

**"INTERPRETING STRATEGIC BEHAVIOR:
BASIC ASSUMPTIONS THEMES
IN ORGANIZATIONS"**

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Interpreting Strategic Behavior: Basic Assumptions Themes in Organizations

Uncovering themes of organizational basic assumptions can assist in interpreting strategic behavior. These themes are derived from the dynamics at individual, group and organizational levels of analysis, which reflect views of self, world and others. Several such themes are presented in this paper. Structural properties of basic assumptions are then explored to understand how they operate. Diagnostic and research methods are discussed.

There is growing evidence to suggest that corporate culture may have an important influence on organizational behavior. While the relationship between culture and performance at the organizational level of analysis has been discussed by way of anecdotes and prescription (Peters & Waterman, 1982), empirical evidence and theoretical explanations are lacking. For example, the prescription to match corporate strategy with culture (Schwartz & Davis, 1981), fails to adequately describe or categorize specific aspects of culture and to relate them to specific organizational strategies or actions. Meanwhile specific cultural representations, such as symbols and stories, have been shown to influence managerial control (Pfeffer, 1981; Peters, 1978) and employee commitment to policy (Martin & Powers, 1983). These studies, however, demonstrate the impact of culture only at the individual level of analysis.

There is therefore a need for further theoretical development to specify which aspects of culture, at which level of analysis, may affect what behavior and, particularly, to do this at the organizational level of analysis. The objective of this paper, then, is to theoretically explore how culture influences strategic actions, i.e. behavior at the organizational level. The specific aspect of culture used as a theoretical device for interpreting strategic behaviors is the content of basic assumptions.

Basic assumptions exist at the individual, group and organizational levels. At the organizational level, basic assumptions represent a system of shared meaning that governs collective perceptions, thoughts, feelings and actions (Schein, 1984). This system forms the implicit "taken for granted worldview" that defines the organization's concept of itself, its constituents and its environment (Louis, 1981; Pettigrew, 1979). It is expressed in values and beliefs that explain and validate what is (phenomenological), what causes what (causality), and what should be (normative) (Meyer & Rowan, 1977; Kamens, 1977; Sproull, 1981). These values and beliefs are subsequently articulated in stories, symbols and behaviors which in turn reinforce, institutionalize and promote organization-wide sharing. Such stories and symbols are more readily observed than the assumptions which produce them but not easily interpreted. To diagnose culture properly, the underlying values and beliefs need to be elicited and questioned. This is even more necessary and more difficult at the basic assumptions level.

Basic assumptions have been described from anthropological, sociological and psychological perspectives (Kluckhohn & Strodtbeck, 1961; Martin et al., 1983a; Jung, 1965; Bion, 1961). Implicit in these themes are views of self, world and others as good/bad, strong/weak and active/passive (Osgood, Suci & Tannenbaum, 1957). As basic assumptions may be largely unconscious (Schein, 1984,

Friedman 1983), they must be inferred from behaviors, and stated beliefs and values. This paper offers a psychodynamic perspective as an approach to interpreting behaviors to reveal organizational level basic assumptions regarding the environment, the organization's identity or mission, and the members.

Individual and group themes contribute to organizational basic assumptions, but the latter are broader than and different from the sum of their constituent groups and members. We therefore synthesize the literature on individual psychodynamics, group dynamics, and organizational theory to identify the different basic assumptions and discuss the potential influence of their interaction on the organization's strategic actions. It is this interaction that determines the overall dynamics characterizing the organizational culture. Nevertheless, the structure of basic assumptions: their number, pervasiveness, intensity, and explicitness may vary within organizations, as discussed in a later section of this paper. Research and diagnostic methods for future work are also discussed.

In studying strategic behaviors, the most relevant assumptions are those of the CEO and those shared by the strategic decision making group. It is acknowledged that assumptions at these levels may not necessarily be broadly shared with lower levels of the organization. However, decisions made at this level do affect policies and

procedures that shape culture throughout the organization.

Strategic actions driven by basic assumptions may have a positive or negative impact on performance. A psychodynamic approach may be particularly useful in analyzing seemingly irrational actions taken as will be demonstrated in the some of the examples. However, the direct link between culture-action- performance should not be overemphasised as both action and performance at the organizational level are multidetermined.

Individual, Group and Organizational Dynamics

The sources of basic assumptions are the psychodynamics created by the interaction of conscious and unconscious forces at the individual, group and organizational levels.

Individual psychodynamics

Individual psychodynamics refers to the interplay of conscious and unconscious forces within the individual psyche and in its interaction with the environment. These psychodynamics determine the representations of self and others and are a key source of basic assumptions (Klein, 1948; S. Freud, 1953; A. Freud, 1946). By elucidating these dynamics a better understanding emerges of how the individual views self, significant others and the world, and this in part helps to explain behavior.

Underlying psychodynamics surface and are more clearly observable under conditions of stress and psychopathology.

They can otherwise be elicited through projective techniques (Schafer, 1954; Rappaport, 1952; Murray, 1938; Freud, 1966, 1956). Ambiguous stimuli are invested with the individual's sense of self, for example, as helpless/passive or powerful/active, others as nurturing/punitive, and the environment as threatening and hostile/supportive. Content analysis and scoring systems that have been developed for clinical and research purposes may prove useful within organizational settings.

Individual psychodynamics contribute to organizational basic assumptions themes. The impact of the CEO's individual psychodynamics on the strategic behavior of organizations has been described by Kets de Vries and Miller (1984). Five neurotic character styles are discussed: paranoid, dramatic, obsessive, depressive and avoidant. These influence both the relationship of the organization with its environment and relationships within the organization.

Conversely, individual psychodynamics reflect broader level (organizational or societal) systems dynamics as they are derived from the collective unconscious in the form of archetypes, i.e. universal symbols of good and evil, power and weakness, authority and nurturance (Jung, 1965). These archetypes appear in myths as heroes, villains or victims; are represented in different societal roles or functions (Thompson, 1971); and contain organizational emotionality (Mitroff, 1983a). This reinforces the notion that the content

of individual level assumptions may be useful in understanding the basic assumptions at other levels of analysis.

Group Dynamics

The interplay of unconscious forces occurs at the group level, above and beyond the sum of the individual psychodynamics. These group dynamics derive from the interaction of individual psychodynamics with task-related or situational variables such as levels of ambiguity, uncertainty and anxiety (Miller & Rice, 1967; Menzies, 1960). This is particularly the case in strategic decision making groups where managers from different levels and functions face ill-structured problems and uncertainty (Mintzberg, Raisinghani & Thoret, 1976).

Symptoms of "groupthink" which may determine decision outcomes reflect views of the group (illusion of invulnerability and morality), its members (illusion of unanimity), of others (shared stereotypes) (Janis, 1972). Mitroff and Emshoff (1979) demonstrate how group members' assumptions regarding the organizational stakeholders need to be surfaced to achieve more rational strategic decision making.

Bion (1961) describes basic assumptions which interact with task performance. These basic assumptions are surfaced when the group acts as if its purpose were other than the task at hand. Its actions can then be interpreted to reveal

the following themes: dependency, fight/flight, and pairing.

In groups operating under the dependency assumption, the leader is invested with omnipotence and omniscience while the group members become helpless and impotent. Regardless of the overt strategic decision at hand, the covert task becomes being taken care of by the leader. This may be seen in charismatic leadership and may be appropriate in certain situations which call for unquestioning loyalty.

Under the fight/flight assumption, the covert task becomes one of self-protection from an external or internal enemy (scapegoat). The climate of the group is marked by a sense of fear and anger; overt conflict often ensues from power struggles for leadership. This assumption may fit highly competitive internal or external environments, for example, in the new Pepsi culture that emerged as Pepsi challenged Coca Cola for the number one position (Business Week, 1980).

The third assumption is pairing, in which the group acts as if its task were to produce the messiah through the union of two of its members. The group waits hopefully for the arrival of the creation that will deliver it. This may be seen in task forces, new product development teams, and advertising groups and may fit in situations or tasks that require creativity.

Thus groups develop patterns of behavior that express basic assumptions and these may facilitate or hinder task

performance. The same basic assumptions may also be seen in inter-group and inter-organizational relationships thereby contributing to organizational level dynamics (Miller & Rice, 1967).

Organizational dynamics

The interplay of forces within the organization and between the organization and its environment create unique organizational dynamics as a result of intraorganizational politics (Pfeffer, 1980; Tushman & Nadler, 1980), resource dependencies (Aldrich & Pfeffer, 1976), and stakeholder interests (Mitroff, 1983b). The open systems model of organization specifically addresses the dynamic equilibrium created by the continually changing balance of forces and counterforces (Katz & Kahn, 1978).

These forces determine the organization's view of the environment, its members and of the corporate identity and mission. Traditional organizational theory characterizes the environment in terms of simple/complex, stable/dynamic, uncertain and hostile (Lawrence & Lorsch, 1967; Burns & Stalker, 1961; Duncan, 1972). Underlying assumptions about the environment as analyzable or unanalyzable and about the organization as intrusive (active or passive) affect behavior vis à vis its environment (Daft & Weick, 1984).

Proactive/reactive strategic responses to the environment characterize organizations as defenders, analyzers, prospectors and reactors (Miles & Snow, 1978). This

contributes to the organization's view of corporate identity or mission. Managerial assumptions regarding human nature characterize the view of organizational members as rational economic, social, self-actualizing or complex (Schein, 1980). It would be useful to further develop the themes of basic assumptions at the organizational level to understand how these views may contribute to behavior.

Organizational Basic Assumptions

The previous section describes the interplay of the forces within each level of analysis that give rise to differing views of self, other, and the environment. Each level is in part influenced by the previous level but the resulting basic assumptions are formed by the interaction with the level-specific context. In this section we propose themes of organizational-level basic assumptions and give examples to illustrate. Some of the basic assumptions themes presented here derive from the Mental Status Schedule developed by Spitzer, Fleiss, Endicott & Cohen (1967) at the individual level and from the discussions of Bion (1961) and Janis (1972) at the group level. Table 1 summarizes the theme, the corresponding views of the environment, organization and the members, the dynamics at each level that contribute, the context, and examples of strategic actions.

Insert Table 1 about here

1. Persecution: the organization behaves as if an organized conspiracy exists that attacks, harasses, cheats or persecutes it.

The organization sees itself as a victim (good, passive, reactive). The environment (government regulators, competitors, customers, the media) is seen as hostile, cutthroat and threatening (active, evil and powerful). The group members need to be protected and controlled (passive, helpless, benign). The internal climate reflects a siege or crisis mentality with war metaphors and talk about the enemy prevalent. Fear is generated and aggression directed at others is stimulated.

This theme may derive from the paranoid character of the CEO (Kets de Vries & Miller, 1984) who carefully scrutinizes the environment for signs of danger. The group level dynamic is fight/flight wherein the enemy (a shared stereotype) is seen as external and the response is fight (Bion, 1961). This may justify practices that could otherwise be viewed as unethical, e.g. industrial espionage. The organization may adopt a prospector strategy to aggressively enact its environment by coopting or coercing competitors or regulators (Kotter, 1977). It might alternatively take a defender strategic posture in order to protect itself. Instead of seeking new opportunities, a "defender" company prefers to stay locked into narrow domains of operation and pursue niche strategies (Miles & Snow, 1978).

Organizations that demonstrate this basic assumption are within mature industries plagued by declining profitability and productivity, and by increased labor costs and foreign competition (e.g. the steel and automotive industries). They portray environmental constraints such as pollution regulations, foreign trade policies and labor unions as hostile pursuers who are out to defeat the organization's purpose. Other contextual factors that contribute to an organizational assumption of persecution are intense competition, or having proprietary technology or products that provide the competitive advantage and must therefore be protected.

Specific actions taken may include active lobbying, aggressive advertising campaigns and pricing policies, litigation, espionage, and direct aggression.

Examples are: A.T.&T. crying unfair to government regulation favoring competitors; the U.S. tobacco industry's active lobbying and advertising campaigns claiming it has been "unjustly accused"; Apple's court action against Steve Jobs; and the Hitachi affair (industrial espionage).

The theme is also demonstrated by the U.S. automotive industry's generation of fear campaigns ("Toyota, Datsun, Pearl Harbor" bumper stickers). Rather than investigate poor product quality, market insensitivity and counterproductive management styles, the industry identified Japan as the enemy, cried unfair and demanded protection in the form of

import controls. In one extreme case, a Chinese-American student was beaten to death by two unemployed autoworkers who thought he was Japanese and responsible for their lost jobs. They were acquitted by the courts as not "being the type of guys that went around killing people" according to a newspaper report.

2. Exorcism: the organization behaves as if some part of it were to blame for its problems. These problems can be solved by getting rid of the offending part.

The organization is seen as good, while some group or members are seen as evil. The environment is seen as benign and manageable once the internal problem is resolved.

This theme derives from a paranoid style of leadership where suspicion is focussed internally or an obsessive style, where there is excessive concern with control and accountability, e.g. Geneen of ITT's obsession with flagging problems and scrutiny of internal affairs. Group members feel the need to justify and defend their positions. The group theme is fight/flight; the enemy (shared stereotype) is internal. The organizational style is analyzer: the strategic focus is on internal operations, efficiency and control.

Organizations demonstrating this assumption may be faced with declining profitability or exist within environments where there are changes in competitive pressures, limited market growth, and/or reduced availability of resources that

make economies of scale crucial and cost cutting strategies necessary. Periods of organizational restructuring, retrenchment, or changing of the guard also increase susceptibility.

This theme may justify actions such as layoffs, cutting out major departments (e.g. R&D, human resources, advertising, or other support services which ensure long-term viability), and divestitures. It is also reflected in witch hunts or the firing of top executives who have failed to perform as per expectations. Changing the CEO or top management team is considered to be an act of purification which will put the organization back on track (Business Week, 1980; Pfeffer 1977, Starbuck & Hedberg, 1977). Responsibility for illegal practices discovered at the Bank of Boston and E.F.Hutton was denied at top management level and attributed to "systems problems".

The present trend of divesting unrelated businesses and selling off undesirable companies subsequent to takeovers is another example. Bankers Trust divested themselves of their retail banking operations despite their huge experience in banking, their vast network of contacts, their sound financial position and their knowledge and realization of key success factors in banking. Their justification was that to remain competitive in retail banking, heavy investments in computerization and telecommunications would be required. It was therefore decided to get rid of the entire division.

3. Dependency: the organization behaves as if it survives by grace of its CEO or some specific distinctive competence, e.g. a unique product or technology.

The organization is seen as powerful to the extent to which its leader or distinctive competence is maintained. The members are seen as powerless in themselves and derive power only from the reflected glory of their boss or product. The environment is seen as malleable and receptive.

This theme may derive from the dramatic or autocratic style of the CEO, or may become prominent when charismatic leadership is credited for company excellence (Peters & Waterman, 1982) or company turnaround, e.g. Lee Iacocca of Chrysler. Group members are expected to be loyal and dedicated to the leader or the company in return for being taken care of, yet members often sense personal uselessness or incompetence. Dissension is rarely tolerated. Top management teams appear to be "yes-men", lacking individuality as described in the case of General Motors (Martin & Siehl, 1981) or clones, created in the image of the boss (Kanter, 1977) as ITT has been described under Araskog (Wall Street Journal, September 1984). Decision making is often highly centralized and bad news may not be allowed to reach the top for fear of disturbing the leader. The organization may demonstrate a reactor profile if the leader is preoccupied with the internal environment and committed to a particular product, technology or market, or prospector if

the leader is more externally oriented and entrepreneurial. Reactor organizations may have difficulty in innovating and creating internal entrepreneurs. Prospector organizations, meanwhile, may demonstrate "white knight" behavior in acquisitions by rescuing "fair maidens" (Hirsch, 1980) and then imposing their controls and procedures on the acquired company.

The basic assumption of dependency might be prevalent in relatively stable environments, in high technology industries, or where there is a clearly identifiable product or service. It is often seen in small entrepreneurial firms or in larger firms where the founder has had a significant impact, e.g. Henry Ford or IBM's Watson.

Other business leaders illustrate this theme: Harold Geneen of ITT; Edwin Land of Kodak; Howard Head of Head Ski Company; Marcel Bic of Bic Pens, Inc.; Ken Olsen of DEC. They are all strong leaders who have cultivated organizational dependency on their personal actions. Their organizations rarely made strategic decisions that did not reflect the personal values, preferences, idiosyncracies of their leaders (Christensen, Andrews, Bower, Hammermesh, & Porter, 1982). Henry Ford's intolerance of others' ideas is demonstrated in a story in which he physically destroyed a new product model designed by Ford engineers without his authorization.

4. Pairing: the organization believes there is great hope for the future because it anticipates the arrival of a

person or an event that will deliver the solution.

The organization sees itself as having high potential for performance (good, changeable). This assumption may derive from the dramatic or entrepreneurial style of the CEO who is seeking opportunities to create something bigger and better. Individually, members do not have the capacity to create or innovate, but it is believed that together they will somehow produce the necessary synergy. Numerous task forces, project teams and matrix structures may be manifestations of this belief. There is often a sense of team spirit and excitement that may take on a sexual tone as rumors of or actual "affairs" may occur. The environment is seen as supportive and rich with opportunities, e.g. new technologies, new markets, new products. The organization may demonstrate a prospector style in looking for opportunities that will create synergy. Mergers and acquisitions are described as marriages or weddings (Hirsch, 1980).

Bill Agee of the Bendix Corporation may be an example of a CEO with pairing assumptions in his efforts to acquire the company Martin Marietta and in his relationship with Mary Cunningham, a strategic planner at Bendix. The tone and content of the media coverage of the takeover attempt was sensational and full of courting metaphors (Safire, 1982). Other examples may include the rush to take part in joint ventures particularly with the Japanese because of their

magic management productivity and joint R&D efforts among competitors, the latter promise great strides in advancing technology (Ouchi, 1984).

5. Grandeur: The organization behaves if it has power or knowledge beyond the bounds of credulity, e.g. able to manipulate national or international politics; or invulnerable to governmental or competitive pressures.

The organization sees itself as powerful and active while the environment can be manipulated and dominated. It presumes special relations with the powers that be (e.g. the senate or the president) or may have a specific competence (technology or market capability) that makes it feel invulnerable. The leader and the members have an inflated sense of their abilities. This may be due to the dramatic style of the CEO and may be reflected in the groupthink symptom "illusion of invulnerability". This in turn may lead to prospector style and acquisition strategies of unrelated diversification based on the feeling that the organization has the ability to run any business. It may also result in reactor positions as environmental threats may be ignored or insufficiently considered.

Organizations demonstrating this theme may have rich resources, market leadership or monopoly positions, limited competition, proprietary technology, patented products, and/or protection by government regulation.

Examples of strategic behaviors that indicate the

existence of this basic assumption are ITT in Chile acting in conjunction with the CIA to overthrow a non-supportive local government; United Fruit in Guatemala exercising economic power to change the socio-political structures (Gladwin & Walter, 1980); Ford's peaceboat mission to try to end World War II; General Motors' motto "What's good for G.M. is good for the country"; IBM's attitude toward Japanese competition; AT&T's attitude towards government regulation before the divestiture decree; Bechtel's relation to the U.S. state department; United Technologies-Pratt Whitney's relationship with the U.S. Senate; and the AFL/CIO connection with the Michigan state senate (Galbraith, 1983).

6. Philosophic: the organization behaves as if it serves some cosmic, existential, philosophic, scientific or otherwise mystical purpose or mission such as improving the human condition, bettering society, or providing the technology of the future.

In this assumption the organization is viewed as paternalistic and benevolent; it is powerful, active, and nurturing. The environment is perceived as passive, helpless, and receptive. The members are docile and ready to be led; they need to be taken care of. They may sense a special purpose and pride in the company.

This theme may derive from a CEO or leader with a strong missionary or social conscience. The internal environment promotes caring for customers and employees and an informal

family-type atmosphere. The group dynamic is pairing as the members are hopeful that the organization will improve the world. The "illusion of morality" may be prevalent. The organizational style may be one of prospector in looking for new technologies and new products that will aid mankind or opportunities in the least developed countries to improve local conditions.

Organizations demonstrating this assumption have products, services or technologies that promise to improve the world such as pharmaceutical and biogenetics firms. Multinationals operating in lesser developed countries promise to improve the local economy by providing jobs and creating infrastructures. Organizations in countries where societal values reflect collectivism or socialism may also be susceptible.

Specific examples are companies with explicit social and personnel policies that stress concern for their employees and the local community by providing basic needs such as housing, medical care, recreational facilities and personal development activities, e.g. Rugby Portland Cement Company; Marks & Spencer, Ltd; IBM; and some Japanese firms. Other examples include the existence of corporate giving, social responsibility campaigns, or community outreach departments (Xerox); Dupont's slogan "Creating a better world through chemistry"; and Volvo's Kalmar experiment to improve the quality of working life by fitting jobs to people.

Chrysler's resurrection has helped promote the image of the great American economy: it demonstrates that given an opportunity a comeback can be made (Mitroff, 1983b).

The stated principal objective of Matsushita's entry into Malaysia was to "serve the host country by making contributions to the improvement of its people's welfare and to further development of its national economy" (Takahasi & Ishida, 1975, p.2). According to reports, the company responded to local requests to improve conditions by providing jobs and transferring managerial skills rather than operating according to any preconceived world-wide strategy. The Japanese companies in rural America are stressing the fact that they are being good citizens by providing jobs in areas hard hit by unemployment.

7. Guilt: the organization behaves as if it were responsible for some terrible event or condition, e.g. the destruction of the national economy, loss of lives, or political upheavals. Attempts to dissociate its image from questionable past practices or unpopular CEOs may result in it adopting social responsibility campaigns or philanthropic gestures - corporate giving departments.

The organization is seen as powerful/active/bad as it tries to make amends for damage done. The environment is seen as hostile but malleable (to be appeased) and powerless (to be amended). The leader's style may be depressive, in reaction to actual events or imagined responsibility as in

the recent suicide of a Japanese airline executive. The members feel ashamed or humbled and may try to dissociate themselves from the tarnished corporate image by maintaining low profiles or leaving. The group dynamic becomes flight or withdrawal. Companies may demonstrate a reactor profile in trying to manage the consequences.

The assumption of guilt may derive from environments where public censure or public opinion is strong, market concerns are paramount or the consequences of litigation in terms of financial viability and company image are severe.

Some specific examples are: the sponsorship of public television programs by Mobil and Exxon perhaps in response to accusations that they manipulated the gas and oil shortages in the early 1970's, the creation of the Carnegie and Rockefeller Foundations given the questionable practices of their founders in creating their empires; and the current focus on community activities by ITT's new CEO Araskog to improve the corporate image, which was damaged in the Chile affair.

Although not responsible for the Tylenol poisoning, Johnson and Johnson's initial voluntary recall of millions of Tylenol capsules and extensive publicity campaigns mounted to regain legitimacy demonstrates an effort to be a good citizen. However in refusing to recall in response to subsequent poisoning, Johnson & Johnson demonstrated the need to appear not guilty of neglect. Recent litigation in the

pharmaceutical companies creates the problem of wanting to appear responsible and ethical while denying guilt in order to avoid potentially bankrupting suits.

8. Passivity: the organization behaves as if its policies and actions are controlled by outside forces.

The organization sees itself as passive or helpless, with no control over the course of events. The environment is seen as overwhelming and powerful although not necessarily hostile or threatening. The members have difficulty taking initiative or feeling that their efforts will have any impact.

The leader may demonstrate a depressive character style feeling helpless and impotent, or an avoidant style which may result in failure to buffer the organization from the environment. The group dynamic is flight, with withdrawal and low commitment. The reactor style may be prevalent as the organization feels unable to make an impact or be proactive in its relationship with the environment. This may result in a lack of coordination of strategic responses - i.e. fragmentation. This theme may characterize firms in public sector, government regulated industries, and some host country governments for MNC's; industries with rapidly changing technology, or products with short life cycles, or markets that are easily created and destroyed by consumer whim.

Examples are U.S. hospitals in the public sector wherein

external stakeholders' demands must be given priority over the task at hand (patient care); Facit (mechanical calculators) company's lack of response to the technological (electronics) environment (Starbuck & Hedberg, 1977); businesses in the telecommunications industries that have been designated in the interest of national security; and the Indian government's demand for the transfer of proprietary technology (IBM & Coca Cola)(Gladwin & Walter, 1980).

9. Doom: the organization behaves as if the world is destroyed and all are doomed.

The organization is seen as helpless, passive and weak. The environment is seen as stagnant, powerless and devastated (empty). The only action of which the organization feels capable is self destruction: at Jonestown, for example, the leader and members committed suicide, feeling no hope for salvation.

The CEO's style is depressive, seeing no hope for the future. The group dynamic is flight, with withdrawal and apathy. The organizational style is reactor or there may even be no response at all.

Companies demonstrating this assumption are in declining industries, e.g. smokestack, steel, shipbuilding, that have limited resources, and where costs become a competitive disadvantage.

The last few years of the Saturday Evening Post may be examined as an example of this theme. During the last decade

(1960-1969) of the Post, owner and top management alike had given up hope of saving the ailing company. Rapid changes in editors and key managers led the company to frequently revise its strategies, often in contradictory directions. There was continuous infighting among top management to the detriment of company performance. Finally Martin Ackerman arrived in 1968 and began his hectic liquidation of the Curtis Empire including the divestment of the Ladies' Home Journal and American Home, both profitable ventures. By the time Ackerman was through with the Post (March 1969), the company had self-annihilated (Friedrich, 1970).

The themes presented above reflect worldviews that can lead organizations to take actions that may or may not be in their best interests. It has been argued that strong and cohesive culture contributes to excellence in performance (Peters & Waterman, 1982) and employee commitment (O'Reilly, 1983). However, the presence of a strong culture can stand in the way of necessary change (Business Week, 1980). Widely shared and intensely held basic assumptions can result in group delusions (Festinger, et. al., 1956), groupthink (Janis, 1971; Allison, 1971), or failure to respond to environmental change (Starbuck and Hedberg, 1977). Basic assumptions may be functional or dysfunctional depending on their congruence with reality. However, basic assumptions may serve as a cohesive and protective mechanism enabling organizational survival despite reality. It is important to

surface these assumptions in order to validate or correct decisions made. In this way strong culture can be evaluated to the extent to which it facilitates excellent performance, hinders strategy implementation, or encourages decision biases.

The Structure of Basic Assumptions

Although some researchers have argued that organizations have single monolithic cultures that are universally shared by all members, organizations may well possess subcultures within specific departments (e.g. R&D, sales), within specific divisions located in different countries, or at different levels (e.g. top management elite vs. shopfloor "folk") (Louis, 1983; Van Maanen & Barley, 1983; Martin et. al., 1983b). In addressing cultural content or shared understanding there is a need to specify the group to which content is specific, how embedded it is and for how long it has been present (Louis, 1983).

Different basic assumptions may be held within the organization as a function of the nature of the task (i.e. degree of certainty); the amount and nature of the interaction with the environment; the amount and nature of interdependence with other departments; and the degree of strategic importance to the total organization. For example, manufacturing may face a well structured task, be well buffered from the environment, have little contact with other departments, and have significant impact on the overall

company (e.g. in the automobile industry). This may encourage basic assumptions of exorcism since cost cutting, quality control and efficiency are important.

Due to this differentiation, it is important to examine the structural aspects of basic assumptions in order to understand how they may operate. These include:

1. Number of basic assumptions present. Different groups within an organization may operate with different basic assumptions. The extent to which this occurs reflects the degree of consistency or homogeneity in the organization (Louis, 1983). Conflicting ideologies reflect different basic assumptions and this often causes strategic decision making to become a political process (Pfeffer, 1980).

2. Pervasiveness. This reflects the degree to which basic assumptions are shared across departments and between levels. Louis (1983) refers to this as penetration. Broadly shared assumptions may relate to greater employee commitment (O'Reilly, 1983) and may facilitate decision-making and communication. As a result, conflict is likely to be reduced (Sathe, 1983).

3. Intensity. This reflects the degree to which basic assumptions are intensely held, or strongly believed in. This has been related to corporate excellence (Peters & Waterman, 1982), employee commitment (O'Reilly, 1983), as well as group delusions (Festinger et. al., 1956), and groupthink (Janis, 1971). It also raises the issue of

compliance, i.e. paying lip-service to an assumption, versus incorporation, i.e. when an assumption is truly believed (Sathe, 1983).

4. Explicitness. This reflects the degree to which basic assumptions are articulated or readily expressed. Although Schein (1984) argues that basic assumptions represent the deepest level of culture, i.e. they are not readily articulated, some may be more easily surfaced than others. This may be evidenced in the quality of stories told (Martin, 1983), or the nature of ceremonies and rituals (Meyer & Rowan, 1977; Trice & Beyer, 1984), that serve to reinforce assumptions. For example rites of enhancement or degradation may clearly indicate views of members as good or bad, while rites of integration may clearly stress a family orientation. Similarly, in everyday language, the competition may be readily acknowledged as the enemy.

Exploring these structural aspects allows corporate culture to be studied as multifaceted as opposed to monolithic. By studying the interaction of these aspects, we can get a better understanding of how basic assumptions operate, a more dynamic view. Several interrelationships between the structural variables are proposed:

1. The number of assumptions may covary with the degree of pervasiveness. Fewer assumptions may be more widely held, while a greater number may be shared more narrowly.

2. The number of assumptions may covary with the degree

of intensity. Fewer assumptions may be more strongly held as they can be more readily reinforced: recruitment and socialization practices, for example, can be more tightly controlled. A greater number of assumptions may be less intensely held due to inherent contradictions or a need for cognitive consistency and simplification.

3. The number of assumptions may covary with the degree of explicitness. Fewer assumptions may be more easily surfaced as they are repeatedly reinforced through multiple mechanisms yet this could also result in them becoming more taken for granted and thereby implicit as in habits or routines.

4. Explicitness may covary with pervasiveness. The more readily articulated assumptions are, the more easily are they shared. Communication of themes can be reiterated in speeches, newsletters and highly visible slogans and symbols.

5. Explicitness may covary with intensity. More implicit assumptions may be more intensely shared as they are not readily visible nor open to challenge. As such, they are more likely to be internalized. Also behavioral norms and group pressures to conform may be greater when assumptions are implicit.

6. Pervasiveness may covary with intensity. The more pervasive the assumption, the more intensely is it likely to be held due to social informational processes (Festinger et. al., 1956) wherein the content of the basic assumptions is

repeatedly reinforced through interaction with other members.

By analyzing these structural variables it may be possible to grasp the extent to which corporate culture exists and the different patterns that can emerge. This can be used to assess an organization's readiness for or ability to change (Boje, Fedor, & Rowland, 1982). It may also indicate appropriate mechanisms for change such as layoffs of targeted personnel and departments, or divestitures of business units in order to reduce the number of divergent themes; arousing fear (through the threat of layoffs) to increase intensity of themes; and hiring and promoting like-minded managers to increase pervasiveness (Schein, 1984).

Diagnostic and Research Methods

The degree to which basic assumptions may be taken for granted and are difficult to surface creates problems of measurement and accurate diagnosis. Rather than concede to the view that "if it can't be measured it doesn't exist", researchers must adopt new approaches to studying basic assumptions. Rational positivist paradigms are inappropriate for explaining these more difficult to measure phenomena. Ethnographic and socioanalytic paradigms may be more fruitful. Recent attention has been drawn to the qualitative case method approach which is gaining more legitimacy (Morgan & Smircich, 1980).

A clinical approach is recommended that is both

extensive and intensive. This approach relies heavily on behavioral observation, unstructured interviewing and questionnaires and subsequent interpretation of themes. Structured questionnaires are unlikely to reveal basic assumptions as they tend to reflect espoused theories as opposed to theories-in-use (Argyris & Schön, 1978). Data may be gathered across and within multiple levels to reflect adequately the degree of organizational differentiation. This data should include:

1. Behavioral observation.

2. "Thick description" (Geertz, 1973) of artefacts such as architecture and interior design, logos, symbols and art; and of rites and rituals, e.g. retirement dinners, reward ceremonies, and company outings.

3. Stories told regarding leaders, heroes, critical events or company history.

4. Annual reports, company newsletters, internal memos, press statements, speeches by the chairman, advertising campaigns.

5. Individual and group unstructured interviewing and use of projective techniques such as sentence completion tests (Friedman, 1983). Many companies use Thematic Apperception and Rorschach tests for recruitment and promotion, and these could be examined for individual dynamics and compared within and between groups.

This data then needs to be content analyzed and

interpreted (see Friedman, 1983). Recurrent themes need to be exposed and explored in greater depth. In depth study of strategic decision making groups using the Tavistock or A.K. Rice Institute socioanalytic approach can surface underlying assumptions by interpreting group behavior. It would be interesting to administer a group Rorschach test requiring group members to reach a consensual interpretation. This has been done with family groups (Reiss, 1981). Such an approach would require the willingness of participants, but Maccoby (1976) found individual managers ready and willing to help.

The extensiveness and intensiveness of the above procedure requires a case study approach. Issues of generalizability must therefore take on less importance while validity issues are explored thoroughly. Preliminary correlational analysis could help in generating hypotheses. At this stage of theory development, research should maintain an exploratory nature emphasizing the generating of hypotheses as opposed to their testing.

Conclusions

The purpose of this paper was to describe the content of basic assumptions and illustrate them with examples of strategic actions. Content themes reflect the balance of forces within the organization and between the organization and its environment that result in the organizational view of its environment, its members, and itself. By becoming more aware of these basic assumptions managers can examine and

test their validity. For example, top management or strategic decision making groups can be given feedback regarding the themes diagnosed and the policies, procedures and behaviors that may be encouraging them. By drawing out the implications of these themes and the possible actions that could result, management can determine the desirability of the themes and the necessary communications and actions that will either counteract or reinforce them.

Too often in the modern corporate world, solutions to problems create more problems - the cure is worse than the disease. Top management may be changed to rid the organization of its problem. This can result in a tremendous waste of human resources, traumatic for the company as well as the individual. As systems, in part, create their leaders, placing all responsibility on leaders may be unrealistic. The solution of removing the offending department or person is therefore questionable. Lest the solution define the problem, organizational basic assumptions need to be surfaced by the techniques mentioned and questioned in order to reduce the grip of the irrational and to promote the emergence of a self-reflective organization capable of adaptive strategic behavior.

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TABLE 1 - Organizational Basic Assumptions

THEMES	VIEWS OF			DYNAMICS			CONTEXT	STRATEGIC ACTIONS
	ORGANIZATION	ENVIRONMENT	MEMBERS	INDIVIDUAL	GROUP	ORG		
1 PERSECUTION	victim good reactive	hostile evil active powerful	good passive fearful	paranoid	fight/ flight external enemy shared stereotypes	prospector defender	mature industries declining productivity & growth proprietary technology intense competition	lobbying aggressive pricing espionage aggression
2 EXORCISM	good	malleable benign	evil	paranoid obsessive	fight/flight internal enemy shared stereotypes	analyzer	competitive pressures declining profitability	layoffs divestitures witch hunts replace top mgt
3 DEPENDENCY	powerful good	malleable receptive	powerless passive loyal	dramatic autocratic entrepreneurial	dependency pressure to conform	reactor prospector	stable environment	charismatic leadership White Knights
4 PAIRING	good malleable	supportive rich	potential team- spirit	dramatic entrepreneurial democratic	pairing illusions of unanimity	prospector	creativity product development	task forces project teams matrix acquisitions-marriages courtship joint ventures
5 GRANDEUR & POWER	powerful active	manipulated passive powerless	powerful grandiose	dramatic	illusion of invulnerability	prospector reactive	market leadership monopoly/limited company protection by govt regulation technology proprietary patented products	political activity failure to see threats reactive vs proactive unrelated diversification
6 PHILOSOPHIC	paternalistic benevolent good strong	passive helpless receptive	docile proud	missionary	dependency illusion of morality pairing	prospector	products/services that improve conditions resource rich (slack) MNCs in LDCs societal norms of collectivism	personnel policies take care of basic needs community programs corporate giving
7 GUILT	powerful active bad	malleable hostile powerless	humbled ashamed	depressive	flight	reactor	public censor market concerns litigation costs	public service corporate giving foundations
8 INFLUENCE	passive helpless no control	over- whelming powerful	powerless passive	depressive avoidant	flight	reactor	public sector govt regulated host country govts rapidly changing technology very short product life cycles consumer whim	fragmented
9 NIHILISM	helpless passive	powerless empty	helpless passive	depressive	flight	reactor	declining "smokestack" industries technological obsolescence competitive disadvantages labor or material costs loss of resources - financial, material or human	bankruptcy liquidation

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