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

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In this brief essay, we provide additional context for this special issue on culture and strategy and comment on the organizing framework proposed by Gibbons, Siegel, and Weber (GSW) in their introductory essay. The origins of this special issue trace back to the first annual Berkeley Culture Conference, which took place in January 2019 as part of the broader Berkeley Haas Culture Initiative (BCI) that the two of us co-direct. One of BCI's central aims is to address the fragmentation that currently plagues organizational culture research by bringing together scholars across the domains of strategy, economics, psychology, sociology, and organizational behavior to develop a more coherent and unified research agenda. In addition to our ongoing annual conference, which we encourage strategy scholars to submit papers to and attend, we reasoned that a special issue of a forward-looking journal such as *Strategy Science* might also help advance our core research objective.¹

Given the set of papers we ultimately selected for the special issue, we felt that Bob Gibbons, Jordan Siegel, and Roberto Weber would be especially well suited to proposing an integrative framework that puts the papers in context and paves the way for future research. We see great power and potential in the framework they propose. At the same time, given our orientations as a social psychologist (Chatman) and a sociologist (Srivastava), we also see some gaps and limitations. In this essay, we offer comments on how social psychological and sociological perspectives can enrich the GSW framework in ways that we believe will help advance strategy

¹ We are grateful to *Strategy Science* Editor-in-Chief, Dan Levinthal, for not only embracing our vision for this special issue but also for patiently guiding us through all stages of its development. Given its interdisciplinary nature, this special issue needed a knowledgeable and open-minded team of guest editors who could critically evaluate manuscripts from their own disciplinary perspective but also seek to integrate disparate viewpoints on culture. We thank Bob Gibbons, Amir Goldberg, Mandy O'Neill, Lauren Rivera, Jordan Siegel, Roberto Weber, and Todd Zenger for joining us in serving as guest editors for this special issue.

research that focuses on culture, as well as culture research in other domains.

The Benefits of the GSW Framework

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

A second contribution is that the GSW framework offers the clearest distinction of the so-called "Big C- Culture/little c culture" discussion that we have seen. Big-C Culture, in GSW's framework, refers to large groups whose collective and individual values are shaped by historical forces and changed by exogenous events. Little-c culture, in contrast, refers to small groups whose norms are shaped by contemporaneous interactions among group members and changed mainly by intentional intervention. The distinction locates *organizational culture* clearly in the little-c culture category, but at the same time recognizes that the institutional context, as manifested in societal and national cultures, powerfully shapes little-c culture. The GSW approach invites researchers to even ponder the possibility that little-c culture could potentially have a reciprocal impact on Big-C Culture. Distinguishing between these two forms of culture and beginning to explore their interrelationships is particularly helpful because it offers a

roadmap for how culture operates not only across levels of analysis but also how it originates and evolves over time.

Gaps in the GSW Framework

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

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

In another example of focusing on a culture's distributional properties, researchers showed that firms with high levels of intrapersonal cultural heterogeneity—that is, ones whose members exhibited a breadth of cultural beliefs—achieved greater patenting success and higher market valuations than otherwise comparable firms that were low in intrapersonal cultural heterogeneity (Corritore, Goldberg, & Srivastava, 2020a). In contrast, firms with high interpersonal cultural

heterogeneity—that is, ones whose members disagreed about the prevailing cultural beliefs—achieved lower levels of performance than did otherwise comparable firms that were low in interpersonal cultural heterogeneity. Importantly, these relationships held independent of cultural content.

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

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

culturally enabled strategies provide organizations with a sustained competitive advantage.

(3) *Subcultures*. One phenomenon that the GSW framework does not highlight but that we believe is worth prioritizing in strategy research is the role of subcultures within firms.

Organizational subcultures, or relatively small clusters of members that share a set of norms, values, and beliefs within a larger culture (Bosnier & Chatman, 2003), often span subunits in organizations (Srivastava, Goldberg, Manian, & Potts, 2018) and are demarcated by symbolic boundaries (Lamont & Molnar, 2002)—for example, between employees of two organizations in the throes of cultural assimilation following mergers and acquisitions (Bhatt, Goldberg, & Srivastava, forthcoming).

The existence of organizational subcultures poses the possibility of both increasing intra-organizational conflict (e.g., Sackmann, 1992) but also greater firm responsiveness to dynamic environments. Organizational culture may, at first blush, seem to be an unlikely source of agility since strong unitary cultures exert a stabilizing force on organizations by encouraging cohesion, organizational commitment, and often, desirable work behaviors among members (e.g., Zárate et al., 2012). This stability generates cultural clarity and consistency among members, forces that, if the culture is aligned to the group's strategic objectives, can enhance performance (e.g., Chatman, Greer, Sherman & Doerr, 2019). But, such stability may also constrain strong culture organizations from initiating or reacting to environmental change (e.g., Benner & Tushman, 2003), a necessary capability for optimizing performance (e.g., Raisch, Birkinshaw, Probst, & Tushman, 2009). Subcultures can permit an organization to generate

varied responses to the environment without necessarily destroying its internal coherence.

Exploring subcultural influences may enable strategy researchers to gain insight into how firms can simultaneously reap the benefits of a strong culture while maintaining flexibility and responsiveness.

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

Generalizing from this point, we believe the concept of expectations can be usefully broadened to encompass overall perceptions of group and organizational culture. Just as individuals vary in their level of value congruence—that is, the match between their own values and those that prevail in the organization (e.g., Chatman, 1991)—they also exhibit heterogeneity in what we and two of our co-authors refer to as perceptual congruence—that is, the extent to which a person's understanding of the prevailing culture matches others' comprehensions (Lu, Chatman, Goldberg, & Srivastava, 2021). Perceptually congruent individuals have the capacity to behave

in normatively compliant ways even when their values are poorly aligned with their organization's dominant values.

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

(5) Considering the Causal Linkages from Strategy to Culture and Culture to Strategy. The final observation we highlight is the focus Gibbons, Seigel, and Weber place on Big-C Culture's unidirectional influence on firm strategy. We suggest that it is also fruitful to investigate the many ways in which little-c culture influences and is influenced by a firm's strategy. This is especially important because of GSW's provision that little-c culture is developed and modified by "intentional intervention." Many of the managerially oriented observations of firm culture imply that managers can influence their organization's culture to execute various strategic objectives. Some research supports this idea. For example, Moniz (2015) collected data from 417,000 employee reviews of 2300 firms from 2008 to 2015 on Glassdoor.com. He found that firm value increased among organizations whose culture was aligned to their strategic goals. Thus, just as culture can determine strategy, managers can develop little-c cultures that are geared to implementing certain strategies over others. In fact, a truly deliberate culture, one in

which managers are intentionally intervening, should logically increase an organization's performance by helping organizational members to prioritize certain behaviors over others.

Ultimately, it is likely that Big-C and little-c culture have a more complex relationship with firm strategy than GSW depict in their framework. As one illustration of this complex relationship, Popadak (2013) used data from 4600 firms over a 10-year period, including reviews by more than 1.8 million employees and 400 million words, to construct measures of cultural norms and values. Using regression discontinuity analysis, she found that, in publicly traded firms that narrowly received negative governance votes (compared to those that narrowly received passing votes), managers increased their firm's cultural focus on results-orientation but reduced their focus on customers, integrity, and collaboration in subsequent years. Interestingly, cultures lower in dimensions like customer service experienced a 1.4% decline in firm value. This suggests that Big-C Culture may in fact influence the formulation of a firm's strategy but also that little-c culture can be deployed as a means to deliberately enact strategic change.

Conclusion

As long as a decade ago, 4600 studies of culture had been published (Hartnell, Ou, & Kinicki, 2011), with many more appearing in the ensuing years. Yet, an integrated perspective on culture is still illusive. Developing a framework for studying culture, one that distinguishes societal from organizational culture and identifies the elements of culture, helps move us past the many ambiguities that have plagued research on organizational culture (Chatman & O'Reilly, 2016). Absent some clarity about the construct itself and assessments of culture that convincingly demonstrate construct validity, the field could simply continue to proliferate studies labeled as

“culture” that represent a hodge-podge of constructs and fail to aggregate into a coherent body of knowledge about how culture operates and influences organizations. On the flip side, developing a comprehensive framework that is adopted across a variety of disciplines studying culture should contribute to paradigm development. Such a framework reduces the need to state and restate definitions. Further, fields with highly developed paradigms, in which there is more consensus, are characterized by more efficient communication and more rapid development of insights and new ideas (Pfeffer, 1993). In this way, the framework that Gibbons, Seigel and Weber offer, along with our suggested additions, may provide the beginnings of an integrated perspective that will advance the study of culture in promising directions.

This framework is especially timely as it can be coupled with the rapidly evolving and powerful tools of data science. The explosion of digital trace data in organizations, ranging from text (e.g., emails and Slack messages) to audio and video files (e.g., Zoom recordings) to work products and collaboration histories (e.g., Github), as well as the growing accessibility of computational methods to analyze such data (Corritore, Goldberg, & Srivastava, 2020b), make it increasingly possible for strategy scholars across disciplines to pursue the exciting research agenda that GSW put forward and that we sought to inform through this essay. Working on this special issue has left us feeling even more optimistic about the future of organizational culture research, and we would once again like to thank Dan Levinthal for the opportunity and GSW, as well as our fellowguest editors, for the fruitful collaboration.

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