Published in final edited form as:

Hum Serv Organ Manag Leadersh Gov. 2015 ; 39(4): 245–250. doi:10.1080/23303131.2015.1087770.

The Role of Organizational Culture and Climate in Innovation and Effectiveness

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The challenge of improving organizational effectiveness through innovation has played a central role in organizational research and practice for well over a century. The early improvement efforts, firmly rooted in the industrial revolution and best represented by Frederick Taylor's (1911) "scientific management," were based on the top down assumption that organizational effectiveness is a function of individual work behaviors being carefully specified, explicitly linked, and tightly controlled by organizational leaders to improve productivity and efficiency. Although subsequent empirical studies and increasingly complex views of work behavior and performance challenged many of these early assumptions, Lisbeth Schorr (1997) noted almost a century later that the underlying philosophy of these mechanistic models was still evident in the managerial approaches taken in many human service organizations: "We are so eager, as a body politic, to eliminate the possibility that public servants will do anything wrong that we make it virtually impossible for them to do anything right" (p. 65).

Current empirically based models of organizational innovation and effectiveness transcend the mechanistic models of a century ago and many emphasize that innovation and effectiveness are as much about creating the appropriate organizational social context as about implementing the latest technology. The idea that an organization's social context is associated with innovation and effectiveness is accepted by many organizational leaders and two distinct dimensions of social context—organizational culture and climate—are mentioned often as the key factors that determine an organization's performance in a wide range of areas. Researchers, practitioners and the news media have used the terms to explain organizational performance in, for example, science (e.g. NASA), religion (e.g. Catholic Church), information technology (e.g. Google), athletics (e.g. NFL), healthcare (e.g. Veterans Administration), manufacturing (e.g. GM), media (e.g. BBC), finance (e.g. J P Morgan Chase), higher education (e.g. Penn State), and energy production (e.g. BP). Although the terms, culture and climate, are widely used to explain organizational performance in these and many other examples, the terms are often used vaguely and even inappropriately by administrators, researchers, and the media. There is confusion regarding the precise meanings of the terms and their explicit effects on what organizations do. These are important issues for those interested in the performance of human service organizations

who believe improving effectiveness depends on a better understanding of organizational culture and climate.

First, the distinct histories of the two constructs underscore different approaches to understanding the nature and influence of an organization's social context. *Organizational climate* appeared first by several decades in the 1930s and is associated with Kurt Lewin (1939), who studied how the social climate engendered by a work group's leader affected the behavior of group members. He used the term, climate, to capture the *psychological* impact of the work environment on employees' sense of well-being, motivation, behavior, and performance. Studies of *organizational culture*, defined as the shared behavioral norms, values, and expectations within an organization, emerged decades later in the 1970s (Handy, 1976; Pettigrew, 1979). The term, organizational culture, borrowed heavily from sociological and anthropological explanations of social culture in research focused on communities, indigenous groups and other socially defined collectives. Inexplicably, organizational culture and organizational climate began to be used interchangeably by some writers in the 1990's but a comprehensive thematic analysis of the literature in the latter part of that decade confirmed a distinction between culture and climate that continues among many researchers (Verbeke, 1998).

The Differences Between Organizational Culture and Climate

My own view after studying culture and climate in human services for three decades is that they differ in a number of ways. First, organizational culture is best represented by the behavioral norms and expectations that characterize a work environment. These norms and expectations direct the way employees in a particular work environment approach their work, specify priorities, and shape the way work is done. Proficient organizational cultures, for examples, expect service providers to be up to date on state-of-the-art practices and to place positive client outcomes as a top priority. New members of an organizational unit are acculturated in these expectations and norms through social processes such as modeling, reinforcement, and sanctions. Many writers emphasize that organizational culture is a layered construct consisting of deeply held assumptions and values which translate into normative expectations and behavior. However, several studies suggest organizational culture is transmitted more through behavioral norms and expectations than through internalized values or assumptions which may or may not be expressed or even known to the organization's members.

Organizational climate, on the other hand, is created by employees' shared perceptions of the psychological impact of their work environment on their own personal well-being and functioning. The perceptions that are shared by employees in a given work environment represent an agreement in their personal appraisals of the meaning and significance of their work. The perceived impact of a work environment on each individual worker's personal well-being has been labeled *psychological* climate to distinguish it from *organizational* climate. When individuals in the same work environment agree on their perceptions of the psychological impact of their work environment, their shared perceptions define the *organizational* climate of that particular work environment. For example, when the individual service providers in a given human service organizational unit agree that they

experience their work environment as highly stressful, the organizational climate is described as stressful.

Guided by these definitions, the Organizational Social Context (OSC) measure was developed to assess the organizational cultures and climates of mental health and social service organizations using information provided by frontline direct service providers (Glisson, Green & Williams, 2012; Glisson, Landsverk et al, 2008). The OSC has been used in scores of studies, including both randomized controlled trials (RCTs) and nationwide surveys, and United States national norms are available for child welfare and mental health settings, respectively. The national norms are important because they permit organizational culture and climate profiles for a specific organization to be compared to a representative nationwide sample of organizations that provide similar services. The profiles are composed of three primary dimensions of culture and three primary dimensions of climate as explained below.

Dimensions of Organizational Culture

The three dimensions of culture assessed by the OSC are proficiency, rigidity and resistance. Service providers in *proficient* organizational cultures report that they are expected to be responsive to the unique needs of the clients they serve and have up-to-date knowledge and practice skills. Service providers in *rigid* organizational cultures report that they are expected to closely follow a host of bureaucratic rules and regulations in completing their work and have minimal discretion in work related decision-making. Service providers in *resistant* cultures are expected to suppress change or innovation in their work environment through either active or passive strategies that maintain the status quo. Our studies confirm that organizations with the best outcomes for clients, that are most likely to use evidence based practices (EBPs), that have the highest service quality, and that sustain innovative programs are those with high levels of proficiency and low levels of resistance and rigidity.

Dimensions of Organizational Climate

The three dimensions of climate assessed by the OSC are engagement, functionality and stress. In *engaged* organizational climates, service providers perceive their work related accomplishments as personally meaningful and report that they are personally involved in their work with clients. In *functional* climates, service providers perceive that they receive the levels of support and cooperation from coworkers and administrators that they need to do their job and have a clear understanding of their roles within the organization and how they contribute to its success. In *stressful* climates, service providers report high levels of role overload, role conflict, and emotional exhaustion. Our studies confirm that organizations with the best service outcomes, lowest employee turnover, best clinician attitudes toward EBPs, and highest service quality are those with higher levels of engagement and functionality and lower levels of stress.

Changing Organizational Culture and Climate for Effective Services

The association of organizational culture and climate with innovation, staff turnover, service quality and positive outcomes suggest that organizational interventions that create positive

culture and climate profiles can be used to support innovation and improve service effectiveness. Although there are a number of organizational interventions designed to improve culture and climate, almost none have been tested in randomized controlled trials (RCTs) in actual work settings. My colleagues and I have addressed this deficit by developing and testing the Availability, Responsiveness, and Continuity (ARC) model of organizational effectiveness in five RCTs to date (Glisson, Dukes & Green, 2006; Glisson, Hemmelgarn et al, 2012, 2013; Glisson, Schoenwald et al, 2010). ARC is a team-based, participatory, phased intervention designed to improve organizational culture and climate in mental health and social service organizations, support innovation, and remove barriers to effective service. RCTs of ARC have now been conducted in the Midwest, Northeast, and Southeast regions of the United States and include organizations in both rural and urban areas. These RCTs show that ARC improves organizational culture and climate, increases job satisfaction and commitment, supports the adoption and success of EBPs, reduces staff turnover, and improves service outcomes.

Changes in organizational culture and climate that support innovation and improve effectiveness are created with three ARC strategies. The first ARC strategy embeds five *principles* of service system effectiveness (e.g., results oriented, mission driven) within the organization to guide ongoing organizational innovation and service improvement efforts. The second ARC strategy promotes *shared mental models* (e.g., openness to change, psychological safety) among clinicians and administrators to support service innovation and improvement efforts. The third ARC strategy trains teams of clinicians in the use of *organizational component tools* (e.g., participatory decision making, the use of feedback) that are necessary to identify and address barriers to service innovation and effectiveness.

We have found the following five ARC principles to be particularly important in promoting successful innovation and effectiveness: (1) *be mission-driven not rule-driven* where all actions and decisions contribute to improving the well-being of clients; (2) *be results-oriented not process-oriented*, where success is measured by how much client well-being improves, (3) *be improvement-directed not status quo-directed* by continually working to be more effective in improving the well-being of clients, (4) *be relationship-centered not individual-centered* by focusing on networks of relationships that affect service quality and the well-being of clients; and, (5) *be participation-based not authority-based* by involving everyone in policy and practice decisions that affect service quality and individual client well-being. These principles guide the line workers' application of the ARC component tools that help to identify and address service barriers in their organization.

The second strategy supported by ARC is the use of shared mental models (e.g., openness to change, psychological safety) or heuristically-based cognitive processes that form the basis of reasoning and interpretation needed to influence the perceptions and behaviors of individuals. Service improvement efforts depend on shared mental models that support innovation and effectiveness, influence organizational culture and climate, and are malleable. The notion of psychological safety, for example, promotes the active participation of line level workers in critically examining service barriers and proposing improvements in service delivery without fear of reprisal from peers or supervisors.

The component tools include empirically-supported organizational improvement strategies (e.g., feedback, teamwork, participatory decision making, job redesign) selected from several decades of research and adapted for mental health and social service organizations. The principles, shared mental models and component tools are taught and supported with the ARC Training Manual and ARC Facilitator's Guide. The University of Tennessee Children's Mental Health Services Research Center (website at <http://cmhsr.utk.edu>) provides additional information about these ARC strategies and materials as well as about the OSC assessment measure that is integral to the ARC intervention model.

What We have Learned about Organizational Social Context, Innovation and Effectiveness

We have learned from our work with public and private mental health and social service organizations nationwide that several characteristics distinguish organizations that are successful in their improvement efforts from those that are not. First, the most effective service organizations are able to draw on and benefit from the experience and expertise of the service providers in the organization who work directly with clients. Organizations that are successful at incorporating the help of their direct service providers create work environments that are psychologically safe for line level workers to identify service barriers and make suggestions (i.e., to be constructively critical). In addition to psychological safety, successful organizations develop a clearly defined organizational structure for eliciting input from their direct service providers that provides a transparent organizational process of vetting and implementing service improvements recommended by line level service teams. Just as importantly, organizations that are successful at identifying and addressing service barriers remain focused on issues directly related to improving the well-being of clients. That is, they do not use the service improvement effort as an opportunity to address unrelated grievances. Finally, all of this does not happen naturally or evolve organically in most organizations; in contrast, it needs to be designed and implemented as a carefully planned effort. These desired organizational characteristics (i.e., relying on the experience of direct service providers, maintaining a psychologically safe work environment, creating a transparent process for improvement through constructive criticism, staying focused on improving client well-being) must be built explicitly into the organization, supported by leadership, and guided by a clear, empirically tested model and a specialist who is trained in the model. The ARC model is designed to help organizations incorporate these features into their innovation efforts and our randomized trials provide data that show it works.

In summary, the ARC model is the product of integrating organizational culture and climate theory with well-established social cognitive theories of individual behavior to link organizational change processes, change mechanisms, and individual behavior related to mental health and social service improvement efforts (Glisson & Williams, 2015). Change processes are represented by three ARC strategies (i.e., embedding guiding principles, developing shared mental models, and enacting organizational component tools) that are designed to improve organizational culture and climate and address organizational barriers while blending the intentions of practitioners with the organizational opportunities to achieve constructive change. This model supports the implementation of EBPs and other

innovations by using change processes (ARC principles, mental models and organizational tools) that affect organizational-level change mechanisms (organizational culture, climate, barriers) and individual-level change mechanisms (intentions) to influence individual behavior (e.g., innovation adoption)

We believe that culture and climate are the key dimensions of the social context of an organization that are central to promoting innovation and effectiveness in human services. The OSC assessment and ARC intervention tools have been used successfully to measure and improve culture and climate to support innovation efforts (e.g., removing service barriers, using EBPs, reducing staff turnover) and improve service quality and outcomes in a variety of public and private mental health and social service organizations.

Acknowledgments

Funding

This article was supported, in part, by a grant from the National Institute of Mental Health under R01MH08485.

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