. Worse, such behavior may even include lying, cheating and stealing as well as intimidating, harassing and hurting others. The most detrimental behavior in the long run, however, is persisting in once-adaptive patterns rather than changing to meet the dynamic complexity of the present. The challenge is to get out of the culture rut.

## **How Do Cultures Form?**

When an organization is born, a tremendous burst of energy is released as members struggle to make it work. A corporate culture seems to form rather quickly, based on the organization's mission, setting and requirements for success: high quality, efficiency, product reliability, customer service, innovation, hard work and loyalty. The culture captures everyone's drive and imagination. As the reward systems, policies and work procedures are formally documented, they suggest what kinds of behavior and attitudes are important for success.

Such situational forces, while important in shaping culture, cannot compete with actions of key individuals. For example, the founder's objectives, principles, values and especially behavior provide important clues as to what is really wanted from all employ-

ees, both now and in the future. Carrying on in the traditions of the founder, other top executives affect the culture of the company by their example.

Employees also take note of all critical incidents that stem from management action—such as the time that so-and-so was reprimanded for doing a good job when not asked to do it beforehand or the time that another worker was fired for publicly disagreeing with the company's position. Incidents such as these become an enduring part of the company folklore, indicating what the corporation really wants, what really counts in getting ahead or, alternatively, how to stay out of trouble. They are the unwritten rules of the game.

A culture may be very functional at first. But in time it becomes a separate entity, independent of its initial purpose. The culture becomes distinct from the formal strategy, structure and reward systems of the organization. In a similar vein, culture becomes distinct from workers and even top managers. All members of the organization are taught to follow the cultural norms without questioning them. After employees have been around for a few years, they have already learned the ropes. Even new top executives who vow that things will be different find out—often the hard way—how the culture is “bigger” and more powerful than they are. A top manager can get individual commitments to some new policy from his subordinates, but after they walk out the office door and once again become part of the corporate culture, the boss finds the new plan bitterly opposed.

Top management is also caught in the grip of the firm's separate and distinct culture. Employees wonder from below why managers play it so safe, why they refuse to approach things differently, why they keep applying the same old management practices that clearly do not work. They wonder why management is so blind to the world around them. Is management “mean” or just “stupid”?

## **How Are Cultures Maintained?**

The force controlling group behavior at every level in the organization—a force that can brainwash workers into believing that what they are doing is automatically good for the company, their community and their family—

must be very powerful. Is it magic or is it the psychology of group membership that explains the potency of corporate culture? Social scientists speak of "norms" as the unwritten rules of behavior. In a company, for example, a norm might be: Don't disagree with your boss in public. If a norm is violated, there is immediate and strong pressure to get the offending party to change behavior. Consider, for example, an individual who persists in presenting reservations about the company's new product at a group meeting—just after the boss has argued strongly for investing heavily in

indicate which of these three lines was identical in length to a fourth line, D, shown on a second card. In one experiment, seven people sat in a row. One by one they indicated their choices. While line C was in fact identical to line D, each of the first six, all confederates of the experimenter, said that line D was identical to A. The seventh person was the unknowing subject. As each person deliberately gave the wrong answer, the seventh subject became increasingly uneasy, anxious and doubtful of his or her own perceptions. When it came time to respond, the seventh subject agreed with the

studies have shown that if the cultural norms of a cohesive group support the organization's mission, the workers' performance will be high; the culture is said to be adaptive.

Alternatively, if the norms endorsed by a highly cohesive group oppose the corporate goals, then the culture will foster low performance and morale. It is better to have an uncohesive group with mediocre performance than a highly cohesive counterculture. The latter will result in consistently low performance and headaches for everyone.

Given the crucial role of corporate

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its advertising campaign. The bold employee receives stares and frowns, eyes roll—all nonverbal messages to sit down and shut up. If these efforts do not work, the underling will hear about it later, from coworkers if not from the boss.

The human need to be accepted by a group—whether family, friends, coworkers or neighbors—gives the group leverage to demand compliance to its norms. Were such a need not so widespread, groups would have little hold on people other than formal sanctions. The nonconformists and mavericks who defy pressures to adhere to group norms always do so at a considerable price.

Simple experiments conducted by Solomon Asch in the early 1950s demonstrate just how powerfully the group can influence its deviants. The experiments were described to the research subjects as a study in perception. Three lines—A, B and C, all of different lengths—were shown on a single card. Subjects were asked to

rest almost one-third of the time. Without such group influence there were hardly any errors.

Imagine just how easily such distorted perceptions of reality can be maintained when backed up by formal sanctions—pay, promotions and other rewards. The group can reward its members so that they ignore the disruptive behavior of "troublemakers." The members collectively believe that everything is fine, continue to reinforce the myth and reward one another for maintaining it. In essence, everyone agrees that the dysfunctional ways can continue without question. Any deviant who thinks otherwise is severely punished and eventually banished from the tribe.

Asch's classic study demonstrates that the impact of a group on its members is very powerful indeed. And if the group is cohesive, if there is a strong sense of community and loyalty, there will be even stronger pressures on each member to adopt whatever the cultural norms specify. Other

culture in shaping behavior, and the especially powerful effects of group norms, one way to turn around a maladaptive company is to change its culture by managing its norms. Even norms that dictate appropriate behavior, opinions and facial expressions can be brought to the surface, discussed and altered.

In my corporate consulting work, I have found it helpful to have all group members (generally in a workshop setting) list the actual norms that currently guide their behavior and attitudes. This can be done for one or many groups, departments and divisions. Sometimes it takes a little prodding and a few illustrations to get the process started, but once it begins members are quick to suggest many norms. In fact, they seem to delight in being able to articulate what was never written in any document and rarely mentioned even in casual conversation between themselves.

In an organization with a culture deeply rooted in the past, some of the

norms people list are: Don't disagree with your boss; don't rock the boat; treat women as second-class citizens; put down your organization; don't enjoy your work; don't share information with other groups; treat subordinates as incompetent and lazy; cheat on your expense account; look busy even when you're not; don't reward employees on the basis of merit; laugh at those who suggest new ways of doing things; don't smile much; openly criticize company policies to outsiders; complain a lot; don't trust anyone who seems sincere. And, ironically, the one common norm that must be violated in this group process is: Don't make norms explicit.

Other frequently listed norms include: Don't be the bearer of bad news; don't say what the boss doesn't want to hear; don't think of things that are not likely to happen; don't spoil the party; don't be associated with an ugly event; see no evil, hear no evil and speak no evil.

As these norms are listed for everyone to see, there is considerable laughter and amazement. The members become aware that they have been seducing one another into abiding by these counterproductive rules. But no individual made a conscious choice to behave this way; rather, as workers entered the organization, they were taught what was expected—often in quite subtle ways. The more cohesive the group, the more forcefully the sanctions are applied and the more rapidly the learning takes place. In the extreme case, a highly cohesive group that has been around for a long time has members who look, act, think and talk like one another.

In the projects in which I had managers and all employees of a company list their norms, it was surprising to discover that most norms cited were negative. In a number of cases, more than 90 percent of the listed norms had at least mildly negative connotations. It may be, of course, that employees felt I was looking for the dysfunctions in their organizations rather than for the adaptive aspects. Then again, maybe many organizations are plagued with a high proportion of negative norms from their bureaucratic cultures.

The next step is for all group members to discuss where the organization is headed and what type of behavior is necessary to move forward. Even

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when a corporation has inherited a very dysfunctional culture from the past, individual employees are often aware of what changes are needed in order for the organization to adapt and survive. Similarly, they are aware of what work environment they prefer for their own sanity and satisfaction.

A certain amount of planning and problem solving may have to occur before any new directions can be articulated. In groups that have fallen into a culture rut, members are so absorbed with the negatives that they have not spent much time thinking about or discussing what they would prefer. Sometimes it is helpful to ask them to reflect upon their ideal organization: If they could design their own from scratch, what would it be like? This generally shows what could be changed in the present organization—often things that are accepted merely because they are traditional.

The third step is for all group members to develop a list of new norms for organizational success. What new norms, for example, would encourage a more adaptive stance toward the organization's changing environment? Likewise, what new norms would allow groups to discuss difficult and uncomfortable issues that affect the long-range success of the firm? What cultural norms would bring difficult internal problems out into the open so that they could be resolved?

At this point, employees usually grasp how unwritten rules have affected their behavior. They experience a sense of relief at contemplating a new way of life, realizing that they no longer have to pressure one another to behave in dysfunctional ways. They can create a new social order within

their work groups and within their own organization. Part of this sense of relief comes from recognizing that their dissatisfaction and ineffectiveness are not due to their own incompetence: Psychologically, it is much easier to blame the invisible force called culture—as long as they take responsibility for changing it.

In organizations needing to be more adaptive, flexible and responsive to modern times, some of the norms often listed are: Treat everyone with respect and as a potential source of valuable insight and expertise; be willing to take on responsibility; initiate changes to improve performance; congratulate those who suggest new ideas and new ways of doing things; be cost conscious; speak with pride about your organization and work group; budget your time according to the importance of tasks for accomplishing objectives; don't criticize the organization in front of clients or customers; enjoy your work and show your enthusiasm for a job well done; be helpful and supportive of other groups in the organization.

New norms that directly pertain to complex and difficult problems include: Bring uncomfortable issues out into the open; persist in drawing attention to problems even if others seem reluctant to consider the implications of what you are saying; listen to other members' viewpoints even if you disagree with them; encourage zany and bizarre perspectives to insure that nothing important and possible has been overlooked; make people aware when a topic that should generate a heated debate has not.

### **Spotting Culture Gaps**

The contrast between desired norms and actual norms can be immense. My colleague, Mary Jane Saxton, and I refer to this contrast as a "culture gap." We have developed a measurement tool for detecting the gap between what the current culture is and what it should be: the Kilmann-Saxton Culture-Gap Survey.

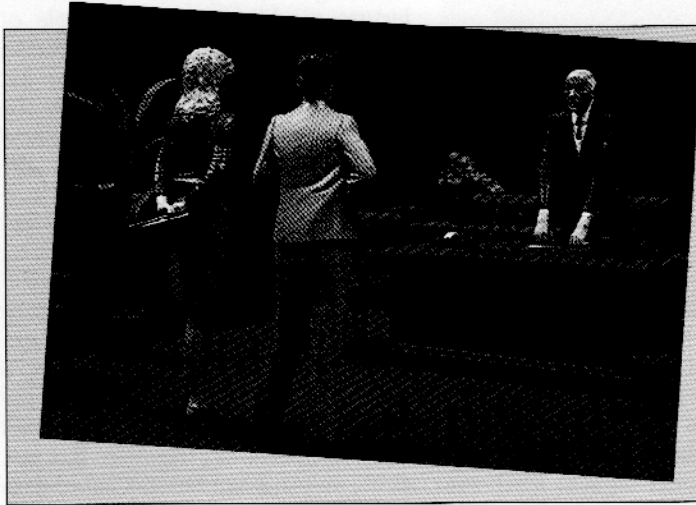
The survey was developed by first collecting more than 400 norms from managers and employees in more than 25 different types of organizations. Many of these norms were also developed through projects in which cultural norms were assessed and changed. The final set of 28 norm pairs that

appears on the survey was derived from statistical and clinical analysis of the most consistent norms that were operating in most of the organizations we studied. An example of a norm pair is: A) Share information only when it benefits your own work group versus B) Share information to help the organization make better decisions. Each employee chooses either A) or B) for each norm pair in two ways: first, according to the pressures the work group puts on its members (actual norms); and second, according to which norms should be operating in

work group, a department, a division or an entire organization. By calculating the difference between the norms that are actually in force and those that should be, the four culture-gap scores are obtained. The larger the gap, the greater the likelihood that the current norms are hindering both morale and performance. If the assessed culture gaps are allowed to continue, work groups are likely to resist any attempt at change and improvement. Specifically, culture gaps materialize as an unwillingness to adopt new work methods and innovations, as a lack of

workers' sense of being overly confined and constrained lowers their performance and morale.

The most general finding to date is the presence of large culture gaps in task innovation. It seems that American industry is plagued by significant differences between actual and desired norms in this area—a condition that may relate directly to the frequently mentioned productivity problem in the United States. An industrial culture that pushes for short-term financial results is bound to foster norms that work against efforts at



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order to promote high performance and morale (desired norms).

The differences between the actual norms and the desired norms represent the culture gaps. There are four types of culture gaps, each made up of seven norm pairs. First, there are what we call "task support norms" having to do with information sharing, helping other groups and concern with efficiency, such as "Support the work of other groups" versus "Put down the work of other groups." Second, there are "task innovation norms," which stress creativity, such as "Always try to improve" versus "Don't rock the boat." Third, we look at "social relationship norms" for socializing with one's work group and mixing friendships with business, such as "Get to know the people in your work group" versus "Don't bother." Finally, we examine "personal freedom norms" for self-expression, exercising discretion and pleasing oneself, such as "Live for yourself and your family" versus "Live for your job and career."

Culture gaps can be surveyed in a

support for programs to improve quality and productivity, as lip service when changes in strategic directions are announced and, in the extreme, as efforts to maintain the status quo at all costs.

Our use of the Kilmann-Saxton Culture-Gap Survey in numerous for-profit and nonprofit organizations has revealed distinct patterns of culture gaps. For example, in some of the high-technology firms, lack of cooperation and information sharing across groups has resulted in large culture gaps in task support. In the automotive and steel industries, not rewarding creativity and innovation has resulted in large culture gaps in task innovation. In some social-service agencies in which work loads can vary greatly, large gaps in social relationships are found, indicating that too much time is spent socializing rather than looking to get the next job done. Finally, in extremely bureaucratic organizations, such as some banks and government agencies, large gaps in personal freedom are evident. Here,

long-term improvement, regardless of what formal documents and publicity statements seem to advocate.

Do all employees of a corporation see the same culture gaps? Apparently not. The smallest culture gaps are found at the top of the organization's hierarchy. Managers believe their own publicity; they say that they reward creativity and innovation but seem to forget that their actions speak louder than their words. By contrast, cultural gaps are largest at the bottom of the hierarchy, where the gaps also reveal alienation and distrust. Here a common norm is: Don't trust management. In essence, workers see management as being up to no good, getting caught up in fads to fool and manipulate employees or thinking that the workers are too stupid to see what's behind management's latest whim.

### **Closing Gaps**

Without a supportive culture, every action by top management will be dis-

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counted by the groups below—even top-down efforts to change the culture. I have seen cases in which executives have tried dramatic changes in their own behavior coupled with symbolic deeds and fiery speeches in order to dictate a new culture to the company—but to no avail. Only when work-group members encourage one another to be receptive to overtures by management can the whole change program be successful. For example, various work groups might include such new norms as: Give management another chance; assume good intentions. Managers and consultants, therefore, have to work especially hard to encourage the work groups, including the executive groups, to meet one another halfway.

How can culture gaps be closed? How can an organization move its culture from the actual to the desired? Can a company be taken out of a culture rut and be put back on track for solving present and future problems? Will the organization survive this culture shock?

When the current culture is at least hopeful, the impact of survey results on workers is almost miraculous. In fact, some change from the actual to the desired norms can take place just by listing the new set of norms. Members start “playing out” the new norms immediately after they are discussed. But when the current culture is cynical, depressed and in a deep rut, the response to the survey results is quite different. Even when large gaps are shown or when a listing demon-

strates the tremendous differences between actual and desired norms, employees seem apathetic and lifeless. They respond by saying that their work units cannot change for the better until the level of management above them and the rest of the company change. They believe that the external system is keeping them down.

Curiously, when I do a culture-gap survey at the next highest level, the very same argument is heard again: “We have no power to change; we have to wait for the next level to let us change; they have the power!” It is shocking, after conducting the culture-gap survey for an entire organization, to present the results to the top management group only to find the same feelings of helplessness. Here top management is waiting for the economy to change. In actuality, it is the corporate culture that is saying: Don’t take on responsibility; protect yourself at all costs; don’t try to change until everyone else has changed; don’t lead the way, follow; if you ignore the problem, maybe it will go away.

This is the perfect example of a company in a culture rut, where the shock of realizing the discrepancy between actual and desired norms is just too great to confront. Instead, the organization buries its head and hopes everything will be sorted out by itself. Even in the face of strong evidence of a serious problem, time and time again I have witnessed this form of organizational denial—a much more powerful and perhaps destructive force than

any case of individual denial. The group’s power to define reality clouds everyone’s better judgment. The bureaucratic culture “wins” again.

One large industrial organization asked me to present a three-day seminar to the chairman of the board, the chief executive officer and the 10 corporate officers on the topic of corporate culture. I suggested that a representative survey of culture gaps be conducted across all divisions in the company. In this way, I could report on the company’s specific culture and thus generate a livelier and more interesting discussion than an abstract lecture would elicit. In a couple of weeks, the vice president for human resources called: “No, we better not do this,” he said. “I don’t think the executive group really wants to know what is going on in the company. Besides, we can’t take the chance of surprising them with your survey results.” Who is protecting whom?

Gaining control of the corporate culture is not only possible but necessary for today’s organizations. As changes in corporate directions are planned, a new culture may have to replace the old culture—in one or more divisions or for the whole organization. But just as old cultures can become out-of-date and dysfunctional, the same can happen with new ones. Further changes in the organization’s setting—and corresponding changes in strategy, structure and reward systems—can make any culture less functional than before. An important part of managing the corporate culture, therefore, is to continue monitoring and assessing norms. If the culture is not managed explicitly, it may be just a matter of time before the organization is once again disrupted. But if it is managed explicitly, the company can expect significant improvements in both morale and performance; it will be, in the best sense of the word, a cultured organization of employees. □

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