ıd the assumptions come to be taken for granted, we have then culture that will define for later generations of members what inds of leadership are acceptable. The culture now defines :adership. But as the group encounters adaptive difficulties, s its environment changes to the point where some of its as- umptions are no longer valid, leadership comes into play once nore. Leadership now is the ability to step outside the culture hat created the leader and to start evolutionary change pro- :esses that are more adaptive. This ability to perceive the limi- tations of one's own culture and to develop the culture adap- tively is the essence and ultimate challenge of leadership.

If leaders are to fulfill this challenge, they must first understand the dynamics of culture. Our journey begins, then, with a focus on definitions, case illustrations, and a suggested way of thinking about organizational culture. Chapter One begins with some brief illustrations and a definition. Chapter Two expands the concept and argues for a multilevel conception of culture. Chapter Three examines in some detail two cases that illustrate the complexity of culture and are used throughout the rest of the book.

The most important message for leaders at this point is "Try to understand culture, give it its due, and ask yourself how well you can begin to understand the culture in which you are embedded."

CHAPTER ONE

Defining Organizational Culture

Culture as a concept has had a long and checkered history. It has been used by the lay person as a word to indicate sophistication, as when we say that someone is very "cultured." It has been used by anthropologists to refer to the customs and rituals that societies develop over the course of their history. In the last decade or so it has been used by some organizational researchers and managers to indicate the climate and practices that organizations develop around their handling of people or to refer to the espoused values and credo of an organization.

In this context managers speak of developing the "right kind of culture" or a "culture of quality," suggesting that culture is concerned with certain values that managers are trying to inculcate in their organizations. Also implied in this usage is the assumption that there are better or worse cultures, stronger or weaker cultures, and that the "right" kind of culture will influence how effective organizations are.

If a new and abstract concept is to be useful to our thinking, it should refer to a set of events that are otherwise mysterious or not well understood. From this point of view, I will argue that we must avoid the superficial models of culture and build on the deeper, more complex anthropological models. Culture will be most useful as a concept if it helps us better understand

the hidden and complex aspects of organizational life. This understanding cannot be obtained if we use superficial definitions.

Most of us in our roles as students, employees, managers, researchers, or consultants work in and deal with organizations of all kinds. Yet we continue to find it amazingly difficult to understand and justify much of what we observe and experience in our organizational life. Too much seems to be bureaucratic, or political, or just plain irrational. People in positions of authority, especially our immediate bosses, often frustrate us or act incomprehensibly, and those we consider the leaders of our organizations often disappoint us.

If we are managers who are trying to change the behavior of subordinates, we often encounter resistance to change at a level that seems beyond reason. We observe departments in our organization that seem to be more interested in fighting with each other than getting the job done. We see communication problems and misunderstandings between group members that should not be occurring between "reasonable" people.

If we are leaders who are trying to get our organizations to become more effective in the face of severe environmental pressures, we are sometimes amazed at the degree to which individuals and groups in the organization will continue to behave in obviously ineffective ways, often threatening the very survival of the organization. As we try to get things done that involve other groups, we often discover that they do not communicate with each other and that the level of conflict between groups in organizations and in the community is often astonishingly high.

If we are teachers, we encounter the sometimes mysterious phenomenon that different classes behave completely differently from each other even though our material and teaching style remain the same. If we are employees considering a new job, we realize that companies differ greatly in their approach, even in the same industry and geographical area. We feel these differences even as we walk in the door of different organizations such as restaurants, banks, and stores.

The concept of culture helps explain all of these phenomena and to "normalize" them. If we understand the dynamics

of culture, we will be less likely to be puzzled, irritated, and anxious when we encounter the unfamiliar and seemingly irrational behavior of people in organizations, and we will have a deeper understanding not only of why various groups of people or organizations can be so different but also why it is so hard to change them.

A deeper understanding of cultural issues in groups and organizations is necessary to decipher what goes on in them but, even more important, to identify what may be the priority issues for leaders and leadership. Organizational cultures are created in part by leaders, and one of the most decisive functions of leadership is the creation, the management, and sometimes even the destruction of culture.

Neither culture nor leadership, when one examines each closely, can really be understood by itself. In fact, one could argue that the only thing of real importance that leaders do is to create and manage culture and that the unique talent of leaders is their ability to understand and work with culture. If one wishes to distinguish leadership from management or administration, one can argue that leaders create and change cultures, while managers and administrators live within them.

By defining leadership in this manner, I am not implying that culture is easy to create or change or that leaders are the only determiners of culture. On the contrary, as we will see, culture refers to those elements of a group or organization that are most stable and least malleable. Culture is the result of a complex group learning process that is only partially influenced by leader behavior. But if the group's survival is threatened because elements of its culture have become maladapted, it is ultimately the function of leadership to recognize and do something about the situation. It is in this sense that leadership and culture are conceptually intertwined.

Two Brief Examples

illustrate how "culture" helps illuminate organizational sit-ions, I will describe two situations I encountered in my ex-nce as a consultant. In the first case (the Action Company),

I was called in to help a management group improve its communication, interpersonal relationships, and decision making. After sitting in on a number of meetings, I observed among other things (1) high levels of interrupting, confrontation, and debate; (2) excessive emotionalism about proposed courses of action; (3) great frustration over the difficulty of getting a point of view across; and (4) a sense that every member of the group wanted to win all the time.

Over a period of several months, I made many suggestions about better listening, less interrupting, more orderly processing of the agenda, the potential negative effects of high emotionalism and conflict, and the need to reduce the frustration level. The group members said that the suggestions were helpful, and they modified certain aspects of their procedure, such as lengthening some of their meetings. However, the basic pattern did not change. No matter what kind of intervention I attempted, the group's basic style remained the same.

In the second case (the Multi Company), I was asked, as part of a broader consultation project, to help create a climate for innovation in an organization that felt a need to become more flexible in order to respond to its increasingly dynamic business environment. The organization consisted of many different business units, geographical units, and functional groups. As I got to know more about these units and their problems, I observed that some very innovative things were occurring in many places in the company. I wrote several memos describing these innovations, added other ideas from my own experience, and gave the memos to my contact person in the company with the request that he distribute them to the various business unit and geographical managers who needed to be made aware of these ideas.

After some months, I discovered that the managers to whom I had personally given a memo thought it was helpful and on target, but rarely if ever did they pass it on. Moreover, none of the memos were ever distributed by my contact person. I also suggested meetings of managers from different units to stimulate lateral communication but found no support at all for such meetings. No matter what I did, I could not seem to get information flowing, especially laterally across divisional, functional, or geographical boundaries. Yet everyone agreed in principle that innovation would be stimulated by more lateral communication and encouraged me to keep on "helping."

I did not really understand what happened in either of these cases until I began to examine *my own assumptions* about how things should work in these organizations and began to test whether my assumptions fitted those operating in my client systems. This step of examining the shared assumptions in the organization or group one is dealing with takes one into "cultural" analysis and will be the focus from here on.

It turned out that in the Action Company senior managers and most of the other members of the organization shared the assumption that one cannot determine whether or not something is true unless one subjects that idea or proposal to intensive debate. Only ideas that survive such debate are worth acting on, and only ideas that survive such scrutiny will be implemented. The group assumed that what they were doing was discovering truth, and in this context being polite to each other was relatively less important.

In the case of the Multi Company I eventually discovered that there was a strong shared assumption that each manager's job was his or her private turf, not to be infringed on. Articulated was the strong image that one's job is like one's home, and if someone gives one unsolicited information, it is like walking into one's home uninvited. Sending memos to people implies that they do not already know what is in the memo and that is potentially insulting. In this organization managers prided themselves on knowing whatever they needed to know to do their job.

In both of these cases I did not understand what was going on because my basic assumptions about truth and turf differed from the shared assumptions of the group members. Cultural analysis, then, is the encountering and deciphering of such shared basic assumptions.

Toward a Formal Definition of Culture

The word *culture* has many meanings and connotations. When we apply it to groups and organizations, we are almost certain

to have conceptual and semantic confusion because groups and organizations are also difficult to define unambiguously. Most people have a connotative sense of what culture is but have difficulty defining it abstractly. In talking about organizational culture with colleagues and members of organizations, I often find that we agree "it" exists and that "it" is important in its effects but that we have completely different ideas of what "it" is. I have also had colleagues tell me pointedly that they do not use the concept of culture in their work, but when I ask them what it is they do not use, they cannot define "it" clearly.

To make matters worse, the concept of culture has been the subject of considerable academic debate in the last five years, and there are various approaches to defining and studying culture (for example, Barley, Meyer, and Gash, 1988; Martin, 1991; Ott, 1989; Smircich and Calas, 1987). This debate is a healthy sign in that it testifies to the importance of culture as a concept. At the same time, however, it creates difficulties for both the scholar and the practitioner if definitions are fuzzy and uses are inconsistent. For purposes of this introductory chapter, I will give only a brief overview of this range of uses and then try to give a precise and formal definition that makes the most sense from my point of view. Also, please note that from this point on I will use the term *group* to refer to social units of all sizes, including organizations and subunits of organizations except where it is necessary to distinguish type of social unit because of subgroups that exist within larger groups.

Commonly used words relating to culture emphasize one of its critical aspects—the idea that certain things in groups are *shared or held in common.* The major categories of such overt phenomena that are associated with culture in this sense are the following:

1. *Observed behavioral regularities when people interact:* the *language* they use, the *customs and traditions* that evolve, and the *rituals* they employ in a wide variety of situations (for example, Goffman, 1959, 1967; Jones, Moore, and Snyder, 1988; Trice and Beyer, 1984, 1985; Van Maanen, 1979b).
2. *Group norms:* the implicit standards and values that evolve in working groups, such as the particular norm of "a fair day's work for a fair day's pay" that evolved among workers in the Bank Wiring Room in the Hawthorne studies (for example, Homans, 1950; Kilmann and Saxton, 1983).
3. *Espoused values:* the articulated, publicly announced principles and values that the group claims to be trying to achieve, such as "product quality" or "price leadership" (for example, Deal and Kennedy, 1982).
4. *Formal philosophy:* the broad policies and ideological principles that guide a group's actions toward stockholders, employees, customers, and other stakeholders, such as the highly publicized "HP Way" of Hewlett-Packard (for example, Ouchi, 1981; Pascale and Athos, 1981).
5. *Rules of the game:* the implicit rules for getting along in the organization, "the ropes" that a newcomer must learn to become an accepted member, "the way we do things around here" (for example, Schein, 1968, 1978; Van Maanen, 1976, 1979b; Ritti and Funkhouser, 1982).
6. *Climate:* the feeling that is conveyed in a group by the physical layout and the way in which members of the organization interact with each other, with customers, or with other outsiders (for example, Schneider, 1990; Tagiuri and Litwin, 1968).
7. *Embedded skills:* the special competencies group members display in accomplishing certain tasks, the ability to make certain things that gets passed on from generation to generation without necessarily being articulated in writing (for example, Argyris and Schön, 1978; Cook and Yanow, 1990; Henderson and Clark, 1990; Peters and Waterman, 1982).
8. *Habits of thinking, mental models, and/or linguistic paradigms:* the shared cognitive frames that guide the perceptions, thought, and language used by the members of a group and are taught to new members in the early socialization process (for example, Douglas, 1986; Hofstede, 1980; Van Maanen, 1979b).
9. *Shared meanings:* the emergent understandings that are created by group members as they interact with each other (for example, Geertz, 1973; Smircich, 1983; Van Maanen and Barley, 1984).

10. *"Root metaphors" or integrating symbols:* the ideas, feelings, and images groups develop to characterize themselves, that may or may not be appreciated consciously but that become embodied in buildings, office layout, and other material artifacts of the group. This level of the culture reflects group members' emotional and aesthetic responses as contrasted with their cognitive or evaluative response (for example, Gagliardi, 1990; Hatch, 1991; Pondy, Frost, Morgan, and Dandridge, 1983; Schultz, 1991).

All of these concepts relate to culture and/or reflect culture in that they deal with things that group members share or hold in common, but none of them are "the culture" of an organization or group. If one asks oneself why one needs the word *culture* at all when we have so many other words such as *norms, values, behavior patterns, rituals, traditions,* and so on, one recognizes that the word *culture* adds two other critical elements to the concept of sharing.

One of these elements is that culture implies some level of *structural stability* in the group. When we say that something is "cultural," we imply that it is not only shared but deep and stable. By deep I mean less conscious and therefore less tangible and less visible. The other element that lends stability is *patterning or integration* of the elements into a larger paradigm or gestalt that ties together the various elements and that lies at a deeper level. Culture somehow implies that rituals, climate, values, and behaviors bind together into a coherent whole. This patterning or integration is the *essence* of what we mean by "culture." How then do we think about this essence and formally define it?

The most useful way to think about culture is to view it as the accumulated shared learning of a given group, covering behavioral, emotional, and cognitive elements of the group members' total psychological functioning. For shared learning to occur, there must be a history of shared experience, which in turn implies some stability of membership in the group. Given such stability and a shared history, the human need for parsimony, consistency, and meaning will cause the various shared elements to form into patterns that eventually can be called a culture.

I am not arguing, however, that all groups develop integrated cultures in this sense. We all know of groups, organizations, and societies where cultural elements work at cross purposes with other elements, leading to situations full of conflict and ambiguity (Martin, 1991; Martin and Meyerson, 1988). This may result from insufficient stability of membership, insufficient shared history of experience, or the presence of many subgroups with different kinds of shared experiences. Ambiguity and conflict also result from the fact that each of us belongs to many groups so that what we bring to any given group is influenced by the assumptions that are appropriate to our other groups.

If the concept of culture is to have any utility, however, it should draw our attention to those things that are the product of our human need for stability, consistency, and meaning. Culture formation, therefore, is always, by definition, a *striving toward patterning and integration,* even though the actual history of experiences of many groups prevents them from ever achieving a clear-cut paradigm.

If a group's culture is that group's accumulated learning, how do we describe and catalogue the content of that learning? All group and organizational theories distinguish two major sets of problems that all groups, no matter what their size, must deal with: (1) survival, growth, and adaptation in their environment and (2) internal integration that permits daily functioning and the ability to adapt.

In conceptualizing group learning, we have to note that because of the human capacity to abstract and to be self-conscious, learning occurs not only at the behavioral level but also at an abstract level internally. Once people have a common system of communication and a language, learning can take place at a conceptual level and shared concepts become possible. Therefore, the deeper levels of learning that get us to the essence of culture must be thought of as concepts or, as I will define them, shared basic assumptions.

The process by which shared basic assumptions evolve is illustrated in detail in later chapters. For the present, I need only summarize that the learning process for the group starts

with one or more members taking a leadership role in proposing courses of action and as these continue to be successful in solving the group's internal and external problems, they come to be taken for granted and the assumptions underlying them cease to be questioned or debated. A group has a culture when it has had enough of a shared history to have formed such a set of *shared* assumptions.

Shared assumptions derive their power from the fact that they begin to operate outside of awareness. Furthermore, once formed and taken for granted, they become a defining property of the group that permits the group to differentiate itself from other groups, and in that process, value is attached to such assumptions. They are not only "our" assumptions, but by virtue of our history of success, they must be right and good. In fact, as we will see, one of the main problems in resolving intercultural issues is that we take culture so much for granted and put so much value on our own assumptions that we find it awkward and inappropriate even to discuss our assumptions or to ask others about their assumptions. We tend not to examine assumptions once we have made them but to take them for granted, and we tend not to discuss them, which makes them seemingly unconscious. If we are forced to discuss them, we tend not to examine them but to defend them because we have emotionally invested in them (Bohm, 1990).

Culture Formally Defined

The ***culture*** of a group can now be defined as

A pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation and internal integration, that 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.

Note that this definition introduces three elements not previously discussed.

1. *The problem of socialization.* It is my view that what we think of as culture is primarily what is passed on to new generations of group members (Louis, 1980, 1990; Schein, 1968; Van Maanen, 1976; Van Maanen and Schein, 1979). Studying what new members of groups are taught is, in fact, a good way to discover some of the elements of a culture, but one only learns about surface aspects of the culture by this means. This is especially so because much of what is at the heart of a culture will not be revealed in the rules of behavior taught to newcomers. It will only be revealed to members as they gain permanent status and are allowed to enter the inner circles of the group, where group secrets are shared.

On the other hand, *how* one learns and the socialization *processes* to which one is subjected may indeed reveal deeper assumptions. To get at those deeper levels one must try to understand the perceptions and feelings that arise in critical situations, and one must observe and interview regular members or old-timers to get an accurate sense of which deeper-level assumptions are shared.

Can culture be learned through anticipatory socialization or self-socialization? Can new members discover for themselves what the basic assumptions are? Yes and no. We certainly know that one of the major activities of any new member when she enters a new group is to decipher the norms and assumptions that are operating. But this deciphering can only be successful through the rewards and punishments that long-time members mete out to new members as they experiment with different kinds of behavior. In this sense, a teaching process is always going on, even though it may be quite implicit and unsystematic.

If the group does not have shared assumptions, as is sometimes the case, the new members' interaction with old members will be a more creative process of building a culture. Once shared assumptions exist, however, the culture survives through teaching them to newcomers. In this regard culture is a mechanism of social control and can be the basis of explicitly manipulating members into perceiving, thinking, and feeling in certain ways (Van Maanen and Kunda, 1989; Kunda, 1992). Whether or not we approve of this as a mechanism of social control is a separate question that will be addressed later.

2. *The problem of "behavior."* Note that the definition of culture that I have given does *not* include overt behavior patterns,

though some such behavior, especially formal rituals, would reflect cultural assumptions. Instead, the definition emphasizes that the critical assumptions deal with how we perceive, think about, and feel about things. Overt behavior is always determined both by the cultural predisposition (the perceptions, thoughts, and feelings that are patterned) and by the situational contingencies that arise from the immediate external environment.

Behavioral regularities could thus be as much a reflection of separate but similar individual experiences and/or common situational stimuli arising from the environment. For example, suppose we observe that all members of a group cower in the presence of a large and loud leader. Such cowering could be based on biological reflex reactions to sound and size, or individual learning, or shared learning. Such a behavioral regularity should not, therefore, be the basis for defining culture, though we might later discover that in a given group's experience, cowering is indeed a result of shared learning and therefore a manifestation of deeper shared assumptions. To put it another way, when we observe behavior regularities, we do not know whether we are dealing with a cultural manifestation. Only after we have discovered the deeper layers that I am defining as the essence of culture can we specify what is and what is not an "artifact" that reflects the culture.

3. *Can a large organization have one culture?* The definition provided does not specify the size of social unit to which it can legitimately be applied. Our experience with large organizations tells us that at a certain size, the variations among the subgroups are substantial, suggesting that it is not appropriate to talk of "the culture" of an IBM or a General Motors or a Shell Oil. My view is that this question should be handled empirically. If we find that certain assumptions are shared across all the units of an organization, then we can legitimately speak of an organizational culture, even though at the same time we may find a number of discrete subcultures that have their own integrity. In fact, as we will see, with time any social unit will produce subunits that will produce subcultures as a normal process of evolution. Some of these subcultures will typically be in conflict with each other, as is often the case with higher management and unionized labor groups. Yet in spite of such conflict one will find that organizations have common assumptions that come into play when a crisis occurs or when a common enemy is found.

Summary and Conclusions

The concept of culture is most useful if it helps to explain some of the more seemingly incomprehensible and irrational aspects of groups and organizations. Analysts of culture have a wide variety of ways of looking at the concept. My formal definition brings many of these various concepts together, putting the emphasis on shared, taken-for-granted basic assumptions held by the members of the group or organization. In this sense, any group with a stable membership and a history of shared learning will have developed some level of culture, but a group having either a great deal of turnover of members and leaders or a history without any kind of challenging events may well lack any shared assumptions. Not every collection of people develops a culture; in fact, we tend to use the term *group* rather than *crowd* or *collection of people* only when there has been enough of a shared history so that some degree of culture formation has taken place.

Culture and leadership are two sides of the same coin in that leaders first create cultures when they create groups and organizations. Once cultures exist, they determine the criteria for leadership and thus determine who will or will not be a leader. But if cultures become dysfunctional, it is the unique function of leadership to perceive the functional and dysfunctional elements of the existing culture and to manage cultural evolution and change in such a way that the group can survive in a changing environment.

The bottom line for leaders is that if they do not become conscious of the cultures in which they are embedded, those cultures will manage them. Cultural understanding is desirable for all of us, but it is essential to leaders if they are to lead.

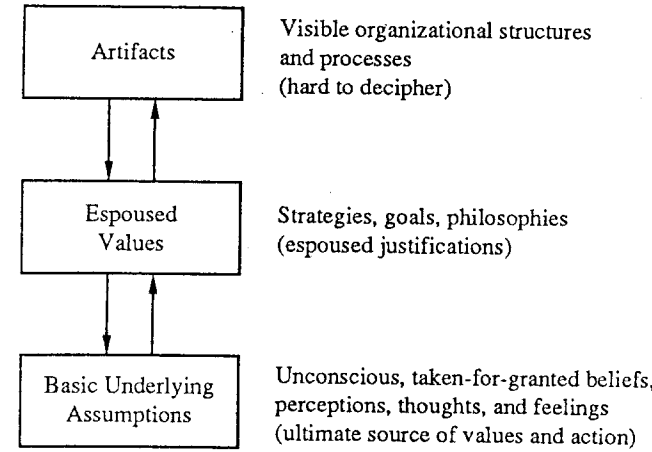
CHAPTER TWO

Uncovering the Levels of Culture

The purpose of this chapter is to show that culture can be analyzed at several different levels, where the term *level* refers to the degree to which the cultural phenomenon is visible to the observer. Some of the confusion of definition of what culture really is results from not differentiating the levels at which it manifests itself. These levels range from the very tangible overt manifestations that one can see and feel to the deeply embedded, unconscious basic assumptions that I am defining as the essence of culture. In between we have various espoused values, norms, and rules of behavior that members of the culture use as a way of depicting the culture to themselves and others.

Many other culture researchers prefer the concept of "basic values" for describing the deepest levels. As I will try to show with later examples, my preference is for "basic assumptions" because these tend to be taken for granted and are treated as nonnegotiable. Values can be and are discussed, and people can agree to disagree about them. Basic assumptions are so taken for granted that someone who does not hold them is viewed as crazy and automatically dismissed. The levels at which culture can be analyzed are shown in Figure 2.1.

Figure 2.1. Levels of Culture.



Artifacts

At the surface we have the level of *artifacts,* which includes all the phenomena that one sees, hears, and feels when one encounters a new group with an unfamiliar culture. Artifacts would include the visible products of the group such as the architecture of its physical environment, its language, its technology and products, its artistic creations, and its style as embodied in clothing, manners of address, emotional displays, myths and stories told about the organization, published lists of values, observable rituals and ceremonies, and so on. For purposes of cultural analysis this level also includes the visible behavior of the group and the organizational processes into which such behavior is made routine.

The most important point about this level of the culture is that it is easy to observe and very difficult to decipher. The Egyptians and the Maya both built highly visible pyramids, but the meaning of pyramids in each culture was very different—tombs in one and temples as well as tombs in the other. In other words, the observer can describe what she sees and feels but

cannot reconstruct from that alone what those things mean in the given group, or whether they even reflect important underlying assumptions.

On the other hand, one school of thought argues that one's own response to physical artifacts such as buildings and office layouts can lead to the identification of major images and root metaphors that reflect the deepest level of the culture (Gagliardi, 1990). This would be especially true if the organization one is deciphering is in the same larger culture as the researcher. The problem is that symbols are ambiguous, and one can only test one's insight into what something might mean if one has also experienced the culture at the level of its values and the level of its basic assumptions.

It is especially dangerous to try to infer the deeper assumptions from artifacts alone because one's interpretations will inevitably be projections of one's own feelings and reactions. For example, when one sees a very informal, loose organization, one may interpret that as inefficient if one's own background is based on the assumption that informality means playing around and not working. Alternatively, if one sees a very formal organization, one may interpret that to be a sign of lack of innovative capacity if one's own experience is based on the assumption that formality means bureaucracy and formalization.

Every facet of a group's life produces artifacts, creating the problem of classification. In reading cultural descriptions, one often notes that different observers choose to report on different sorts of artifacts, leading to noncomparable descriptions. Anthropologists have developed classification systems, but these tend to be so vast and detailed that cultural essence becomes difficult to discern.

If the observer lives in the group long enough, the meanings of artifacts gradually become clear. If, however, one wants to achieve this level of understanding more quickly, one can attempt to analyze the espoused values, norms, and rules that provide the day-to-day operating principles by which the members of the group guide their behavior. This kind of inquiry takes us to the next level of cultural analysis.

Espoused Values

All group learning ultimately reflects someone's original values, someone's sense of what ought to be as distinct from what is. When a group is first created or when it faces a new task, issue, or problem, the first solution proposed to deal with it reflects some individual's own assumptions about what is right or wrong, what will work or not work. Those individuals who prevail, who can influence the group to adopt a certain approach to the problem, will later be identified as "leaders" or founders, but the group as a group does not yet have any shared knowledge because it has not yet taken a common action in response to the new problem. Therefore, whatever is proposed can only have the status of a value from the point of view of the group, no matter how strongly the proponent may believe that he or she is uttering absolute proven truth. Until the group has taken some joint action and its members have together observed the outcome of that action, there is not as yet a shared basis for determining what is factual and real.

For example, in a young business if sales begin to decline, a manager may say, "We must increase advertising" because of her belief that advertising always increases sales. The group, never having experienced this situation before, will hear that assertion as a statement of that manager's values: "She believes that when one is in trouble it is a *good* thing to increase advertising." What the leader initially proposes, therefore, cannot have any status other than a value to be questioned, debated, challenged, and tested.

If the manager convinces the group to act on her belief and if the solution works and if the group has a shared perception of that success, then the perceived value that advertising is "good" gradually starts a process of *cognitive transformation*. First, it will be transformed into a *shared value or belief* and, ultimately, into a *shared assumption* (if action based on it continues to be successful). If this transformation process occurs—and it will occur only if the proposed solution continues to work, thus implying that it is in some larger sense "correct" and must reflect an ac-

curate picture of reality—group members will tend to forget that originally they were not sure and that the proposed course of action was at an earlier time debated and confronted.

Not all values undergo such transformation. First of all, the solution based on a given value may not work reliably. Only values that are susceptible to physical or social validation and that continue to work reliably in solving the group's problems will become transformed into assumptions. Second, value domains dealing with the less controllable elements of the environment or with aesthetic or moral matters may not be testable at all. In such cases consensus through social validation is still possible, but it is not automatic.

By social validation I mean that certain values are confirmed only by the shared social experience of a group. Such values typically involve the group's internal relations, where the test of whether they work or not is how comfortable and anxiety free members are when they abide by them. Social validation also applies to those broader values that involve relationships to the environment but in a nontestable fashion, such as religion, ethics, and aesthetics.

In these realms the group learns that certain such values, as initially promulgated by prophets, founders, and leaders, work in the sense of reducing uncertainty in critical areas of the group's functioning. And as they continue to work, they gradually become transformed into nondiscussable assumptions supported by articulated sets of beliefs, norms, and operational rules of behavior. The derived beliefs and moral/ethical rules remain conscious and are explicitly articulated because they serve the normative or moral function of guiding members of the group in how to deal with certain key situations and in training new members in how to behave. A set of values that becomes embodied in an ideology or organizational philosophy thus can serve as a guide and as a way of dealing with the uncertainty of intrinsically uncontrollable or difficult events.

Values at this conscious level will predict much of the behavior that can be observed at the artifactual level. But if those values are not based on prior learning, they may also reflect only what Argyris and Schön (1978) have called espoused values,

which predict well enough what people will *say* in a variety of situations but which may be out of line with what they will actually *do* in situations where those values should, in fact, be operating. Thus, a company may say that it values people and has high quality standards for its products, but its record in that regard may contradict what it says.

If the espoused values are reasonably congruent with the underlying assumptions, then the articulation of those values into a philosophy of operating can be helpful in bringing the group together, serving as a source of identity and core mission. But in analyzing values one must discriminate carefully between those that are congruent with underlying assumptions and those that are, in effect, either rationalizations or only aspirations for the future. Often such lists of values are not patterned, sometimes they are even mutually contradictory, and often they are inconsistent with observed behavior. Large areas of behavior are often left unexplained, leaving us with a feeling that we understand a piece of the culture but still do not have the culture as such in hand. To get at that deeper level of understanding, to decipher the pattern, and to predict future behavior correctly, we have to understand more fully the category of basic assumptions.

Basic Assumptions

When a solution to a problem works repeatedly, it comes to be taken for granted. What was once a hypothesis, supported only by a hunch or a value, comes gradually to be treated as a reality. We come to believe that nature really works this way. Basic assumptions, in this sense, are different from what some anthropologists call dominant value orientations in that such dominant orientations reflect the preferred solution among several basic alternatives, but all the alternatives are still visible in the culture, and any given member of the culture could, from time to time, behave according to variant as well as dominant orientations (Kluckhohn and Strodtbeck, 1961).

Basic assumptions, in the sense in which I want to define the concept, have become so taken for granted that one finds

little variation within a cultural unit. In fact, if a basic assumption is strongly held in a group, members will find behavior based on any other premise inconceivable. For example, a group whose basic assumption is that the individual's rights supersede those of the group members will find it inconceivable that members would commit suicide or in some other way sacrifice themselves to the group even if they had dishonored the group. In a capitalist country, it is inconceivable that one might design a company to operate consistently at a financial loss or that it does not matter whether or not a product works. Basic assumptions, in this sense, are similar to what Argyris has identified as "theories-in-use," the implicit assumptions that actually guide behavior, that tell group members how to perceive, think about, and feel about things (Argyris, 1976; Argyris and Schön, 1974).

Basic assumptions, like theories-in-use, tend to be those we neither confront nor debate and hence are extremely difficult to change. To learn something new in this realm requires us to resurrect, reexamine, and possibly change some of the more stable portions of our cognitive structure, a process that Argyris and others have called double-loop learning or frame breaking (for example, Argyris, Putnam, and Smith, 1985; Bartunek and Moch, 1987). Such learning is intrinsically difficult because the reexamination of basic assumptions temporarily destabilizes our cognitive and interpersonal world, releasing large quantities of basic anxiety.

Rather than tolerating such anxiety levels we tend to want to perceive the events around us as congruent with our assumptions, even if that means distorting, denying, projecting, or in other ways falsifying to ourselves what may be going on around us. It is in this psychological process that culture has its ultimate power. Culture as a set of basic assumptions defines for us what to pay attention to, what things mean, how to react emotionally to what is going on, and what actions to take in various kinds of situations. Once we have developed an integrated set of such assumptions, which might be called a thought world or mental map, we will be maximally comfortable with others who share the same set of assumptions and very uncomfortable and vulnerable in situations where different assumptions operate

either because we will not understand what is going on, or, worse, misperceive and misinterpret the actions of others (Douglas, 1986).

The human mind needs cognitive stability. Therefore, any challenge to or questioning of a basic assumption will release anxiety and defensiveness. In this sense, the shared basic assumptions that make up the culture of a group can be thought of at both the individual and group levels as psychological cognitive *defense mechanisms* that permit the group to continue to function. Recognizing this connection is important when one thinks about changing aspects of a group's culture, for it is no easier to do that than to change an individual's pattern of defense mechanisms. In either case the key is the management of the large amounts of anxiety that accompany any relearning at this level.

To understand how unconscious assumptions can distort data, consider the following example. If we assume, on the basis of past experience or education, that other people will take advantage of us whenever they have an opportunity, we expect to be taken advantage of and then interpret the behavior of others in a way that coincides with those expectations. We observe people sitting in a seemingly idle posture at their desks and interpret their behavior as loafing rather than thinking out an important problem. We perceive absence from work as shirking rather than doing work at home.

If this is not only a personal assumption but one that is shared and thus part of the organization's culture, we will discuss with others what to do about our "lazy" work force and institute tight controls to ensure that people are at their desks and busy. If employees suggest that they do some of their work at home, we will be uncomfortable and probably deny the request because we will assume that at home they would loaf (Bailyn, 1992; Perin, 1991).

In contrast, if we assume that everyone is highly motivated and competent, we will act in accordance with that assumption by encouraging people to work at their own pace and in their own way. If someone is discovered to be unproductive in the organization, we will assume that there is a mismatch between the person and the job assignment, not that the person

is lazy or incompetent. If the employee wants to work at home, we will perceive that as evidence of wanting to be productive even if circumstances require him to be at home.

In both cases there is the potential for distortion. The cynical manager will not perceive how highly motivated some of the subordinates really are, and the idealistic manager will not perceive that there are subordinates who are lazy and who are taking advantage of the situation. As McGregor (1960) noted several decades ago, such assumption sets in the human area become the basis of whole management and control systems that perpetuate themselves because if people are treated consistently in terms of certain basic assumptions, they come eventually to behave according to those assumptions in order to make their world stable and predictable.

Unconscious assumptions sometimes lead to ridiculously tragic situations, as illustrated by a common problem experienced by American supervisors in some Asian countries. A manager who comes from an American pragmatic tradition takes it for granted that solving a problem always has the highest priority. When that manager encounters a subordinate who comes from a different cultural tradition, in which good relationships and protecting the superior's "face" are assumed to have top priority, the following scenario can easily result.

The manager proposes a solution to a given problem. The subordinate knows that the solution will not work, but his unconscious assumption requires that he remain silent because to tell the boss that the proposed solution is wrong is a threat to the boss's face. It would not even occur to the subordinate to do anything other than remain silent or even reassure the boss that they should go ahead and take the action if the boss were to inquire what the subordinate thought.

The action is taken, the results are negative, and the boss, somewhat surprised and puzzled, asks the subordinate what he would have done. When the subordinate reports that he would have done something different, the boss quite legitimately asks why the subordinate did not speak up sooner. This question puts the subordinate in an impossible bind because the answer itself is a threat to the boss's face. He cannot possibly explain

his behavior without committing the very sin he is trying to avoid in the first place—namely, embarrassing the boss. He might even lie at this point and argue that what the boss did was right and only "bad luck" or uncontrollable circumstances prevented it from succeeding.

From the point of view of the subordinate, the boss's behavior is incomprehensible because it shows lack of self-pride, possibly causing the subordinate to lose respect for that boss. To the boss the subordinate's behavior is equally incomprehensible. The boss cannot develop any sensible explanation of the subordinate's behavior that is not cynically colored by the assumption that the subordinate at some level just does not care about effective performance and therefore must be gotten rid of. It never occurs to the boss that another assumption such as "one never embarrasses a superior" is operating and that to the subordinate that assumption is even more powerful than "one gets the job done."

If assumptions such as these operate only in an individual and represent her idiosyncratic experience, they can be corrected more easily because the person will detect that she is alone in holding a given assumption. The power of culture comes about through the fact that the assumptions are shared and therefore mutually reinforced. In these instances probably only a third party or some cross-cultural education could help to find common ground whereby both parties could bring their implicit assumptions to the surface. And even after they have surfaced, such assumptions would still operate, forcing the boss and the subordinate to invent a whole new communication mechanism that would permit each to remain congruent with her or his culture—for example, agreeing that before any decision is made and before the boss has stuck her neck out, the subordinate will be asked for suggestions and for factual data that will not be face threatening. Note that the solution must keep each cultural assumption intact. One cannot in these instances simply declare one or the other cultural assumption "wrong." One has to find a third assumption to allow them both to retain their integrity.

I have dwelled on this example to illustrate the potency of implicit, unconscious assumptions and to show that such

assumptions often deal with fundamental aspects of life—the nature of time and space; human nature and human activities; the nature of truth and how one discovers it; the correct way for the individual and the group to relate to each other; the relative importance of work, family, and self-development; the proper role of men and women; and the nature of the family.

We do not develop new assumptions about each of these areas in every group or organization we join. Each member of a new group will bring her or his own cultural learning from prior groups, but as the new group develops its own shared history, it will develop modified or brand-new assumptions in critical areas of its experience. Those new assumptions make up the culture of that particular group.

Any group's culture can be studied at these three levels—the level of its artifacts, the level of its values, and the level of its basic assumptions. If one does not decipher the pattern of basic assumptions that may be operating, one will not know how to interpret the artifacts correctly or how much credence to give to the articulated values. In other words, the essence of a culture lies in the pattern of basic underlying assumptions, and once one understands those, one can easily understand the other more surface levels and deal appropriately with them.

Summary and Conclusions

Though the essence of a group's culture is its pattern of shared, taken-for-granted basic assumptions, the culture will manifest itself at the levels of observable artifacts and shared espoused values, norms, and rules of behavior. It is important to recognize in analyzing cultures that artifacts are easy to observe but difficult to decipher and that values may only reflect rationalizations or aspirations. To understand a group's culture, one must attempt to get at its shared basic assumptions and one must understand the learning process by which such basic assumptions come to be.

Leadership is originally the source of the beliefs and values that get a group moving in dealing with its internal and external problems. If what a leader proposes works and continues

to work, what once was only the leader's assumption gradually comes to be a shared assumption. Once a set of shared basic assumptions is formed by this process, it can function as a cognitive defense mechanism both for the individual members and for the group as a whole. In other words, individuals and groups seek stability and meaning. Once these are achieved, it is easier to distort new data by denial, projection, rationalization, or various other defense mechanisms than to change the basic assumption. As we will see, culture change, in the sense of changing basic assumptions is, therefore, difficult, time consuming, and highly anxiety provoking. This point is especially relevant for the leader who sets out to change the culture of the organization.

The most central issue for leaders, therefore, is how to get at the deeper levels of a culture, how to assess the functionality of the assumptions made at each level, and how to deal with the anxiety that is unleashed when those levels are challenged.