



TOKENOMICS

PERSPECTIVE ON CULTURE

A DEFINITION

Tokenomics defines culture as: *the network of habitual value transactions that give rise to the specifically identifiable collective behaviors of a given social group.* In Tokenomics terms, an organizational culture is not a monolithic entity. It can be comprised of any number of smaller subcultures, or *tribes*, many of which may overlap. A tribe is a group of people who perceive themselves to be alike and use this commonality to determine the tokens they choose to collect.

Tokenomics also focuses heavily on the fact that cultures can be described as networks. This helps us understand why culture change is hard. Not only is a culture based on a web of human relationships, all of which are different. Also, those human relationships have common features which themselves form another kind of network—one that describes which value transactions tend to occur together. This underlying network is extremely robust and explains why cultural habits can last much longer than any individual's contribution. The Tokenomics approach uses the network of human relationships a lever to adjust the network of value transactions that underpins it.

THE DIFFERENCE FROM OTHER APPROACHES

Traditional theoretical works on organizational culture broadly seek to do two things:

- Identify the components of culture. Eg: the assumptions, rituals or symbols that a culture embodies.
- Classify cultures into types (Eg: task culture, role culture, entrepreneurial culture), often based on common cultural characteristics (Eg: power distance, adaptability, aggressiveness).

Rather than trying to duplicate or challenge this work, Tokenomics seeks to complement it by employing a different framework. We seek instead to identify the smallest, most concrete components of which culture is formed, and to use modern analytical tools to build up a picture from them. We use knowledge gained from other approaches to help identify what the concrete components are.

THE IMPLICATIONS

- Changing a culture is not the same as changing a specific group behavior. For specific behaviors, the results we want to see are usually homogeneous—everyone adopts the new trait in the same way. For culture change, the right result is often heterogeneous—a healthy culture involves many people to choose to behave differently, but in a cooperative way.
- Cultures resist change so effectively that it is useful to think of them as having an immune system. This usually takes the form of contagious cynicism. We must take this into account when implementing change.
- The expectations that people build which enable them to obtain tokens are both specific and visual. This means that the physical environment and timing of events must be treated as part of the culture, and can strongly affect any change effort you undertake.

