
Strategic Management and the Role of Organizational Culture and Leadership

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A majority of individuals readily agree that the culture of any organization is fundamental to all its actions. Ideally, it should be that ingredient, in the recipe of success that we know the most about. But, most organizations cannot even describe their prevailing culture; understanding how it affects their success in their core businesses is the next step.

In the area of strategic management we try to weld and assimilate what we know about our current environment and projected future and arrive at our estimate of the trajectory in which we want to travel in order to achieve our notion of success. It seems to be a rational process with everything clearly laid out and dealt with on a conscious level. So, how culture fits into the strategic management equation remains to be seen. It is well understood that leadership is a process of influencing and shaping the potential behavior of people in the work system. Leadership plays a crucial role in influencing the work behavior of employees. The demand for leaders may change from era to era and from culture to culture, but certain fundamental qualities of great leaders are- optimism, hard work, a nose for talent, persuasiveness, the ability to listen, and the strength of character, high standard of conduct and sensitivity towards organizational culture. Leadership should be well attuned with the organizational culture. This paper is an attempt to describe the contribution of organizational culture and leadership in effective strategic management of an organization. Key issues which have been discussed in the paper are: assessing culture, the role of culture in organizations, key to strategic management and responsive leadership.

Against this backdrop the paper highlights that organizational culture and leadership are essential facets of effective strategic management in every organization.

Key Words: Organizational Culture, Leadership, Strategic Management, Performance and Productivity

INTRODUCTION

Culture is a summation of all the shared, mundane assumptions that a group has learned since its formation. Most of this is at the subconscious, perceptual level. Its progression can be traced back to the defining culture of its founder members and also the reason why the group came into existence. Culture in any group or organization develops in practice, as a joint learning process. If, for instance, in order to resolve a problem situation a certain approach was adopted, and the outcome was successful, then this serves as a sort of blueprint for times to come. These successful approaches get ingrained in the minds of individuals and can become cultural presumptions.

Companies should operate from the standpoint that their culture is their strength, because it is a summation of the perceived reasons because of which past successes were achieved. Culture determines individual behaviour, group behaviour, ways of perceiving thought patterns and values.

It is a result of combined experiences and backgrounds. As far as the concept of culture is concerned, pinning it down in words is very difficult, as by its very nature it is ethereal. There are no clear cut blacks and whites, right or wrong cultures – only those, better or worse matched to their environment.

Culture is like other corporate competencies – strong competencies should be leveraged and critically weak competencies should be corrected appropriately. Usually, it is found that the cultural strengths are used to overcome cultural hindrances. More often than not, it is much easier to use the cultural strengths than it is to change the critical cultural weaknesses, because a change in culture meets with strong resistance from individuals in the organization. This change is a double edged sword i.e. new learning associated with the change and also the undoing of previous learning in terms of habits, behaviour or simply thoughts.

ASSESSING CULTURE

According to Professor Schein, assessing your culture is best done through group interviews. The assessment needs to be focused on identifying the underlying, shared, tacit assumptions. This recognition of assumptions allows you to explain the mismatch that is apparent between the declared values and the visible, behavioral facets of culture. Also, a culture assessment is not of much help, until and unless it is tied to some specific organizational problem or issue. The

company culture cannot itself be an issue just as on an individual level, one's personality per se cannot be the problem. But, it can definitely result in an issue. A clear definition of one or more business issues or problem areas associated with key business goals/ strategies that are seen to be related to the prevailing culture will be a productive starting point. This issue or problem area will be some aspect of organizational behaviour or effectiveness. Knowing one's organization is a tremendous source of power. Hence proactively, identifying or recognizing the organizational culture dimensions is critical for any organization to achieve a competitive advantage.

Once the underlying assumptions of the culture have been recognized, a quantum step has been taken toward 'knowing oneself'--understanding who you are as an organization. This step of raising culture from a subconscious to a conscious level of being able to understand and describe the culture has the same kind of benefit as identifying a strategic competency. The concept of appropriate 'fit' is basic to the strategy. It guides the choice of markets and specific customers within a market, choice of strategic partners, the competitive strategy, opportunities, various HR and Marketing policies etc.

It applies to strategic competencies, which are a primary source of sustainable competitive advantage. It applies equally to the recognized culture as well. In the traditional, Strategic planning process, the Recognized Culture can be treated as another competency.

The primary criterion used for determining whether a competency rises to the level of a strategic competency can be applied to the Recognized Culture, as well. This major criterion is, whether it is truly valuable to customers or not. Recognized culture can be beneficial in dealing with other elements of the strategic planning process like strategic issues and action plans. Nevertheless, it is essential to step back and take a careful look at your strategic goals in light of your Recognized culture before committing to any major interventions.

Like the strategic focus, the Recognized Culture should become a sieve through which new opportunities and proposed initiatives should pass in order to be considered seriously and be allocated precious resources.

CORE ORGANIZATIONAL VALUES REFLECTED IN CULTURE

Organizations can be distinguished by their basic fundamental values such as:

- ✓ **Sensitivity to the needs of Customers and Employees**
- ✓ **Interest in Cultivating Creativity in the Employees**
- ✓ **Willingness to take risks**
- ✓ **The value placed on people**
- ✓ **Openness in Communication**

Source: Behavior in Organizations Eight Edition by Jerald Greenberg & Robert A. Baron

THE ROLE OF CULTURE IN ORGANIZATIONS

It is a fact that each organization not only has a uniform culture but have several cultures operating within them. The distinctive, overarching ‘personality’ of an organization is the dominant culture of an organization, wherein the cultures existing within parts of organizations rather than entirely throughout them, are called subcultures. The subcultures are not to be thought of as a bunch of totally separate cultures, rather mini cultures operating within a larger, dominant culture. Culture plays a very critical role; it is the most observed/felt differentiator amongst the organizations.

❖ Culture Provides a Sense of Identity

The more clearly an organization’s shared perceptions and values are defined, the more strangely people can associate with their organization’s mission and feel a vital part of it. For example, employees at **Google** feel special because of their company’s emphasis on having fun, joking around on the job, a widespread practice where the workplace is actually the home for every employee.

❖ Culture Generates Commitment to the Organization’s Mission

When there is a strong culture that they are part of larger, well –defined whole and are involved in the entire organization’s work. Culture reminds people of what their organization is all about. For example, commitment of players towards their team and nation, commitment of hospital staff towards their patients.

❖ Culture Clarifies and Reinforces Standards of Behavior

Culture provides stability to behavior, both with respect to what an individual might do at different times and also what different individuals may do at the same time. For example, in a company with a culture that strongly supports customer satisfaction, employees will have clear guidance as to how they are expected to behave: doing whatever it takes to please the customer.

Culture is an important force influencing behavior in organizations.



Source: Compiled by the Researcher

KEY TO STRATEGIC MANAGEMENT

The key to strategic management is to understand that people connecting and working together with cohesiveness will create a favorable future instead of just a laid out mission or vision statement. By no means will strategic management replace traditional management activities, such as Planning, Budgeting, and Controlling etc. Rather, it assimilates them into a wider context, taking cognizance of the internal and external environment, organizational competencies and most importantly the overall purpose and direction. Every company's experience with strategic management is different from that of others.

This is in a way, a unique reflection of the, organization's distinct culture, environment, structure, resources, Top Management style of leadership and other organizational features.

The building blocks for a comprehensive strategic management model are external analysis, internal assessment, strategic direction, strategic plans, implementation, and performance evaluation.

Let us focus first on External Analysis. A key premise of strategic management is that plans must be made on the basis of what has happened in the past, is happening now, and will happen in the environment outside the organization with a close eye on the threats and opportunities these external changes present to the growth of the organization. The external environment includes social, technological, economic, environmental, and political trends and developments. There are two main reasons for starting with an external analysis. Firstly, this analysis will have repercussions for organizational development and change. Then, by involving leaders from all functional areas of the organization in the analysis, it will be easier to garner their cooperation in making suitable adjustments in response to the external situation.

A closer look is warranted at the Internal Assessment process. Organizations must understand why they have succeeded in the past, what it will take to continue this success in the future, and how it must embrace change to develop the necessary capabilities to succeed in the future. To do this, companies must evaluate the organization's current capacities and future needs, its management, operations, etc. The organization's resources--people, money, facilities, technology, and information must be objectively evaluated. Through a SWOT analysis organizations should compile a list of the strengths and weaknesses that will have the greatest influence on the organization's ability to capitalize on opportunities.

A careful review of the Strategic Direction is the next step in any Strategic Management model followed by any company. Every organization has a mission, or reason for its existence. In this step the strategic vision for the organization's future--an idea of where the organization is going and what it is to accomplish, is made explicit. We use the knowledge gathered in the first two components, external analysis and internal assessment, to review the organization's mission, define goals, develop strategic vision, and determine the most imperative issues the organization must address if it is going to achieve this vision.

Mission review is the cornerstone for initiating specific actions. Goals are broad statements of what the Top Management wants the organization to achieve. Strategic issues are the internal or external developments that could affect the organization's ability to achieve stated goals.

The following criteria can be used to identify crucial strategic issues: (a) The impact they could have on the organization, (b) the likelihood that they will materialize, and (c) the time frame over which they could develop. The list of issues should be limited to a manageable number to increase the chances of maintaining the commitment and resources required to effectively work on them.

The main objective of the strategic direction step is to help ensure that the organization's vision and goals are well matched with the organization's capabilities and are in congruence with its culture. Secondly, the vision and goals foster commitment and co-operation among the employees' of the organization. The benefits inherent in environmental opportunities should be maximized and the liabilities inherent in environmental threats should be minimized. The organization's position relative to critical success factors i.e., those organizational elements that distinguish success from failure and its ability to achieve stated goals should be improved.

THE RESPONSIVE LEADER

Strategic Management, not only creates plans in congruence with projections and presumptions about the future, but also concentrates on utilizing these plans as a road map for daily activities. The top management in any company is most definitely also a leader to all individual employees.

In a strategically managed organization such an individual must be able to instill in the organization, a strategic vision so that the organization's members are able to see the bigger picture and act accordingly.

The leader, at the helm of affairs, should be able to deal with the uncertainty of present day situations and try to turn these very events to the organization's advantage. Operational managers must be adept at continuously adjusting their competitive strategy & organizational structure according to the dictates of the marketplace. In such a strategically managed organization, Leaders accept change as a permanent condition. Productivity and innovation require change, and change requires courage. The attempt being made here focuses on the leadership and insight required to continually improve productivity and innovation.

Leaders are often people who are thrust into circumstances they didn't expect, and they are the ones who can convince others, which path to take to resolve the situation. Many leaders never had the "designation" given to them formally; they assumed it because it was apparent something had to be done.

It is indeed hard to consistently evaluate and change your business processes, organizational structure and company goals, but that's what it takes to continue to grow in efficiency, effectiveness and productivity. Leaders are individuals, who - at all levels of the organization - recognize the need for change and ask, "Why not?" rather than choose to stay within the safety of dead-end competencies and systems.

Productivity comes from making people and processes at all levels of an organization - individuals, work teams and the enterprise - more effective and efficient in their work. Leaders at each of these levels must step forward to take up the challenge of change and evolution. Many of these leaders will be individuals who simply question, why things must be done in a certain way, and have the courage of their convictions, to make the change happen, regardless of the designation on their business card.

So, how exactly does the Leader drive the culture? Firstly, Leader assumptions are "taught" to the group. Also, the things tried out are leader-imposed teaching.

Leaders get their ideas implemented through socialization, charisma, acting, by doing and most importantly exuding confidence. Climate of the organization precedes the existence of a group culture. Also, what leaders systematically pay attention to, measure, and control communicates major beliefs. A Leaders reaction to Critical Incidents and Organizational Crises creates new norms, values, and working procedures and reveals important underlying assumptions. The observed criteria for Resource Allocation e.g. how budgets are created, reveals leader assumptions. Deliberate Role Modeling, Teaching, and Coaching and the Leaders own visible behavior has great value for communicating assumptions and values to others. Informal messages are most powerful.

Members learn from their own experience with promotions, performance appraisals, and discussions with the boss. What is rewarded or punished is a message.

In actual practice, what happens, as opposed to what is written or said is a great Barometer of the culture. Rites and Rituals of the Organization are central in decoding as well as communicating the cultural assumptions. They can be powerful reinforcers also. Design of Physical Space, Facades, and Buildings are visible features for symbolic purposes. These may convey the philosophy e.g. open office means openness. Stories about Important Events and People reinforce assumptions. Formal Statements of Organizational Philosophy, Creeds, and Charters only highlight a small portion of the assumptions.

Strong corporate culture is definitely a double-edged sword. It can be a great enabler, emphasizing positivity and building team spirit. But on the other hand, corporate culture can become a ball and chain, restraining creativity, limiting change and innovation and reducing the strength of individuals in the organization. The differentiating factor between competing organizations is going to be, how well we encourage individuals at all levels of the organization to become the "change agents". Also what happens to people, who challenge the status quo in the organization, is also a key indicator of the readiness of Leaders to "walk the talk". Productivity and innovation is hard work and requires people who are willing to step forward, when others don't. And Leaders are the ones who have to be there to support these courageous few. But the guiding imperative for all concerned has to be the Strategic Management philosophy, tempered by supportive Culture.

Leadership is all about love:

*Passion,
Enthusiasms,
Appetite for Life,
Engagement,
Great Causes & Determination to Make a Damn Difference,
Commitment to Excellence,
Shared Adventures,
Bizarre Failures,
Growth Beyond Measure, Insatiable Appetite for Change.*

-Tom Peters

CONCLUDING THOUGHTS

This paper reviews the contribution of organizational culture and leadership in effective strategic management of an organization. Organizational culture serves as the critical foundation which shapes the way that the work of the organization gets done (established through goals, plans, measures, and rewards) and the infrastructure (systems process and structures) gets utilized. Aligning organizational culture and leadership with strategy is a powerful means for gaining competitive advantage. Relationships between organization structures, culture and leadership encourages employees to find the meaning and purpose in their work, and to link their individual efforts to those of the entire company. This paper further argues that certain organizational cultural attributes contribute to the shaping of future courses of action, the core of team building, achieving change, and understanding the goals and strategies of the business. Next, this paper points out how organization culture can direct day-to-day behavior, support structural and process changes, and create the climate required for successful implementation of innovation strategy. Basically, organizational culture is the personality of the organization, and drives the employee's productivity and company performance levels. Culture is comprised of the assumptions, values, norms and tangible signs (artifacts) of organization members and their behaviors, and leadership. This article provides a process for mapping and describing organizational culture.

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