

# The Competing Values Framework

The Organizational Culture Assessment Instrument is based on a theoretical model known as the Competing Values Framework. The Competing Values Framework is useful for identifying the major approaches to organizational design, stages of life cycle development, organizational quality, theories of effectiveness, leadership roles and roles of human resource managers, and management skills.

The Competing Values Framework was developed initially from research conducted on the major indicators of effective organizations. The research revealed thirty-nine indicators of effectiveness, which were submitted to a statistical analysis, and two major dimensions emerged that organized the indicators into four main clusters.

## **Organizations have to choose whether they have:**

1. Internal focus and integration - or - External focus and differentiation
  - Effective if they have harmonious internal characteristics vs. those focused on interacting or competing with others outside their boundaries.
  - The continuum ranges from organizational cohesion and consonance on the one end to organizational separation and independence on the other.
2. Stability and control - or - Flexibility and discretion
  - Effective if they are changing, adaptable, and organic vs. stable, predictable, and mechanistic.
  - The continuum ranges from organizational versatility and pliability on one end to organizational steadiness and durability on the other end.

Together these two dimensions form four quadrants, each representing a distinct set of organizational effectiveness indicators. These indicators of effectiveness represent what people value about an organization's performance. They define what is seen as good and right and appropriate. The four clusters of criteria, in other words, define the core values on which judgments about organizations are made.

You can't have both polarities for one hundred percent at the same time. Hence, they are competing values. By plotting those two dimensions in a matrix, the Competing Values Framework emerged. Its four quadrants correspond with four Organizational Culture Types that differ strongly on these two dimensions or four values:



**To the left in the graph, the organization is internally focused:** what is important for us, and how do we want to work?

**To the right the organization is externally focused:** what is important for the outside world, the clients, and the market?

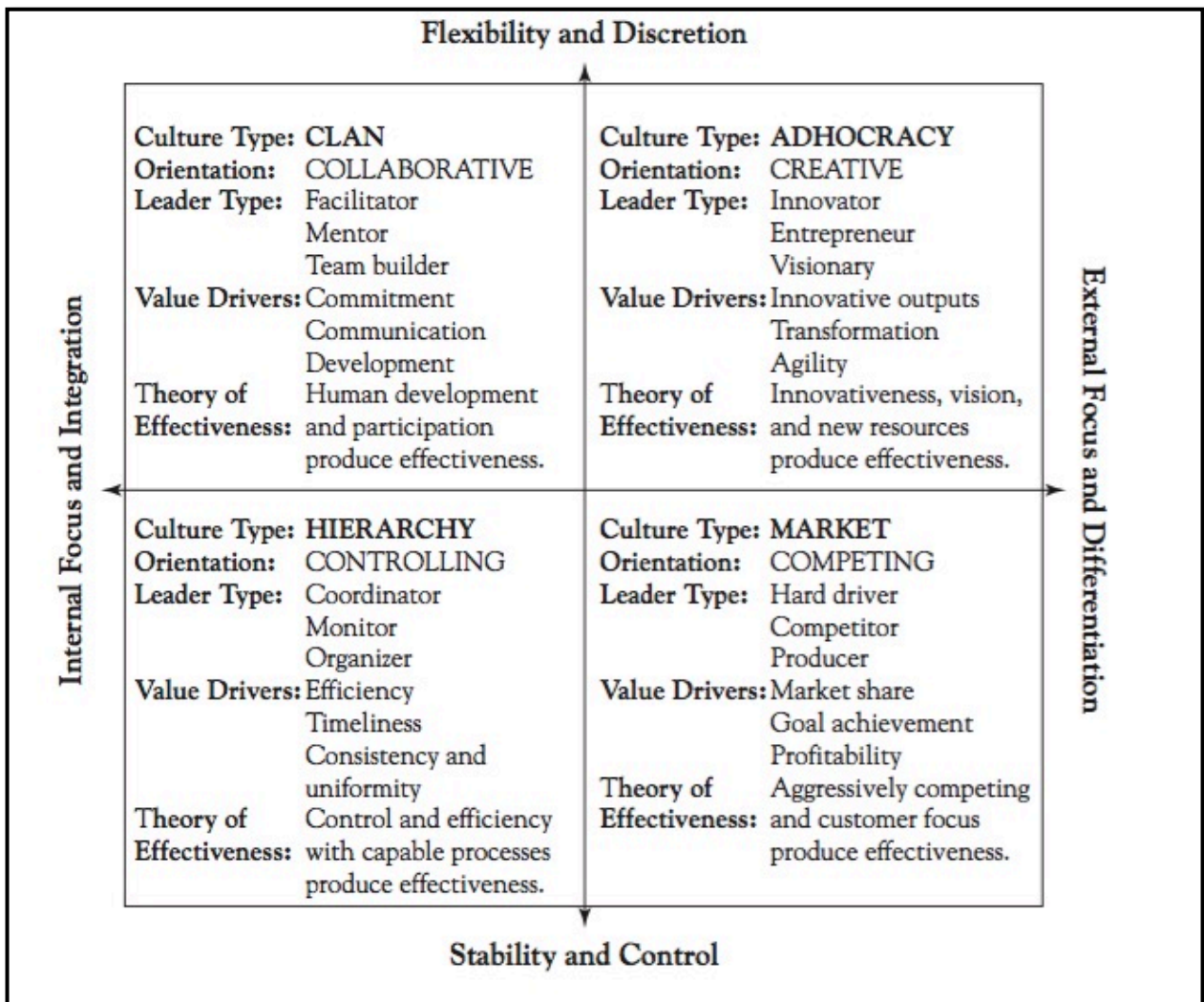
**At the top of the graph, the organization desires flexibility and discretion.**

**At the bottom the organization values the opposite:** stability and control.

Each continuum highlights a core value that is opposite from the value on the other end of the continuum—flexibility versus stability, internal versus external.

## Competing Values of Leadership, Effectiveness, and Organizational Theory

In the diagram below we see how the Competing Values framework is used to list the leadership roles, the effectiveness criteria, and the core management theories most closely associated with each of the four quadrants.



More than 80% of the several thousand organizations studied have been characterized by one or more of the culture types identified in the framework. Those that do not have a dominant culture type either tend to be unclear about their culture or emphasize the four different cultural types nearly equally.

The highest-performing leaders, those rated by their peers, superiors, and subordinates as the most highly effective, have developed capabilities and skills that allow them to succeed in each of the four quadrants.