The Competent Culture Paradigm: An Alternative to the Strong Culture Hypothesis

Abstract: The strong culture hypothesis has long dominated the discussion concerning the effect of organizational culture on organizational performance. The efficacy of the hypothesis, however, has been criticized for a wide range of methodological weaknesses, including a poor research model and its ethnocentric bias. Following a critical review of the hypothesis, the author's present an alternative paradigm based on a multi-variate, subculture/institutional culture framework for analyzing the effect of culture on organizational performance. Their proposed competent culture paradigm is designed to be both more sensitive to culture bias and to the complexity inherent in the dynamic forces of organizational culture. To enhance clarity of the paradigm, the authors also present a standardized taxonomy of the hierarchal levels of culture. The paper concludes with a proposal for future research to test and further refine the competent culture paradigm.

Culture and Organizational Performance

There is universal acceptance among organizational theorists that culture has an effect, though somewhat indeterminate, on organizational performance. The research has been less than conclusive in establishing a clear link, however, between cultural traits and their impact on organizational performance. To address this issue, we posit a new paradigm that we believe will prove more robust than the strong culture hypothesis for examining the culture/organizational performance relationship.
Since the variables *organizational culture* and *organizational performance* are central to this discussion we have used them in the context of the following generally accepted definitions. For *organizational culture*, we use Schein's [1985, p. 187] most commonly cited definition: “a pattern of shared basic assumptions learned by a group as it solved its problems of external adaptation and internal integration which has worked well enough to be considered valid and therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems.” As for *organizational performance*, we use the definition developed by Richard, et. al. [2009] as comprising three measures: (1) financial performance; (2) product market performance; and [3] shareholder return.

Much of the organizational culture research has focused on what Denison [1984, pp. 5-22] called the „strong cultural hypothesis.” Where, according to Sathe [1983, pp. 5-23], „strong culture” is characterized by beliefs and values that are widely shared throughout an organization and are more clearly ordered (meaning that, the relative importance of the various basic assumptions are well known).

Proponents claim that an effective culture must be „strong” and possess distinctive traits, such as particular values, beliefs and shared modes of behavior [Saffold, G., 1988 p. 546]. Deal and Kennedy [1982, p. 5] claimed that strong cultures were the principle driver of the continued success of American businesses. Denison [1984] found in his research that corporations with values that promoted participation generated higher profits than those without such values. Posner, Kouzes and Schmidt [1985, pp. 293-309] were able to link strongly shared values with various employee traits such as commitment, ethical behavior and self-confidence.

Studies that have examined the link between the cultural type and cultural strength hypothesis and its effect on organizational performance [Smart, J. & St. John, E., 1996, pp. 219-241] have also had some success. While Smart and St. John [1996] found a relationship between cultural strength and organizational performance, it was only in relation to its ability to enhance the effectiveness of two of the four forms of cultural types they investigated. Sathe [1983] claimed that stronger culture has a pervasive influence on behavior and organizational life producing more powerful effects than weaker cultures do.

As shown above, much of this research occurred during the 1980’s and 1990’s, the peak of interest in the strong culture/organizational performance framework. Nevertheless, the strong cultural hypothesis continues to be found in the current literature and abounds in the commercial press and the management-consulting arena. Most recently, research has found that strong corporate cultures may not necessarily have positive effects on organizational performance. Sikorski [2008], criticizing the enhancing effect of strong
corporate culture on organizational performance, argued that it blocks the change management process in organizations. Moreover, other research shows that in a volatile environment, strong-culture firms have variable performance [Sorensen, J., 2002] and may disrupt their ability to adapt to change. Nevertheless, a strong culture can support the corporation on its way to affect and to prevail over the environment [Sikorski, 2008].

Consequently, we believe that the strong culture hypothesis has to be revisited from a bottom-up perspective. A bottom-up perspective will allow us to examine how and to what extent institutional culture permeates and influences subsystem cultures and behavior. It will also allow us to reformulate how we characterize and measure institutional cultures that positively affect organizational performance.

To address these research challenges we believe a cross-cultural perspective is needed. Such a perspective can provide researchers with a new paradigm for evaluating the effect of culture by examining the dynamic that exists between organizational subcultures and the institutional cultures within which they reside. The purpose of this paper is to use conceptual arguments articulated by Saffold [1988], Sorensen [2002] and Sikorski [2008] to reframe the debate between cultural strength and organizational performance. Following a critical review of current research paradigms for both the cultural strength hypothesis and subculture-institutional culture dynamic, we will offer an alternative paradigm that avoids many of the shortcomings discussed earlier.

**Cultural Strength Hypothesis**

Saffold [1988, p. 547] questioned the validity of the cultural strength hypothesis because he believed that there were fundamental misconceptions in the research paradigm. First, the framework for trait-strength research assumes that organizational culture is homogenous throughout. Many organizational culture researchers, including Hofstede [1980], Kotter and Heskett [1992, pp. 58-59, 78] and Denison and Misha [1995, pp. 204-223], have given the impression that organizational cultures are unitary. To the contrary, variety in organizational settings appears to be the norm and unitary cultures a rarity [Van Maanen, J. & Barley, S., 1984, pp. 287-387]. Superficially, organizational members may appear to share the same core culture but, often under stress, such as from a radical change, this apparent cultural unity disappears as subcultures dominate [Lorsch, J., 1986 pp. 95-109]. In fact, while there may be some similarities, as Siehl [1984] notes, among cultural traits shared by subsystem members, they often mask „fundamental cultural differences” [Saffold, G., 1988, p. 548].

Secondly, the strength framework is both conceptually weak and ambiguous at best. The weak-strong strength dimension is conceptually weak because it
is by definition ethnocentric. By labeling one organizational culture as strong and one as weak, researchers apply their own values; implying one form is good and the other bad. Moreover, the weak-strong dimension labels are ambiguous and misleading since in some circumstances a weak organizational culture may be more successful than a strong one. For example, organizations identified as having strong cultures have been found to be more resistant to change [Faux, V., 1982; Benner, M., and Tushman, M., 2002 pp. 1-35]. Organizational change was also the main focus of Sorensen's studies [2002]. They revealed that while strong corporate cultures can promote effective performance under stable conditions, as volatility increases, these benefits are dramatically reduced. In fact, Smart and St. John [1996, p. 232], in extensive research on academic institutions in the United States, found that strong academic cultures are no more effective than weak ones. In contrast, Boisnier and Chatman (2002), who also studied organizational culture in an organizational change context, found that strong culture organizations could become agile without losing their basis of strength by allowing certain types of subcultures to emerge. Moreover, those employing a strong culture framework in their research have only examined a small sample of comparatively successful and high performing organizations. From this sample they search for the presence of various culture traits that they claim positively affect that performance. In other words, they find what they are looking for. There is no effort to look at underperforming organizations to see if the same cultural trait profiles are not present nor do they control for all of the other independent variables both internally and externally that could affect system performance.

Researchers have also espoused alternative definitions of strong culture. As Saffold [1988] recounts, strong cultures have been defined as coherent [Weick, 1976 pp. 41-74], homogeneous [Ouchi & Price, 1978 pp. 25-44], cohesive and tight-knit [Deal & Kennedy, 1982] and thick and widely shared [Sathe, 1983]. In a more extensive definition, Peters and Waterman [1982], Deal and Kennedy [1982], Argyris et al, [1985] and others have argued that a strong culture is one in which cultural values are aligned with actual management practices [Smart & St. John, 1996]. Saffold [1988, p. 547] claims that the „strength-traits framework argues that positive cultural trait profiles are related to organizational performance in proportion to the strength with which traits are manifested.” Smart and St. John [1996 p. 221] define strong culture „as those in which there is a congruence between espoused beliefs and actual practices, whereas weak cultures are characterized by incongruence between espoused beliefs and actual practices.” Of special note is the phrase „actual management practices,” introduced by Martin and Siehl [1983 pp. 52-64] as a supplementing element to Schein’s [1985] organizational culture model,
encompassing management tasks, such as training, performance appraisal, allocation of rewards, and hiring. In defining strong culture, the phrase has been well recognized and accepted in the research literature. However, we prefer Smart and St. John’s definition because by redacting „management” from the phrase „actual management practices,” all system actors are recognized as participants in the strong culture framework.

Lastly, Saffold [1988 p. 550] criticizes the strong culture hypothesis as lacking sufficient „theoretical sensitivity” richness to account for the complex interactions that both influence culture and that are influenced by culture in organizational environments. Hence, organizational researchers must enrich the paradigms that they use to examine the cultural-performance relationship. These criticisms lead to the following proposition:

Proposition 1: The strong culture hypothesis is untenable.

Hierarchy of Culture

Before presenting our response to the above criticisms, we propose, for the sake of clarity and understanding, a standardized taxonomy and hierarchy of culture. Unfortunately, researchers often use dissimilar taxonomies when identifying various levels of culture. Also, there is no accepted hierarchy of culture that can be used as a universal reference. To avoid confusion, we posit the following taxonomy and hierarchy of culture as shown in figure 1.

Our hierarchy has seven levels with each higher level subsuming all the lower levels. Generally, hierarchies are seen as a rank ordering that subsumes the authority of lower ranks but not their characteristics. However, in our formulation, each level informs the level above it, a more accurate description of the dynamic nature of culture.

- Level 1 – Individual Culture: These are the individual’s personal norms, values and beliefs. This is the basic level of the hierarchy at its most reductionistic. One can go no deeper in an organization to study its culture.
- Level 2 – Micro-Culture: This is the culture of a small group of tightly knit individuals who are usually, but not always, a part of a larger group but who work and interact with one another on a continual basis.
- Level 3 – Subculture: The culture of a distinct functional unit, group or subsystem within an organization.
- Level 4 – Institutional Culture: The customs, rituals, and values, established for a specific purpose and shared by the members of an organization, that must be recognized and assimilated by new organizational members.
- Level 5 – Meso-Culture: The culture that is regional in nature, such as the
regional culture of the American South or West, or of Silesia, West or East Poland.
- **Level 6 – Macro-Culture**: The culture of a nation state or similar distinct geographical area.
- **Level 7 – Supra-Culture**: A pan-national culture such as is found in the European Union or North America.

Figure 1. Hierarchy of Culture

Hopefuly, this standardized taxonomy and hierarchy of culture will provide us with a common language and paradigm for analyzing and discussing the subculture-institutional culture dynamic. The term subculture, however, requires further explanation. Huang, et. al., [2002, p. 224] define a subculture as, „a set of norms, beliefs, values and practices of other groups in the organization.” They note that in their research dominant subcultures may be defined as a group of people with a common organizational role that cuts across functional areas. For example, a subculture might comprise engineers from different operating divisions or physicians from different medical specialties. Hence, the demarcation for a subculture can be either a physical or a virtual boundary, as Fly and Denison [1998, p. 33] note, „subcultures live in different worlds.” Naturally, these „different worlds” can only be identified through ethnographic research. This hierarchal schema leads to the following proposition:
Proposition 2: The virtual boundaries between hierarchal levels of culture are highly permeable marked by continuous mutually causative interaction.

Saffold’s Correctives

As noted earlier, we agree with Saffold’s criticisms of the strong culture hypothesis. We also believe that the hypothesis fails to adequately address the dynamic interaction between subcultures and institutional cultures, and how that interaction affects organizational performance. Our proposed conceptual framework is based on the three correctives Saffold [1988] suggests to provide a much richer research paradigm for examining the culture/performance relationship, as well as our own schema for examining the subculture-institutional culture dynamic.

The first corrective is to identify measures that are more explanatory than the simplistic general notion of the strong culture hypothesis. Saffold [1988 pp. 551-555] identifies eight variables that he divides into two categories: measures of cultural dispersion and measures of cultural potency. The cultural dispersion measures are: sociological penetration, psychological penetration, historical penetration and artifactual penetration. The cultural potency measures are: elemental coherence, symbolic potency, strategic fit and alloplasty. As for the last variable, alloplasty, as you will see, we have taken the liberty of changing that term to autoplasty. The use of this term will be discussed in more detail later in this paper. Each variable is defined below.

- **Sociological penetration**: The extent to which „culture manifestations” are shared across organization groups and subcultures.
- **Psychological penetration**: Refers to the internalization of the cultural values, norms and beliefs by organizational members.
- **Historical penetration**: Takes place when the dominant cultural paradigm remains stable for a long period of time.
- **Artifactual penetration**: Occurs when intangible aspects of the cultural paradigm are manifested in cultural artifacts, symbols, totems and the like.
- **Elemental coherence**: An assessment of the congruence between the various components of the culture paradigm.
- **Symbolic potency**: A measure of the power of cultural symbols to motivate and inspire organizational members.
- **Strategic fit**: Measures the fit between culture and organizational members and their capabilities, and with external demands.
- **Autoplasty**: The ability of an organization to adapt its culture in response to environmental change.

As depicted in figure 2, the subculture-institutional culture interaction is extraordinarily dynamic. Both are mutually influential in shaping and
transmitting the cultural paradigm throughout the organization. The institutional cultural paradigm itself is a pastiche of the norms, values and beliefs held by all cultural levels below it. The degree of congruence among these various levels of culture and the relative effect they have on system performance is a function of the very complex human interactions that occur in the process of doing work. Consequently, a true measure of the efficacy of a cultural paradigm can only be conducted by studying how the paradigm is applied in producing organizational outcomes. So Saffold’s [1988 p. 552] second corrective calls for both a contextual [Pettigrew, A., 1979, pp. 570-581] and modal analysis to provide as complete a picture as possible of the influence of culture on organizational performance.

Figure 2. Subculture-Institutional Culture Dynamic

Saffold’s [1988 p. 553] third corrective is for researchers to recognize the “multiple, mutually causal interactions” that are in play in the culture-performance framework. Hence, we have taken a multi-variate approach to examining the mutual interaction of culture and organizational performance as reflected in the following proposition:

Proposition 3: Because organizational culture is a complex phenomenon, establishing a causative link with organizational performance requires recognizing and addressing the myriad array of system forces at work in this dynamic.
The Subculture-Institutional Culture Framework

In figure 2, we show the two measures of institutional culture and their constituent variables, and how they relate and interact with institutional subcultures. However, as is evident, we both alter and enhance Saffold’s original framework. Let us address both in turn. The alteration is with Saffold’s [1988 p. 552] use of the term alloplasty borrowed from work by Nichols [1984/85 pp. 32-63]. We have no problem with the concept reflected in the term but rather with the definition of the term itself. Originally, a psychoanalytical term, alloplasty is defined as a psychological mechanism, as developed by Freud, Ferenczi and Alexander, wherein a patient suffering from a neuroses or psychoses attempts to cope by changing his or her external environment. Its opposite is autoplasty that refers to a patient, who attempts to cope with their external environment by changing himself or herself, precisely what organizations do in a dynamic environment [Wikipedia, 2012]. As conceived by Saffold, the term is meant to identify a quality of an organization that can adapt to its environment. Therefore, autoplasty appears to be the more appropriate term and that is the term that we have chosen to use in our framework. The term gives rise to the next proposition:

Proposition 4: Autoplasty is a critical core culture trait that enhances organizational adaptation to environmental change.

Our most significant enhancement to the original framework is our addition of the subculture component and its five cultural measures of congruence, commitment, salience, maturity and power. It is our contention that to provide a complete picture of the influence of culture on organizational performance, we must examine the dynamic that occurs between subcultures and institutional culture. Consequently, we have identified five variables that we posit can measure the degree of penetration and potency of the cultural paradigm at the subculture level. The subculture variables are defined below:

- **Congruence**: The degree to which subculture and institutional culture fit together.
- **Commitment**: A measure of dedication to the organization’s mission and values.
- **Salience**: The degree to which the cultural paradigm holds importance for subculture members.
- **Maturity**: Assessment of the stability over time of a subculture’s core values.
- **Power**: The degree to which a subculture can influence an institutional culture.

The subculture-institutional framework implies that only in organizations where there is a mutually beneficial interaction of all these variables,
will researchers find a statistically significant link between culture and organizational performance. However, we caution that even if a statistically significant relationship is found between subcultures and institutional culture, this does not imply causation. We could only infer from such results that there is a correlation between the two and make the assumption that one influences the other either positively or negatively to some unknown degree. Furthermore, we posit that such relationships may be found in both high and low performing organizations.

Martin and Siehl [1983] identified three main types of subcultures within a dominant corporate culture: enhancing, orthogonal, and countercultural. The researchers explained, that an enhancing subculture would exist in an organizational enclave in which adherence to the core values of the dominant culture would be more fervent than in the rest of the organization. In an orthogonal subculture, the members would simultaneously accept the core values of the dominant culture and a separate, non-conflicting set of values particular to themselves. In a counterculture some core values present a direct challenge to the core values of a dominant culture. Surprisingly, countercultures are more likely to arise in strong rather than weak cultures [Boisner, A. & Chatman, J., 2002, p. 12].

Where there is a lack of congruence between a counterculture subculture and an institutional culture, organizations have great difficulty and often fail in adapting to changes in the external environment [Gagliardi, P., 1986]. This is understandable because, if the cultures differ, institutional culture would have less salience for system members and, consequently, inspire less commitment. Moreover, as Faux [1982] noted, if a subculture differs significantly from its parent’s culture, it will be more likely to resist management initiated change. These differences in culture often reflect competition for power in the organization, as sometimes is the case with a unionized workforce and management.

Nevertheless, congruence does not imply that all subculture values are similar to institutional culture values, as is the case with an orthogonal subculture. It implies only that subculture core values fit together with institutional core values. Naturally, we assume that there will be some subculture values that apply only to the interactions and behaviors present in that particular subculture. What is of primary importance to organizational performance is that core values are congruent at all levels of the system. This argument leads to our next proposition:
Proposition 5: The capacity of institutional culture to influence organizational performance is dependent on the degree to which core culture is congruent with subcultures, is meaningful to subculture members, and is a motivating factor in high employee performance.

Autoplasty also plays a significant role. We question the argument that having core values that remain stable over time is an essential quality of an effective culture. In fact, it is rare to find a set of organizational core values that have not been tweaked, altered, added to or subtracted from. This is natural and a normal response to environmental change. For example, suppose a corporation had a cultural value that stated: „We treat all people with the dignity and respect they deserve.” However, with changing societal mores they adapt to the new mores by expanding the value to read: „We treat all people with the dignity and respect they deserve, regardless of race, color or creed.” Sometime later, still other changes have occurred in society, prompting a further alteration of the value: „We treat all people with respect and dignity, regardless of race, color, creed, or sexual orientation.” The new value is not weaker but actually stronger than the original. This is autoplasty at work. It is not the wholesale change of a core corporate value but rather an enhancement of a value as an adaptive response to changes in the meso-culture and/or macro-culture.

To better understand this concept, think of an autoplastic core culture as a piece of wire that binds the actors in an organization together. However, this wire is not rigid, but rather malleable and flexible. It can be twisted, turned, folded over itself, yet still remains materially the same. It has not changed. What has changed is its ability to continue to bind the organization together by bending zen-like to the myriad of external and internal stresses that challenge it. In fact, autoplasty is a common cultural trait found among the macro-cultures of nation states whose norms, values, beliefs continually morph in response to changing societal influences.

The Competent Culture Hypothesis

Having rejected the strong culture hypothesis, we posit a new hypothesis based on the subculture-institutional culture dynamic to describe the influence of institutional culture on organizational performance. We call this the competent culture paradigm. A competent culture is one whose core values, norms and beliefs are pervasive throughout the organization and that has the ability to positively influence organizational performance. To be competent, we further posit that an institutional culture would have to demonstrate the qualities, in varying degrees, of dispersion, congruency, potency and autoplasticity.

Since our hypothesis does not imply cultural strength or weakness, stability or instability, high performance or low performance, it provides an ethnocentric-
free paradigm for studying the culture/organizational performance dynamic. The term „competency” is also neutral and can easily be defined, understood and applied cross-culturally. Consequently, we argue that a competent culture can be found in both high performing and low performing organizations. While a competent culture may influence positively an organization's performance it cannot solely compensate for other determinants of system failure, such as loss of core competencies, ineffectual leadership, changing marketplace, increased competition, economic crises and technological paradigm shifts.

Figure 3. Mind Map of the Competent Culture Paradigm

A mind map of the competent culture hypothesis is shown in figure 3. The myriad array of linkages shown by the arrows demonstrates only partially the infinite relationships and interactions that occur in the culture/organizational performance dynamic. The primary cultural traits of cultural dispersion and cultural potency and their sub-traits are shown influencing and being
influenced by the varied subcultures and their characteristics. Lastly, these all influence work behaviors and outcomes which in turn influence organizational performance. This is the competent culture paradigm and leads us to our next proposition:

**Proposition 6: The competent culture hypothesis provides a culturally neutral and multi-variate paradigm for examining the culture/organizational performance dynamic.**

**Future Research**

The competent culture hypothesis provides a new framework for discussing and analyzing the effects that culture, in all of its various forms, has on organizational performance. The variables comprising the framework do not measure strength or weakness of a core culture but, rather, the degree of pervasiveness of the culture throughout every part of the organization; the organization’s ability to adapt the culture to respond to external forces; and the extent to which cultural traits play a role in effecting organizational outcomes.

We believe that the competent culture hypothesis gives a more complex and highly dynamic perspective of the organizational role of culture. We propose to follow up this paper with a research project to test the hypothesis with a focus on institutions in the United States and Poland. This will enable us to test this new paradigm in two separate cultures with a more comprehensive research methodology than is found in a strong culture perspective.

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