

On the Importance of Strategic Alignment in Organizational Culture

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Abstract

Organizational culture plays major role companies' long turn success: Organizational culture can have a major impact On corporate strategy and organizational culture is important concept that taken into account to determine company strategies. Meanwhile corporate strategy affected by the established value systems of organization, basic assumption and behaviour norms as well. For this reason, manager must manage organizational culture successfully and provide organizational culture - corporate strategy fit. There are two approaches regarding corporate culture - strategy fit. The first is that accept culture to fit according to strategy. The second is that accept strategy to fit according to culture. Organizational culture is an important part of strategic management. Organizational culture has a strong impact on the success of the company and can make a significant contribution on creation and maintenance of strategic fit.

Keywords

Organizational Culture, Strategy, Cultural Structure

1. Introduction

After 80s, most academicians, managers and applicators agree that organizational culture is one of the main determinants for long-term successes of businesses. Especially, studies that Peters and Waterman did and the book "In Search of Excellence (1982)" they published have taken the attention on the concept of organizational culture. It is observed that studies and researches have increased after this study.

Strategists have to manage many factors in an alignment for business to be successful in long term in business management. One of these factors is organizational culture. Organizational culture and strategy are in interaction and both concepts affect each other. So, strategists had to pay attention on the factor of organizational culture in their preference and application of strategy. In this study, after both concepts shall be examined with their base lines, mutual relationship and alignment problem shall be discussed.

Within this frame, alternative policies shall be assessed in business management.

2. Organizational Culture

The view dominating the management philosophies of the managers and leader had been the style of "scientific management" since early 1900s. In the last 30 years, this mechanical organizational view has been substantially changed and organic organizational view has been adopted. In this change, sociotechnical approaches of "The Tavistoes Institute" in the post-war era and American human relationship model have had a big role in the management approach. This model has revived the importance of human factor and employee motivation in the organizations. With the effect of the organizational thought model having aroused in the management literature after 1970s, cultural structure has started to be paid attention to in the organizations. Anthropology has been effective in approach to organization as a cultural structure. Herskowitz, one of the leading experts of Anthropology, has defined culture as "a structure identifying the completion of belief, behaviour, knowledge, sanction, values, and aims forming the life style of human". Geerts, another expert on the subject, has defined culture as "the meanings pattern exerted with symbols and having transmitted from past to present and a concepts system having been transmitted from the previous generations, in

which human can establish relationship, that ensures that they convey, continue, and develop their knowledge on life and their approaches regarding with life and which is expressed with symbolic forms.” [1]. These definitions made on the concept “culture” have been the basis of definition of organizational culture.

The definition of organizational culture varies depending on the discipline bound (management, marketing, sociology, anthropology etc.) and on the point of view adopted by the person making the definition. Schein defines the organizational culture as “overall basic hypothesis invented, discovered, or developed as long as it is learned how to deal with external harmony and internal integration problems by a certain group, which can be considered valid and thus having function necessary to be though to new members as right way of perception, thinking, and feeling regarding with the relevant problems”. According to Smircich, this definition and point of view on organizational culture is interfering and it is based on the belief that “cultural structures can be used to establish organizational loyalty, to transmit a management philosophy, to rationalize and legalize operations, to motivate personnel and to ease socialization process”. Camerer and Vepsäläinen have said that businesses can use organizational culture as an alternative to written agreement. It is realized by socialization process forming with conveyance of rituals, symbols, and stories that those recently employed show the expected behaviours. In this way, organizational culture is more effective than most alternative that the management can use in terms of communication [2].

Hofstede has asserted four different dimensions in the values establishing the national cultural characteristics. In terms of these four different dimensions, Hofstede has defined and conceptualize the organizational culture as “collective programming of the mind differentiating the member of a group from the others”. This collective programming affects how humans shall be organized as both leaders and employees in terms of written and unwritten rules. Deshpande and Webster have defined organizational culture as “common beliefs and values pattern helping individuals in understanding an organization and presenting behavioural norms [3].

While Flanrièr, Hofrichter and Platten are defining the organizational culture, they have adopted a plainer and more basic approach. According to the author, organizational culture has been defined as “a concept determining and organizing how to make, manage, and award the works” [4]. Numerous components have effect on definition of organizational culture. These components vary from establishing safe employment to forming strategic alliances in the other organizations and from adaptation to the changes in work environment to being flexible in thought, behaviour, and approaches.

According to Schein, culture exists in three levels. These levels are basic assumptions, values, and artificial facts. Basic assumptions are in the innermost level forming the basis of the culture. The mentioned basic assumptions and beliefs represent the patterns that ease perception of

conditions and interpretations of facts, actions and relationship between people for human and establishing basis for the common actions. As group members develop strategies in order to deal with the problems and these developed strategies are conveyed to the new members in time, these assumptions and beliefs are formed. Thus, assumptions and beliefs are generated. At the next level, values represent the more apparent display of culture determining what is important and what is unimportant, expressing the aroused and accepted beliefs. Values are reflection of basic cultural principles and represent belief preferred instead of a behavioural rule that is the opposite of another. In these terms, values affect the further behaviours of the members as a social control mechanism determining which behaviours and attitudes that members shall take shall be suitable. Artificial facts contain the seen and heard elements of the culture such as language, appearance, heroes, stories, building and ceremonies [5]. When it is considered with the approach of Schein, first impressions are obtained in relation with a culture through artificial facts first in the culture concept. However, “values” and “assumptions” that are at a relatively deeper point are comprehended better in time and socializing results in organizations are learned and conveyed to the next generations. Bath Consulting Group has developed an organizational culture model examined at 5 levels subjecting studies of Geertz and Schein. In order to exemplify the model, 5 levels of organizational culture discussed in the model “lotus” used by Schein are as follows [5].

- *First Level: Artificial Fact* (things done by human). Artificial facts are the seen and heard elements of organizational culture and ensure that we get our first impressions in relation with the culture of an organization.
- *Second Level: Behaviours*. Behaviours ensure that we have an idea on organizational culture. It contains subjects such as what members do, say, what is awarded in which way, how to resolve disputes, how to behave against faults. If the thing made by human represents adopted values, behaviours show the values in the action. When there is “cracks” between reality of those said and done, organizations experience challenges.
- *Third Level: Frame of Mind*. Concepts such as organizational values, basic assumptions, organizational “world view”, way of thinking limiting the behaviours are under the flower on the water surface, but they are perceived and felt.
- *Fourth Level: Emotive Basis*. In this level, frames of mind are made into a rule and there are unaware emotive cases and needs creating a context in which facts are generally perceived.
- *Fifth Level: Motivational Roots*. Aim sense that is on the basis connecting organization and individuals is at this level. Harmony or individual aims and motivations with those of collective organization is the subject in the motivational roots.

Some benefits that organizational culture provides

businesses and its role within the organization increase the importance of this concept. Since organizational culture is the set of quality values, beliefs and approaches share by the members of an organization, it defines basic organizational values and teaches and transmits the right ways of right thinking and acting. It guides how to make works in the organization. The aim of the culture is to establish perceptions of an organizational identity in which the members can identify themselves. In this way, it is provided that members are bound to the basic belief and values. On the other hand, stability of the organization also increases. Also, it provides an approach basis that shall ensure that members understand organizational operations and activities better. When it is used to strengthen the aim and strategy of the organization, it becomes a positive power and it contributes. Behaviours of individuals and groups within the organization are formed by the norms that culture forms [6].

3. Strategy Concept

Strategy is used in the meanings of leading, sending, taking and guiding in Turkish. It is accepted that the word "strategy" has been derived from the name of Ancient Greek General Straregos with the word stratum meaning way, line, or bed. As a militaristic concept, strategy is art of war and planning and application of campaign to be made in order to obtain a successful result in a war. The concept "strategy" was started to be used in the business and management literature after 1950s. A. D. Chandler having made studies that may be considered leading on the subject defines the strategy as "determining the long-term aims and purposes in the business, preparing suitable operation programs by providing needed sources in order to be able to realize them. In time, numerous strategy definitions have been made by various authors and experts on the subject with different points of view. In this context, strategy is seen and defined as a plan, complement of technics, a model and positioning in environment. When it is considered with an integrated approach, it is possible to define strategy as the process of determining aims and purposes in order to direct the business and provide a competitive advantage by analysing the business and its environment continuously, planning the operations and rearrangement of tools and sources required [7].

Strategy and Organizational Culture Relationship

In the businesses, strategy and organizational culture relationship and their interaction have an important place. Because, organizational culture shall affect the success of strategies to be chosen and applied or mentioned strategies shall affect organizational culture.

Strategies are established on the shared values by taking industry in which it operates and the external environment of the business into consideration. Validity and power of the mentioned values have an important effect on the success of the businesses. So, a change made in the strategy may frequently require a change in culture. Complete realization of the change starts with changes in beliefs and values, in

other words, new strategies could have opportunity to be applied as the result of the changes made [8].

When the subject is examined in terms of organizational culture contains culture, organizational values, processes of decision, distribution of source and power, behaviours required to be obeyed and permitted and promoted risk level. In order to successfully support the strategy and mission of the organization, it is needed that culture and the elements of the culture are reconciled with work processes and human resources strategies. Thus, culture transforms strategic purposes into high performance by combining basic talents and success factors of the organization and talents and roles of humans [4].

4. Organizational Culture and Strategic Alignment

Among the alignment elements of strategic management, organizational culture is the leading one among those having sensitivity. When culture of a business contradicts with its culture, management shall face two preferences. The first one is to have to choose a strategy aligned with the organizational culture and the second one is change organizational culture in a way that it shall align with the chosen strategy. However, some undesirable results of preferences made may arise. Choosing strategy aligned with the culture may sometimes not align with structure and content of the external environment. On the other hand, in case of preference of a strategy aligned with the external environment, it is very difficult to change the organizational culture. So, it is needed to completely review organizational structure, thought, value, and behaviours of the members, prize and penalty systems, leadership, purposes, aims, and plans [7].

4.1. Organizational Culture Must be Made Aligned with the Strategy

In order to successfully apply the strategies preferred in the businesses, the strategies must be aligned with the organizational culture. The mentioned cultural alignment can be discussed as internal alignment and external alignment. The degree of cultural internal alignment is a function of cultural cohesion and cultural consistency. For establishment of internal alignment, the existence of powerful cultures is necessary. In the researched carried out, it is shown that businesses having powerful cultures show a better performance. In the powerful cultures, there are cultural coalescence and cohesion. Cultural cohesion expresses the cohesion of members to the cultural elements such as value, ideology, behavioural norms, artificial facts, language etc. and their common acceptance by the members. In other words, there must be reconciliation between the members in relation with acceptance of cultural elements. Only in this way, there may be a cultural bound or cohesion. Another factor of the internal alignment is consistency. Consistency expresses how consistent values and assumptions (beliefs) are with each other. Regarding with the values and

assumptions adopted here, the degree of alignment between individuals and groups is important. It shows that there is an inconsistent case that each functional departments of a business such as marketing, producing, management have different values. For example, there may be a functional inconsistency between the value of the producing department “high quality product” and the value of marketing “wider range of product with low prices and dominating the market”. Also, in case of a management department having different values from those of other departments, the existence of the consistency factor rather decreases. The existence of external alignment is important as well as internal alignment is. Businesses may realize external alignment by establishment and application of strategies. Cultural factors such as basic value, beliefs and behavioural norms affect the successful application of the mentioned strategies. Strategy determined or formulated shall be successful as much as it pays attention to the current culture and aligns with it and performance of the business shall increase [9].

The opinion that change of organizational culture and establishment of corporate culture aligned with the preferred strategies in the business substantially affect the successful application of the mentioned strategies has many supporters in the literature. The establishment of culture aligned with the strategy or change the current culture in the way that it shall give this alignment are of utmost importance. Different methods can be followed in change of culture. It is possible to discuss these methods under five methods in the following way [10]:

- In the first method, change starts from the top. Leader or top management commence the change starting from the basic values and beliefs of culture. Such change is applied in the organizational layer from top to the bottom.
- In the second method, leader tries to make changes by making behaviours and attitudes with different thought in the times of crisis or in critical actions.
- In the third method, leader or top managers state the values and system of thought they adopt as a role model and realize the change by reinforcing them.
- In the fourth method, prizes are used as a way of encouragement and acceptance and adoption of the change are ensured.
- In the fifth method, punishment, forcing, and threatening systems are subject opposite to the prize system.

Those not adopting and accepting the change are punished, even, they are fired. Instead of those fired, new employees aligned with the culture and having the desired values and thoughts are employed.

When changing the organizational culture is the subject, top managers can perceive the current organizational culture with their experiences and talents. Besides, there are many reasons to support perception by collecting data in the business. The one of the most important reason among them is that the core values of an organization cannot be understood without making an effective study penetrating the bottom of the surface as it is in the sample of iceberg. So,

studies are needed to understand the bottom of the iceberg better. The second reason is that the top manager can have an opinion in relation with the organizational culture with its perception. However, he/she may be unsuccessful in separation of sub-cultures in the organization [11].

When the need of change the organizational culture is aroused, the processes to be made without taking sub-cultures in the current culture into consideration may decrease the chance of success. Changing the organizational culture is especially hard in the businesses having powerful cultures. Current cultural structure may be updated instead of changing organizational culture. Different points of view may be added by making changes in organizational culture factors, for example, changing heroes and stories, new stories having the same theme can be generated. This change is made in order to continue the interest in the current strategies or to adopt the needs and conditions of the changing environment as strategies change. Thus, managing the organizational culture and change is to manage the factors forming the current cultural structure. Current cultural structures support the former strategy. In this case, factors preventing success arise. In order to change and manage the organizational culture in a way that it shall align with the new strategy, change in physical environment including basic values and norms, stories, heroes, symbols, traditions and ceremonies, internal design and equipment forming the cultural structure is discussed. However, generally, top managers apply a new strategy and try to change organizational culture at a certain rate. While doing this, they do not pay attention to the important factors to make the real changes in the culture and structures helping identification of the culture. Managers keeping the former cultural structures that strengthen the factors of the former culture they want to change allow the prevention of their success. So, it is needed to strengthen the desired changes by supporting factors forming the new cultural structure with new values and norms being in the lead. If strategy and cultural structures are not aligned, employees shall be affected from uncertainty and they shall run into a contradiction. Which one shall be paid attention? Traditional former cultural factors supported by the current cultural structure on its place or the factors in relation with the new strategy which is in the conflict with the former one. Every time, employees shall follow the former ones supported still. In order to successfully apply the new strategies, changing the cultural structures is not luxury but a necessity. However, making a new strategy aligned with the cultural structures could not guarantee success [12].

4.2. The Strategy Must be Made Aligned with the Organizational Culture

Strategies of the businesses are inevitably affected from factors in relation with the values system, assumptions, competition, market, human and environment. For successful application of chosen strategies, these strategies are needed to align with organizational culture. As known, cultures of organizations become stable in time and constitute embedded and powerful ancestral structures. Those working in an

organization for a long time accept appearance rules, communication methods, working norms, behavioural rules, and basic values as they are. A resistance is encountered in acceptance of strategies not aligned with the new cultures as it is encountered in cultural changes. In order to apply the mentioned new strategies, much energy and time may be required. This challenge can only be reduced by the dynamic structures of the organizations.

Strategic decisions planned reasonably and logically are always developed under the shadow of the organization past. Strategies with the traditional organizational thoughts may not response the demands of the changing environment. "Short-sightedness may occur in the business in time. In this case, strategies demanding to change and violate the cultural rules may have to be developed. Especially in the mergers, the reason of failure to succeed in mergers lies behind the deep cultural reasons rather than wrong strategic concept. If alignment of strategy and system can be matched with the cultural alignment, the process of mergers can be less problematic [13].

Depending on the strategies planned, chosen, and applied, various cultural risks may arise. Preferences that may reduce the cultural risks depending on the strategy chosen are as follows:

- Avoidance of culture. Application of this preference appears to be very hard and it is asserted that culture may seldom be avoided.
- To manage the plan aligned with the culture by changing the application plan. There is a possibility to apply this preference under some conditions.
- To attempt to change the culture in a way that it shall align with the strategy. Although it is very hard to succeed, it can be changed or in some cases, it should be changed. However, there are three preconditions for the mentioned change; first, strategy and all factors must be clearly stated, secondarily, the current culture must be analysed, and finally, strategy must be reviewed in terms of culture in order to detect what the risks are.
- To attempt to change strategy in a way that it shall align with the culture. In this preference, the answer is searched for the question "should the strategy be exchanged with the one which is more aligned with the current culture?". Such a preference is generally discussed in case of a merger of two companies of which cultures are very different from each other. Result can sometimes fall behind what is expected. A strategy in a big and serious cultural problem shall probably require the combination of the three actions, management around the culture, changing the culture and changing the strategy, in order to take the cultural risk to the manageable area. Eventually, every kind of business decision contains an exchange of a risk and award [14].

Organizational culture is an important variable of establishment of an effective strategy. It affects the various stages of strategic decision process and eventually affects the

content of the business strategies. The most frequently encountered problem that managers establishing the strategy see is to examine the cultural structure and the effects of this structure on the strategy. Even if the change of culture is very difficult, at least, managers can be aware of that and try to develop strategies aligned with the organization culture [15].

5. Conclusion

In this study, alignment of organizational culture and strategy are examined with different aspects. Organizational culture or cultural structures have a big effect in strategies to be applied or resolutions to be taken in the strategic management process. Organizational culture and strategy concepts are those affecting each other. The most frequently asked questions in relation with the mentioned concepts are "Should organizational culture be changed according to the strategy or should the strategy be changed according to the organizational culture. There is no certain or standard answer for the questions. The approach of changing the organizational culture according to the strategy has more supporters. However, it should not be avoided that it is hard to change the powerful cultures. As known, culture has an enormous effect on success of the businesses and has a big contribution in establishment and sustaining the strategic position. On the other hand, fast and major change in external environment shall require new strategies or strategic changes. In this case, alignment of the mentioned strategies with the current culture shall be difficult for organizational culture cannot be changed easily and in short time.

Many factors such as the power of the organizational culture, industry covering the business, the force of competition, technology are effective in determining the answer of the question "should organizational culture or strategy be changed?".

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