

Four Organizational Culture Types

Bruce M. Tharp

HAWORTH®

ORGANIZATIONAL CULTURE WHITE PAPER

Four Organizational Culture Types

Acknowledging that organizational culture is an important aspect for space planners, this paper provides an overview of four organizational culture types: Control (hierarchy), Compete (market), Collaborate (clan), and Create (adhocracy). This typology reflects the range of organizational characteristics across two dimensions that were found critical to organizational effectiveness. The spatial implications for each type are presented so that workspace planners might be able to interpret the results of an organizational culture assessment in their process of designing environments that support the way companies work and represent themselves.

ORGANIZATIONAL CULTURE

Through decades of empirical research, scholars have established abundant links between organizational culture and organizational performance. While previously businesses were either unaware of culture's importance or believed it too difficult to manage, today they recognize that it can be used for competitive advantage. This is something that Apple Computer gets. By leveraging their culture of innovation toward product as well as internal processes, they have been able to survive — despite incredible competition — as well as venture into new and profitable markets. But in order to use culture strategically, a company first needs to understand its culture. And there's the rub.

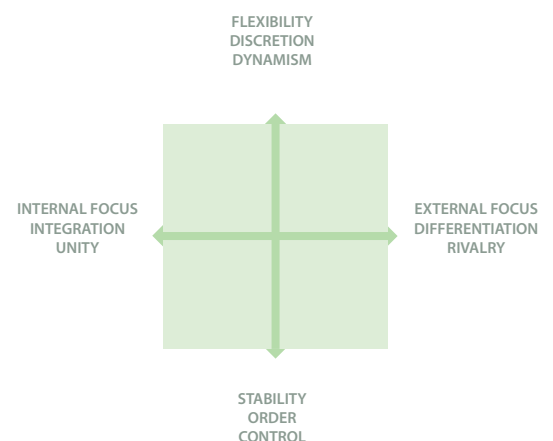
Culture is a complex issue that essentially includes all of a group's shared values, attitudes, beliefs, assumptions, artifacts, and behaviors. Culture is broad — encompassing all aspects of its internal and external relationships—and culture is deep in that it guides individual actions even to the extent that members are not even aware they are influenced by it. Scholars tend to agree that the root of any organization's culture is grounded in a rich set of assumptions about the nature of the world and human relationships. For example, the underlying belief that people are selfish and only out for themselves might unwittingly influence a company's attitudes and behaviors toward

outside salespeople, vendors, and consultants. This is profound stuff that is largely invisible, unspoken, and unknown to an organization's members. So is it possible to really know a company's culture? While admittedly it would be a daunting (and some might claim impossible) task to fully account for all components of a company's culture, the dominant attributes can generally be identified. In focusing on "effective organizations", research has uncovered many critical dimensions. John Campbell (1974) and his fellow researchers identified thirty-nine important indicators. While such a list is helpful, it is still impractical for organizations to account for so many dimensions. Realizing this, Robert Quinn and John Rohrbaugh (1983) reviewed the results of many studies on this topic and determined that two major dimensions could account for such a broad range. Their Competing Values Framework combines these two dimensions, creating a 2x2 matrix with four clusters.

THE COMPETING VALUES FRAMEWORK

The first dimension places the values of flexibility, discretion, and dynamism at one end of the scale with stability, order, and control on the other. This means that some organizations emphasize adaptation, change, and organic processes (like most start-up companies) while others are effective in emphasizing stable, predictable, and mechanistic processes (like NASA, Citigroup, and most universities).

Competing Values Framework



The second value dimension is marked by internal orientation, integration, and unity at one end of the scale with external orientation, differentiation, and rivalry on the other. Some organizations are effective through focusing on themselves and their internal processes—“If we improve our efficiency and do things right, we will be successful in the marketplace.” Others excel by focusing on the market or competition—“Our rivals have weak customer service, so this is where we will differentiate ourselves.”

The key to using culture to improve performance lies in matching culture or attributes to organizational goals.

Further work on defining how each of the four quadrants (formed by combining these two dimensions) is related to company characteristics was conducted by Kim Cameron and Robert Quinn (1999). Each quadrant represents those features a company feels is the best and most appropriate way to operate. In other words these quadrants represent their basic assumptions, beliefs, and values—the stuff of culture. None of the quadrants—Collaborate (clan), Create (adhocracy), Control (hierarchy), and Compete (market)—is inherently better than another just as no culture is necessarily better than another. But, some cultures might be more appropriate in certain contexts than others. The key to using culture to improve performance lies in matching culture or attributes to organizational goals.

CONTROL (HIERARCHY)

Hierarchical organizations share similarities with the stereotypical large, bureaucratic corporation. As in the values matrix, they are defined by stability and control as well as internal focus and integration. They value standardization, control, and a well-defined structure for authority and decision making. Effective leaders in hierarchical cultures are those that can organize, coordinate, and monitor people and processes.

Good examples of companies with hierarchical cultures are McDonald's (think standardization and efficiency) and government agencies like the Department of Motor Vehicles (think rules and bureaucracy). As well, having many layers of management—like Ford Motor Company with their seventeen levels—is typical of a hierarchical organizational structure.

COMPETE (MARKET)

While most major American companies throughout the 19th and much of the 20th centuries believed a hierarchical organization was most effective, the late 1960s gave rise to another popular approach—Compete (market) organizations. These companies are similar to the Control (hierarchy) in that they value stability and control; however, instead of an inward focus they have an external orientation and they value differentiation over integration. This began largely because of the competitive challenges from overseas that forced American companies to search for a more effective business approach. With their outward focus, Compete (market) organizations are focused on relationships—more specifically, transactions—with suppliers, customers, contractors, unions, legislators, consultants, regulators, etc. Through effective external relations they feel that they can best achieve success. While Control (hierarchy) optimize stability and control through rules, standard operating procedures, and specialized job functions, Compete (market) organizations are concerned with competitiveness and productivity through emphasis on partnerships and positioning. General Electric, under the leadership of former CEO Jack Welch, is a good example of a Compete (market) organization. He famously announced that if businesses divisions were not first or second in their markets then, simply, they would be sold. Their corporate culture was (and still largely is) highly competitive where performance results speak louder than process.

COLLABORATE (CLAN)

In the values matrix Collaborate (clan) are similar to Control (hierarchy) in that there is an inward focus with concern for integration. However, Collaborate (clan) emphasize flexibility and discretion rather than the stability and control of Control (hierarchy) and Compete (market) organizations.

With the success of many Japanese firms in the late 1970s and 1980s, American corporations began to take note of the different way they approached business. Unlike American national culture, which is founded upon individualism, Japanese firms had a more team-centered approach. This basic understanding affected the way that Japanese companies structured their companies and approached problems. Their Collaborate (clan) organizations operated more like families—hence the name—and they valued cohesion, a humane working environment, group

commitment, and loyalty. Companies were made up of semi-autonomous teams that had the ability to hire and fire their own members and employees were encouraged to participate in determining how things would get done. A good example of a Collaborate (clan) in American business is Tom's of Maine, which produces all-natural toothpastes, soaps, and other hygiene products. The founder, Tom Chappell, grew the company to respect relationships with coworkers, customers, owners, agents, suppliers, the community, and the environment. According to their company statement of beliefs, they aim to provide their employees with "a safe and fulfilling environment and an opportunity to grow and learn." Typical of Collaborate (clan) cultures, Tom's of Maine, is like an extended family with high morale and Tom himself takes on the role of mentor or parental figure.

CREATE (ADHOCRACY)

In the values matrix Create (adhocracy) are similar to Collaborate (clan) in that they emphasize flexibility and discretion; however, they do not share the same inward focus. Instead they are like Create (adhocracy) in their external focus and concern for differentiation.

With the advent of the Information Age, a new approach developed to deal with the fast-paced and volatile business environment. Social, economic, and technological changes made older corporate attitudes and tactics less efficient. Success now was envisioned in terms of innovation and creativity with a future-forward posture. An entrepreneurial spirit reigns where profit lies in finding new opportunities to develop new products, new services, and new relationships—with little expectation that these will endure.

Adhocratic organizations value flexibility, adaptability, and thrive in what would have earlier been viewed as unmanageable chaos. High-tech companies like Google are prototypical Create (adhocracy). Google develops innovative web tools, taking advantage of entrepreneurial software engineers and cutting-edge processes and technologies. Their ability to quickly develop new services and capture market share has made them leaders in the marketplace and forced less nimble competition to play catch-up.

SPATIAL IMPLICATIONS

Since each of these organizational types is distinguished by different attitudes, values, behaviors, and beliefs it is understandable that the same workspaces would

not best support their different cultures. A Collaborate (clan) organization, with its emphasis on teamwork and sociality, needs spaces that foster and reflect this. Rows of high paneled cubes, that might be appropriate in certain Compete (market) companies, would be incompatible with the way a Collaborate (clan) organization works and how it wants to present itself. The diagrams on the following page outline specific work space implications relative to the four organizational culture types.

COMPANY CULTURE AND SUB-CULTURES

It is very important to note that the substantial research that contributed to the development and validation of the organizational culture types focused on companies as a whole. Other research being conducted around the same time as the Competing Values Framework — Martin and Siehl (1983), Louis (1983), Gregory (1983)—emphasizes that the company culture is not homogeneous.

Instead, other subcultures are present and often even contradict aspects of the company culture. In her recent book, *Companies are People, Too*, Sandy Fekete reports that functional teams within the 57 corporations that they studied had a different organizational type than their company 81% of the time. Schein (1999) notes that this is not necessarily dysfunctional, rather it allows the company to perform effectively in different environments based on function, product, market, location, etc. In order to get a more accurate picture of the company, it is important to understand not only the company organizational type, but the cultures of departments or other important groups as well. The same organizational culture types — Control (hierarchy), Compete (market), Collaborate (clan), Create (adhocracy)—apply at both levels. So, a Control (hierarchy) company may contain a research group that is a Create (adhocracy), an engineering department that is a Compete (market), and a human resources department that is a Collaborate (clan). The spatial implications for these different groups may also compete with those of the company, so space planners are faced with greater complexity in space solutions.

DOMINANT AND SUB-DOMINANT TYPES

As a company culture containing potentially numerous subcultures adds to the complexity of this approach, one other important issue must also be considered. The Competing Values Framework and its inclusion of



“Collaborate (Clan)” Culture

An open and friendly place to work where people share a lot of themselves. It is like an extended family. Leaders are considered to be mentors or even parental figures. Group loyalty and sense of tradition are strong. There is an emphasis on the long-term benefits of human resources development and great importance is given to group cohesion. There is a strong concern for people. The organization places a premium on teamwork, participation, and consensus.



“Create (Adhocracy)” Culture

A dynamic, entrepreneurial, and creative place to work. Innovation and risk-taking are embraced by employees and leaders. A commitment to experimentation and thinking differently are what unify the organization. They strive to be on the leading edge. The long-term emphasis is on growth and acquiring new resources. Success means gaining unique and new products or services. Being an industry leader is important. Individual initiative and freedom are encouraged.



“Control (Hierarchy)” Culture

A highly structured and formal place to work. Rules and procedures govern behavior. Leaders strive to be good coordinators and organizers who are efficiency-minded. Maintaining a smooth-running organization is most critical. Formal policies are what hold the group together. Stability, performance, and efficient operations are the long-term goals. Success means dependable delivery, smooth scheduling, and low cost. Management wants security and predictability.



“Compete (Market)” Culture

A results-driven organization focused on job completion. People are competitive and goal-oriented. Leaders are demanding, hard-driving, and productive. The emphasis on winning unifies the organization. Reputation and success are common concerns. Long-term focus is on competitive action and achievement of measurable goals and targets. Success means market share and penetration. Competitive pricing and market leadership are important.

the four organizational culture types offers a simple means of categorization and understanding; however, it is possible for a company or department to have subdominant elements. This means that an accounting department that is a Control (hierarchy) may still have substantial Compete (market) traits.

In fact, pure Control (hierarchy), Compete (market), Collaborate (clan), or Create (adhocracy) are extremely rare. Most of the company cultures that have been diagnosed using Cameron and Quinn’s Organizational Culture Assessment Instrument indeed have a strong secondary component. This is also the case at the department/group level. Their research has additionally shown that it is rare to have companies that share equal traits of all four culture types—with no dominant or barely dominant type.

WHAT GOOD ARE THESE CATEGORIES?

These organizational categories are helpful in that they provide a foundation upon which space planners can begin to structure their solutions and thus account for the important role that culture plays. Each of the different organization types has different cultural attributes and preferred methods and concerns for work. The means of assessing an organization’s (company, group, or both) culture type using the OCAI is relatively simple given the potential complexity of a comprehensive investigation.

Even though this procedure provides an easy mechanism for assessment and the four types are easy to understand, space planners still must look deeper and consider potential sub-dominant traits

as well as the relationship between groups and the company as a whole. Using the OCAI for diagnosis makes the process more objective, but still allows—and demands—that workspace planners and designers interpret the results. Indeed, it is their crucial talents of interpretation that add value and allow the production of workspaces that account for the way companies think and behave as well as how they want to represent themselves to the world.

REFERENCES:

- Cameron, Kim S. and Quinn, Robert E. (1999), *Diagnosing and Changing Organizational Culture*. New York: Addison-Wesley.
- Campbell, John P., Brownas, E.A., Peterson, N.G., and Dunnette, M.D. (1974), *The Measurement of Organizational Effectiveness: A Review of Relevant Research and Opinion*. Minneapolis: Final Report, Navy Personnel Research and Development Center, Personnel Decisions.
- Fekete, S., Keith, L. (2001), *Companies are People, Too: Discover, Develop, and Grow Your Company's Personality*. New York: Wiley.
- Gregory, K. (1983), *Native-view Paradigms: Multiple Cultures and Culture Conflicts in Organizations*. *Administrative Science Quarterly*, 28: 359-376.
- Louis, M. (1983), *Organizations as Culture-bearing Milieux*, in Pondy L.R., Frost, P.M., Morgan, G., Dandridge, T.C. (1983) *Organizational Symbolism*. Greenwich, CT: JAI, 39-54.
- Martin, J., Siehl C. (1983), *Organizational Culture and Counter-Culture: An Uneasy Symbiosis*. *Organizational Dynamics*, 12(2): 52-64.
- Quinn, Cameron and Rohrbaugh, John (1983), *A spatial model of effectiveness criteria: Towards a competing values approach to organizational analysis*. *Management Science*, 29(3): 336-377.