

The Cultures of Knowledge Organizations

WORKING METHODS FOR KNOWLEDGE MANAGEMENT

Knowledge Economies and Knowledge Work

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Knowledge Assets and Knowledge Audits

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Critical Capabilities and Competencies for Knowledge Organizations

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Designing and Tracking Knowledge Management Metrics

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Translating Knowledge Management Visions into Strategies

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Assessment Strategies for Knowledge Organizations

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Learning Organizations

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Strategic Intelligence for the Knowledge Economy

Brian McBreen, Cory Cannon, Pawan Handa, Liz Herman, Michael Molina, Alexeis Garcia-Perez, and Denise Bedford

Knowledge Ethics

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The Cultures of Knowledge Organizations: Knowledge, Learning, Collaboration (KLC)

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Introduction

Knowledge sciences as a discipline have a rich and diverse history dating back to the 1950s. In the past 70 years, the discipline has drawn theory and practice from economics, engineering, communications, learning sciences, technology, information sciences, psychology, social sciences, and business and organization management. To craft this discipline, we have developed our own language and terminologies, established our own peer-reviewed journals, built a rich research foundation, created gray literature, and established a series of networks and conferences. Over the decades, there have been many knowledge management education programs, but there is no consistent curriculum and few have been sustained. It has been challenging for new practitioners to gain an understanding of the field. While the practice of knowledge management is growing around the world, it has not yet achieved the expected organizational stature. For knowledge management to rise to the stature of other business functions and operations, it must be able to speak the language of business, align with and support the way the organization works.

This series is designed for business and knowledge management practitioners. Working Methods in Knowledge Management is a multi-year and multi-volume series designed to address each and all of the methods required to establish and sustain an organization-wide knowledge management function. The goal of the series is to provide a business perspective of each topic. Each book begins by grounding the method in the business context – then translates established business models and methods to a knowledge management context. It is often the case that this translation expands and extends the business model and method.

The knowledge management literature is rich with introductory handbooks, guidebooks, cookbooks, toolkits, and practical introductions. This literature is an important starting point for anyone new to the discipline. We recommend any and all of these books as a way to build a fundamental understanding of the scope and coverage of the field. These texts will provide a good 10–20 page introduction to all of the key issues you need to be aware of as you embark on a new career in the field or have been assigned a new knowledge management role or responsibility. Once you have that grounding, though, we recommend that you look to the Working Methods in Knowledge Management texts as an intermediate source for understanding “What comes next? What now?”

Just as this series is not intended as a starting point for the field, neither is it an ending point. Each text is designed to support practical application, and to foster a broader discussion of practice. It is through practical application and extended

discussion that we will advance theory and research. The editors anticipate that as practice expands, there will be a need to update the texts – based on what we are learning. Furthermore, the editors hope the texts are written in a way that allows business managers to extend their work to include knowledge management functions and assets. We will learn most from expanding the discussion beyond our core community.

Joint Enterprise, Mutual Engagement, and a Shared Repertoire

From the outset, the publisher and the editors have established a new and different approach to designing and writing the books. Each text is supported by a team of authors who represent multiple and diverse views of the topic. Each team includes academics, practitioners, and thought leaders. Every author has grappled with the topic in a real-world context. Every author sees the topic differently today than they did when the project began. Over the course of several months, through weekly virtual discussions, the scope and coverage were defined. Through mutual engagement and open sharing, each team developed a joint enterprise and commitment to the topic that is enduring. Every author learned through the discussion and writing process. Each project has resulted in a new shared repertoire. We practiced knowledge management to write about knowledge management. We “ate our own dog food.”

Acknowledgements of Early Support

The series is a massive effort. If there is value in the series much of the credit must go to two individuals – Dr Elias Carayannis, George Washington University, and Dr Manlio Del Giudice, University of Rome. It was Dr Carayannis who first encouraged us to develop a proposal for Emerald Publishers. Of course, this encouragement was just the most recent form of support from Dr Carayannis. He has been a mentor and coach for close to 20 years. It was Dr Carayannis who first taught me the importance of aligning knowledge management with business administration and organizational management. Dr Del Giudice has been generous with his guidance – particularly in setting a high standard for any and all knowledge management research and practice. We are grateful to him for his careful review and critique of our initial proposal. His patience and thoughtful coaching of colleagues is rare in any field. The field will reach its full potential as long as we have teachers and editors like Dr Del Giudice.

Preface

Overview of the Subject Matter

This book focuses on seeing, understanding, and learning to shape an organization's essential cultures. The book is grounded on a fundamental assumption that every organization has a de facto culture. These "de facto cultures" appear at first glance to be serendipitous, vague, invisible, and unmanaged. An invisible and unrecognized de facto culture can undermine business goals and strategies and lead to business failures. The authors believe that humans can learn to "see" culture around them and understand their influence on individuals, teams, organizations, and societies. At its core, the book lays out the levels of culture to help the reader "see" and learn how to shape a knowledge organization's cultures.

Learning to see and understand the culture, mainly organizational culture, is critical in today's hyperdynamic knowledge economy. Culture will always dominate strategy in any economy. However, it can play an even more significant role in the knowledge economy, where knowledge is the primary form of capital and the most critical production factor. To thrive and survive in the knowledge economy, managers must "see" their company culture's power to shape the company's course and learn to gain and sustain knowledge, learning, and collaboration (KLC) cultures synergy. Hyperdynamic business reality requires smart actions. When managers "see" their cultures as an asset, they have an opportunity to shape those cultures and use them for the company's best.

This book reviews the current models and theories around organizational culture and presents a new perspective that treats organizational system culture not as a static conceptual model but as a dynamic, complex adaptive system. The authors consider how organizational cultures must and will shift in a knowledge economy. Specifically, they consider how de facto organizational (e.g., what the authors refer to throughout the book as a company culture) cultures might function in a hyperdynamic knowledge economy. The authors describe a new approach to three internal cultures –KLC – knowledge, learning and collaboration cultures. The synergy between the business culture and the KLC cultures synergy is essential to business success and survival in the hyperdynamic knowledge economy. These three focal cultures – knowledge, learning, and collaboration – must be designed and nourished to leverage the knowledge and intellectual capital needed for innovativeness and sustainability. Knowledge and intellectual capital are the critical value-creation factors in the knowledge economy. The authors also go beyond the

traditional treatment of organizational cultures to identify and address cultural tensions, complexities, conflicts, and paradoxes. These challenges are often demonstrated in the cultures of public-sector organizations.

As background for writing this book, the authors conducted an extensive literature review of culture and organizational culture. They assessed the existing cultural tools and methods. They covered the peer-reviewed and gray literature on the organizational cultures of both commercial and public-sector organizations. In addition to this background research, the authors conducted several conversations with two leading cultural researchers – Drs Richard Lewis and Iouri Bairatchnyi – to gain insights into their experiences. Both experts have written extensively about culture, but not all of their knowledge has been formally encoded. In synthesizing knowledge and information, the authors considered the conceptual treatment of culture in the economics concept, anchoring on the core concept of value. This background work informed the new perspective on the role of culture in a knowledge-driven economy. The authors formulated a new KLC-approach and supported it with current and relevant case studies. In addition, the authors drew upon their research and experience to speak to practical implications and applications. The profound connection between theory and practice given in this book has opened the door to discovering critical paradoxes and conflicts that may be at play in any complex cultural context.

In this text, the authors further synthesize the fragmented discourse around factors that shape culture in varying contexts and at varying levels. The authors also highlight the need for more robust and informative cultural assessment methods and tools and some potential approaches. In addition, the book highlights the need for a more holistic approach to seeing and shaping organizational cultures. Finally, the book speaks to the need to reconsider the effectiveness of traditional industrial-era business cultures. Considering how these traditional business cultures will function in a hyperdynamic knowledge economy is essential.

Furthermore, this book makes a case for new approaches to describing an organizational culture. The authors also highlight the importance of expanding the knowledge base of organizational culture practice and relating it to existing research. It is what the thought leader, John Edwards, commonly refers to as “research on practice.” Aligning practice and research will surface new knowledge gaps in the field and identify new theoretical and applied research topics. Culture is no longer just an academic topic. It is a purposeful company asset that has significant effects on real-world business performance and strategies. Today’s managers need practical guidance on how to apply the driving force of company culture to the company’s development culture, on how to assess it, design it that aligns with and supports business goals and help the workforce understand their role in shaping culture.

Where the Topic Fits in The World Today?

Like the other books in the series, this text draws from and integrates research and practice from several disciplines. The primary goal of the series is to create stronger

ties between the business management and knowledge management fields. In the current peer-reviewed literature, the most critical theoretical research focuses on culture at the national level. There is some theoretical research at the regional level. Case studies comprise the bulk of the literature at the organizational level. There is not yet a focused body of knowledge that addresses organizational cultures across a broad spectrum of organizational types, sizes, or sectors. There is substantial theoretical literature on the elements of culture by international thought leaders.

While rigorous and widely accepted conceptual models exist, the field lacks a comprehensive and integrated framework. Therefore, to complete the research for this book and other research, the authors reviewed the literature on culture and anthropology, communications, learning and education, knowledge sciences, organizational design, business management, economics, and psychology. The extensive list of factors influencing culture highlights the importance of reaching beyond the primary domain to find relevant work. Today's managers need a practical, working framework they can use as a tool to assess and manage their organization's cultural competencies and capabilities. The framework should also identify areas where conflicts and paradoxes might surface.

The most significant challenge of this topic is that culture is often treated as a static concept – when it is a dynamic and complex system. Culture is a continuous interplay of factors – across levels, domains, sectors, and over time. Culture changes continuously – one individual at a time – but in aggregate, it changes slowly. In the context of the shifting economic landscape, culture takes on the form of a complex adaptive system. The literature on complex adaptive systems is extensive but does not address culture or portray it as a complex adaptive system.

Important new research on internal organizational cultures has originated in applied research and is now translated into rigorous theory. It is in the early stages but holds promise for expanding our understanding of the role of culture as a knowledge and intellectual capital asset. This new research is the work of this book's primary author.

Where the Book Fits in the Literature Today?

The book augments and expands the seminal work of cultural thought leaders such as Schein, Hofstede, Lewis, and Denison. In addition, the book adds to the body of knowledge about organizational culture by integrating the cutting-edge research conducted by Professor Kucharska. It also incorporates the lessons from Dr Bedford's graduate students in the organizational culture at Georgetown University. Also, it aggregates and critically evaluates the research on public sector cultures. Finally, the book sets the stage for new assessment methods and tools and identifies new topics for a future research agenda.

There are gaps in the literature that the academy should fill before we can move forward to incorporate practice. First, there should be a synthesis and integration of what is known or has been learned about cultures by types, sizes, and sectors of organizations. Second, what is known should be mapped to and tested against

the theory. Where there is not a good match, we must ask whether our theoretical knowledge is complete or what gaps exist. Where there is a conflict, we must ask why and how the conflict might be reconciled. Third, there is a need to encourage more rigorous “on-the-scene” practical research that can reinforce, revise or reject the existing theory. Finally, what is known in theory must be translated into management methods that characterize and categorize existing company cultures and help managers understand what cultural foundations are critical to their business goals and strategies. This book answers these needs.

The book considers practice for the business management literature and ties it to established theory. It elevates and aligns the existing case study literature to research factors. The authors strive to identify the critical practical needs of business managers. The book speaks not only to current needs in the industrial economy but looks forward to the needs of the knowledge economy.

This book also expands the coverage of the Working Methods for Knowledge Management series. It is the 11th book in the Working Methods in Knowledge Management series. The text focuses on understanding, assessing, and effectively managing organizational cultures. The book fills a significant gap in knowledge management and knowledge sciences literature. While culture is acknowledged as one of the primary forms of structural capital, there is little peer-reviewed literature explaining how it develops. This book empirically examines company cultures. Company cultures play a vital role in shaping human capital. Through the development of individual human capital, they contribute to the company’s structural capital – which affects business capabilities and performance. The existing peer-reviewed literature offers case studies and anecdotes, which may provide selective insights into the company culture. In general, these insights have neither been validated nor generalized. Neither have the results been compared to the foundational theory of culture studies. The authors hope to lay the foundation for a new round of research in the field of knowledge sciences. To incentivize new research, the authors have shared their thoughts on future topics during their book research.

The Intended Audience for the Book

This text is written for executives and business managers interested in exposing, understanding, shaping, and managing their organization’s culture, and for executives and managers who understand the importance of preparing their organizations for the knowledge economy. It means developing new organization-wide ways of knowing, learning, collaborating, communicating, and networking. Moreover, it means understanding how company culture aligns with business structure and strategy. Finally, the book is intended to guide managers who want to ensure their culture is well aligned with business strategies and leverage the value of the organization’s knowledge capital.

The book is written primarily for knowledge management practitioners and other professionals charged with ensuring that cultural capital is transformed within an organization by human-related components of intellectual capital and finally recognized as structural capital. And those investments are made in

KLC synergy to grow and leverage the entire company's intellectual capital and innovativeness. The book is designed to bridge the gap in perspectives between knowledge managers and business managers who must work together to adapt the organization's culture to thrive in the hyperdynamic knowledge economy.

The book is also written for academics searching for a textbook that bridges theory and practice. A cursory review of organizational culture courses suggests there is a need for further development and for academics searching for research topics with significant real-world practical value.

This book can also be valuable for knowledge management or strategic management teachers seeking exciting company culture case studies to discuss with students.

Finally, the book is also written for students and anyone who wishes to self-study the field and for anyone who wishes to engage in a renewed dialog around organizational culture.

Structure of the Book

The book is organized into three sections and 12 chapters. Section 1 sets a context for understanding the elements of culture defined by the thought leaders in the field and reviews the five levels at which culture operates. To this foundation, the authors expand the foundation to increase our understanding of culture as a dynamic system. The section further expands our understanding of the culture at a practical level by examining culture as a dynamic and complex adaptive system in any organization. Finally, the section translates theory into meaningful practice for managers.

Section 2 presents the theoretical assumptions of the new KLC approach to the cultures of knowledge organizations, resulting from the powerful synergy of KLC cultures to shape all intellectual capital components and expose their meaning for innovativeness performance. This section provides the persuasive rooted in the relevant literature and a set of interesting case studies that support the KLC-approach relevance under formulated lessons learned.

Finally, Section 3 applies the lessons learned and guidance provided in Section 2 to one of the most understudied but complex organizational culture environments, public sector organizations. These organizations are commonly seen as one-dimensional in the peer-reviewed literature. Yet, they provide meaningful contexts for understanding the complex interactions and dependencies highlighted in Section 2. This section provides a broad overview of public service cultures and reifies the lessons of Section 2 in four domains – defense, agriculture, space exploration, and diplomacy.

SECTION 1. THE FUNDAMENTAL OF CULTURE

- Chapter 1. Culture as a System
- Chapter 2. Organizational Culture as a Complex Systems
- Chapter 3. How Organizational Culture Dominates Strategy
- Chapter 4. KLC Approach to Knowledge Organization Culture Building

SECTION 2. THE SYNERGISTIC POWER OF KNOWLEDGE, LEARNING, AND COLLABORATION CULTURES

- Chapter 5. Knowledge Culture Opens Minds
- Chapter 6. Learning Cultures Grow Minds
- Chapter 7. Collaborative Culture Enhances the Network of Minds

SECTION 3. KLC AND THE COMPLEX CULTURES OF THE PUBLIC SECTOR

- Chapter 8. Public Sector Cultures
- Chapter 9. The KLC Approach and Public Sector Diplomacy
- Chapter 10. The KLC Approach and Public Sector Military
- Chapter 11. The KLC Approach and Public Sector Space Exploration
- Chapter 12. The KLC Approach and Public Sector Agriculture

Appendix A. Pulling It All Together

Appendix B. The Empirical Evidence of KLC Approach

Appendix C. Surveying Knowledge, Learning and Collaboration Cultures

Appendix D. Questions for Future Research

Chapter Summaries

Each chapter provides background information on the topic and references to additional resources – both theory and practice. In addition, each chapter highlights the thought leaders and practitioners in that topic. Appendix A provides a high-level project plan that the reader can use as a template for designing their approach. Each Task and Subtask in the project plan traces back to a chapter in the book. Finally, Appendix B presents the empirical evidence in Section 2 KLC-approach theory.

Chapter 1 defines culture and explains the different conceptual models developed by critical researchers in the field. First, the authors explain why it is essential for us to learn how to see our cultures. Next, the chapter breaks the conceptual models into five essential elements: assumptions, beliefs, values, behaviors, and artifacts. Next, the authors explain why and how each organization's culture is unique – and walk through the factors that influence our organizational cultures. Finally, the chapter reminds us that it is hard to deliberately change an organization's culture because it is inherently dynamic. Instead, each organization should strive to understand how these factors affect our organizations.

In Chapter 2, the authors focus the discussion of culture on the middle level of organizations. The critical role culture plays in any organization is discussed. The authors further explain how the other levels of culture influence organizational cultures. Those factors that influence each level of culture are identified and discussed. The potential effects of these cultural factors may have on organizational capabilities. Finally, the interplay and interactions of organizational cultures are highlighted.

Chapter 3 focuses on corporate cultures as critical focus points for the knowledge economy. The authors explain how culture is a crucial intangible asset in the hyperdynamic knowledge economy. Those de facto business cultures in every organization – visible or invisible – are also discussed. The authors describe the four common types of company cultures – bureaucracy, market, clan, and fief (Boisot, 2010). Finally, the importance of aligning culture and strategy is explained. In the event of culture, this chapter explains why culture will always prevail in any conflict.

In Chapter 4, the authors explain the KLC-approach value to cultural capacity building in knowledge-driven organizations. Moreover, this chapter also expresses the importance of the company's multilevel interactions to coherently expose and enable experiencing a company culture. The authors reinforce that culture is experienced and defined by all our shared and individual experiences. The role of leadership, hierarchy, and maturity in company culture capacity at the individual, team, and organizational levels is also discussed. Finally, the chapter details a step-by-step introduces a methodology and a set of sample questions for taking stock of an organization's cultural capacity.

Chapter 5 addresses the meaning of knowledge culture. This chapter provides a deeper dive into the workings of knowledge cultures. The authors explain how a knowledge culture can shape an organization's knowledge processes and work. The chapter covers how knowledge cultures create intellectual capital. The authors also provide insights into the tension created by these knowledge paradoxes. Additionally, the interplay of knowledge paradoxes and cultural collisions is considered. Practical use cases are provided to illustrate the ideas defined in the chapter.

Chapter 6 defines a learning culture and discusses the relationship between knowledge and learning. The authors explain why learning is essential to bringing knowledge to life to incentivize knowledge flows and use. The chapter addresses the interplay between knowledge cultures and learning cultures. A key point in the chapter is the value of mistakes as learning opportunities. The authors explain how mistakes are viewed in the industrial economy and how this perspective impedes critical organizational learning. Specifically, we define mistakes, explain the double cognitive bias of mistakes, explain the tendency and impact of hiding mistakes, the side effects of double mistake bias, learn to learn from mistakes, and take on the challenge of reconciling mistake acceptance and avoidance. Finally, the chapter addresses the importance of cultivating a learning climate to realize you're learning culture. So, the awareness of how employees know culture is a key to implementing and managing company culture. The chapter is supported by practical use cases that illustrate the points in the chapter.

Chapter 7 exposes the value of a culture of collaboration and explains how collaborative cultures are essential to developing networked intelligence in any organization. The authors explain how collaborative cultures relate to three critical business processes: trust, risk, and critical thinking. The chapter addresses how important collaborative cultures are to developing these capabilities in knowledge organizations and the knowledge economy. How collaborative cultures help organizations to become more resilient and adaptable to the hyperdynamic change at the core of the knowledge economy is also explained. Moreover,

this chapter also addresses how collaborative cultures help organizations maintain and sustain their business performance in chaotic environments. This chapter is supported by practical use cases that illustrate the points in the chapter.

Chapter 8 addresses the potential for KLC cultures in public sector organizations. Public sector organizations are among the most complex for introducing or nourishing a KLC approach because there are multiple levels of cultures with varying levels of influence. We describe these complex cultures as tiers. First, we define the business goals, purpose, and strategies of the public sector organizations. Then, the authors translate and interpret all five levels of culture for public sector organizations. The chapter also details the nature of cultural complexity, namely the four tiers of public sector cultures: (1) company culture (Tier 1); (2) the public service culture (Tier 2); (3) the culture of the external environment (Tier 3); and (4) the internal KLC cultures (Tier 4). This chapter establishes a framework for describing an organization's complex culture and determining the best KLC-approach for the context.

Chapter 9 describes the business goals, purpose, and strategy of public diplomatic services. It reinforces diplomatic organizations' fundamental bureaucratic company culture (Tier 1). The bureaucratic culture of diplomacy is deconstructed, and each of the five layers is described in detail. The authors also explain why focusing on the artifacts and behavior layers are the dominant and essential starting points for analysis in diplomatic cultures. The public service culture (Tier 2) overlays and mediates the bureaucratic culture. Additionally, the authors describe the influence that political appointees as leaders may play in shaping public service cultures. The authors explain how diplomatic cultures reflect the core values of a state's culture. Next, the chapter outlines the landscape of external influencing cultures (Tier 3) in diplomacy. Finally, the KLC culture of diplomacy is considered, with opportunities for future growth (Tier 4).

Chapter 10 describes the business goals, purpose, and strategy of public defense and military services. It reinforces defense and military organizations' fundamental bureaucratic company culture (Tier 1). The authors describe the influence that political appointees as leaders may play in shaping public sector cultures. The bureaucratic culture of diplomacy is deconstructed, and each of the five layers is described in detail. Additionally, the authors explain why focusing on the beliefs layer is the dominant layer and the most critical starting point for analysis in military cultures. The public service culture (Tier 2) is a mediating and grounding culture for the military. It is firmly grounded in the foundational values of the state. The chapter outlines the landscape of external influencing cultures (Tier 3) in the defense and military landscape. Finally, the potential value and challenges of developing internal KLC cultures (Tier 4) are explored.

Chapter 11 describes public space exploration services' business goals, purpose, and strategy. It reinforces space exploration organizations' fundamental bureaucratic company culture (Tier 1). The authors describe the influence that political appointees as leaders may play in shaping public sector cultures. Next, the public service culture (Tier 2) is deconstructed, and each of the five layers is described in detail. Additionally, the authors explain why focusing on the beliefs layer is the dominant layer and the most critical starting point for analysis in space

exploration cultures. Next, the chapter outlines the landscape of external influencing cultures (Tier 3) in the space exploration landscape. Finally, the potential value and challenges of developing internal KLC cultures (Tier 4) are explored.

Chapter 12 describes public agriculture services' business goals, purpose, and strategy. It reinforces agriculture organizations' fundamental bureaucratic company culture (Tier 1). The authors describe the influence that political appointees as leaders may play in shaping public sector cultures. The bureaucratic culture of agriculture is deconstructed, and each of the five layers is described in detail. Additionally, the authors explain why behavior is the dominant layer and the most critical starting point for understanding military cultures. The public service culture (Tier 2) brings an essential element of leveling, access, and equity to the larger context. It brings the focus back to service to the people and community rather than performance. It also gives greater emphasis to the role of safety and well-being. The chapter lays out the landscape of external influencing cultures (Tier 3) in agriculture. Finally, the potential value and challenges of developing internal KLC cultures (Tier 4) are explored.

Appendix A provides a template for a project plan. It is a summary of the issues addressed in each of the chapters. It is a starting point, which we expect you will adapt to your situation and goals. Appendix B explains the research and supporting evidence behind the KLC approach. Detailed hypotheses, data, and results are presented. Appendix C provides a simple tool to use to assess your current and potential KLC cultures. Finally, the grounding work for this book was done over two and a half years. During that time, the authors encountered many other questions and ideas that were related to the topic, but not core to the text. We chose to list those questions for the reader in Appendix D, in the event that you might have an interest in refining, refocusing, or carrying them forward.

How the Book Impacts the Field?

The authors hope the book will contribute to business management literature by expanding the discourse about organizational cultures beyond the traditional literature to include new insight from real-world practice. The book anchors the discussion of organizational culture in a business context and interprets culture in a way that aligns it with knowledge economies, knowledge work, and intellectual capital. The book also aligns the research on intellectual and knowledge capital.

Ideally, the book adds rigor to the discussion of organizational culture and creates an extended body of knowledge grounded in practice. The authors hope the book will increase knowledge sciences' visibility across management and culture by portraying culture as an essential knowledge capital asset and a critical business capability. The text also attempts to refocus culture discussion from theory to practice.

How to Read This Book?

The authors faced a challenge in putting this book together. We recognize that substantial work will not be read in an afternoon or two-hour airport layover.

So, how do we recommend you read this book? The book's core message is the importance of the KLC approach described in Section 2. Culture is a complex and dynamic topic that has remained mainly in the theoretical world. We needed to make it practical. To understand the KLC approach in context, it was necessary to provide a brief overview of culture in Section 1. Sections 1 and 2 are written for managers and practitioners who must translate theory into practice. Armed with a practical understanding of culture and the KLC approach, managers and practitioners can develop relevant and suitable strategies for their organizations. Because of the KLC approach and the synergies they create in an emerging topic, it was essential to provide both the supporting research evidence and a "desk-check" of the theory in companies and organizations familiar to the reader. Appendix B provides the research evidence. The business stories in Chapters 3–7, and the extended public service "desk checks" of Chapters 8–12 provide real-world examples of the importance of culture and the KLC culture approach.

For practicing managers, we recommend you to read Sections 1 and 2 and select a chapter of interest from Section 3. We recommend scanning Appendix A as a template for your organizational culture. For academics and students of culture who already have a grounding in culture, we recommend you begin with Section 2, review the research evidence in Appendix B, and then select relevant chapters from Section 3. For knowledge management practitioners, we recommend you begin with Section 2 to understand the critical synergies among KLC cultures, and review Chapter 2 to understand the layers of organizational culture. Finally, for researchers, we suggest you also review Appendix C for future research topics.

Notes from the Authors

The authors have collaborated on this text during a period of significant change and challenges. We wish to acknowledge the critical contributions to our thinking from Dr Richard Lewis and Dr Iouri Bairatchnyi, two thought leaders in the field. Their early advice and guidance were invaluable.

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Boisot, H. (2010). *Knowledge assets*. Oxford University Press.

Section 1

The Fundamentals of Culture

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Chapter 1

Culture as a System

Chapter Summary

This chapter defines culture and explains the different conceptual models developed by critical researchers in the field. First, the authors explain why it is essential for us to learn to see our cultures. Next, the chapter breaks the conceptual model of culture into its essential elements, including assumptions, beliefs, values, behaviors, and artifacts. The authors explain why and how each organization's culture is unique – and walk through the factors that influence our organizational cultures. Finally, the chapter reminds us that it is hard to deliberately change an organization's culture, because it is inherently dynamic. Instead, each organization should strive to understand how these factors affect our organizations.

Why We Care About Culture?

Culture governs our behaviors and assumptions and is core to our beliefs, but it does so unconsciously. While largely invisible, culture is a force that influences a community or an organization's behavior. Culture can support or impede strategy and performance. Culture is a dynamic force in every organization, but it is not a simple force that is easy to manage (Alvesson, 2012; Deshpandé & Farley, 1999; Lewis, 2010; Neuijen et al., 1990; Pettigrew, 1990). Instead, it resembles a complex adaptive system.

Every organization has an inherent culture defined and designed to support its business goals and aligned with its business strategies. There are well-researched and tested characteristics of the business cultures of industrial organizations (Rashid et al., 1997; Schall, 1983; Scholz, 1987; Schwartz & Davis, 1981; Van Maanen & Barley, 1984). These business cultures are complex. However, knowledge organizations' cultures are exponentially more complex than those of industrial organizations. It is more complex because an organization cannot be said to be a knowledge organization unless it has a vibrant and dynamic knowledge culture, a learning culture, and a collaborative culture.

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Managers and decision-makers need a framework for understanding the cultures in place in the workplace and for designing cultures for a knowledge economy (Alexander et al., 1990; Corbett et al., 1987; Corbett & Rossman, 1989). It is challenging, though, because it means modeling the dimensions of those cultures. What we have to work with today comes from peer-reviewed literature (Choe, 2003; Gordon & DiTomaso, 1992; McGuire et al., 2003; Sadri & Lees, 2001). The literature reflects an anthropological perspective and tends to focus on national or regional cultures rather than more complex and dynamic organizational cultures. As a result, what we know is mainly theoretical and static. While there are case studies, these practical examples have not been tied to the theory. The research of Kucharska (2017, 2021), Kucharska and Bedford (2020), or Kucharska and Rebelo (2022), and primarily the empirical evidence provided in this book (Appendix B) are essential to building out the theoretical and foundational organizational cultures of the knowledge economy (KLC approach). This essential new research helps us understand how culture works, what factors shape it, and how the structural levels of organizational culture influence the entire company's shared mindset. In essence, it provides practically what managers need to know to introduce and manage a company culture.

Culture – Definitions and Characterizations

Culture has many definitions in scholarly and popular literature. However, the most common characterization of culture is a pattern of shared underlying assumptions that a group learned as it solved problems of external adaptation and internal integration, which has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel about those problems (Schein, 1992).

On a practical level, culture can be defined as the set of assumptions, beliefs, values, and behaviors a group has developed over time, enabling it to survive in any environment (Cooke & Rousseau, 1988). Assumptions, beliefs, values, and behavioral patterns form its identity. Culture is taught to the new members of a society as the correct way to think and feel about problems and challenges. It is the total of all the shared assumptions and beliefs a group has learned throughout its history. Culture is the structure and control system that generates behavioral standards.

Culture is viewed as a shared mental model that influences how individuals interpret behaviors, and they often behave without being aware of the underlying assumptions. Culture is learned, reinforced, and handed on as learning to the next generation and new members of groups. Cultures are reinforcing – they can hold us hostage to traditional beliefs, prejudices, and perspectives. And cultures can be liberating – they can create new assumptions and help us to develop and instill new values and behaviors. Perceive success will reinforce the culture and make it stronger. An organization or group will develop its distinct patterns of behaviors and beliefs to support the culture and the internal socialization process.

Culture is inherently the outcome of human active and passive experiences. These experiences shape perception. They determine how culture is shaped and how it shapes attitudes and behaviors is complex. There is not one culture – there are many cultures at play in any situation – the individual’s culture, the group’s culture, the organization’s culture, and the national culture. Culture is inside people’s heads and somewhere between the heads of a group of people, interactions, and material objects – it describes our behaviors, social events, institutions, and processes. Culture is like air – we breathe it every day without even knowing it is there.

Culture – The Static Perspective

There are two prominent perspectives on culture in the literature. The first is the perspective of a static conceptual model in the research and analytical literature. Static models take two forms – theoretical models developed by researchers and analytical frameworks developed by organizational analysts and consultants. The second is a dynamic system at work in every organization, at every level. Unfortunately, there are fewer examples of dynamic systems in the literature.

Research Models

The first type of static model is the theoretical model of group cultures developed by researchers. In the research community, there is a general agreement that culture can be referred to as a set of values, beliefs, and behavior patterns that form its core identity and shape everyday behaviors (Deal & Kennedy, 1982; Deshpandé & Farley, 1999; Heskett & Kotter, 1992; Jones, 1983; Pheyse, 2002; Schein, 1992; Van der Post & De Coning, 1998). Four researchers have developed the dominant models – Hofstede, Frost, Dennison, and Schein.

Hofstede (1998) defines culture as a process to which each of us has been subjected since birth. When parents returning from the hospital carry you over the threshold, they have often already made their first culturally-based decision. Frost defines culture as rituals, myths, stories, legends, and interpretations of events, ideas, and experiences that are influenced and shaped by the groups within which they live. Culture includes values and assumptions about social reality. Culture provides the shared rules governing cognitive and affective aspects of membership in an organization and the means by whereby they are shaped and expressed. Culture is central and describes our behaviors, social events, institutions, and processes. Culture provides group members with a shared understanding, feelings of clarity, direction, meaning, and purpose.

Dennison characterizes culture as an iceberg. Dennison (1990) tells us that only about 10% of an iceberg is visible above the water – 90% is below the surface. Consider how this aligns with Schein’s model – assumptions, beliefs, and values are likely the 90%. Behaviors and artifacts are the 10% we can observe – and they are motivated by and determined by the 90%. What is beneath the surface is what will sink your organizational strategies and decisions. Dennison reminds us that

culture is learned. It is filled up from the accumulated principles we learn as we survive together. The lessons from the past shape our survival strategies for the future. Our mindset and worldview shape the way we use the lessons of the past to forge strategies for the future.

Schein, though, provides the most detailed and structured conceptual model. Schein (1992) defined organizational culture as a pattern of underlying assumptions invented, discovered, or developed by a group as it learns to cope with its problem of external adaptation and internal integration problems. These values are then taught to new members of the organization as the correct way to think and feel about those problems. For Schein (1992), culture is the total of all the shared, taken-for-granted assumptions a group has learned throughout its history. Also, culture is determined to be the residue of success. Culture is also the structure and control system to generate behavioral standards. Corporate culture has to be kept strictly from similar concepts like corporate identity, organizational climate, or national culture. Corporate culture is the implicit, invisible, intrinsic, and informal consciousness of the organization that guides the individuals' behavior and shapes itself out of the behavior.

Schein (1984, 1988, 1990, 1992) defines culture in a particularly useful way for organizational management. Schein defines organizational culture as a pattern of shared underlying assumptions that a group learned as it solved its problems of external adaptation and internal integration, which has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel about those problems. Schein's classical approach divides culture into three levels. First, he argues that basic underlying assumptions lie at the root of culture and our unconscious, taken-for-granted beliefs, perceptions, thoughts, and feelings. Espoused values are derived from the basic underlying assumptions and the espoused justification of strategies, goals, and philosophies. Finally, at the top level are artifacts, defined as the visible yet hard-to-decipher organizational structures and processes.

Analytical Models

The cultural assessment frameworks and tools developed in recent decades represent the analytical perspective. They are the second type of static model. The frameworks are designed to generate a cultural profile of an organization, group, or community. There are few published accounts of organizational culture assessments because most examples are business proprietary. While the profiles are generally not publicly available, the frameworks are well documented in the literature. Traditionally, there have been two approaches to culture assessment – culture-centered and personality-centered. Researchers have added a third in the past 10 years – cultural competence assessment or cultural intelligence (Earley, 2002; Kumar et al., 2008).

Culture-centered approaches are qualitative methods of culture assessment and are derived primarily from cultural anthropology. The personality-centered approaches consist in obtaining quantitative measures for identifying and

describing cultures. Cultural competence or intelligence assessments are applied to individuals.

Culture-centered approaches are grounded in ethnological research intended for cultural comparisons. This type of research is often qualitative, drawing from sociological, psychological, or anthropological methods. Ethnographic description begins with observations of social structures, artifacts and collective behavior, then used to develop conclusions about groups. This approach reflects anthropologists' view that cultures are so complex that they cannot be measured, only observed and described. This approach is essential for understanding national, regional, and local community cultures. Moreover, these studies are essential to understanding the context in which our communities and organizations operate because each individual has a national and community culture.

Additionally, every organization is located "somewhere," and we know that "somewhere" influences how the organization behaves. In today's global economy, where a company is located may be a complicated consideration – consider Goodyear Corporation, which is headquartered in Akron, Ohio, but has manufacturing plants in Brazil, China, and Poland and research facilities in Germany and Brussels. A company's subsidiary cultures are simultaneously shaped by the culture of the country in which they are located and the company culture at headquarters. The national and company cultures of subsidiaries are interwoven by the individuals working in the subsidiary.

The personality-centered approach label is somewhat misleading because the final assessment is not necessarily a personality profile. Instead, this approach focuses on how personalities affect group and community behaviors and consider how companies treat people and do things. This approach uses information about behaviors, psychology, and personalities to develop a profile of the culture of teams and organizations. This approach aims to illuminate potential problems with an organization's current culture. The most widely used personality-centered assessment is based on the Competing Values Framework developed by [Quinn et al. \(2015\)](#), which has two dimensions – the internal and the external. Internal orientation focuses on the development, collaboration, integration of activities, and coordination. External orientation focuses on the market, the latest technology, competitors, customers, and diversification. Like the culture-centered approach, the competing values approach is descriptive and analytical but does not guide how to respond to any challenges.

The third framework focuses on an individual's cultural competence. Traditionally, cultural competence was defined as understanding, communicating, and effectively interacting with people across cultures. Cultural intelligence is also seen as a non-academic intelligence ([Kumar et al., 2008](#)) that represents a personal competence in functioning in cultural variety environments ([Earley & Ang, 2003](#)). Cultural competence encompasses being aware of one's worldview. And it means developing positive attitudes toward cultural differences. This traditional definition is essential to building an organization's cultural capacity, but it is only one small part of that culture. In the context of a twenty-first-century knowledge economy and a knowledge organization, cultural competence also includes being aware of

the value and liabilities culture can pose to business and information strategies. It also includes an individual's ability to adapt and shape cultural norms and behaviors to support the organization.

Culture – The Dynamic Perspective

Culture is complex. It is an aggregation of the cultures of today's individuals, business units, and the entire membership of the group or organization. Culture is refined and expanded by each individual in the organization – as individuals arrive and depart. The culture shifts to small degrees. Culture is multi-directional. Culture is how we do things around here, what we do when we think no one is looking, and what if everybody is looking. Culture is the code, the core logic, the mind's core software, It defines our attitudes, beliefs, values and behaviors. It develops from the lessons that we have learned that are important enough to pass on to the next generation (Denison, 1990; Denison et al., 2012).

The static models of culture can only go so far in describing the culture in play in any context. Culture is complex in its fundamental elements – assumptions, beliefs, values, behaviors, and artifacts. It is multi-layered because individuals contribute to group culture, and groups contribute to organizational cultures. Everyone brings a culture, whether an employee or a Chief Executive Office. The challenge is to discover these cultures and understand how they do or do not fit and how they influence the organization's "whole" culture.

Conceptual models help understand the anatomy of culture – but they are not productive for understanding culture at work in everyday environments. We need more than a conceptual model – we need a system model that allows us to "see" how the culture plays out in the real world. As shown in [Fig. 1](#), there are three dimensions to a model of a cultural system. The first dimension is structural – the degree of impact and influence of the culture. Culture exists at the individual level, the group level, the organization level, the national level, and today even at the global level. The second dimension addresses the essential elements of culture we find at each level and the factors that characterize those elements. By elements, we include assumptions, beliefs, values, behaviors, and artifacts.

Finally, we have the context – the activity or point in time – where we see the culture at work. Culture constantly changes in small ways – it adapts, expands, and shrinks as people enter and leave. It is impossible to document and track every factor at every level because, ultimately, culture is made up of and practiced by people. If we know what to look for, where and when, we can learn to align it with our goals and strategies and leverage it to support how we work.

Culture is like a dynamic prism. The first facet is the essential elements of culture – assumptions, beliefs, values, behaviors, and artifacts. The second facet is the scale or level – ranging from individual to global cultures. And a third facet is the context in which culture is most apparent – the events, activities, and decisions affected by culture. For explanation purposes, the authors select three organizational behaviors that can be significantly affected by culture. Of the three facets, the most dynamic and complex is the level of culture. Each level has its own set of influence factors. As a result, the cultural prism is challenging to hold sufficiently