



# The role of purposeful diversity and inclusion strategy (PDIS) and cultural tightness/looseness in the relationship between national culture and organizational culture



Yin Lee, Amit Kramer \*

*Lundquist College of Business, University of Oregon, Eugene, OR 97403, United States*

*School of Labor and Employment Relations, University of Illinois at Urbana Champaign, 504 East Armory Ave., Champaign, IL 61820, United States*

## ARTICLE INFO

### Article history:

Received 10 March 2015

Received in revised form 6 January 2016

Accepted 15 January 2016

### Keywords:

Institutional theory

Resource-based view

Institutional isomorphism

Diversity strategy

National and organizational cultures

## ABSTRACT

The effect of national culture on organizational culture has long been debated by scholars. Institutional theory scholars argue for a strong effect of national culture on organizational culture through institutional isomorphism, whereas organizational culture scholars argue that organizations are capable of creating unique cultures that can bolster their competitive advantage. In this paper, we bridge the gap between the two literatures and propose that tighter cultures are less likely than looser cultures to tolerate deviance from the national culture surrounding them. At the organizational level, diversity strategy can vary dramatically; organizations that purposefully use diversity strategies are more likely to develop unique organizational cultures. Further, the interplay between national and organizational cultures result in greater constraining forces of national culture over organizational culture in tighter cultures than in looser ones; however, diversity strategies in tight cultures are more likely to foster distinct organizational cultures than those found in loose cultures.

© 2016 Elsevier Inc. All rights reserved.

## 1. Introduction

What role does national culture play in shaping organizational culture? Is it a significant and detrimental role, as advocated by institutional theorists (e.g. [Aguilera & Jackson, 2003](#), [Nelson & Gopalan, 2003](#), [Zucker, 1977](#))? Or does a strong organizational culture outweigh national culture as proposed by the resource-based view (RBV) and organizational theorists (e.g. [Barney, 1986](#), [Gerhart, 2009](#), [Wernerfelt, 1984](#))? In this paper, we suggest a theory that takes into account insights from both institutional theory and the RBV perspective and postulate that the level of tightness/looseness inherent in a national culture, coupled with an organization's strategic approach to diversity and inclusion, shape the nature of the relationship between national culture and organizational culture. Specifically, we suggest that organizations embedded in loose national cultures are more likely to develop a culture that diverges from the national culture that surrounds them than organizations in tight cultures. However, organizations that are embedded in tight cultures and choose to foster cultural differences by implementing a strategic approach to diversity and inclusion are more likely to develop into unique, novel entities than those embedded in loose national cultures.

The interplay between national and organizational culture has been subject to continuous debates in the literature on organizational theory (e.g. [Gerhart, 2009](#), [Gerhart & Fang, 2005](#), [Hatch & Zilber, 2012](#), [Johns, 2006](#), [Kostova, 1999](#), [Pedersen & Dobbin, 2006](#), [Stone, Stone-Romero, & Lukaszewski, 2007](#)). Institutional theory (e.g., [DiMaggio & Powell, 1983](#)) postulates that organizations become similar to the national culture in which they are embedded – and to one another as a result – as they seek

\* Corresponding author.

E-mail addresses: [ylee2@uoregon.edu](mailto:ylee2@uoregon.edu) (Y. Lee), [kram@illinois.edu](mailto:kram@illinois.edu) (A. Kramer).

legitimacy in a given cultural environment. In line with institutional theory, different studies (e.g. Hofstede, 1980, 2001, Johns, 2006, Schneider & De Meyer, 1991) emphasize the constraining forces that national cultures impose on organizational cultures, arguing that between-cultural variance should be considered as a determinant of organizational culture. These arguments focus on processes, institutions, and forces that are external to the organization and which may demand measures or policies leading toward strict alignment of the organizational culture to the national culture through transmission, maintenance, and resistance to change (Zucker, 1977).

In contrast to scholars of institutional theory, organizational culture scholars argue that organizations develop distinctive cultures, which make them each unique from one another in significant ways (Pedersen & Dobbin, 2006). The RBV perspective, which originated in the strategy literature (Barney, 1986, 1991), suggests that organizational culture is a potentially inimitable resource that allows organizations to differentiate themselves from their competitors and establish sustainable, competitive advantages (Barney, 1986, 1991; Wernerfelt, 1984). Moreover, Oliver (1991) argues that organizations can actively take a strategic stance to resisting institutional processes and develop organizational cultures that distinguish themselves from other organizations. Elaborating on the constraining forces that national cultures impose on organizational cultures, Gerhart and Fang (2005); Gerhart (2009) criticize the methodological shortcomings of Hofstede's studies in particular Hofstede (1980, 2001), and conclude that the extent to which a national culture can constrain organizational culture has been overestimated. Instead, they argue that the within-country cultural variability (Au, 1999) moderates the extent to which national culture constrains organizational culture: the larger the within-country cultural variability, the lower the effect of national culture on organizational culture will be (Gerhart, 2009).

The current paper aims to extend Gerhart's (2009) perspective and bridge the gap between institutional theory and the RBV perspective by adding two additional components to theorizations of the effect of national culture on organizational culture. Specifically, we discuss the importance of variability in the intra-national culture, operationalized by the continuum of tightness–looseness of a given national culture (Gerhart, 2009) and the role of a purposeful diversity and inclusion strategy, or lack thereof, at the organizational level. We define purposeful diversity and inclusion strategy (PDIS) as an overarching approach that guides an organization's actions. PDIS is a manifestation of organizational strategy and is incorporated in both the culture and identity of an organization through strategic, material, and symbolic processes. Rather than focus on the creation of multicultural organizations, PDIS invests its emphasis on the development of inclusive organizations that follow a diversity ideology as coined by Nkomo and Hoobler (2014) and also by inclusion/post-race ideology. As such, PDIS applies to all organizational operations with the intent of maximizing the utility of diversity and inclusion (e.g., generating ideas). We contrast PDIS with contingently-formed diversity that is subject to the demographic composition of the labor force as well as the geographic and legal environment in which organizations act.

It should be noted that contingent diversity is a policy and not a strategy; it implies lack of interest and any investment in diversity and inclusion and results in a culture that is reflective of the dominant national culture. Specifically, such organizations will be a reflection of the people who are traditionally positioned at the symbolic core of a nation's culture (e.g., White men in the U.S. or Yamato men in Japan) and while some within-organization diversity may exist, it will not be utilized to the benefit of the organization as much as organizations deploying PDIS. For theoretical clarity, we contrast PDIS and contingent diversity as categorical strategies or policies. However, organizations are likely to use varying levels of PDIS strategies as well as contingent policies.

We further argue that the interplay between variability in intra-national culture and PDIS moderates the effect of national culture on organizational culture. Extending Gerhart's work, we suggest a framework that attempts to unravel the dynamic relationship between national culture and organizational culture through the lens of PDIS. We suggest that a stronger strategic emphasis on PDIS will result in a weaker constraining effect of national culture on organizational culture; conversely, a contingent diversity and inclusion approach will lead to stronger constraining effects of national culture on organizational culture.

Finally, we emphasize the importance of categorizing cultures based on their tightness and looseness (Gelfand, Nishii, & Raver, 2006; Gelfand et al., 2011; Gerhart, 2009) as a factor that moderates the effect of national culture on organizational culture. Loose cultures have weak social norms and a high tolerance for behaviors that deviate from these norms, whereas tight cultures have strong social norms and low tolerance for behaviors that deviate from them (Gelfand et al., 2011). As such, tight national cultures constrain organizational cultures more than those within looser ones. Yet, contrary to the intuitions offered by Gerhart (2009), we argue that the level of tightness/looseness of a culture will amplify the moderating effect of PDIS on organizational cultures. Specifically, in a tight national culture, an organization that strategically engages in PDIS (positioning itself as distinct and occasionally opposing the national culture in which it is situated) will become more unique vis-à-vis the national culture, while organizations that do not engage in PDIS will be even more constrained by the national culture than those found within loose national cultures.

## 2. National culture as an institutional process shaping organizational culture

A core question of neo-institutional theory is why organizational structures and practices are homogeneous (DiMaggio & Powell, 1983). The concept of institutional isomorphism has been addressed in work by DiMaggio and Powell (1983), who suggest that organizations become similar to one another as they adapt to the same set of environmental conditions and seek political power and institutional legitimacy. DiMaggio and Powell articulate three specific paths of institutional isomorphism: coercive, mimetic, and normative. Coercive isomorphism occurs when organizations seek legitimacy and political power by adopting cultural expectations and adapting strict adherence to legal environments (e.g., governmental mandates); mimetic isomorphism appears when organizations mimic “model organizations” in response to uncertainty; and, normative isomorphism arises when there is an increasing amount of professionalization in an industry or profession. While the very notion of organizational culture

Download English Version:

<https://daneshyari.com/en/article/879542>

Download Persian Version:

<https://daneshyari.com/article/879542>

[Daneshyari.com](https://daneshyari.com)