HRM:
The Bridge that Connects a Business'
Culture with Its Business Strategy

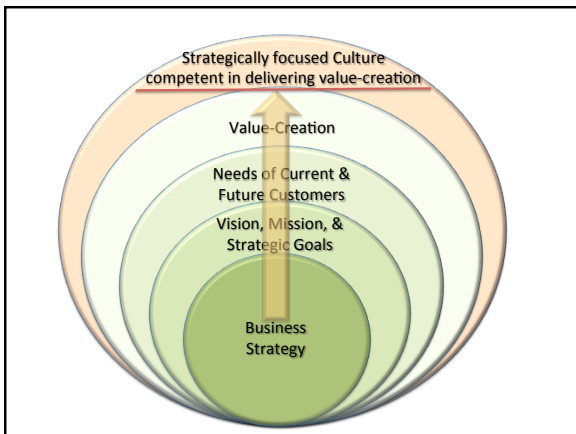Assess and Deliver a
Strategy-Aligned Culture

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Presentation Outline

- Introduction: the Challenge and Solution
- Part 1:   Business-Level Strategy and a Strategic Planning Model
- Part II: What is Culture & Organizational Culture
- Part III: Diagnosing an Organization's Culture
- Part IV: HRM Strategies that shape Culture
- Summary and Conclusion
- Thoughts, Reflections, or Questions

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Strategically focused Culture
competent in delivering value-creation

Value-Creation

Needs of Current &
Future Customers

Vision, Mission, &
Strategic Goals

Business
Strategy

Businesses and Cultures

The Challenge

A business' culture aligned with the business' strategy represents an essential force necessary in the successfully implementation of the strategy.

However, when a business' culture is not aligned with the business' strategy, a performance "gap" exists. This performance "gap" reveals inadequate competencies in culture to successfully implement strategy. When a business fails to address this "gap" the business faces a 85% chance that its strategy will fail (Kaplin & Norton, 2001).

The Solution

The successful implementation of a business' strategy requires diagnosing, identifying, and developing specific competencies within culture that aligns culture with the business strategy.

Within a business, HRM represents an internal asset best capable to diagnose, identify, and develop competencies within culture through specific HR strategies.

Why Is this topic important?

Jeana Wirtenberg, (2005). HR Leadership: Engaged, Aligned and Accountable – Defining the Future of Organization Development.

Top Six Findings of a Survey of 6000 For-profit Business Leaders

#	Top Six Survey Questions (Scale 1 to 5)	Stated Importance	Actual Effectiveness	GAP
1.	Aligning and executing strategies in a way that meets financial goals and are consistent with organization's core values.	4.80	3.77	1.08
2.	Effectively addressing organizational culture during organizational realignments, industry consolidations, and mergers and acquisitions.	4.52	3.17	1.35
3.	Aligning strategies, people, systems and processes organization-wide to enhance productivity and profitability	4.64	3.38	1.26
4.	Developing and maintaining the commitment of the workforce to the goals of the organization for better overall performance results	4.78	3.66	1.12
5.	Clarifying purpose and mission to inspire and engage the workforce.	4.56	3.50	1.07
6.	Attracting and retaining top talent.	4.74	3.46	1.27

Part I:

Business-Level Strategy

Strategic Planning Model

Preparation & PrePlanning

Where are we now?

What are our values & principles?

Where do we want be?

Vision & Mission

How do we get there?

Goals, objectives, action plan

Implementation monitoring, revision

Strategy Defined

❖ As is a continuous process of analyzing, adapting, improving, and increasing capabilities of an organization through integrated and coordinated commitments and actions [people] in order to out compete rivals in the face of an unfolding, complex market.
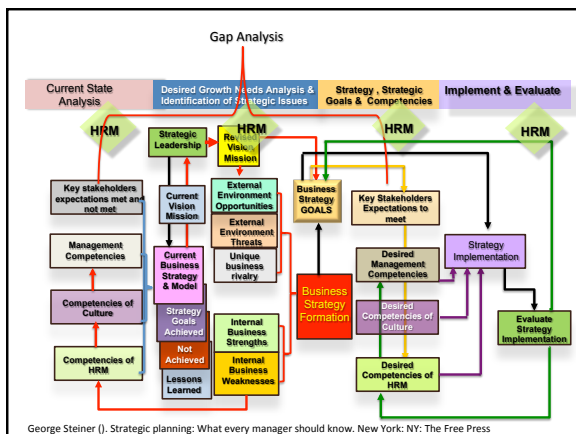
Hitt, M.A., Ireland, R. D. & Hiskisson, R.E. (2015). *Strategic management: Concepts and cases.* (11th ed.). Mason, OH: South-Western Cengage Learning.
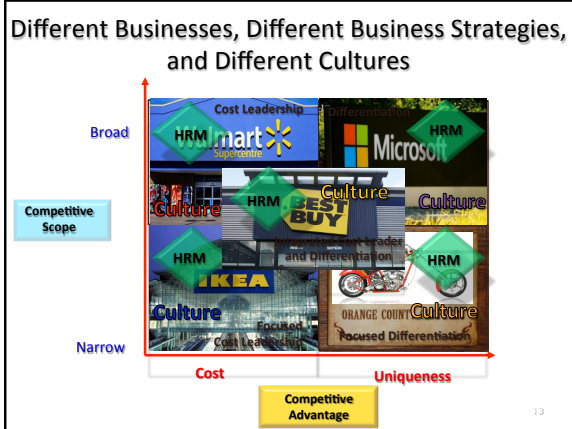
Two Dimensions in Developing Strategy

- **Dimension 1**: *Strategy is the **Science** of analyzing, and organizing resources to achieve desired goals.*

- **Dimension 2***: Strategy is the **Art** of developing, coaching, encouraging, and creating a collective mind set within people to act and achieve desired goals.*

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George Steiner (). Strategic planning: What every manager should know. New York: NY: The Free Press

Different Businesses, Different Business Strategies, and Different Cultures

Part II

Organizational Culture

"Culture is how organizations 'do things'."
— Robbie Katang

"In large part, culture is a product of compensation."
— Alec Haverstick

"Organizational culture is the sum of values and rituals which serve as 'glue' to integrate the members of the organization."
— Richard Perrin

"It over simplifies the situation in large organizations to assume there is only one culture… and it's risky for new leaders to ignore the sub-cultures." — Rolf Winkler
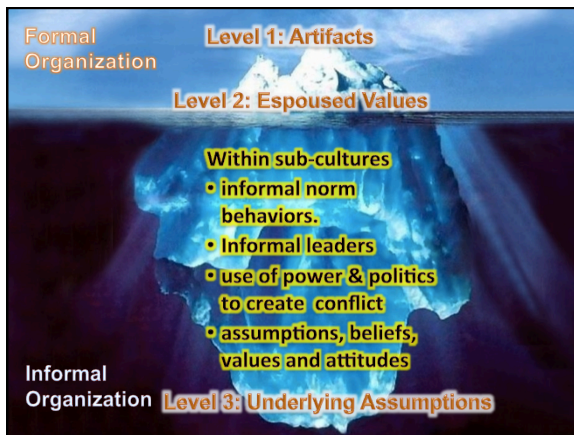
1–14

Organizational Culture Defined

(1) a pattern of basic assumptions, (2) invented, discovered, or developed by a given group, (3) as the group learns to cope with its problems of external adaptation and internal integration, (4) that has worked well enough to be considered valid and therefore (5) is to be taught to new members as the (6) correct way to perceive, think, and feel in relationship to those problems.

– Culture is often expressed in these words: "That is the way we do things around here."
– Within a given culture, current members coach and correct each other.
– More importantly, culture coaches, corrects and trains new members on what to think, how to feel, and what to do in order to "fit" into the culture.

Schein, E. (2010). *Organization leadership and leadership* (4th ed.). New York, Vintage Books, p.181)

It is not what managers
say that is True.

It is what employees
believe to be True
that shapes how a
business culture thinks
and behaviors.

Formal Organization — Level 1: Artifacts

Level 2: Espoused Values

Within sub-cultures
• informal norm behaviors.
• Informal leaders
• use of power & politics to create conflict
• assumptions, beliefs, values and attitudes

Informal Organization — Level 3: Underlying Assumptions

Artifacts Level 1
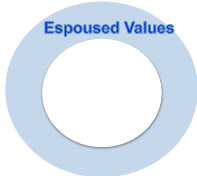### Its Influence on Organizational Culture

• Level 1 is characterized by
  – Symbolism
  – Unique language
  – Policies, rules, procedures
  – Slogans
  – Routines & Processes
  – Members' formal interaction
  – Dress Code
  – Work place layouts

Artifacts
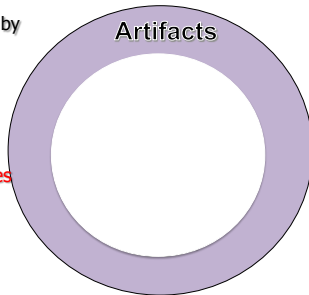
18

Espoused Values Level 2:
Its Influence on Organizational Culture

- Level 2 is characterized by:
  - What an individual states is "correct" or "right".
  - Influences peoples decision-making
  - Publicly stated values of leaders and managers
  - Codified in Vision and Mission Statements, and Codes of Ethics

Espoused Values

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Underlying Assumptions Level 3:
Its Influence on Organizational Culture

- Level 3 shapes the HOW and the WHAT a culture thinks and behaviors based on collective beliefs and values shaped from:
  - *Management styles*
  - *Control processes*
  - *Attitudes towards rewards and recognition*
  - *Job requirements*
  - *Compliance*
  - *Initiative*

Basic underlying assumptions

20

Organizational culture is then the collective and shared

Values, **beliefs**, **attitudes** and **assumptions** put into

Action that is seen in **Behavior**

The Key Question to address is this:
What **Behavior** [competencies] are necessary for culture to successfully implement **Strategy?**

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Part III:

DIAGNOSING CULTURE

Cameron and Quinn Organizational
Culture Assessment Instrument (OCAI)

Benefits of Diagnosing a Business Culture

- Highlights the need for a change in culture to "fit" or "align" with strategy.
- Establishes a baseline to monitor and measure progress of an existing culture towards a new culture.
- Identifies training and development programs designed to change behaviors (competencies) of a culture.
- Enhances leaders and managers' understanding of culture.
- Facilitates mergers, acquisitions, and strategic alliances.

Sub-cultures Created by Specializations

CEO

Market | Opn | Logistics | HRM | Finance

Organizational Culture Assessment Instrument (OCAI)

- Developed by Kim Cameron and Robert Quinn (1999).
- The organizational culture assessment instrument is based on a *Competing Values Framework.*
- The output consists of four culture types:
  - Clan Culture
  - Adhocracy Culture
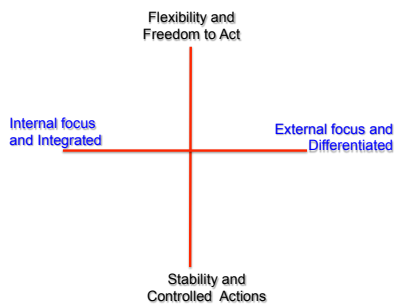 - Market Culture
  - Hierarchy Culture

Competing Values Framework

- Internal as opposed to External focus
  - **Internal**: focused Inwardly toward employee needs and concerns and/or production processes and internal systems

    Values opposed by
  - **External:** Outwardly toward such factors as the marketplace, government regulations, and the changing social, environmental, and technological conditions of the future

- Flexibility as opposed to Control focus
  - **Flexibility**: focused on more teamwork and participation; seeking new opportunities for products and services

    Value opposed by
  - **Control**: focused on stable, maintaining the status quo and exhibiting less change.

Competing Values Framework

Flexibility and
Freedom to Act

Internal focus
and Integrated

External focus and
Differentiated

Stability and
Controlled Actions

Source: Adapted from K. Cameron and R. E. Quinn, *Diagnosing and Changing Organizational Culture: Based on the Competing Values Framework* (Reading, MA: Addison Wesley Longman, 1999).

Four Culture Types

Flexibility and freedom to act

Clan

50
40
30
20
10

Internal focus and integration

External focus and differentiation

Stability and control
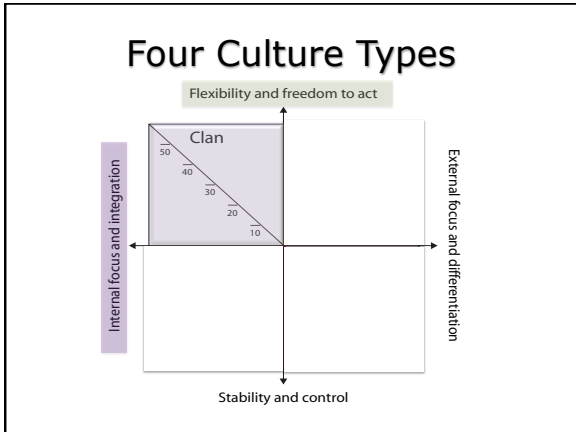
- A friendly place to work where people share of themselves.
- **Orientation**: Collaboration
- **Leader Type**: Mentor
  Coach
  Team builder.
- **Value Drivers:** Development
  Commitment,
  Communications
- **Theory of Effectiveness**- Human development and participation produces effectiveness.
- **HRM Role**: Employee champion
- **HR Competencies**: Human development; systems improvement; team building

Clan Culture

Cameron, K., & Quinn, R., (1999). Diagnosing and Changing Organizational Culture. New York: Addison-Wesley.

Four Culture Types

Flexibility and freedom to act

Internal focus and integration

External focus and differentiation

Hierarchy

Stability and control
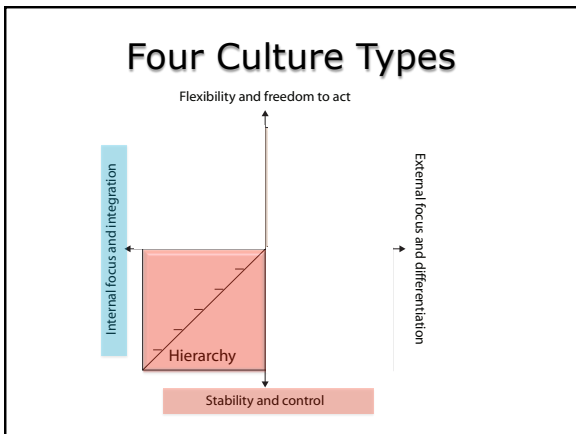
Hierarchy Culture

- A formalized structured place to work. Procedures govern what people do.

- Orientation: Control
- Leader type: Coordinator
                    Monitor
                    Organizer
- Value Drivers: Efficiency,
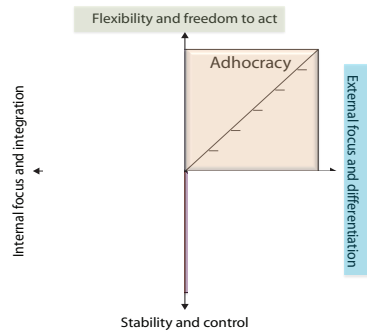   Reliability
                    Consistency
- Theory of Effectiveness: Control and efficiency with capable processes that produce effectiveness
- HRM Role: Efficiency Specialist
- HR Competencies: Process improvement, Customer service, Efficiency assessment

Cameron, K., & Quinn, R., (1999). Diagnosing and Changing Organizational Culture. New York: Addison-Wesley.

Four Culture Types

Flexibility and freedom to act

Adhocracy

Internal focus and integration

External focus and differentiation

Stability and control

Adhocracy Culture

- A dynamic entrepreneurial, and creative place to work. People stick their necks out and take risks.

- Orientation: Creativity
- Leader type: Visionary
                Innovator
                Entrepreneur

- Value Drivers: Innovative output
                    Agility
                    Transformation

- Theory of Effectiveness: Innovativeness, vision, and new resources produces effectiveness
- HRM Role: Change Agent
- HR Competencies: Systems analysis; organizational change skills; consultation and facilitation skills.

Cameron, K., & Quinn, R., (1999). Diagnosing and Changing Organizational Culture. New York: Addison-Wesley.
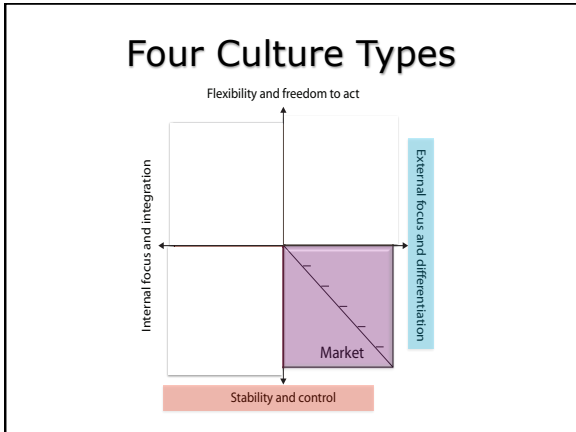
Four Culture Types

Flexibility and freedom to act

Internal focus and integration

External focus and differentiation

Market

Stability and control

Market Culture

- A results oriented organization whose major concern is with getting the job done.

- Orientation: Competing
- Leader type: Hard-driver
  Competitor
  Demanding
- Value Drivers: Market share
  Goal achievement
  Profitability
- Theory of Effectiveness: Aggressively competing and customer focus produces effectiveness
- HRM Role: Strategic business partner
- HR Competencies: General business skills; strategic analysis; strategic leadership

Cameron, K., & Quinn, R., (1999). *Diagnosing and Changing Organizational Culture*. New York: Addison-Wesley.

The OCAI Assessment Scoring

Divide 100 points that correspond with the 4 culture types

Flexibility and freedom to act

Internal focus and integration

External focus and differentiation

Clan	Adhocracy
50 40 30 20 10	50 40 30 20 10
10 20 30 40 50	10 20 30 40 50
Hierarchy	Market

Stability and control
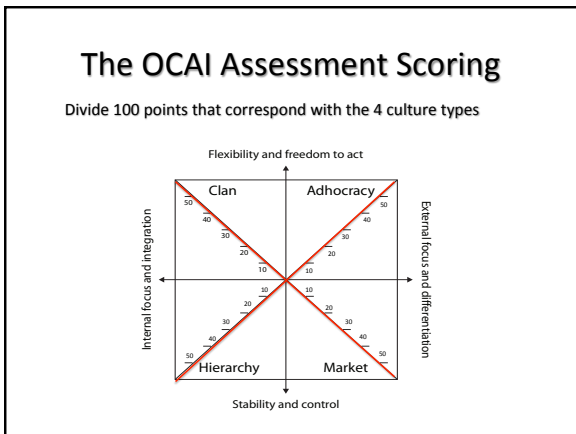
OCAI Example Survey Statement

Criteria for Success	Current
A. The organization defines success on the basis of the development of human resources, teamwork, employee commitment and concern for people.	40.32
B. The organization defines success on the basis of having unique or the newest products.	26.02
C. The organization defines success on the basis of winning in the marketplace and outpacing the competition.	13.38
D. The organization defines success on the basis of efficiency. Dependable delivery, smooth scheduling, and low-cost production are critical.	20.28
Total	100.00

Plotting the Organizational Culture Profile

|	Current	Desired
Clan	40.32	30.26
Adhocracy	26.02	33.41
Market	13.38	14.39
Hierarchy	20.28	21.94
	100	100
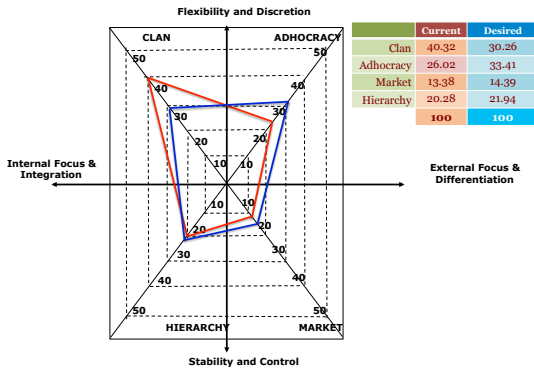
Part IV

HR Strategies ---- Shaping Culture

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Two Levels of Business Strategy

Business-level Strategy defined: as an integrated and coordinated set of commitments and actions a business uses to gain a competitive advantage by creating and sustaining core competencies in a specific product market.

CEO
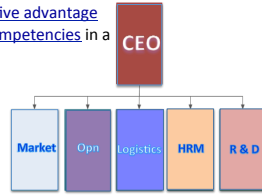
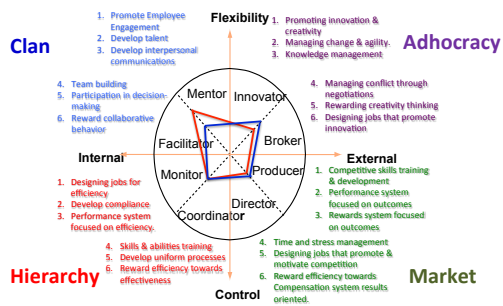Functional-level strategy defined: as an integrated and coordinated specialized plan of action that integrates the business-level strategy by specifically strengthen an business' functions and resources, as well as its coordination specialized abilities, in order aid a business in creating one or more core competencies that supports the business-level strategy and goals.

Market | Opn | Logistics | HRM | R & D

HR Applications of OCAI Results

- Identifiable diagnosis with a **visual culture profile** about current and preferred culture.
- Assists in **HR Planning**, **job analysis,** and **staffing**.
- Identifies specific **training** and **development**. management competencies strategies.
- Clarifies hiring the **right people** to fit into planned culture.
- A clear format to customize change towards a desired culture and **competencies of culture**.
- Ability to develop **specific HR Strategies** to change culture

Competency Skills in a Desired Culture

Clan

1. Promote Employee Engagement
2. Develop talent
3. Develop interpersonal communications
4. Team building
5. Participation in decision-making
6. Reward collaborative behavior

Flexibility

Adhocracy

1. Promoting innovation & creativity
2. Managing change & agility.
3. Knowledge management
4. Managing conflict through negotiations
5. Rewarding creativity thinking
6. Designing jobs that promote innovation

Internal

Mentor Innovator
Facilitator Broker
Monitor Producer
Coordinator Director

External

1. Competitive skills training & development
2. Performance system focused on outcomes
3. Rewards system focused on outcomes

Hierarchy

1. Designing jobs for efficiency
2. Develop compliance
3. Performance system focused on efficiency.
4. Skills & abilities training
5. Develop uniform processes
6. Reward efficiency towards effectiveness

Control

Market

4. Time and stress management
5. Designing jobs that promote & motivate competition
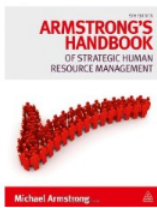6. Reward efficiency towards Compensation system results oriented.

Source: R.E. Quinn. (1988) *Beyond Rational Management*. San Francisco: Jossey-Bass Inc.

HR Strategies

SHRM defines *HR strategy* as a system of bundling human resource practices specifically designed for a particular job or collection of jobs aimed at building skills for best employee [culture] performance [competencies] to achieve a business' strategic goals.
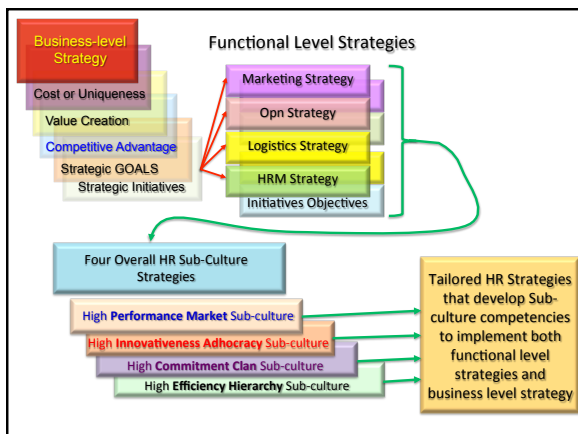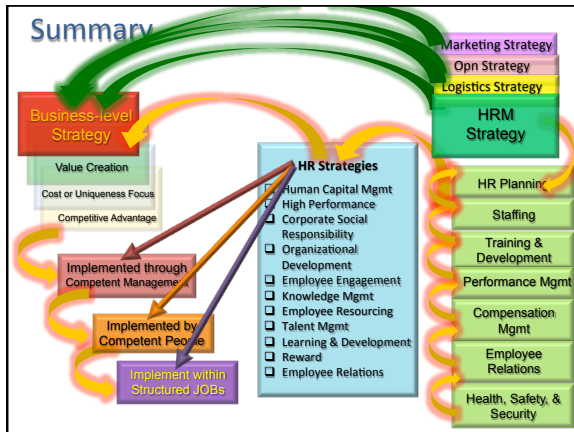
HRM Strategy

- HR Planning
- Staffing
- Training & Development
- Performance Mgmt
- Compensation Mgmt
- Employee Relations
- Health, Safety, & Security

Armstrong's Eleven HR Strategies

ARMSTRONG'S HANDBOOK
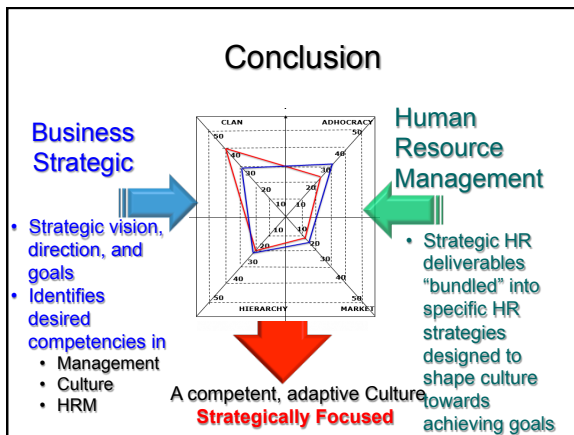OF STRATEGIC HUMAN RESOURCE MANAGEMENT

Michael Armstrong

1. Human Capital Management
2. High Performance
3. Corporate Social Responsibility
4. Organizational Development
5. Employee Engagement
6. Knowledge Management
7. Employee Resourcing
8. Talent Management
9. Learning & Development
10. Reward
11. Employee Relations

Armstrong, M. (2013). Armstrong's handbook of strategic human resource management (5th ed.) Philadelphia, PA: Kogan

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Business-level Strategy

Functional Level Strategies

Cost or Uniqueness
Value Creation
Competitive Advantage
Strategic GOALS
Strategic Initiatives

- Marketing Strategy
- Opn Strategy
- Logistics Strategy
- HRM Strategy
- Initiatives Objectives

Four Overall HR Sub-Culture Strategies

High **Performance Market** Sub-culture
High **Innovativeness Adhocracy** Sub-culture
High **Commitment Clan** Sub-culture
High **Efficiency Hierarchy** Sub-culture

Tailored HR Strategies that develop Sub-culture competencies to implement both functional level strategies and business level strategy

Summary

Conclusion

Business Strategic

- Strategic vision, direction, and goals
- Identifies desired competencies in
  - Management
  - Culture
  - HRM

Human Resource Management

- Strategic HR deliverables "bundled" into specific HR strategies designed to shape culture towards achieving goals

A competent, adaptive Culture **Strategically Focused**

"To put it simply and starkly;

if you don't get the people [culture]

process right, you will NEVER fulfill the

potential of your business' strategy."

Larry Bossidy
Former CEO of Honeywell & Author
Execution: The Art of Getting Things Done

QUESTIONS?
COMMENTS?
CONCERNS?

HR
US ROAR
motivate. inspire. lead.

THANK YOU
For your time and attention.