

## Oxford Handbooks Online

### Introduction: The Oxford Handbook of Organizational Climate and Culture

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The Oxford Handbook of Organizational Climate and Culture

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#### **[–] Abstract and Keywords**

The *Handbook* is designed to frame the organizational climate and culture constructs in their full breadth of potential causes, correlates, and consequences from both academic and practice vantage points. A brief historical overview of both constructs is presented and then traditional industrial-organizational psychology (I/O) and organizational behavior (OB) topics that focus on people management in organizations that promote—and are reflective of—climate and culture are explicated in detail. In addition, links between climate and culture and organizational effectiveness are explored. The conceptual and methodological underpinnings of climate and culture thinking and research are also documented. The *Handbook* also includes a series of chapters that showcase in very tangible ways how climate and culture constructs are currently being applied in a variety of work organizations in different industries and countries so that readers obtain a “feel” for the ways these constructs are carried out real time in contemporary national and international organizations. The *Handbook* concludes with a chapter summarizing the 10 central themes it contains.

Keywords: conceptual and methodological issues, correlates and outcomes, historical review, macro processes, micro processes, organizational climate, organizational culture, organizational effectiveness, practical implementation

#### **Introduction and Overview of the *Handbook***

Organizational climate and organizational culture are two conceptually distinct yet recently overlapping constructs for understanding the ways employees experience their total work settings. They represent the sense employees make out of their organizations; they represent the essential meaning employees attach to what their work places are in their essence and, in some cases, their essences. Both constructs are seen as having numerous specific attributes but it is the connotations people derive from those attributes that represent the summary meaning or gestalt of the organization for them.

Climate research has pursued the shared meaning employees attach to the policies, practices, and procedures and the behaviors that get rewarded, supported, and expected at work (Schneider & Reichers, 1983; Schneider, White, & Paul, 1998). Culture research has focused on the shared meaning employees derive about the basic assumptions, values, and beliefs that underlie their experiences at work as transmitted to them via myths and stories they hear, especially in their socialization experiences to a new setting (Schein, 2010; Trice & Beyer, 1993). These alternative perspectives on a similarly macro issue of meaning emerged because of the disciplines from which organizational climate and culture emerged.

Climate emerged from the gestalt psychology of Lewin (see Lewin, Lippitt, & White, 1939) and his interest in the psychological life space people (p. 4) inhabited. For Lewin et al. this psychological life space emerged out of the reactions (social and behavioral attitudes) of people to leadership practices and they referred to this life space with the terms “social climate” and “social atmosphere.” As far as we can tell, this is the first use of the term “climate”

as a way to describe the essence of the psychological meaning of a social situation. The research that followed in work settings, beginning especially in the 1960s, was done using employee surveys to assess the social and behavioral facets of work environments; more on this research is provided later.

Organizational culture emerged from the disciplines of anthropology and sociology, in which culture (without the organizational modifier) had long been studied as a way to describe differences, especially in essential values, that characterized social groupings, whether nations or tribes. The descriptions of values of these entities were formed on the basis of immersion in them using qualitative case (emic) methods with observations of behaviors characteristic of the people there at different stages of life and a focus on the myths and stories that were used to transmit the foundational values and beliefs of the tribe. Culture was introduced to the study of organizations in the late 1970s and early 1980s via an important academic paper by Pettigrew (1979) and a series of more popular writings by Deal and Kennedy (1982) and Peters and Waterman (1982), among others.

It is fair to say that the academic study of organizational climate and culture has been on parallel almost nonoverlapping tracks until 10 or 15 years ago (Ostroff, Kinicki, & Tamkins, 2002; Reichers & Schneider, 1990; Zohar & Hofmann, 2012). On the other hand, the two constructs are essentially undifferentiated in practice with the use of the term “culture” more prominent than the use of the term “climate” (Schneider, Ehrhart, & Macey, 2011), and in fact, often encompassing it. More recently, scholars have been discussing the merits of integrating the two approaches to studying organizational meaning to the people who work in them. This emphasis has emerged both for practical reasons and the fact that culture research is now dominated by survey approaches, rather than one case study at a time, and such research has also been concerned with the performance consequences of culture rather than the study of the essences of culture per se (Martin, 2002).

In what follows, we provide a brief introduction to the history of the study of central issues studied by climate and culture scholars and some findings that have emerged with consistency. Then we provide an introduction to the chapters in the *Handbook* and this section makes clear what our goals were in editing this volume.

### Organizational Climate Research

As noted earlier, research on organizational climate began in earnest in the early 1960s. The implicit interest in such research had been percolating since the end of World War II and the study of the social aspects of work stimulated by the Hawthorne studies (Roethlisberger & Dickson, 1946). Those studies revealed, among other findings, that the social context for work had a marked effect on the ways people approached their work, social relationships at work, and productivity. Also during this time period, Douglas McGregor, famous for his 1960 book *The Human Side of Enterprise*, was doing work on the effects of leadership at work. McGregor had been a student of Lewin's so it is appropriate to find him doing such early leadership work in business settings (McGregor, 1944) and his later (1960) use of the term “managerial climate” was important because of its presence in that seminal book.

Also contributing to the foundations for the study of organizational climate was Chris Argyris, who published a paper in 1958 in *Administrative Science Quarterly* on conceptualizing the multiple levels of organizational climate in firms. This followed almost immediately upon the publication of his influential book, *Personality and Organization* (Argyris, 1957) in which he argued that management obtains in employee behavior what it reinforces in its own actions. By 1961 textbooks in industrial psychology (Gilmer, 1961) were using the term “atmosphere,” and by 1971 there were full chapters on organizational climate (e.g., Gilmer, 1971). About the same time a comprehensive and influential review of the literature appeared by Campbell, Dunnette, Lawler, and Weick (1970) that was in fact a follow-on to an earlier review by Forehand and Gilmer (1964).

Litwin and Stringer (1968) developed perhaps the first widely used survey measure of organizational climate and it assessed six different facets of climate, quite typical of many of the early measures: structure, individual responsibility, rewards, risk and risk-taking, warmth and support, and tolerance/conflict. Schneider and Bartlett (1968) also developed a measure (of life insurance agency climate) with six dimensions of climate: managerial support, managerial structure, concern for new employees, intra-agency conflict, agent independence, and general satisfaction. Readers will note that the facets assessed in these measures represented a cross-section of the social variables being studied at the time as correlates of employee morale and performance. That is, implicitly the attempt in climate measures was to capture the totality of the experiences of employees—the many

simultaneous experiences of employees—rather than one facet or dimension at a time. As Schneider et al. (2011) have noted, the attempt was to assess the climate for well-being that employees experienced. Unfortunately, although the term “organizational” was used in describing such early climate survey research, the level of analysis for the resultant survey data was invariably the individual. These two issues, the foci for climate measures and the level of analysis for such studies, dominated thinking on climate research until about 1985.

Some resolution of the focus of the content in climate surveys emerged from a paper done by Schneider (1975) in which he proposed that absent some focus for the assessment of climate, the resultant data were not likely to be related to a specific outcome of interest. He proposed that measures should focus on a climate *for* something (a climate *for* service or a climate *for* safety or a climate *for* innovation) rather than be comprised of items and dimensions that focus on generic experiences if those measures were to be related to specific outcomes (service quality/customer satisfaction or injuries and accidents or new pharmaceuticals). Basically his argument was a bandwidth argument: Match the bandwidth of the predictor to the bandwidth of the outcome to be predicted. This focused approach for climate studies began in 1980 (Schneider, Parkington, & Buxton, 1980; Zohar, 1980) and has continued successfully since then. Subsequent research has supported this vantage point with considerable predictive validity being revealed for such outcomes, as highlighted well in this *Handbook* in the chapters by Zohar (chapter 17) and Yagil (chapter 16). About a decade later the focus on climates for specific outcomes was joined by a focus on process variables, including research on a climate for fairness/justice (chapter 19 by Rupp and Thornton), and on ethical climate (see chapter 22 by Mayer).

Interestingly, when climate research began to have this more focused approach to assessment, the level of analysis for much of this work also changed from the individual to the unit—not yet to the organizational level of analysis, but to the work group or work unit. So, for example, Schneider et al. (1980) studied branch banks and Zohar (1980) studied production units and, for the most part, climate research since the 1990s has been conducted more frequently at the unit and very recently the organizational (Schneider, Macey, Lee, & Young, 2009) level of analysis. This move to unit level studies was strongly encouraged in an article by Glick in 1985 in which he argued that organizational climate research must be at least at the unit level of analysis to be meaningful. Also around this same time the quantitative issues associated with aggregating individual level perceptions to produce unit level climate data began to be resolved. This simple statement about the resolution of the issue does not do justice to the problems confronted and the debates but many of the resolutions to these hand-wringing (Pettigrew, 1990) issues can be found in the edited volume on levels of analysis in organizational research by Klein and Kozlowski (2000) and the present state of affairs is portrayed in chapter 25 of this *Handbook* by Chan.

Jones and James (1979) also noted this levels issue in an important paper in which they proposed that individual level studies of climate should appropriately be called studies of psychological climate, reserving the “organizational” term for unit level studies. There is still considerable research on psychological climate (see the meta-analysis of such research by Carr, Schmidt, Ford, and DeShon, 2003), but we do not focus on this level of analysis in our *Handbook*. Our emphasis, instead, was to have authors simultaneously address climate and culture issues that existed (if both were addressed) when writing their chapters because (a) organizational culture research is both implicitly and explicitly a unit level phenomenon with tribes and nations—and organizations—being and having cultures (Martin, 2002) and (b) organizational climate research is certainly now dominated by such unit-level work (Schneider et al., 2011).

In summary, serious thinking about organizational climate and research on it has been underway now for about 50 years. There has been considerable progress in terms of conceptualizing and studying climate as a unit level phenomenon that captures the experiences people have at work with regard to the focus of the policies, practices, and procedures they have and the focus of the behaviors they observe being rewarded, supported, and expected. This focused climate work, targeting both outcomes and processes (Schneider et al., 2011), has yielded consistent predictive validity against criteria of import both to employees and the organizations in which they work. (p. 6)

We felt that, although there has been good progress on climate concepts, methods, and research, there was more yet to be conceptualized and studied and so this *Handbook*. We describe in more detail what we wanted to accomplish in the *Handbook* later. For now we provide a brief historical overview of the thinking and research on organizational culture.

### Organizational Culture Research

Culture became of interest to those who study human work organizations with publication of the seminal paper by Pettigrew (1979). As with the study of organizational climate's emergence in the 1960s, 20 years later there emerged a flood of interest in organizational culture (Alvesson & Berg, 1992; Trice & Beyer, 1993). Prominent earlier examples of such studies include Whyte's (1948) portrait of life and the social relationships and norms existing in restaurants. Formal application of culture constructs to work settings included Gardner's (1945) textbook, Clark's (1972) research on the importance of organizational sagas in the historical development of a college, and Turner's (1971) book on organizations as microcultures.

But it was Pettigrew's (1979) paper that stimulated so much attention to a culture perspective on organizational life and this was true for three interrelated reasons (Ehrhart, Schneider, & Macey, 2014). First, his presentation introduced organizational researchers unfamiliar with anthropological concepts and methods to them and their potential for both thinking about and studying organizations. Second, this was the same era in which business schools were experiencing considerable growth owing in part to the new emphasis then being placed on social science research in the business school curriculum. Thus, following the 1959 reports of the Carnegie Council (Pierson, 1959) and Ford Foundation (Gordon & Howell, 1959) conclusions that business schools must begin teaching more about human behavior, especially leadership, there was quick growth in such research and emphases in business school curricula. As a result, by the late 1970s the study of organizational behavior was not only commonly accepted, but advancing rapidly. The third explanation for this focused interest on human behavior is that management consulting firms had discovered the importance of studying whole organizations as settings in which the experiences of the people in them mattered. Therefore, organizations were studied as *human* organizations and not just as financial institutions and operational settings for productivity alone. A number of consulting firms were already well underway in their studies of these behavioral issues in organizations (e.g., Peters & Waterman, 1982) when Pettigrew's article appeared. In short the article was an academically insightful and interesting cross-disciplinary application that found a receptive audience given an emerging emphasis both on people within business school curricula and in the world of consulting.

Recall that it was in this same time period that research on organizational climate was grappling with conceptual and methodological issues concerning the focus of climate (safety and service versus well-being) and levels of analysis issues (unit/organization versus individual). Thus, climate researchers were concerned with the conceptual, statistical, and methodological issues they were confronting at the time rather than focused on documenting the relationship between climate and organizationally relevant outcomes. This left culture researchers and consulting firms more or less free of competition for management/executive interest. That is, for culture researchers the focus was all on people issues and the different ways companies handled them and/or the approaches they took to them, with the emphasis on whole companies.

Not often noted is another factor in the emergence of organizational culture as a focus of energy: The language of culture is seemingly so much more interesting than the language of climate. Therefore, culture writers (e.g., Deal & Kennedy, 1982) were able to speak in engaging ways about myths and stories and values and norms, revealing how the role of the founder was discernible decades later in the way the organization functioned. Climate researchers had little in the way of studies of the history of the organization nor the ways organizations grew and developed—socialized—newcomers, both foci for culture commentary and research. In some degree then, the rise in interest in organizational culture in the 1980s could be attributed to the fact that it seemed to capture the richness of the organizational environment in ways that climate research had not. In a paper descriptive of those times Pettigrew (1990, p. 416) put the situation this way:

[There is] the impression that climate studies have been boxed in by the appearance in the nest of this rather over-nourished, noisy, and enigmatic cuckoo called organizational culture. This pressure from an interloper may, however, be energizing climate researchers to rethink the role of climate studies.

But there were also several debates in the world of organizational culture. These included the (p. 7) interlocking issues of what culture is, how to study it, and whether to study organizational cultures in their essence or in ways that yield perspective on the relationship between organizational culture and organizational performance. Anthropologists do case studies of cultures via *emic* methods, reporting on the ways in which people within the culture carry out their daily life activities (see Martin, 2002 and Trice & Beyer, 1993, for an introduction to these

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methods). Emic approaches to research focus in on the unique aspects of a culture and permit the culture to speak to the researcher about what it appears to value and how these values came to be, how human growth and development are fostered (including rites and rituals), who teaches whom about what (food production; hunting), and so forth. In contrast, *etic* approaches to study make comparisons *across* cultures, applying a researcher-determined model for such descriptions. Obviously survey methods are more useful for the latter case, permitting study of many organizations on a similar set of dimensions. An example of the latter approach is the measure developed to test the competing values framework (CVF), called *The Organizational Culture Assessment Instrument* (OCAI). The OCAI (Cameron & Quinn, 2011) provides for scores on four types of organizational culture or culture orientations: Clan, Adhocracy, Hierarchy, and Market. The details of how these are obtained need not concern us here but it is clear in Table 1.1, based partially on Trice and Beyer (1993, p. 17) that these are similar to the kinds of culture orientations (what they referred to as “dominant ideologies”) that have emerged in numerous other approaches to identifying the kinds of cultures that exist in work settings.

The OCAI is a survey measure that has been used in hundreds of culture assessments, and there is some evidence that it has validity against important organizational outcomes such as employee job satisfaction and commitment, customer satisfaction, and market value (Hartnell, Ou, & Kinicki, 2011). But it is a survey instrument and early in the history of the study of organizational culture there was considerable resistance to the use of such measures for assessing culture. The argument had two components. First, a survey measure imposes

Table 1.1 Some Examples of Typologies of Culture Orientations in Work Settings

Culture Label	Dominant Values	Authors
Process	Low risk, “cover your ass” mentality, with tight hierarchy	Deal & Kennedy, 1982
Tough guy–macho	High risk, quick feedback, fluctuating structure	
Work hard–play hard	Moderately low risk, races to get things done, flexible structure	
Bet-your-company	Very high risk, slow feedback, clear-cut hierarchy	
Paranoid	Fear, distrust, suspicion	Kets de Vries & Miller, 1984
Avoidant	No self-confidence, powerless, inaction	
Charismatic	Drama, power, success	
Bureaucratic	Compulsive, detailed, depersonalized, rigid	
Schizoid	Politicized, social isolation	
Clan	Family, commitment to employees, teamwork	Cameron & Quinn, 2011
Hierarchy	Formalized and structured, smooth functioning, stable	
Adhocracy	Dynamic, entrepreneurial, innovative, cutting-edge	
Market	Competitive, productive, efforts to increase market	

(p. 8) the structure of culture assessment and as such, does not permit the unique attributes of a culture to emerge. Second, survey measures also do not permit assessment of the basic assumptions and underlying values



that characterize culture because these are implicit and difficult to verbalize. Trice and Beyer (1993, p. 31) put it this way:

In an effort to be scientific, organizational researchers had reduced their phenomenon to such simplistic models that it had lost its richness and human character. Managers were understandably suspicious of the relevance of such abstracted research that ignored many of the specificities their experience told them were important; so they did not use its results.

Schein (1985, 1992) made similar points in his influential books (the latest edition of which is 2010) on leadership and organizational culture. The bottom line on this issue is that more studies of organizational culture are now accomplished via survey measures than by case methods and it is likely, based on our own work in organizations, that specific organizational diagnoses build on the use of both standardized measures and more emic approaches for a more robust understanding.

In fact, Schein (2010) contributed a very useful conceptualization of the mechanisms by which leaders embed culture in organizations. His basic message was that to what leaders pay attention and assign scarce resources, along with the tactics that prove effective for the organization, determine early on the climate of an organization; over time, as successes build on successes, the climate becomes embedded in the organization as a set of implicit guidelines for behavior. By being implicit, these guidelines infer certain values and basic assumptions about excellence, human relationships, the future, and the very identity of the firm (see chapter 23 by Whetten and Foreman for more on organizational identity).

Note that Schein's (2010) use of the climate construct as a mediator between leader actions and culture is a recent acknowledgment of the connections between climate and culture on his part. We will have more to say about such connections later, but for now it is important to identify this notion that policies and practices and behaviors that follow leadership decisions characterize climate. As these become accepted, they also become embedded in the sense-making of people in organizations and thus constitute implicit values and basic assumptions about doing and being—the culture of the organization. For now we want to introduce readers to the efforts of Martin (1992, 2002) to illuminate more fully the complexities—and realities—of organizational culture in organizational life.

Martin (1992, 2002) argued that organizations rarely have a single integrated and totally unifying culture. She proposed, rather, that in reality most organizations at best have a few differentiated subcultures and in other cases “the” organizational culture is fragmented. Aldrich and Ruef (2006) noted that as organizations grow, they do become more differentiated and specialized and that such specialization can result in differentiation with regard to organizational subcultures. However, they further noted that this does not necessarily imply that there is not simultaneously an overall culture as well. Subcultures can also be associated with various occupations in an organization, as revealed quite explicitly in chapter 18 by West, Topakas, and Dawson in their descriptions of health care settings. Martin's notion of the fragmented culture is perhaps the most controversial because it implies no ties that bind people together in an organization. As Aldrich and Ruef (2006, p. 126) explain, the fragmentation perspective exists when:

A lack of clarity, multiple meanings and beliefs, and weak organizational leadership...produce complex and chaotic situations. Under such conditions, cultural manifestations are subject to divergent interpretations and organizational identity tends to become transitory and subject to opportunistic definition.

They go on to note that such weak ties among members with regard to identity and culture typify younger organizations, and if such ambiguity is not resolved the organization will likely disband. As noted earlier, for more on organizational identity see chapter 23 by Whetten and Foreman.

This discussion about the degree to which an organization has a culture is related to the topic of culture strength. Just about all definitions of culture use a term like “shared” as part of that definition as befits a construct lodged within anthropology. Thus, as noted earlier, there was little discussion of units of analysis in the early work on organizational culture because it was “obvious” that each organization had a culture. Martin's (1992, 2002) proposed attack on such an integrationist (her term) view of culture called into question this simplistic notion but the concept of strength of culture—the degree to which the essence of the organization is shared by members—is still relevant. Studies of culture strength are actually quite rare and the most prominent such study, by Kotter and Heskett (1992), asked (p. 9) organizational members how strong the culture of their organization was. This is of

course in contrast to the climate approach to climate strength, which is based on statistical assessments of agreement/consensus in observations of the facets of climate (see chapter 25 by Chan on levels issues and chapter 26 by González-Romá and Peiró on climate and culture strength).

In summary, the study of organizational culture began in earnest in the 1980s prompted by Pettigrew's (1979) paper and a series of popular management-focused books (e.g., Deal & Kennedy, 1982; Peters & Waterman, 1982). The notion of companies as tribes with rites and rituals, histories, myths, and stories as well as a focus on the explicit role of leadership (Schein, 1985) attracted both management and academic attention. At the same time that climate researchers were struggling with quantitative issues surrounding the levels of analysis issues and the appropriate conceptual foci for climate research, culture scholars were intrigued by this "rather over-nourished, noisy, and enigmatic cuckoo" (Pettigrew, 1990, p. 416) construct that permitted all manner of interpretation and explanation unconstrained by measurement and strategic and/or process foci (Alvesson, 2001). Early research was particularistic to a company using emic (qualitative) approaches, but the recent research has been dominated by survey measures of culture such as those used in assessing the competing values framework or Denison and Neale's (2000) model.

### **Concluding Comments on Climate and Culture History**

Until very recently there has been little attempt to usefully integrate climate and culture thinking and research. Thus, as Schneider et al. (2011) note, climate research rarely if ever considers the history of the firms studied, the rites and rituals that characterize them, and/or the socialization processes used by them to orient newcomers. On the other hand, culture research rarely considers specific organizational consequences as outcomes of interest (safety, service), fails to operationalize culture strength, and fails to distinguish between policies and procedures, behaviors, and basic assumptions and values. One of the goals of this *Handbook* is to explore the ways in which the two constructs might be mutually useful in understanding the basic human organization issues at work; we return to how well this goal was accomplished in our last chapter.

For now, we introduce readers to the *Oxford Handbook of Climate and Culture*.

### **Background, Purpose, and Goals of the Handbook**

In our own work specifically on climate it became clear to us that we did not have a good handle on how the great variety of issues studied in industrial-organizational psychology (I/O) and organizational behavior (OB) get reflected in and are determined by climate and culture. For example, we noticed that there is no research on how motivation tactics relate to climate and culture or how performance management practices in organizations get reflected in and/or are a product of climate and culture. Thus, although there have been literatures focused on specific kinds of outcome climates (e.g., a climate for service or a climate for safety) and process climates (e.g., for fairness or ethics), the broad range of organizational practices studied in I/O and OB are independent of specific theory and research vis-à-vis climate and culture. Our plan was to rectify this lack by asking leading specialists in a number of I/O and OB topics to document and/or speculate on ways their area of study was related to (a cause and/or consequence of) the climate and culture in which their substantive area of expertise existed. Readers can see where we wanted to go: We wanted to understand how the great variety of practices in organizations that are studied in I/O and OB impact the experiences of those in them—and how those very practices are in turn determined by the larger climate and culture in which they exist.

In addition, we wanted to document the ways the topics of organizational climate and culture can not only be conceptualized, but also how they might best be studied and used. With regard to how they are studied we have a series of chapters on issues related to the methods used in research on organizational climate and culture, especially chapters on levels issues in climate and culture research (chapter 25 by Chan) as well as issues of climate and culture strength (chapter 26 by González-Romá and Peiró) and profile analysis (chapter 27 by Ostroff and Schulte). With regard to how they are used, we have a series of chapters on how climate and culture are used as frameworks for understanding and improving a variety of organizations in different industries, including 3M (chapter 29 by Paul and Fenlason), The Mayo Clinic (chapter 31 by Berry and Seltman), McDonalds (chapter 32 by Small and Newton), the Tata Group (chapter 33 by Sarkar-Barney), and PepsiCo (chapter 30 by Church, Rotolo, Shull, and Tuller). In addition, we are fortunate to have chapters on relationships among national and organizational

culture (chapter 15 by (p. 10) Dickson, Kwantes, and Magomaeva) and the way they are relevant to the leadership issues confronted by multinational firms (chapter 34 by Lundby, Moriarty, and Lee).

We obviously believe that organizational practices vis-à-vis the people in them impact the look and feel of organizations to those who work in them and live in them. We worked with this belief in several ways to ensure that chapter authors were thinking in the same conceptual space. First, we provided all authors our working definitions of organizational climate and organizational culture:

- Organizational climate: We conceptualize organizational climate as the meaning organizational employees attach to the policies, practices, and procedures they experience and the behaviors they observe getting rewarded, supported, and expected.
- Organizational culture: We conceptualize organizational culture as the values and beliefs that characterize organizations as transmitted by the socialization experiences newcomers have, the decisions made by management, and the stories and myths people tell and re-tell about their organizations.

Second, we told chapter authors they did not have to adhere strictly to these definitions, but we wanted them to consider both constructs and these kinds of issues as they wrote. Because definitions could vary, we asked each author to provide their own definitions when preparing their chapters. The very important message is that we wanted chapter authors to write about climate and culture, not climate or culture. As readers will see, our chapter authors kindly wrote about both even when there was only a literature in one of the two construct domains. For example, there is not much of a research literature on service culture but the implications of the culture construct for understanding service climate is noted in some detail (chapter 16 by Yagil).

Thus, we asked authors to connect the climate and culture approaches to enhance our understanding of how people experience whole organizations. As noted earlier, even Schein (2010), one of the leading creative thinkers on organizational culture, now sees the merits of thinking about climate as more than an artifact in organizations. Our goal obviously was to have talented authors show the ways the two constructs complement each other. As will soon be clear, although many acknowledged that this was a far more challenging endeavor than they may have initially believed, they rose to the challenge and exceeded even our own high hopes and expectations.

Finally, invitations to potential authors were extended in the form of a long letter telling them what we wanted to accomplish, the specific issue with which we wanted them to struggle from climate and culture vantage points, and our working definitions of both as presented earlier. Thus, each author had a macro perspective on the total *Handbook* and a sense of where their chapter fit in the whole. This macro perspective was enhanced once all chapters were confirmed by providing all authors with a comprehensive table of contents, including a paragraph describing in general details the direction each chapter was expected to take. We did this so each author would have a sense of the very wide range of I/O and OB substantive topics that would be included in the *Handbook* so they would understand how broadly we were thinking about the content.

### **The Handbook Contents**

As the reader will see, there are seven major parts to the *Handbook*, the first being this introduction and overview.

#### **Part 1: Introduction and Overview**

Chapter 1, *Introduction and Overview to the Handbook*, by Benjamin Schneider and Karen M. Barbera, provides an overview of the *Handbook* and positions its focus on basic organizational processes and the context of organizational functioning as ways to enhance our understanding of organizational climate and culture. A brief history of organizational climate and culture is provided, and the potential for integrating climate and culture via a focus on so many important I/O and OB topics is noted. Finally, an extended table of contents with brief overviews of all chapters is presented to provide the reader with a preview of what is to come.

#### **Part 2: Micro Processes in Organizations**

The chapters in Part 2 focus on the theory and research on individual employees in organizations and how, in the



aggregate, this focus on individual employees has consequences for and may be determined by organizational climate and culture. An underlying theme is how these processes are implemented within organizations varies and results in differences in climate and culture across (and indeed even within) organizations. For example, organizations that recruit and select creative scientists and (p. 11) appraise and reward them for the product innovations that they produce will be different from organizations that recruit and select customer service representatives and appraise and reward them for following a script and minimizing call times. In addition, of course, the strategic foci of organizations and the kinds of talent they wish to hire are a function of organizational climate and culture.

The editors have written a brief introduction to Part 2.

Chapter 2, *Staffing Within the Social Context*, by Robert E. Ployhart, Donald Hale, Jr., and Michael C. Campion, argues that there are many insights to be gained by integrating the relatively independent literatures on staffing, organizational culture, and climate. The chapter first describes how staffing has largely evolved without consideration of context, and the consequences of this neglect. Then, the authors suggest that organizational culture and climate represent proximal contextual influences on staffing, and connect to staffing through person-environment fit. The chapter concludes by presenting a model that integrates staffing, culture, and climate, to show that (a) staffing is shaped by culture and climate, and (b) culture and climate are shaped by staffing. Throughout, there is a focus on how human capital management is a source of competitive advantage.

As the title of chapter 3—*The Role of Socialization, Orientation, and Training Programs in Transmitting Culture and Climate and Enhancing Performance*, by Daniel C. Feldman and Olivia Amanda O'Neill—indicates, this chapter focuses on how culture and climate are transmitted through socialization and training programs. More specifically, this chapter suggests that a firm's organizational culture and climate influence the focus, content, delivery mode, and group dynamics of its employee entry process. In turn, these entry processes (socialization, orientation, and training) help to align individuals' behaviors with unit-level practices and with organizational values and beliefs. In addition, the chapter proposes a feedback loop whereby changes in how organizations handle the entry process lead to changes in the organization's culture and climate. The chapter concludes with directions for future research and implications for management practice.

Chapter 4, *Motivational Tactics*, by Gary P. Latham and Christina Sue-Chan, discusses how motivational tactics can facilitate the emergence of a performance enhancing culture and climate. The chapter first explains how needs, traits, values, and goals are the foundations upon which work motivation is built, with goals having the most immediate effect on employee behavior. Goals set by the organization are described as expressing the organizational equivalent of personal values and traits, namely, organizational culture. Five separate but related motivational tactics that involve goals are then discussed in terms of their effectiveness in creating, maintaining, and changing organizations' culture and climate: goal setting, incentives, coaching, celebrations, and employee voice. Finally, this chapter examines the cultural behaviors that these motivational tactics, consciously and subconsciously through priming, attempt to create, reinforce, and sustain.

Chapter 5, *Performance Management: Processes That Reflect and Shape Organizational Culture and Climate*, by Manuel London and Edward M. Mone, opens with consideration of the organizational cultural factors that influence performance management and delineates premises that underlie the design and administration of performance management systems. This serves as a basis for showing how types of performance management systems (self-driven, system supported, and leader directed) contribute to organizational development and associated climate and culture emergence and change. The chapter concludes with implications of performance management technological developments and environmental contingencies for performance management, and how these may shape the culture and climate of organizations.

Chapter 6, *The Climate and Culture of Leadership in Organizations*, by David V. Day, Mark A. Griffin, and Kim R. Louw, explores the role of leadership and its relationships with organizational climate and culture. Perspectives on the topic from the traditional foundation of leadership as a causal force in developing, embedding, and transforming climate and culture are reviewed, and the issue of what it means to have a climate and culture of leadership in an organization is explored. Climate and culture are said to be reciprocally interrelated but different constructs. Specifically, perceptions (climate) cause beliefs (culture; seeing is believing), but also beliefs cause perceptions (believing is seeing). This distinction forms the basis for a discussion of a more fine-grained approach with regard

to culture and climate. The chapter concludes with an overview of future research questions regarding the relationship between leadership climate and culture, how leadership processes might be used to help change leadership culture, and how individual perceptions and beliefs develop into shared perceptions (climate) and collective beliefs (culture). (p. 12)

Chapter 7, *Communication, Organizational Culture, and Organizational Climate*, by Joann Keyton, presents what will be a new perspective on organizational culture (and climate) to many I/O and OB researchers as it focuses on scholarship (a) written by communication scholars, (b) based on a communicative perspective, (c) that deals directly with communication phenomena, and (d) that uses methodologies generally accepted by communication scholars, and/or (e) is published in communication and closely related journals. The chapter reviews lenses organizational communication scholars use for studying organizational culture, and keys in on communication scholars' preference for the interpretive perspective, which examines (a) organizing as emerging from patterns of meaning-making and (b) culturing from patterns of expectations implicated by that meaning-making. Examples of communication scholarship are presented that demonstrate the ways in which communicative investigations of organizational culture rely solely or largely on the interaction, talk, or conversation of organizational members, in situ.

The affective side of organizational culture and climate is addressed in chapter 8, *Positive and Negative Affective Climate and Culture: The Good, the Bad, and the Ugly*, by Neal M. Ashkanasy and Charmine E. J. Härtel. Ashkanasy and Härtel provide a detailed analysis of culture and climate in both positive and negative work environments, pointing out how positive affective climates and cultures lead to productive outcomes, whereas negative affective climates and cultures can foster deviant and unproductive behaviors. Moreover, consistent with Affective Events theory (Weiss & Cropanzano, 1996), the authors argue that the intensity of both positive and negative affect in an organizational setting is likely to vary over time, and can even coexist. Impediments to developing a positive affective organizational culture and climate are discussed, and suggestions are offered for how such impediments might be overcome. Finally, the chapter concludes with a list of seven key questions that remain to be resolved in future research.

Chapter 9, *The Effects of Organizational Climate and Culture on Productive and Counterproductive Behavior*, by Mark G. Ehrhart and Jana L. Raver, is about how organizational climate and culture are related to the aggregate productive and counterproductive behavior of employees in organizations. It begins by clarifying how individual behavior differs from unit-level behavior, as well as the ways that unit-level behavior can be conceptualized and studied. A framework is then introduced that illustrates how organizational cultural assumptions and values are manifested in the policies, practices, and procedures that form the basis for the organization's climate. Further, it is proposed that the way those processes influence organizational effectiveness is through their impact on employees' unit-level behavior. In support of the model, literature is reviewed on how organizational culture and climate are related to productive behavior (which mostly focuses on organizational citizenship behavior) and counterproductive behavior (in various forms, including deviant, aggressive, abusive, or uncivil behaviors). The chapter closes with recommendations for future research by highlighting underexplored areas within the proposed framework.

Although much has been written about stress and well-being in the workplace, research and theory in this area has been limited by an almost complete emphasis on individual-level processes. Chapter 10, *Employee Stress and Well-Being*, by Steve M. Jex, Michael T. Sliter, and Ashlie Britton, addresses this limitation by exploring the impact of organizational climate and culture on stress and well-being in organizational settings. The basic thesis proposed is that climate and culture can impact the stress process both directly and indirectly, and can either exacerbate the effect of workplace stressors or act as a source of resilience for employees. The chapter begins with brief definitions of the meaning of "stress," "well-being," "organizational climate," and "organizational culture," and then examines the various ways that climate and culture may impact the stress and well-being of employees, along with empirical examples of these. The chapter concludes with a discussion of the practical implications of the impact of climate and culture on stress and well-being along with a number of suggestions for future research.

Chapter 11, *A Big Data, Say-Do Approach to Climate and Culture: A Consulting Perspective*, by Richard A. Guzzo, Haig R. Nalbantian, and Luis F. Parra, addresses climate and culture from the perspective of research-based consulting on human resources (HR) practices with many organizations over many years to help them maintain or change various aspects of their climate and culture. From that work the chapter identifies two key

themes that are essential to any investigation into climate and culture, whether for purposes of theory advancement, organizational change, or both. One theme concerns the power of using the “big data” that are now readily available in organizations to understand (p. 13) aggregate employee behavior of concern to companies. The other theme concerns the value of understanding the “say-do gaps” that exist in organizations, disparities that arise between word and action both for employers and employees, and the implications of those gaps for organizational outcomes. The two themes are described and illustrated through three deep-dive big data organizational case studies and findings reported from an original analysis of compensation and voluntary turnover in 34 organizations.

### Part 3: Macro Processes in Organizations

Macro processes refer to the larger context in which the micro processes exist and function. Macro processes form the ground against which the figures of the micro processes exist, and they can have their own impact on both organizational climate and culture. Thus, there are life cycle changes as organizations grow and develop that impact and are impacted by climate and culture, there are societal pressures on organizations that impact the way work settings function (e.g., sustainability pressures), and there are different national cultures in which climates and cultures emerge that also affect work settings. These are the foci of the chapters in this section of the *Handbook*.

The editors have written a brief introduction to Part 3.

Chapter 12, *Career Cultures and Climates in Organizations*, by Douglas T. Hall and Jeffrey Yip, examines how the lens of organizational culture and climate can further an understanding of careers and career development. Specifically, the chapter explores in considerable detail the diverse kinds of climates and cultures for careers that may exist in different organizations and the implications of those for organizational identity and identification. In addition, as the organizational context is experienced differently across individuals and groups, within an organization there may also be multiple career climates with cross-level implications for the ways the organization is perceived by incumbents as a career environment. The chapter concludes with a consideration of how career climate and culture and the interactions that produce them can be a rich area of inquiry for career scholarship and for helping leaders and organizations understand the conditions that shape both organizational identity and employee identification with the organization.

Most studies of organizational climate and culture capture what might be called mature organizations, organizations at mid-life. Chapter 13, *Implications of Organizational Life Cycles for Corporate Culture and Climate*, by Eric G. Flamholtz and Yvonne Randle deals with (a) the characteristics of organizations in different stages of the organizational life cycle and the implications of those stages for organizational climate and culture, and (b) the implications of existing climate and culture for the ways organizations move through those life cycles. The review first provides an overview of life cycle stages and then reveals that organizational stages of growth affect culture and climate, and culture and climate affect the different stages in the life cycle. Further, the review reveals culture and climate are closely related, but climate is the result of the culture at a given stage of growth. Finally, the chapter suggests that practicing managers must embrace the constructs of culture and climate and learn how to differentially manage these at different stages of growth.

Organizations do not only produce climates and cultures by what they are and do to meet internal systems needs, but the climates and cultures they produce are also a product of larger societal issues in which the organization functions; sustainability is one of those societal issues. Chapter 14, *Sustainability: How It Shapes Organizational Culture and Climate*, by Jennifer Howard-Grenville, Stephanie Bertels, and Brooke Lahnen, explores how increasing pressures for organizations to attend to environmental and social sustainability can shape cultures and climates within these organizations. The chapter reviews the nascent empirical work that directly explores cultures and climates of sustainability and uncovers several mechanisms through which sustainability issues, in turn, influence organizational cultures and climates. Although neither exhaustive nor exclusive, these mechanisms can be separated into those that operate through organizational leaders’ “top-down” actions and those that operate through organizational members’ “bottom-up” actions. The chapter concludes by arguing that there is considerable opportunity for expanding our understanding of how sustainability shapes and can infuse organizational culture and climate, and provides suggestions for advancing such an agenda to enable innovative organizational action on pressing sustainability issues.

Organizations exist within broader societies with their own cultures, and are often comprised of employees who may come from a variety of national cultures. Thus, chapter 15, *Societal and Organizational Culture: Connections and a Future Agenda*, by Marcus W. Dickson, Cathy T. Kwantes, (p. 14) and Asiyat B. Magomaeva, addresses the relationship between societal culture and organizational culture, exploring the most commonly discussed potential direction of influence (from society to organization) as well as a variety of alternatives, such as that there is no influence, or that organizational cultures can affect the broader society in which they emerge. The chapter presents two cases identifying specific organizations and the important roles that their surrounding societies have played in establishing their cultures, including conflict between organizational cultures that have their roots in differences between societal cultures. Finally, the chapter notes a variety of conceptual and research and management challenges to confront in our understanding of these complex phenomena.

### Part 4: Outcome and Process Foci for Climate and Culture

Recent research (the last 15–20 years) on organizational climate has been characterized by, first, a focus on strategic outcomes in organizations (e.g., safety, service, health care) and, then, a focus on process outcomes (e.g., fairness, employee engagement, ethics) in organizations. More recently there has been a call for simultaneous focus on both outcome and process climates. In the organizational culture literature there has been less such focused theory and research. Rather, the emphasis historically has been on what organizational culture *is* more than on *to what* it is specifically related. This section of the *Handbook* summarizes the existing literatures vis-à-vis strategic foci and process foci and suggests ways the climate and culture approaches might be integrated to yield increased understanding of both organizational processes and outcomes.

The editors have written a brief introduction to Part 4.

Research interest in customer service has increased along with the significant growth experienced in the service sector over the past several decades. Extensive research indicates that climate for service is a key factor in high quality service, and chapter 16, *Service Quality*, by Dana Yagil, provides an overview of the major research themes and findings on the subject. This chapter begins with a review of the ambiguity and unpredictability in the customer service process, explicating the crucial role of service climate in service organizations. Then research on the antecedents of service climate, comprehensive evidence of effects of service climate on customer-related outcomes (and consequently on organizational profits), and the emerging research on boundary conditions of the service climate–customer outcome relationships are noted. The chapter concludes with suggestions for future research, including research on organizational culture as a foundation for a service climate.

Chapter 17, *Safety Climate: Conceptualization, Measurement, and Improvement*, by Dov Zohar, offers a conceptual framework for safety climate research, using the organizational climate literature to generate a number of attributes qualifying as climate perceptions as opposed to other perception-based constructs in organizational behavior research. These attributes serve as guidelines for construing both the core meaning of safety climate and its operationalization via survey items appropriate for its measurement. The chapter reviews known antecedents and consequences of safety climate, resulting in a conceptual model integrating these to portray the nomological network of the safety climate construct. Next, the chapter expands this nomological network by offering some new antecedent and consequence variables as well as a multilevel conceptualization of safety climate. The chapter concludes with a review of successful intervention studies aimed at safety climate improvement that also suggest ideas for future research.

Health care is a large and significant industry across the globe, with a direct impact on the welfare and quality of life of most people. Chapter 18, *Climate and Culture for Health Care Performance*, by Michael A. West, Anna Topakas, and Jeremy F. Dawson, describes research into organizational culture and climate in the health care industry, and explores how both climate and culture affect the performance in and of health care organizations. Given the fundamental importance of health care in society, the topic is significant for scholars in this area because of the evidence-based potential contributions such research can make to improving patient care and the health of communities. This chapter offers a framework of key factors that shape culture and climate in health care organizations, describes relevant research on these and addresses in some detail issues such as: the definitions of what constitutes performance in health care; links among and between climate, culture, and performance in health care; culture and climate for patient safety; and the existence and assessment of professional subcultures and climates for multidisciplinary teamwork in health care settings. The chapter ends with a comprehensive set of

conclusions about the cultural and climate characteristics that research suggests are (p. 15) keys to effective performance in and of health care organizations.

Chapter 19, *The Role of Employee Justice Perceptions in Influencing Climate and Culture*, by Deborah E. Rupp and Meghan A. Thornton, discusses justice climate and culture as emergent phenomena that originate in individual perceptions of justice. Justice climate refers to group experiences of fairness and research on it has emerged from past work focusing on individual experiences of justice. The justice climate research reveals that it incrementally affects individual level employee perceptions of fairness as well as individual and group work outcomes. Justice culture, on which there is less research, is discussed in light of research on general organizational and national culture. The climate and culture discussion yields a model describing the relationship between justice climate and justice culture, as affected by individual and organizational influences, and provides an agenda for future research on the two constructs.

Collaboration and conflict are common in most work settings and can both be linked directly to positive and negative team performance. In chapter 20, *Collaboration and Conflict in Work Teams*, by Eduardo Salas, Maritza R. Salazar, Jennifer Feitosa, and William S. Kramer, the role of collaboration and conflict in work teams and how they are influenced by organizational climate and culture is addressed. The chapter explores how various collaboration tasks and types of conflict are affected by organizational culture and climate. It also discusses the implications of more nuanced conceptualizations of organizational culture and climate for research on collaboration and conflict in teams. For example, it hypothesizes how what might be appropriate for team collaboration in one context might not be appropriate in another; in other words, contingencies are noted. The chapter concludes by delineating four overarching best practices that could maximize positive outcomes through the effective management of collaboration and conflict in teams.

Chapter 21, *A Climate for Engagement: Some Theory, Models, Measures, Research, and Practical Applications*, by Simon L. Albrecht, is about the creation and maintenance of a climate for employee engagement in organizations. Employee engagement has been receiving increased attention in the recent past both by academics and practitioners and is increasingly recognized as a key source of competitive advantage. This chapter offers a definition of a “climate for engagement,” locates this climate for engagement in a taxonomy of “climates for something,” offers items by which to measure a climate for engagement, and offers an integrated model showing how climate for engagement conceptually and empirically mediates the influence of proposed antecedent organizational/contextual attributes (e.g. organizational leadership, organizational culture, human resource management (HRM) systems, organizational climate) on psychological-motivational factors (e.g., need satisfaction, employee engagement) and downstream related and consequential attitudes, behaviors, and organizational level effectiveness outcomes.

A wave of corporate scandals and unethical acts has been accompanied by public outcry for change and a renewed interest in the role of ethics within organizations. In the past quarter century scholars have dedicated considerable attention to the role of the organizational ethical environment—namely, ethical climate and ethical culture. Chapter 22, *A Review of the Literature on Ethical Climate and Culture*, by David M. Mayer, provides a narrative review of the empirical literature on both of these interrelated topics. The conceptualization and operationalization of these constructs is described and research is reviewed on their antecedents and consequences. The chapter concludes by highlighting some limitations of this area of inquiry and prescribes several steps to help this literature gain legitimacy so that it can be more organizationally relevant and thrive in the future.

### **Part 5: Conceptual and Methodological Issues**

Handbooks typically separate conceptual from methodological concerns, but we present them here in the same section because they very much depend on each other. Well-thought-out concepts lead to possible new directions for research, new approaches to operationalization and methods for research, and in the best cases, both. For this reason, conceptual chapters serve as “bookends” to Part 5—one at the beginning on organizational identity (an allied construct to climate and culture with implications for thinking and research on both), and one at the end on an evolutionary perspective on climate and culture—*why* people develop these images of their settings and *how* these images are useful. The transition from concepts to methods is a chapter on organizational change that integrates both climate and culture perspectives. Then the issue of levels of analysis is illuminated, a topic that has



concerned (some would say obsessed!) climate researchers in particular for about 25 years now, followed by a (p. 16) chapter on climate and culture strength. The final methods chapter is about a new and potentially useful approach to studying climate via profile analysis.

The editors have written a brief introduction to Part 5.

Chapter 23, *An Organizational Identity Lens for Organizational Climate Scholarship*, by David A. Whetten and Peter Foreman, explores how the twin concepts of organizational identity and organizational identification might inform the study of organizational climate. After an introduction to the identity and identification concepts, attention is turned to a version of organizational climate compatible with our organizational-level perspective: perceived organizational priorities. Organizational identity is then used to theorize about the antecedents of *shared* perceived organizational climate, and organizational identification is similarly used to theorize about the consequences of *individual* perceptions of organizational priorities on organizationally relevant behavior. Throughout, the importance of clarifying the historically muddled meaning of “organizational” in organizational climate scholarship is stressed and the merits of examining the social climates *of* organizations, compared with social climates *in* organizations, are highlighted.

The purpose of chapter 24, *Organization Change*, by W. Warner Burke, is to address important issues of organizational climate and culture change as framed within the larger context of organization change and development. Reviews of organization change and development research (1970–1990) are summarized primarily in terms of issues concerning measurement and the degree to which scientific rigor could be useful in studying change. A review of more recent research on organization change and development reveals it has been concerned with (a) evolving “rules” of change, (b) conceptual perspectives on change, (c) actual methods of change, and (d) the inevitability of the need for change. The learnings from these reviews of the literature are then applied to the issues of organizational climate and culture change using specific examples from the author’s own work, especially with British Airways. The position taken in this chapter is that both climate and culture can be changed, although the change process requires planning plus considerable time and effort. The bias revealed for climate change is to emphasize specific managerial behaviors that affect specific dimensions of work unit climate, for example, task clarity and goal-setting. Changing organizational culture, although much more difficult because it resides deeper in the organization and members’ cognitions, emphasizes behavior that facilitates movement to a new future state regarding the values, beliefs, and basic assumptions that are an organization’s culture.

In chapter 25, *Multilevel and Aggregation Issues in Climate and Culture Research*, by David Chan, an overview of the conceptual frameworks and related methodological issues concerning multilevel research and aggregation is presented and their relevance to the study of climate and culture is highlighted. The chapter notes that significant advances in our substantive understanding of organizational climate have been made by adopting an approach that is both construct-oriented and multilevel, and it calls for extending these advances and applying them to the study of organizational culture. Several emerging issues and future directions to advance the conceptual and methodological bases for organizational climate and culture research are explicated in terms of construct roles, strength, dimensionality, and dynamics.

The meaning of strength in the organizational culture and climate literatures is reviewed in chapter 26, *Climate and Culture Strength*, by Vicente González-Romá and José M. Peiró, and then a complete and exhaustive analysis of empirical research conducted on culture and climate strength is presented. The knowledge accumulated to date about these topics is summarized, the limitations of the studies conducted are presented, and suggested lines for future research are proposed. Finally, there are suggestions for ways in which research on culture and climate strength can conceptually and operationally converge and be theoretically and empirically linked.

Culture and climate were originally conceptualized as gestalt constructs from which employees perceive, make sense of, and derive meaning from the context. However, recent quantitative approaches to the study of culture and climate have typically focused on the constituent parts by examining independent dimensions, rather than attempting to capture a unitary whole. Chapter 27, *A Configural Approach to the Study of Organizational Culture and Climate*, by Cheri Ostroff and Mathis Schulte, elucidates how a configural approach can be utilized to examine culture and climate as broad multidimensional contextual variables. The proposed configural approach allows for examining multiple culture or climate dimensions or aspects simultaneously as a gestalt or molar system as well as examining the role each dimension plays in the system. The chapter (p. 17) indicates ways in which the

configural approach is useful and basic procedures for conducting configural analyses.

Chapter 28, *An Evolutionary View of Organizational Culture*, by Robert Hogan, Robert B. Kaiser, and Tomas Chamorro-Premuzic, describes how our evolutionary history as group-living and culture-using animals might have shaped our general expectations about how we should be treated when acting as members of a group. These expectations are rooted in millions of years of group-living, in which group cohesion and effective performance were critical to survival. An analysis of collective performance underscores the central role of culture as a means for reconciling the inevitable conflicts between individual and group interests. The authors review the literature on culture and organizational effectiveness, and argue that in most cases, there is one right way, but many wrong ways, to manage employees—and that the right way will be consistent with certain themes that characterized adaptive human tribes in our ancestral past. Most notably, leadership—the driver of organizational effectiveness—must create, enforce, and maintain a culture that manages the tensions of group living and provides an engaging environment in which to work. This perspective will be unique to many readers of this volume.

### Part 6: Climate and Culture in Practice

Part 6 is devoted to the ways in which climate and culture concepts are used in practice. Authors from companies and people who have intensively studied companies, nationally and internationally and in different industries, report on the issues companies and their management faced of a climate and/or culture variety as they cope with changes in their environments and the need to continually adapt to make progress. Included are chapters on 3M, PepsiCo, McDonalds, the Mayo Clinic, and the Tata Group (the multinational conglomerate from India). The last chapter in Part 6 explores issues in the management of multinational companies.

The editors have written a brief introduction to Part 6.

For more than 100 years 3M has consistently produced exceptional market performance built in large part through its culture of innovation. But past success does not guarantee continued growth or survival. Corporate culture can be a potent competitive advantage, but it can also hold companies back if it is not adaptive to the marketplace or aligned with strategy and business needs. Chapter 29, *Transforming a Legacy Culture at 3M: Teaching an Elephant How to Dance*, by Karen B. Paul and Kristofer J. Fenlason, presents a case study of culture change at 3M that demonstrates that leaders can leverage existing culture, but also must have the courage and foresight to boldly determine when and where changes in culture are necessary for a corporation to continue to survive and thrive. In 2006, 3M faced just such a challenge. This chapter provides answers to the question: How could a long-lived organization continue to adapt its culture and make much-needed changes to remain innovative and effective in a global economy?

An organization's core people development or HR processes are one of the most important and strategic means by which to shape an organization's culture at the systems level and influence and reinforce workgroup climate at the local level. Chapter 30, *Understanding the Role of Culture and Climate in People Development Processes at PepsiCo*, by Allan H. Church, Christopher T. Rotolo, Amanda C. Shull, and Michael D. Tuller, provides an overview of how various HR- and OD-related people processes such as performance management, 360-degree feedback and organizational surveys can be used to impact culture and climate using case examples from PepsiCo, a multinational consumer products company. Factors such as leadership level in the hierarchy, the life cycle stage of the people process itself, and the time horizon (short- versus long-term) are all discussed in the context of the effective use of these processes for achieving cultural- and climate-related objectives.

Chapter 31 presents *The Mayo Clinic Way: A Story of Cultural Strength and Sustainability*, by Leonard L. Berry and Kent D. Seltman. The Mayo Clinic began as a family medical practice in Rochester, MN after the Civil War. Dr. William Worrall Mayo created the practice, and his two sons, William J. Mayo and Charles H. Mayo, became partners in the 1880s. By the 1890s, these gifted surgeons had earned a reputation for excellence, and the Mayo Clinic became known as a medical "Mecca," in which patients experienced miraculous outcomes. The doctors Mayo, however, built the Mayo culture through diligence, discipline, and dedication to their touchstone: "The Needs of the Patient Come First." To live out this promise, they instituted team-based medicine; to sustain it they established team-based management and governance; and to nurture it they instilled the spirit of generosity through altruism and magnanimity. Employees are equals, respected as professionals and peers; and (p. 18) each plays a role in sustaining the Mayo legacy while accommodating new realities in medical advances,

technological innovations, and worldwide diversity.

Chapter 32 presents *From “Hamburger Hell” to “I’m Lovin’ It”: How Organizational Culture Contributed to McDonald’s Turnaround*, by David Small and Jennifer Newton. The McDonald’s Corporation was founded in 1955 with a single restaurant, and 57 years later, McDonald’s is the world’s leading global food service retailer with more than 33,500 locations serving approximately 68 million customers per day in 119 countries. Between 1998 and 2011, McDonald’s brand and business experienced a significant decline, followed by a dramatic turnaround and a steady climb to its highest level of business success to date. This business transformation could not have occurred without a supporting transformation of organizational culture that included changes in three key areas: alignment, performance/accountability, and attitudes/beliefs. These occurred across all three components of the McDonald’s “System”—corporate employees, franchisees and suppliers. This chapter profiles this journey and discusses what may lie ahead, looking at what cultural elements will serve McDonald’s well in the future and what could potentially get in the way of its success.

Chapter 33, *The Tata Group: Lessons on Global Business Excellence from India’s Most Prominent Multinational*, by Shreya Sarkar-Barney, presents the organizational culture and climate of the Tata Group, a \$72 billion salt to software Indian multinational, with businesses spanning from Africa to Russia. The Tata group is comprised of approximately 100 organizations, including well-known brands such as Tetley Tea, Jaguar, Land Rover, and the world’s first \$2,000 car, the Nano. The chapter describes in considerable detail the challenges of instilling a consistent set of values across a diverse set of global businesses. In particular, the focus is on describing the organization’s unique approach to driving consistency and excellence through the Tata Business Excellence Model.

As organizations become increasingly globalized, leaders with responsibility for geographically distributed talent must not only possess the critical knowledge, skills and abilities (KSAs) for their industry and specific role, they must also possess a set of characteristics that are referred herein collectively as *global leadership essentials*. Chapter 34, *A Tall Order and Some Practical Advice for Global Leaders: Managing Across Cultures and Geographies*, by Kyle Lundby, Robin Moriarty, and Wayne C. Lee, proposes that from a practical standpoint, leaders with global responsibilities are going to be more effective when they (a) are fully aware of the various layers of complexity, such as national culture and organizational culture, that are present in global organizations, (b) possess a firm understanding of their employees’ preferences and what drives them to be engaged, and (c) actively embrace and are energized by working globally. The chapter does not assume that there is a precise recipe for success because no two global organizations are exactly alike and success (or failure) has many potential routes. However, organizations that make an effort to attract, select, and develop leaders who possess these *global leadership essentials* should be in a better position to compete on a global scale than those who do not.

## Part 7: Integration and Conclusions

Chapter 35, *Summary and Conclusion*, by Benjamin Schneider and Karen M. Barbera, identifies the 10 major themes emerging from the *Handbook’s* chapters:

- (1) Everything that happens in organizations is a result of climate and culture and everything that happens affects climate and culture.
- (2) Climate and culture are reciprocally related.
- (3) Climate and culture are multilevel phenomena.
- (4) Climate and culture are differentiated phenomena.
- (5) Organizations have multiple foci for climates and cultures.
- (6) Organizational culture and climate emerge and can change over time.
- (7) Leadership is central to climate and culture formation and maintenance.
- (8) Climate and culture emerge from systems of stimuli.
- (9) Climate and culture are measurable.
- (10) Climate and culture can yield competitive advantage.

## Summary

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Readers, having read summaries of what is to come in our *Handbook*, will already have some thoughts about chapter content and perhaps even the major themes that will more pointedly emerge as the chapters are individually read. One perhaps not-so-subtle theme becomes apparent to us as we worked on finalizing the *Handbook*, and it concerns our relatively greater emphasis on climate (p. 19) than organizational culture in the chapters. In fact, we suspect that chapter authors found their greatest challenge in this effort to be trying to attend sufficiently to both, and we applaud them for what they accomplished—doing so even when minimal research might have been available to them for their particular area of focus. We think there is a major reason for why this happened. As I/O psychologists, our concern is always for the usefulness of constructs for practical application at work. Most if not all researchers of organizational climate are concerned about the relationship between it and various indices of organizational performance. Within the organizational culture band of scholars, there has been recent (let us say the past 20–25 years) interest in the relationship between organizational culture and organizational performance (e.g., Denison, Nieminen, & Kotrba, 2012) but early and continuing focus has persisted on what organizational culture *is* rather than *to what it is related*. As organizational culture researchers have moved from more qualitative case studies to the use of surveys, this change to a focus on organizational performance has become more common—and that research is reflected in the chapters in the *Handbook*.

Enjoy the read!

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