A Psychologist and Sociologist Join Strategists for Breakfast: Building a Framework to Understand Culture and Its Relationship to Strategy

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The Benefits of the GSW Framework

Gibbons, Siegel, and Weber provide an excellent organizing model that offers the field of strategy at least two significant contributions. First, GSW’s framework has the potential to promote an understanding of the relationship between culture and strategy among a distributed and interdisciplinary group of scholars. Consistent with a paradigm development perspective (Kuhn 1962), if scholars across a range of related disciplines, including strategy, economics, sociology, and psychology, are able to converge on a framework such as GSW’s, research questions that are of shared interest can be more systematically surfaced and addressed. This will promote greater accumulation of knowledge and cross-fertilization of insights about the role of culture as both a cause and a consequence of group, organizational, industry, and societal behavior.

A second contribution is that the GSW framework offers the clearest distinction of the “Big-C”/“little-c” culture discussion that we have seen. Big-C culture, in GSW’s framework, refers to large groups whose collective and individual values are shaped by historical forces and changed by exogenous events. Little-c culture, by contrast, refers to small groups whose norms are shaped by contemporaneous interactions among group members and changed mainly by intentional intervention. The distinction locates organizational culture clearly in the little-c culture category but at the same time recognizes that the institutional context, as manifested in societal and national cultures, powerfully shapes little-c culture. The GSW approach invites researchers to even ponder the possibility that little-c culture could potentially have a reciprocal impact on Big-C culture. Distinguishing between these two
forms of culture and beginning to explore their inter-relationships is particularly helpful because it offers a road map for how culture not only operates across levels of analysis but also originates and evolves over time.

Gaps in the GSW Framework

Our previous comments highlight the value of developing and collectively adopting a culture framework that encourages systematic paradigm development. Viewed in this light, the GSW framework is particularly relevant to strategy research and can be enriched by integrating elements of existing culture frameworks in other fields to create a more unified and agreed-upon framework for advancing culture research. In the spirit of contributing to this effort, we suggest possible additions to and clarifications of the GSW framework. We focus on five themes: (1) the importance of parsing culture into content (e.g., whether it emphasizes being detail oriented or innovative) and its distributional components (e.g., whether cultural values identified by a given employee are concentrated in a few categories versus dispersed, or the general level of agreement about how intensively a set of cultural values characterizes an organization or social group), (2) the value of a tool kit perspective on culture, (3) why recognizing subcultures is important, (4) understanding how different types of person-culture congruence may emerge, and (5) recognizing that the causal relationship between strategy and culture may be bidirectional.

1. Parsing culture. Organizational culture researchers have long emphasized the so-called content approach to culture. More recently, however, researchers have recognized that the impact of culture on organizations and individuals occurs not only because of what the culture emphasizes (e.g., innovation and details) but also how those norms and values are distributed (Harrison and Carroll 2006). In some cases, researchers have examined the distinct content and distributional elements of culture together, generating insight about the link between culture and firm performance. In one formulation, researchers distinguished between (1) the substance of cultural attributes (cultural content), (2) how widely shared values and norms are within the organization (cultural agreement), and (3) group members’ willingness to sanction other members for noncompliance and reward them for compliance (cultural intensity) (Chatman and O’Reilly 2016). By then examining all three dimensions, researchers have shown that the relationship between culture and firm performance is more tractable than it has been in previous research. Specifically, firms characterized by adaptability as a cultural attribute (content, intensity) and high consensus across a large set of cultural attributes (agreement) were significantly more financially successful over a three-year period than were firms that either were less focused on adaptability or had less agreement across a wide range of culture attributes, or both (Chatman et al. 2014).

In another example of focusing on a culture’s distributional properties, researchers showed that firms with high levels of intrapersonal cultural heterogeneity—that is, ones whose members exhibited a breadth of cultural beliefs—achieved greater patenting success and higher market valuations than did otherwise comparable firms that were low in intrapersonal cultural heterogeneity (Corritore et al. 2020a). By contrast, firms with high interpersonal cultural heterogeneity—that is, ones whose members disagreed about the prevailing cultural beliefs—achieved lower levels of performance than did otherwise comparable firms that were low in interpersonal cultural heterogeneity. Importantly, these relationships held independent of cultural content.

Distinguishing what a culture emphasizes from how those attributes are distributed helps to avoid confounding the two and can, for example, clarify whether observed behavioral variation is a sign of experimentation and innovation (cultural content) or, alternatively, a sign of a lack of a shared culture (cultural agreement). Importantly, the elements of the GSW framework—setting, source, content, and change—are incomplete without considering the relevant distributional properties of cultural values and norms. As such, we recommend parsing culture into substantive and distributional elements, particularly when trying to determine the influence of culture on firm performance.

2. Cognition/expectations/tool kit critiques. Although the GSW framework acknowledges that culture can serve to both constrain and enable action, the emphasis, as we understand it, seems to be on the former. By contrast, Swidler’s (1986) tool kit theory of culture is primarily concerned with the latter—that is, understanding how individuals use culture to pursue different strategies of action in pursuit of their goals. A small but growing body of work has extended tool kit theory from the individual to the organizational level (Weber 2005, Rindova et al. 2011, Corritore et al. 2020a). In our view, a promising extension of the GSW framework would be to consider how organizational leaders draw on the available repertoire of cultural resources to fashion competitive strategies—particularly during what Swidler (1986) refers to as “unsettled” times (p. 278)—and to examine the conditions under which these culturally enabled strategies provide organizations with a sustained competitive advantage.

3. Subcultures. One phenomenon that the GSW framework does not highlight but that we believe is worth prioritizing in strategy research is the role of subcultures within firms. Organizational subcultures, or relatively small clusters of members that share a set of norms, values, and beliefs within a larger culture...
(Boisnier and Chatman 2003), often span subunits in organizations (Srivastava et al. 2018) and are demarcated by symbolic boundaries (Lamont and Molnár 2002)—for example, between employees of two organizations in the throes of cultural assimilation following mergers and acquisitions (Bhatt et al. 2021).

The existence of organizational subcultures poses the possibility of not only increasing intraorganizational conflict (e.g., Sackmann 1992) but also greater firm responsiveness to dynamic environments. Organizational culture may, at first blush, seem to be an unlikely source of agility because strong unitary cultures exert a stabilizing force on organizations by encouraging cohesion, organizational commitment, and, often, desirable work behaviors among members (e.g., Zárate et al. 2012). This stability generates cultural clarity and consistency among members—forces that, if the culture is aligned to the group’s strategic objectives, can enhance performance (e.g., Chatman et al. 2019). But such stability may also constrain strong culture organizations from initiating or reacting to environmental change (e.g., Benner and Tushman 2003), a necessary capability for optimizing performance (e.g., Raisch et al. 2009). Subcultures can permit an organization to generate varied responses to the environment without necessarily destroying its internal coherence. Exploring subcultural influences may enable strategy researchers to gain insight into how firms can simultaneously reap the benefits of a strong culture while maintaining flexibility and responsiveness.

4. Perceptual congruence as an alternative to person–culture fit based on values or norms. The GSW framework makes a useful distinction between values and expectations; however, in our view, their conception may downplay the notion that expectations are themselves socially constructed. Given that groups develop culture through interaction (Fine 2012), and individuals typically belong not just to one group but rather to a varied set of work and social groups that exist within organizations (Biancani et al. 2014, Liu et al. 2016), we believe it is worth highlighting that a given individual’s behavior and others’ expectations of that behavior are likely to vary as a function of the group setting in which the behavior is observed.

Generalizing from this point, we believe the concept of expectations can be usefully broadened to encompass overall perceptions of group and organizational culture. Just as individuals vary in their level of value congruence—that is, the match between their own values and those that prevail in the organization (e.g., Chatman 1991)—they also exhibit heterogeneity in what we and two of our coauthors refer to as perceptual congruence—that is, the extent to which a person’s understanding of the prevailing culture matches others’ comprehensions (Lu et al. 2021). Perceptually congruent individuals have the capacity to behave in normatively compliant ways even when their values are poorly aligned with their organization’s dominant values.

Yet the long-term consequences of being congruent in perceptions but not values (and vice versa) for performance, commitment, and retention are not well understood. Moreover, both value congruence and perceptual congruence can be defined not only for individuals but also for various organizational subunits and for the organization as a whole. We see great promise in research that examines how these two dimensions of organizational cultural alignment—one based on values and the other on perceptions—relate, on their own and in concert with one another, to an organization’s capacity for strategy execution.

5. Considering the causal linkages from strategy to culture and culture to strategy. The final observation we highlight is the focus Gibbons, Siegel, and Weber place on Big-C culture’s unidirectional influence on firm strategy. We suggest that it is also fruitful to investigate the many ways in which little-c culture influences and is influenced by a firm’s strategy. This is especially important because GSW’s provision that little-c culture is developed and modified by “intentional intervention.” Many of the managerially oriented observations of firm culture imply that managers can influence their organization’s culture to execute various strategic objectives. Some research supports this idea. For example, Moniz (2017) collected data from 417,000 employee reviews of 2,300 firms from 2008 to 2015 on Glassdoor.com. He found that firm value increased among organizations whose culture was aligned to their strategic goals. Thus, just as culture can determine strategy, managers can develop little-c cultures that are geared to implementing certain strategies over others. In fact, a truly deliberate culture, one in which managers are intentionally intervening, should logically increase an organization’s performance by helping organizational members to prioritize certain behaviors over others.

Ultimately, it is likely that Big-C and little-c cultures have a more complex relationship with firm strategy than GSW depict in their framework. As one illustration of this complex relationship, Popadak (2013) used data from 4,600 firms over a 10-year period, including reviews by more than 1.8 million employees and 400 million words, to construct measures of cultural norms and values. Using regression discontinuity analysis, she found that, in publicly traded firms that narrowly received negative governance votes (compared with those that narrowly received passing votes), managers increased their firm’s cultural focus on results orientation but reduced their focus on customers, integrity, and collaboration in subsequent years. Interestingly, cultures lower in dimensions such as customer service experienced a 1.4% decline in firm value. This suggests not only that Big-C culture may, in fact, influence the formulation of a firm’s strategy but also that little-c culture can be deployed as a means to deliberately enact strategic change.
Conclusion
As long as a decade ago, 4,600 studies of culture had been published (Hartnell et al. 2011), with many more appearing in the ensuing years. Yet an integrated perspective on culture is still elusive. Developing a framework for studying culture—one that distinguishes societal from organizational culture and identifies the elements of culture—helps move us past the many ambiguities that have plagued research on organizational culture (Chatman and O’Reilly 2016).

Absent greater clarity about the construct itself and assessments of culture that convincingly demonstrate construct validity, the field could simply continue to proliferate studies labeled as “culture” that represent a hodgepodge of constructs and fail to aggregate into a coherent body of knowledge about how culture operates and influences organizations. On the flip side, developing a comprehensive framework that is adopted across a variety of disciplines studying culture should contribute to obtaining the advantages of paradigm development. Such a framework reduces the need to state and restate definitions. Furthermore, fields with highly developed paradigms, in which there is more consensus, are characterized by more efficient communication and more rapid development of insights and new ideas (Pfeffer 1993). In this way, the framework that Gibbons, Siegel, and Weber offer, along with our suggested additions, may provide the beginnings of an integrated perspective that will advance the study of culture in promising directions.

This framework is especially timely, as it can be coupled with the rapidly evolving and powerful tools of data science. The explosion of digital trace data in organizations, ranging from text (e.g., emails and Slack messages) to audio and video files (e.g., Zoom recordings) to work products and collaboration histories (e.g., GitHub), as well as the growing accessibility of computational methods to analyze such data (Corritore et al. 2020b), makes it increasingly possible for strategy scholars across disciplines to pursue the exciting research agenda that GSW put forward and (Corritore et al. 2020b), helps move us past the many ambiguities that have plagued research on organizational culture (Chatman and O’Reilly 2016).

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References
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