

# Foundations of Organizational Culture: A Comprehensive Review

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**Abstract:** This paper provides a comparative analysis of seminal cultural studies by Schein, Hofstede, and the Project GLOBE initiative, examining their influence on contemporary organizational contexts. Using a systematic literature review methodology, this study synthesizes and compares the cultural models of Schein, Hofstede, and Project GLOBE to assess their theoretical foundations and practical applications. Additional models from Schwartz and Trompenaars are briefly reviewed to contextualize their relevance. The analysis reveals that Schein's model emphasizes cultural artifacts, beliefs, and assumptions; Hofstede's model focuses on six dimensions of national cultures; and the Project GLOBE initiative identifies nine cultural dimensions impacting leadership and organizational processes. Together, these models offer a comprehensive understanding of organizational culture and its impact on behavior and performance. This paper contributes to the field by highlighting the enduring significance of these cultural models and their applications across various organizational settings.

**Keywords:** Organizational culture, Schein's culture model, Hofstede's cultural dimensions, Project GLOBE, Comparative cultural analysis



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## Introduction

Culture is probably the most controversial topic in the social sciences, with more than 150 definitions (Cameron and Quinn, 2011). The definitions of culture are meaningless without a thorough comprehension of the various ways researchers have understood and conceptualized the concept. Moreover, the way culture is apprehended will interact with the way it is studied (Ehrhart et al., 2014). Culture is a precarious concept as it comfortably can be used to comprise everything and consequently nothing. It is an umbrella concept for a way of thinking that is seriously concerned with cultural and symbolic phenomena (Alvesson, 2002). Culture can be referred to as “the invisible hand” that directs the actions of a specific society. When people are asked why they do certain things, they usually answer, “Because it’s the right thing to do”, a response that reflects the embedded influence of culture on people’s behavior (Schiffman and Wisenblit, 2015). Trompenaars and Hampden-Turner (1998) illustrate that culture to people is like water to fish. A fish only understands the need for water when it is no longer in it. In the same way, culture defends us from the unknown.

Organizations are defined by varying levels of shared values, norms, roles, and expectations, which comprise the organization’s unique structures (Allaire and Firsirotu, 1984). When we talk about the significance of stories, rituals, legends, and myths in an organization and about the interpretation of experiences, ideas, and events that are impacted and molded by the people of the organization, we are, in fact, talking about organizational culture (Alvesson, 2002). Organizational culture is a symbol-rich structure in which employees develop and apply meaning to their work lives (MacQueen, 2020). Organizational culture is the whole of an organization centered on one or more core issues about work and work affairs (Sinha, 2008) made up of different elements including cultural values, basic assumptions, social and organizational norms, ways to communicate, stories, narratives, myths and metaphors, organizational stereotypes, rituals, symbols, customs, organizational heroes, taboo, cultural patterns, cultural artifacts, and subculture (Sulkowski, 2016).

Organizational culture incorporates all members of an organization, it originates and evolves at all hierarchical levels, and is based on a broad history that

is manifested in the organization's material characteristics (or artifacts), including its products, logos, names, and other symbols (Jo Hatch and Schultz, 1997). Organizational culture is created by employees of the organization and therefore may alter depending on the interests of those engaged (Mills and Hoeber, 2013). It is often established unconsciously, depending on the values of management or the owners of an organization (Sun, 2008), and especially the dominant role that owners have on how members solve their external basic and internal integration issues (Schein, 1983).

The concept of organizational culture appears to have remained relatively unchanged over the last century. Jacques (1951: 251) prescribed organizational culture as "the customary or traditional ways of thinking and doing things, which are shared to a greater or lesser extent by all members of the organization and which new members must learn and at least partially accept in order to be accepted into the service of the firm." According to Martin (2002), most organizational culture definitions share two theoretical characteristics: the exploitation of the word "shared" and a reference to culture as that which is different or particular to a certain background. To this end, organizational culture is made up of shared values and assumptions (McShane and Von Glinow, 2018). Shared values are the values that people in an organization have in common and give importance according to their hierarchy of values. Shared assumptions, on the other hand, are unconscious, taken-for-granted, as the best way of thinking and acting toward daily problems and opportunities.

Numerous cultural studies have been conducted over time, with notable influences stemming from the works of scholars such as Schein, Hofstede, and the Project GLOBE initiative. This paper seeks to provide a comparative analysis of these pivotal cultural studies, which continue to exert significant influence within organizational contexts to the present day. The comparative assessment will begin with an examination of Schein's culture model, followed by an exploration of Hofstede's cultural framework, and culminate in a detailed review of the Project GLOBE research project. Additionally, we will briefly examine other cultural models in academic literature, acknowledging their relevance while

recognizing that their impact may be less pronounced compared to the aforementioned three seminal models.

## **Contributions of this Paper**

This paper makes several important contributions to the field of organizational culture studies. First, by comparing the foundational models of Schein, Hofstede, and Project GLOBE, it provides a nuanced understanding of how different cultural frameworks conceptualize and impact organizational behavior. Second, the inclusion of Schwartz's and Trompenaars' cultural models broadens the scope of the analysis, offering a more holistic view of the cultural dimensions influencing organizational settings. Third, the insights gained from this comparative analysis can inform organizational leaders and practitioners on how to better understand and manage cultural dynamics within their organizations, leading to improved leadership strategies and organizational effectiveness. Finally, by highlighting the strengths and limitations of each cultural model, this paper sets the stage for future research to build on these foundational theories and explore new dimensions of organizational culture.

## **Schein's culture study**

Schein provides many ways of defining culture that gives a feeling that culture encompasses everything that a group has experienced and learned within the time (Schein and Schein, 2017). Culture is both a reality that besieges us at all times, being continually shaped and enacted by our intercommunications with others and leadership behaviors and a bunch of rules, norms, routines, and structures that steer and control our behavior (Schein, 2004). The formal definition of culture by Schein is: "a pattern of shared basic assumptions learned by a group as it solved its problems of external adaptation and internal integration, which has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems (Schein, 1988: 7; 2010: 18).

According to Schein (2010), culture can be analyzed at different levels depending on the cultural sensation the researcher can observe. These levels are

artifacts, widespread beliefs and values, and basic assumptions. Artifacts, the superficial level of culture, include everything that can be effortlessly perceived when a person enters a new, previously unfamiliar group. Artifacts include the obvious elements of the group, such as the language, the design of the physical environment, the technology and goods, the creative manifestations, the fashions, such as the dress, the manner of address, and the passionate performances, the myths and stories told in the organization, the values shared in the organization, and the recognizable customs and ceremonies. Beliefs and values include beliefs and values for solving problems and getting things done. Leaders or founders are identified in the organization as those who succeed in convincing the group to adopt a particular approach to the problem. Underlying the assumptions is a deeper level at which a solution to a problem has been proven successful and is taken for granted. What used to be a hypothesis based only on a guess or a value is gradually seen as fact.

### **Hofstede's culture study**

Hofstede (1991: 262) defined culture as “the collective programming of the mind that distinguishes the members of one group or category of people from another”. This definition is continuously cited in his works in such as Hofstede (1998a: 478; 1998b2; 2001: 9), Hofstede and McCrae (2004: 58), Hofstede (2007: 16), Hofstede et al., (2010: 6), Hofstede (2011: 3), etc. Hofstede (2011: 8) proposed a model of six dimensions of national cultures:

1. Power Distance,
2. Uncertainty Avoidance,
3. Individualism/Collectivism,
4. Masculinity/ Femininity,
5. Long/Short Term Orientation, and
6. Indulgence/Restraint.

Power distance has been defined as the degree to which less powerful members of organizations and institutions (such as families) accept and expect unequal

power distribution. Uncertainty Avoidance measures how much a culture teaches its people to feel uncomfortable or comfortable in unstructured conditions. Individualism, on the one hand, and collectivism, on the other, is the degree to which individuals in a society are integrated into groups. Masculinity vs its opposite, Femininity, refers to the distribution of values between the genders, which is another essential issue for any culture, to which a variety of solutions may be found. Perseverance, thrift, ordering relationships by status, and having a sense of shame are values associated with long-term orientation; values associated with the opposite, short-term pole, are reciprocating social obligations, respect for tradition, protecting one's 'face', and personal steadiness and stability. Indulgence represents a culture that allows for the relatively unrestricted fulfillment of fundamental and natural human wants connected to having pleasure and enjoying life. Restraint represents a civilization that restricts and regulates fulfillment of demands through stringent social rules (Hofstede, 2011).

## **Project GLOBE**

In addition to the studies of Schein and Hofstede, the GLOBE project also plays an important role in cultural literature. In line with Hofstede's study, Global Leadership and Organizational Behavior Effectiveness (GLOBE) research program initiated by Robert J. House, investigates several theoretical issues of culture and examines the interrelationships between societal culture, organizational culture, and organizational leadership (House, 1998). The overarching purpose of GLOBE is to provide an empirically based theory that can be used to explain, comprehend, and forecast the impact of specific cultural elements on leadership and organizational processes, as well as their efficacy (House et al., 2001, House et al., 2002). Project GLOBE defined culture as "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 et al., 2001: 494).

Nine cultural dimensions were proposed (Javidan and Dastmalchian, 2009):

1. Uncertainty Avoidance,
2. Power Distance,
3. Collectivism I: Institutional Collectivism,
4. Collectivism II: In-group collectivism,
5. Gender Egalitarianism,
6. Assertiveness Orientation,
7. Future Orientation,
8. Performance Orientation, and
9. Humane Orientation.

Uncertainty avoidance is defined as the degree to which members of an organization or community try to avoid uncertainty by relying on social norms, rituals, and bureaucratic processes to mitigate the unpredictability of future occurrences. Power distance is defined as the extent to which members of an organization or community anticipate and agree that power should be unequally distributed. Collectivism I: Institutional collectivism refers to the extent to which organizational and societal institutional practices support and reward communal resource allocation and collective action. Collectivism II: The degree to which individuals feel pride, loyalty, and cohesion in their organizations or families is reflected in in-group collectivism. Gender egalitarianism refers to the extent to which an organization or community reduces gender roles and discrimination. Assertiveness orientation is defined as the extent to which individuals in organizations or cultures are aggressive, forceful, and confrontational in social relationships. Future orientation is defined as the extent to which individuals in organizations or cultures participate in future-oriented behaviors such as planning, investing in the future, and deferring pleasure. The degree to which an organization or community encourages and compensates group members for performance development and excellence is referred to as performance orientation. Humane orientation is the extent to which people in organizations or communities promote and reward others for being altruistic, fair, amiable, giving, caring, and kind to others (Javidan and Dastmalchian, 2009).

## Other important culture studies

Among above mentioned cultural studies, Schwartz' and Trompenaars' studies have an important place in literature.

Schwartz (1999) presented seven types of values on which cultures can be compared. By addressing three issues that all communities face, he develops a theory that specifies seven sorts of values on which cultures can be compared:

1. Autonomy versus Conservatism,
2. Hierarchy versus Egalitarianism,
3. Mastery versus Harmony.

The first challenge is labeled as individualism-communalism. One pole of this dimension depicts societies in which the individual is considered as a being rooted in the collectivity and derives meaning in life primarily from social interactions, identifying with the community, and participating in its common way of life. This is called conservatism. The opposing pole of this dimension defines societies in which the individual is considered as an independent, bounded creature who finds meaning in his or her own uniqueness, who aspires to express and is encouraged to express his or her own internal qualities (preferences, traits, sentiments, reasons). This is called Autonomy (Intellectual and Affective). The second issue deals with Hierarchy and Egalitarianism. Hierarchy dimension employs power differences to enforce socially responsible behavior, based on hierarchical systems of ascribed roles. An alternate answer to the challenge of responsible social behavior is to encourage society members to see one another as moral equals with basic human interests, labeled as Egalitarianism. The third issue confronts societies in the relation of humankind to the natures and social world. One answer is to actively dominate and change the world, to exercise control over it, to bend it to our will, and to use it in order to further personal or group goals. This is called Mastery. An alternative answer to this problem is to accept the world as it is and attempt to fit in, rather than seeking to change or exploit it. Harmony is the value type that expresses this answer (Schwartz, 1999).

In like manner, Trompenaars and Hampden-Turner (1998) postulates that people deal with three layers of culture: explicit, norms and values, and assumptions about existence. The outer layer is what most people connect with culture: the visible reality of clothes, cuisine, language, housing, and so on. The intermediate layer pertains to a community's norms and values: what is regarded fair or incorrect (norms) and good or poor (values). The core is the path to successfully dealing with different cultures: the set of norms and techniques that a society has developed to deal with the common challenges that it faces. They identify five dimensions of how people relate to each-other. They are listed as (Trompenaars and Hampden-Turner: 1998):

1. Universalism versus particularism (rules versus relationships),
2. Communitarianism versus individualism (the group versus the individual),
3. Neutral versus emotional (the range of feelings expresses),
4. Diffuse versus specific (the range of involvement),
5. Achievement versus ascription (how status is accorded).

If we are about to summarize these dimensions from the book "Riding the Waves of Culture: Understanding Cultural Diversity in Business" (1998): Universalist societies believe that broad principles and duties are a reliable source of moral guidance. Particularistic societies are ones in which "specific" situations take precedence over regulations. Bonds of specific relationships (family, friends) are stronger than any abstract rule, and the response may vary depending on the circumstances and persons involved. Individualism relates to how people see themselves as individuals, and communitarianism refers to how people see themselves as a collective. Reason and emotion both play a part in human interactions. Which of these takes precedence depends on whether we are affective, that is, we display our feelings, in which case we will almost certainly receive an emotional reaction, or whether we are emotionally neutral. Individuals in a specific culture have a huge public space that they freely share with others and a small private space that they guard carefully and share with only close friends and colleagues. A diffuse society is one in which public and private space are of similar size, and individuals preserve their public space since access to public area also allows access to private space. It examines how a society maintains

their private and public lives distinct. People in an achievement culture are given status based on how successfully they execute their jobs. In an ascription society, status is determined by who or what a person is.

In addition to those dimensions, Trompenaars and Hampden-Turner (1998) pointed out two extra dimensions: sequential versus synchronic and internal versus external control. A sequential time culture is one in which people like events to occur in chronological sequence. Instead, in synchronic cultures, specific time periods are seen as interwoven, people emphasize the importance of punctuality and deadlines if these are critical to meeting objectives, and they frequently work on multiple projects at once. People in an inner-directed culture believe in controlling outcomes and have a commanding attitude toward their settings. People in outer-directed culture believe in letting things run their course and have a more flexible mindset, typified by a readiness to compromise and maintain natural harmony.

## Conclusion

This paper has undertaken a comprehensive comparative analysis of the seminal cultural models proposed by Schein, Hofstede, and the Project GLOBE initiative, with additional insights from Schwartz and Trompenaars. Through this analysis, several key observations and critical insights have emerged.

Schein's culture model, with its focus on artifacts, beliefs, and underlying assumptions, provides a deep, layered understanding of how organizational culture forms and evolves. It highlights the importance of shared experiences and learned behaviors in shaping an organization's cultural landscape (Schein and Schein, 2017). However, Schein's model is somewhat limited by its less systematic approach to quantifying cultural dimensions, which can pose challenges in empirical research and cross-cultural comparisons (Schein, 2010).

Hofstede's model, on the other hand, offers a structured approach with its six dimensions of national cultures: Power Distance, Uncertainty Avoidance, Individualism/Collectivism, Masculinity/Femininity, Long/Short Term Orientation,

and Indulgence/Restraint (Hofstede, 1991). This framework allows for easier cross-cultural comparisons and has been extensively validated across different contexts. Nonetheless, Hofstede's model has been critiqued for its potential over-simplification of cultural dynamics and its primary focus on national rather than organizational culture (Hofstede, 2011).

The Project GLOBE initiative builds on Hofstede's work by expanding the cultural dimensions to nine and specifically linking them to leadership and organizational effectiveness (House et al., 2001). This provides a more comprehensive view of how culture influences organizational behavior and leadership practices. However, similar to Hofstede, GLOBE's model may face criticism for its complexity and the challenges involved in measuring and applying its dimensions in diverse organizational contexts (House et al., 2002).

Schwartz's and Trompenaars' models add further depth to the discourse by introducing additional cultural dimensions and emphasizing different aspects of cultural interactions. Schwartz's model addresses fundamental societal issues such as Autonomy vs. Conservatism and Hierarchy vs. Egalitarianism (Schwartz, 1999), while Trompenaars highlights practical aspects of cultural interaction, such as Universalism vs. Particularism and Individualism vs. Communitarianism (Trompenaars and Hampden-Turner, 1998). These models are valuable for their unique perspectives but are less frequently applied in organizational studies compared to Schein, Hofstede, and GLOBE.

In conclusion, this comparative analysis underscores the multifaceted nature of organizational culture and the importance of employing multiple models to gain a holistic understanding. Each model offers unique strengths and insights, contributing to a richer comprehension of cultural dynamics within organizations. For practitioners and researchers, leveraging these diverse frameworks can enhance the ability to diagnose, manage, and leverage organizational culture effectively. Future research should continue to integrate and refine these models, exploring new dimensions and their practical applications in a rapidly changing global landscape.

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