

# Organizational Culture Role and its Implementation in Corporate Strategic Management

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**Abstract:** Discussion of management of organizational culture includes understanding management of organizational culture, characteristics of organizational culture, the influence of culture on organizations, and strategic management. Systematic cultural change and organizational innovation give a lot of improvement and success in the present and in the future.

**Keywords:** management, organizational culture, culture, organization, strategic management

## 1. Introduction

Linkage of company strategy to corporate culture in development today it has become highly regarded by both academics and circles companies and management practitioners in the company. In academic circles, the problem is company strategy and corporate culture are increasingly interesting to study and do research in an effort to optimize the implementation of strategies in a company. In the company, the company's strategy and corporate culture are increasingly seen as interesting and important things to be the priority of attention, both of which are increasingly strengthened to achieve better and optimal corporate goals.

Culture is like a life-giving spirit for the organization. Where organizational culture is defined as "values that hold human resources in carrying out their obligations and behavior in the organization" Corporate strategy and Corporate Culture have complementary and reciprocal relationships in the company's efforts to achieve its objectives. The corporate culture greatly influences the process of formulating the company's strategy, starting from the strategy formulation to the implementation of the strategy.

There is a main reason why we need to understand organizational culture, that is, a strong culture will be a lever for behavior guidelines for each organization. There are 2 things that can help members do their jobs better, namely:

- A strong organizational culture is a system of information regulations that expresses how organizations should behave in their daily lives.
- A strong organizational culture allows members of the organization to feel more deeply about what they are doing so that they will have greater motivation to work harder.

## 2. Effect of Culture in Organization

The corporate culture influences the company's strategy starting from the process of formulating the company's strategy to implementing the strategy within the company. At the strategy formulation stage, the corporate culture is significantly influential in terms of corporate strategy selection, and at the implementation stage, the corporate culture will influence in terms of minimizing the inhibiting

factors for implementing the strategy. At these two stages, the corporate culture will indirectly influence the leaders and decision makers and policy at the level of top management, middle management, lower management, even to all employees within the company itself.

At the stage of strategy formulation, there will be activities in analyzing the environment, setting strategy choices and choosing the strategy that best suits the company. At this stage, the corporate culture will influence the framework that will be carried out by the leaders or decision makers and policies. Cultural assumptions, shared values and norms held by all people within the company will be applied in developing the mindset, perceptual framework and interpretation framework and understanding of each person in the company, especially those who directly involved in these stages, namely in conducting environmental analysis, choosing strategy choices, determining the most suitable strategies to be implemented.

In general, the assumptions, values and norms held by the company will significantly form a mental pattern, including mental patterns of leaders and decision makers and company policies. This mental pattern will affect the perception and interpretation of the company's environment, namely the company's interpretation of internal environmental factors and the company's interpretation of external environmental factors. Mental patterns also influence the company's conclusions about the company's strategy to be applied, and the company's decision to choose and determine the company's strategy that is most appropriate for the company. In more detail, the corporate culture will influence the company's strategy in the following matters:

- Corporate culture influences the way company management in gathering information and analyzing the internal environment and external environment.
- Corporate culture influences the company's perspective on events that occur within the company.
- Corporate culture influences the way of interpreting things that occur in the internal environment and the external environment.
- Corporate culture affects the company in choosing its strategy.

With these various influences, it can be understood that corporate culture has an important role in the company's strategy, starting from strategic analysis, to the

implementation of strategies. The values and norms that exist in the corporate culture have an effect on optimizing the achievement of the results of the company's strategy, especially in the implementation of the strategy. Corporate culture also influences the quality of decision making and policies carried out by company management, from top management to bottom management.

In addition to the above, there is one side where culture may occur the company is not aligned with the company's strategy. In cases like this usually corporate culture will be an obstacle to strategy implementation. Inconsistency between corporate culture and corporate strategy can occur for various reasons and reasons, one of which often occurs due to compelling environmental pressures decision makers and policies to change what is currently, and what is changed can not be accepted by corporate culture. Inconsistency between cultures company and company strategies can sometimes occur when new management take over the company where the leaders and people are involved this change comes from outside the company.

The consequences of the unconformity of corporate culture and corporate strategy will be also causes the company's operational inconsistency with cultural assumptions, values, norms adopted by people in the company. In almost all cases inconsistency in corporate culture and corporate strategy will result the emergence of various obstacles, especially in the process of implementing the strategy, and This obstacle is a cultural risk that needs attention. Then how is the alternative the company's response to the incompatibility between corporate culture and strategy company?

There are several alternative responses that companies can do when they occur the inequity between corporate culture and company strategy, including:

#### **Ignoring company culture**

The alternative response is less advisable to companies where culture the company has been firmly planted, but this alternative response can still be achieved it is recommended as a momentary problem solving or a short period of time. For a long period of time, the abandonment of corporate culture would instead raises new, bigger problems.

#### **Modify the corporate culture to be able to adapt to the strategy**

This alternative response can be considered to be applied in situations where new management has modified the company's culture so that it can adapt to the new corporate strategy. By modifying It is expected that the corporate culture can adjust to the new strategy. However, this alternative response still has a high risk. At least that with this alternative response to changes in corporate culture can be adjusted to the time needed to get the strategy implemented. The situation will be much easier if the culture is changed, and management just needs to make small adjustments to values and new norms.

#### **Modify the company's strategy to adapt to culture company**

This alternative response can be applied if there is no pressure between corporate culture and corporate strategy.

#### **Change the strategy implementation plan**

This alternative response is applied if the new corporate strategy is more prioritized by the company and corporate culture cannot adapt to the new company's strategy. The plan for implementing the strategy can be changed and the elements can be adjusted to be more acceptable to corporate culture

### **3. Culture Characteristics**

As for its position in the company's operational activities, there are 12 characteristics in organizational culture, namely:

#### **1) Leadership**

Leadership plays an important role in organizational culture, especially in organizations whose organizational culture is weak.

#### **2) Innovation**

Whether working on tasks is more oriented to the pattern of 'using existing traditions' and using methods that have been tested, or providing flexibility to apply new methods through experimentation.

#### **3) Individual initiatives**

Covers the degree of responsibility, freedom and independence of each member of the organization. That is how much someone is authorized to carry out their duties, how much responsibility must be borne in accordance with their authority, and how much freedom to make decisions.

#### **4) Tolerance to risk**

Discussing how far human resources are encouraged to be more aggressive, innovative and willing to face risks in their work

#### **5) Direction**

Organizational clarity in determining objectives and expectations of human resources for the results of work done. Expectations can be expressed in terms of quantity, quality and time of completion.

#### **6) Integration**

How the units in the organization are encouraged to carry out their activities in a good coordination, namely how far the linkages and cooperation are emphasized in the implementation of tasks and how deep the interdependence between HR is invested

#### **7) Management support**

Talk about how well managers provide (clear) communication, help and support for their subordinates in carrying out their tasks

#### **8) Supervision**

Includes direct regulations and supervision used by the management of the organization to see the overall behavior of the members of the organization

#### **9) Identity**

Understanding of organizational members who side with the organization in full shows how far the members of the organization are aligned with the organization itself

#### **10) Reward system**

Talking about the allocation of "reward & punishment", usually associated with the criteria for the work of members of the organization.

#### **11) Tolerance to conflict**

Efforts to encourage organizational members to be critical of conflicts that occur. In organizations that

tolerate the high conflict of debates in meetings is a natural thing. But in organizations with low conflict tolerance, members of the organization will avoid debate and even grumble behind.

#### 12) Pattern of communication

Discuss organizational communication that is limited to the formal hierarchy of each organization.

### 4. Cultural Functions in Organizations

#### 1) Organizational binding

Functions as a binder of all organizational components, especially when the organization faces shocks both from within and outside due to changes.

#### 2) Integrator

Organizational culture is a tool to bring together a variety of characteristics and characteristics as well as diverse talents and abilities within an organization

#### 3) Organizational identity

Organizational culture is one of the identities of the organization

#### 4) Energy to achieve high performance

Organizational culture also functions as an injection of energy to achieve high performance

#### 5) Quality characteristics

Organizational culture is a representation of the quality traits that apply in the organization

#### 6) Motivator

Is an encouragement for the members of the organization. A strong culture will be a strong motivator for the members of the organization

#### 7) Guidelines for leadership style

A deeply rooted organizational culture can guide the leadership style that is appropriate for the conditions of the organization concerned. The leader is said to be successful if he is able to bring members of the organization out of the polemic due to changes that occur

#### 8) Value enhancers

One of the functions of the organization is to increase the value of its stakeholders. A strong and pervasive organizational culture in each of the minds of members of the organization will be one of the factors that can increase value for members, customers, suppliers and other parties associated with the organization.

### 5. Why Organizational Culture Changes

There are two main trigger factors that force organizational culture to change, namely internal trigger factors and external trigger factors.

- Internal trigger factors are factors that originate within the organization that force changes in organizational culture, whether intentional or not. Included in this factor is the maturity of the organization, the process towards a better one to replace the old unfavorable process, the application of new technologies and new leadership patterns.
- External trigger factors include a variety of trigger factors that encourage changes in organizational culture from outside. Included in this factor is a change in the business environment due to the impact of globalization, special events that force changes such as mergers and

acquisitions, socio-political factors such as changes in regulations that affect the business run by the company and pressure from stakeholders such as employees, customers, the surrounding community and the government

### 6. Types of Culture and Performance of Organizations

Corporate culture is an increasingly important factor in determining a company's success or failure. Culture can also be a barrier for companies to adapt strategies or changes in tactics needed. Companies with a strong culture, almost all managers have a set of values and methods that are relatively consistent in carrying out their business activities. A strong culture creates extraordinary levels of motivation and also helps improve performance because of the availability of structures and control systems that do not have to depend on formal bureaucracy that can reduce motivation and innovation but companies are cautious about this strong culture because it has the potential to be toxic very dangerous.

#### Adaptive Culture

Adaptive culture means only culture that can help organizations anticipate and adapt to changes in the environment alone that can produce superior performance in the long term. In companies with adaptive cultures, managers in all organizational hierarchies must have the quality to initiate changes in strategy and tactics if needed to fulfill the interests of all shareholders, customers and employees.

#### Low Performance Culture

Kotter and Heskett divide the low-performance culture into three components:

- First, the arrogance of leaders
- Second, the attitude of leaders and managers who do not respect customers
- Third, resistance to values such as leadership and change

#### Predatory Culture

Companies with predatory culture often get the spotlight from the mass media such as making company leaders as suspects and defendants in financial report engineering scandal, cases of negligence in fulfilling obligations to workers, selling dangerous goods accompanied by misleading information to consumers, as well as procedural errors operations and environmental damage that harm local residents.

#### Frozen Culture

The company with Frozen Culture suffered paralysis due to stagnation and denial. This culture does not like innovation and risk taking.

#### Chaotic Culture

Chaotic Culture is often the result of inexperienced and incompetent management. Coaching for company leaders and managers can be a tool to begin the process of cultural change from the top level.

**Political Culture**

Companies with Political Culture need to benchmark with companies that perform well in order to understand the occurrence of the gap between the company's own culture and other companies.

**Bureaucratic Culture**

Companies with Bureaucratic Culture have lost touch with their customers, requirements, rules, policies and internal practices are preferred over customer needs. Therefore, customers must be central to the process of cultural change

**Service Culture**

Service Culture is not only limited to traditional service companies, manufacturing companies can also have a strong service culture. In contrast, traditional service companies do not necessarily have a service culture

**New Age Business Culture**

In companies with a new age culture, ceremonies and rituals, rules, practices and policies that are informal or in the developmental stages of myths are important when employees make important breakthroughs. Conditions that can kill the new age culture are success, leadership that is not in accordance with the new age culture, bureaucracy, too much chaos, and the age of the company

**7. Conclusion & Advice**

Based on the discussion of culture in relation to strategic management above, it can be concluded that:

The corporate culture has a very strong influence on the course of the company, the management ability to apply the right culture for the company will make the company able to develop into a leader in its field and deal with the existing problems correctly.

The author's suggestion for the company is that management needs to pay attention to the organizational culture that exists within the company and carry out periodic monitoring to be able to monitor the application of the culture in the company's operations to achieve goals that have been determined in the company's vision and mission.

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