



A Review of Study on the Competing Values Framework

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Abstract

The Competing Values Framework (CVF) is one of the most influential and extensively used models in the area of organizational culture research. Compared with other models and scales, the CVF and its matched scale OCAI have better validity and reliability in the context of China, and are very convenient for practical operations. This article firstly introduces the development of the CVF, and discusses the meanings and prerequisites of different culture types in the CVF. Then the article briefly reviews some empirical studies using the CVF and OCAI, compares the CVF and OCAI with other major organizational culture models and scales, and finally points out future research areas for CVF's application in China.

Keywords: Competing values framework, Organizational culture, Effectiveness

1. The development of the CVF

The Competing Values Framework (CVF) was initially based on research to identify indicators of organizational effectiveness (Quinn and Rohrbaugh, 1983, p.363). Effectiveness is a central theme in the organizational literature whereas its definition is perennially controversial. In a literature review Campbell (1977) identified 30 different criteria of effectiveness. Quinn and Rohrbaugh (1983, p.365) held that the choices of particular criteria usually reflect personal values about the appropriate emphases in the domain of effectiveness. They invited 52 organizational researchers to order the criteria listed by Campbell (1977) and then derived three value dimensions: internal-external, control-flexibility, means-ends. They integrated the third dimension into the other two ones and established the CVF, as shown in Figure 1(Quinn and Rohrbaugh, 1983, p.369).

One may certainly argue that it is insufficient to measure organizational culture values by only two or three dimensions. But CVF does not attempt to explore the panorama of organizational culture. Rather, it looks at the value dimensions related to effectiveness. Moreover, this model can integrate most organizational culture dimensions proposed in the literature.

2. The connotations of the CVF

2.1 The meanings of dimensions in the CVF

Figure 1 illustrates the CVF. The first value dimension is related to organizational focus, from an internal, micro emphasis on the well-being and development of people in the organization to an external, macro emphasis on the well-being and development of the organization itself. The second value dimension is related to organizational structure, from an emphasis on stability to an emphasis on flexibility. Quinn and Rohrbaugh (1983, p.370) pointed out that these two sets of competing values are recognized dilemmas in the organizational literature. For instance, Denison and Mishra's (1995, p.209) case study illustrated that employee involvement activities can lapse into insularity and have a limited, or even negative impact on effectiveness, for the organization may overemphasize the internal integration and neglect the adaptation to the external environment. Similarly, the differing viewpoints in considering order and control versus innovation and change are at the heart of the most heated debates in sociology, political science, and psychology.

While many social theorists have emphasized authority, structure, and coordination, others have stressed diversity, individual initiative, and organizational adaptability.

The two dimensions of the CVF classify four models, each one containing a different set of effectiveness criteria. Quinn and Rohrbaugh (1983, p.371) named the four models as the human relations model, open system model, rational goal model, and internal process model, respectively. Quinn and Rohrbaugh (1983, p.375) suggested that to ignore criteria in any of the models is to have only a partial view of performance. In the administrative world, an effective organization may need to perform well on all four sets of criteria. However, at any given time there are likely to be tradeoffs between the criteria.

Sjoberg(1967) noted that organizations are plagued by contradictory functional requirements that are associated with the formation of mutually antagonistic arrangement that function to meet these requirements. Quinn and Cameron (1983, p.376) furthered this argument. They expected that at certain thresholds, these conflicts might become particularly exaggerated, often resulting in major reconfigurations of the coalitional structure and the dominant perceptions of what is success. The authors believe that under such circumstances, there takes place organizational culture change.

2.2 The implications of the four organizational culture types in the CVF

The four effectiveness criteria models in the CVF are also called four organizational culture types. Based on former organizational culture studies in the literature, Cameron and Quinn (2006, p.28) termed the four culture types as Clan, Adhocracy, Market, and Hierarchy, respectively. The implications of each culture type are summarized as follows (Cameron and Quinn, 2006, p.29-35):

2.2.1 The clan culture

The clan culture is full of shared values and common goals, an atmosphere of collectivity and mutual help, and an emphasis on empowerment and employee involvement. The authors contend that the clan culture is just the organizational culture defined by Wilkins and Ouchi (1983, p.472-474), which can be developed under certain conditions such as a relatively long history and stable membership, absence of institutional alternatives, thick interactions among members, etc.

2.2.2 The adhocracy culture

The adhocracy culture is like a temporary institution, which is dismissed whenever the organizational tasks are ended, and reloaded rapidly whenever new tasks emerge. The adhocracy culture is often found in such industries as filming, consulting, space flight, and software development, etc.

2.2.3 The market culture

The market culture focuses on the transactions with the environment outside the organization instead of on the internal management. The organizational goal is to earn profits through market competition. This concept originates from Ouchi's (1979, 1984) study on the market control system.

2.2.4 The hierarchy culture

The hierarchy culture has a clear organizational structure, standardized rules and procedures, strict control, and well defined responsibilities. This concept can be traced to the image of "bureaucracy" in Weber's (1947) early works on modern organizational management.

3. Prerequisite conditions of different culture types in the CVF

3.1 Relationships between organizational culture types and control mechanisms

Ouchi (1979) described three fundamentally different mechanisms through which organizations can cope with the problem of evaluation and control. The three were referred to as market, bureaucracy, and clan. In another research, using an ethnographic paradigm, Ouchi defined the extension of organizational culture within the concept of clan and drew attention to organizational features of "clans" (Wilkins and Ouchi, 1983). The authors term the clan mechanism as a narrowly defined organizational culture. In the authors' view, the CVF entirely covers the three control mechanisms mentioned above, and studies the generalizable organizational characteristics which are determined by such factors as task natures, industries, market environments, organizational structures, and control mechanisms, etc. Therefore, the authors term the four culture types in the CVF as the broadly defined organizational culture. Ouchi (1979, p.837-840) discussed the social and informational prerequisite conditions of each of the three control mechanisms (culture types).

3.1.1 The market mechanism

In a market mechanism, prices convey all of the information necessary for efficient decision-making. Given a frictionless price mechanism, the firm can simply reward each employee in direct proportion to his contribution. Such a mechanism requires a powerful information system (including accountants, computer experts, etc.) to price the labor or evaluate their performance.

3.1.2 The clan mechanism

When the transaction cost of pricing the labor is too high or when it is impossible to evaluate the performance (for example, the work with high degree of complexity or uncertainty), the organization has to adopt the clan mechanism. The clan mechanism demands a high organizational commitment which is obtained through internal socialization.

3.1.3 The bureaucratic mechanism

If the price requirements of a Market cannot be met and if the social conditions of the Clan are impossible to achieve, the Bureaucratic mechanism becomes the preferred method of control. Its features include close supervision by the superior and detailed rules and procedures, etc.

Ouchi (1979) argued that due to the high rates of turnover and a high degree of heterogeneity in modern society, the bureaucratic and market mechanisms become dominant. On the other hand, with the increasing interdependency and vagueness of technology, it gets more and more difficult to evaluate performance, forcing the organization to adopt the clan mechanism. Indeed, Ouchi (1984, p.202) contended that no single mechanism would control an organization; a large organization cannot succeed without a combination of teamwork and competition. This argument is consistent with Cameron and Quinn's (2006) view on the patterns of existence of the four culture types in the CVF.

3.2 Relationships between organizational culture types and organizational life cycles

There are close relationships between stages of development in organizational life cycles and the four culture types in the CVF. Quinn and Cameron (1983) reviewed nine models of organizational life cycles that had been proposed in the literature and derived a summary model of life cycle stages that integrates each of the nine models. This summary life cycle model includes four stages: entrepreneurial stage, collectivity stage, formalization and control stage, and elaboration of structure stage. Based on certain characteristics that typify organizations in different stages of development, they hypothesized that certain criteria of effectiveness in the CVF are important in particular life cycle stages but not in others. They also concluded that major criteria of effectiveness (thus with major organizational culture types - the authors) change in predictable ways as organizations develop through their life cycles.

In the entrepreneurial stage - typified by innovation, creativity, and the marshalling of resources - the strongest culture type appears to be the adhocracy culture. Organizations in the collectivity stage appear to be characterized by informal communication and structure, a sense of family and cooperativeness among members, high member commitment, and personalized leadership, which are associated with the clan culture. In the formalization stage, organizational stability, efficiency of production, rules and procedures, and conservative trends typify organizations. Culture types appear to be primarily the hierarchy culture and the market culture. In the fourth stage, elaboration of structure, the organization monitors the external environment in order to renew itself or expand its domain. The adhocracy culture seems to receive the most emphasis in this stage. A longitudinal case study made by Quinn and Cameron (1983) provided some evidence to support the hypothesized relationships between life cycle stages and culture types, which demonstrated the potential of the model in diagnosing and predicting organizational culture change.

4. Empirical studies using the CVF and OCAI

Based on the CVF, Cameron and Quinn (1999, 2006) developed a matched scale, the Organizational Culture Assessment Instrument (OCAI, including 24 items). Nowadays, as Kwan and Walker (2004) noted, the CVF has become the dominant model in the quantitative research on organizational culture. Numerous empirical studies have been published testing the validity and reliability of the CVF and OCAI.

4.1 Studies testing the validity and reliability of the CVF and OCAI

Howard (1998) used a sample drawn from 10 U.S. organizations to test the validity of the CVF. A Q-sort and multidimensional scaling analysis produced qualified support for a structure of organizational culture values consistent with the CVF. Lamond (2003) presented the results of a study of 462 managers' perceptions of their organizations and concluded that the CVF is a useful measure in an Australian context. It is noteworthy that Denison and Mishra (1995) used case studies and survey data to explore the relationship between organizational culture and effectiveness. The results provided evidence for the existence of four cultural traits in the Theoretical Model of Culture Traits. The dimensions and implications of the Theoretical Model of Culture Traits coincided with their counterparts in the CVF, thus validated the CVF as a powerful measure of organizational culture. Denison and Mishra's (1995:218-219) quantitative research also confirmed the relationship between organizational effectiveness and the four culture types in the CVF. Yet the Theoretical Model of Culture Traits is more complex than the CVF, and its sub dimensions have been challenged by some researchers (e.g., Wang, et. al., 2006).

4.2 Studies on the relationships between organizational culture and other variables

There has been extensive international research using the CVF to investigate the influence of organizational culture on organizational change initiatives and performance. For example, many published studies that deal with the implementation of total quality management (TQM) almost exclusively acknowledge the importance of cultural factors

on the success or failure of the venture. Sousa-Poza *et. al.* (2001) explored the impact of cross-cultural differences on the implementation of TQM. Using the CVF to measure organizational culture, they found that in different regions (USA, Switzerland and South Africa), several distinct relationships between the dimensions of the CVF and TQM implementation exist. Al-Khalifa and Aspinwall (2001) investigated the relationship between organizational culture and TQM implementation in one of the Arab countries, Qatar. The results indicated that many organizations in the country were not characterized by just one culture type, but a mix of two, which did not match the cultural profile characteristics that support TQM. Their assessment of the current organization culture profile, using the CVF, highlighted where changes are needed to support a total quality approach.

The CVF are also used to examine the relationships between organizational culture and other key organizational variables, such as job satisfaction. Lund (2003) looked at the impact of organizational culture types on job satisfaction in a survey of marketing professionals in a cross-section of firms in the USA. The CVF was utilized as the conceptual framework for analysis. The results indicated that job satisfaction was positively related to clan and adhocracy cultures, and negatively related to market and hierarchy cultures. All these empirical studies have validated the CVF as a powerful instrument to assess organizational culture.

4.3 Empirical studies using the CVF and OCAI in the context of China

To date, the CVF have been extensively applied in the context of China. For example, Deshpande and Farley (2004) compared the impact of organizational culture on firm performance across several Asian countries, including China, Hong Kong, India, Japan, Thailand and Vietnam. Kwan and Walker (2004) attempted to demonstrate that the CVF can be used not only to represent the culture of an organization but also to serve as a basis upon which one organization can be differentiated from others. Their empirical study in Hong Kong successfully confirmed the validity of the CVF as a tool in differentiating organizations on the basis of the four culture types. Ralston *et. al.* (2006) raised the question and provided empirical evidence regarding the status of the evolution of the state-owned enterprises in China today. They compared the state-owned enterprises to domestic private-owned enterprises and foreign-controlled businesses in the context of their organizational cultures. The results of their research partially support their hypothesis that the state-owned enterprises of today have substantially transformed to approximate a configuration desired by the Chinese government when it began the transformation a couple of decades ago to make them globally competitive. These empirical studies all tested the validity and reliability of the CVF and OCAI in the Chinese context.

5. A comparison of CVF/OCAI to other major organizational culture models /scales

There remains considerable debate regarding the measurement and dimensions of organizational culture (e.g., Detert *et. al.*, 2000). Even so, Detert *et. al.*'s (2000) integrative review of the literature identified eight common dimensions of organizational culture: the basis of truth and rationality in the organization, the nature of time and time horizon, motivation, stability vs. change/innovation, orientation to work/coworkers, isolation vs. collaboration, control vs. autonomy, and internal vs. external. To date, researchers have developed a variety of models and scales to measure organizational culture. Primary among these, besides the CVF and OCAI, are: the Theoretical Model of Culture Traits (Denison and Mishra, 1995), which is conceptually similar to the CVF, and its matched scale, the Organizational Culture Survey, including 6 items; the Organization Culture Inventory (Cooke and Rousseau, 1988), including 3 dimensions and 120 items; the Organizational Culture Profile (O'Reilly, Chatman and Caldwell, 1991), including 7 dimensions and 54 items; the Multidimensional Model of Organizational Cultures (Hofstede *et. al.*, 1990), including 6 dimensions and 135 items; Values in Organizational Culture Scale (Zheng, 1990), including 9 dimensions.

Compared with the above models and scales, the CVF and its matched scale OCAI have the following advantages:

- (1) Few dimensions but broad implications: The CVF includes only two dimensions whereas incorporates the essence of the eight commonly accepted dimensions mentioned above into its structure (Ralston *et. al.*, 2006). The two dimensions of control vs. autonomy and internal vs. external are directly included in the CVF. Furthermore, three dimensions (stability vs. change; orientation to work/coworkers; isolation vs. collaboration) are explicitly combined in the theoretical model. In addition, the model also addresses, in principle, the other three organizational culture dimensions.
- (2) Empirically validated in cross-cultural research: A large amount of empirical studies have established the reliability and validity of the CVF and OCAI (e.g., Howard, 1998; Ralston *et. al.*, 2006).
- (3) Most extensively applied in the context of China: Of the various organizational culture models, the CVF is the only one that has been extensively used with Chinese and Asian samples (e.g., Deshpande and Farley, 2004; Kwan and Walker, 2004).
- (4) Most succinct: The questionnaire of OCAI includes only 24 items thus are very convenient for practical operations.

In summing up the study on the CVF, the authors conclude that the CVF and its matched scale OCAI are very suitable for quantitative research in a Chinese context, especially for studies on organizational culture change and on

identification of culture types related to organizational effectiveness. The CVF can also be used as a conceptual model to do some qualitative research to explore the reason and process of organizational culture change. In addition, it is a promising research field to study the prerequisite conditions of different culture types in the CVF and the relationships between organizational culture and other variables such as organizational effectiveness, employee satisfaction, etc. in the context of China. One may also expect to make a contribution towards modifying the CVF by doing such empirical studies.

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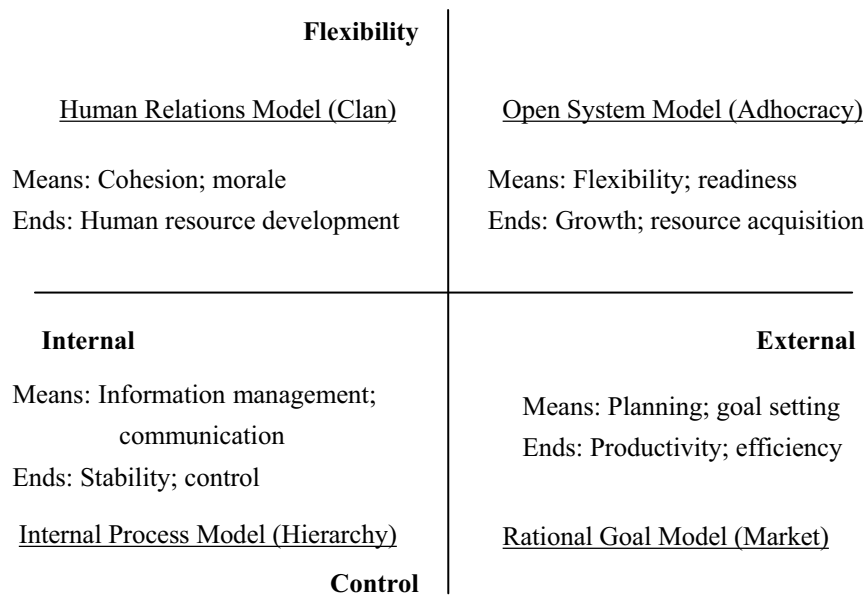


Figure 1. Competing Values Framework (CVF)
Adapted from Quinn and Rohrbaugh (1983, p.369)