

Chapter 19

The Typologies of Organizational Cultures: A Review and Synthesis

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Introduction

The study of organizational culture has gained great significance in the analysis of creating performing organizations in the modern age (Schein, 1985). The orthodox approach to performance in organizations emphasized two factors: coordination and incentives. First, the boundaries of the firms were defined by the capability to coordinate the transactions inside the organization at lower costs compared to those outside the organization (Coase, 1937). The coordination factor thus accounted for the efficiency of the organization (Williamson, 1975). Further, the effectiveness of the organization was a function of its capability to address the agency problem through the design of appropriate incentive contracts (Jensen and Meckling, 1976). The interests of the agents were deemed at variance with that of the principals or the investors. Therefore, appropriate incentives, along with supporting performance measurement and monitoring systems, had to be in place for the organization to effectively accomplish the firm's goals. Ensuring appropriate coordination and incentive conditions require considerable investments on the part of the firms, including on

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information technology and other systems. In contrast, organizational culture represents a factor that allows the firms to economize on the costs of coordination and incentives. Through shared practices and values, all the members can be expected to enact the mutually endorsed and accepted behaviors.

The importance of organizational culture for organizational performance has led to numerous studies resulting in over 160 definitions of culture (Kroeber and Kluckhohn, 1952) with numerous paradigms for studying culture (Schultz and Hatch, 1996). Further advancements in the study of culture have occurred as companies expand globally. To create performing organizations across regional cultures, we need to understand organizational cultures in each region. Thus it becomes increasingly important to consider the corporate culture within the context of the national culture. The goal of this chapter is to review, revise and compare key typologies of organizational culture, within a cross-cultural framework. To do this, we will use the constructs and data obtained from the Global Leadership and Organizational Behavior Effectiveness (GLOBE) project. GLOBE is a major cross-cultural study that surveyed more than 700 firms in sixty-two societies around the world. GLOBE is a team of 170 management and cross-cultural scholars. Robert House at the Wharton School is the principal co-investigator and initiator of the GLOBE project.

We begin with a discussion of the cultural constructs in the GLOBE study. Then we review four major typologies of organizational cultures. Two of these are based on large samples of international cross-cultural data. These include the typologies of Hofstede (2000) and Trompenaars (1993). The third is based on the anthropological culture theory of Douglas (1992). The fourth is Quinn's (1988) approach derived from organizational theory literature. We identify key features of these typologies and reformulate them to allow an integration of the typologies. Then we use GLOBE data with the reformulated typologies to obtain the profile of organizational cultures in different regions of the world. Finally, we highlight the implications of the findings for the executives.

We chose to examine studies that used a 2×2 typology because of its advantages for executives seeking to create performing organizations. First, the 2×2 typology clearly identifies a polar opposite for each configuration of organizational culture (Quinn, 1988). The regions on the diagonally opposite quadrants have quite distinct organizational cultures. Greater cultural distance implies more challenges for integration, as well as more opportunities for learning. Second, parallels