Power and cultural schools of thought

The ' Power' and ' Cultural' Schools of Thought – A Critical Essay Introduction The ten schools of thought proposed by Mintzberg, Ahlstrand and Lampel (2009) provide an insight into different aspects of strategy formation. Mintzberg (2009) explains how we are unable to gain a complete picture of the process of strategy by simply looking at single schools alone, we must look at them all to gain the whole image.

The poem the ' Blind Men and the Elephant', written by John Godfrey Saxe. The purpose of this essay is to evaluate and compare two schools of thought (chosen at random), the ' power' and ' cultural' schools. Analysis The ten ' schools of thought' are divided by Mintzberg et al (2009) into two distinct catagories. The ' prescriptive' schools are concerned more with how strategies should be formed and the ' descriptive' schools, which are more concerned with how strategies are formed. The ' power school' is to be found in the decriptive school catagory. The influence of power on strategy formation concerning organisations can occur in two environments; the micro-environment, involving power holding parties internal to the organisation, i. e.

managers, CEO's etc. , and the macro-environment, which invoves the organisation as a single entity working with intrest groups from the external environment. It should be made clear at this point what we mean when we talk about ' power'. French and Raven (1960) further argue that power can arise from five separate sources or bases (further explained in appendix 1); coercive power, reward power, legitimate power, referent power, and expert power. Mintzberg et al (2009) describe strategy formation in the power school as a process of negotiation, with its base discipline in politicalscience,

Kotelnikov (unknown). The eventual goal of negotiation is to form an agreement between two or more parties whom originally may have had very different ideas about the given topic. It does not mean simply splitting the arguments down the middle, but reaching agreedgoals, thorough bargaining and compromise, which will (hopefully) create positive outcomes for those involved.

It is before and during this process that political influences can become prevalent. For those involved in the strategy formulation any number of ' political games' (Mintzberg et al (2009)) can be employed in order to affect power and influence among those involved often for personal gain or advantage. Bolman and Deal ((1997) from Mintzberg et al (2009: 246) from this propose a number of points about organizational politics and among these suggest that ' power is the most important resource'. These political games and negotiations are especially rife within the micro-environment. Once this power has been achieved Mintzberg also refers to the ' 48 Laws of Power' written by Greene and Elffers (1998) who having studied relevant individuals from the realms of history and present suggest a number of ways of concealing and using power for personal gain. When talking about the macro-environment negotiation becomes less of an internal affair but more so external, for example with pressure groups, suppliers and unions. In this, the macro-instance the ' stakeholders get added to share holders and the ' market' gets replaced by the ' environment', thereby opening up the organization to a much wider array of actors and forces' Mintzberg et al (2009: 260).

It is also put forward by Pfeffer and Salancik ((1978) from Mintzberg et al (2009), that under the political influences that have changed the way in which organisations operate within the external environment (through the power school) it has three strategic options available to it (further explained in appendix 2); deal with each demand as it arises, strategically withhold and disclose information and play one group against another. These three options all adapt the external environment in order to suit the needs and requirements of the organisation. The benefits of the power school allow the strongest in the organisation or the strongest organisation to survive. All sides of any occurring issues are debated and any resistance among colleagues after the decision is made is kept to a minimal. Strategy formation through the power school also allows necessary change by breaking through any obstacles that may block the way. Limitations to this school are that it uses up a great amount of energy formulating strategies and can be extremely costly. Politics can be extremely divisive and can lead to aberrations.

It is also possible that no strategy is decided upon and all that happens is tactical maneuvering. Based on Mintzberg (2009). There are a number of tools available for strategy formulation within the power school (all of which are represented visually complete with advantages and disadvantages of each tool, in the appendices at the end of this paper, appendices 3 -5). The stakeholder analysis (appendix 3) is a tool used in the identification of key stakeholders and assesses their interests ' and the ways in which these interests affect project riskiness and viability', (Overseas Development Administration: http://www. uforic. org/gb/stake1. htm#intro).

During or before the implementation of a stakeholder analysis it could also be useful to complete a (Kurt Lewin) force field analysis (appendix 4). This tool is used to; ' investigate the balance of power involved in an issue; identify the most important players (stakeholders) and target groups for a campaign on the issue; identify opponents and allies; identify how to influence each target group' (12Manage (unknown: http://www. 12manage. com/methods_lewin_force_field_analysis. html). Also useful within the stakeholder analysis are the internal/external and primary/secondary stakeholder analysis, which further help to provide a clearer picture about the positioning of an organisation's stakeholders. Stakeholder mapping is also a very useful way of exploring power balances with the stakeholders.

There are a number of approaches to stakeholder mapping which are further explained in appendix 5, these are; power / dynamism matrix (Gardener et al (1986) from 12Manage. com), power / interest matrix (Gardener et al (1986) from 12Manage. om) and power, legitimacy, urgency (Mitchell, Agle, Wood (1997) from 12Manage. com). A business example of the ' power school' in action can be found in Darren McCabe's 2009 published study on a UK building society. The building society given the pseudonym Brickco, due to the retirement of the original CEO during 1996 a replacement was appointed. During the opening of thecase studyMcCabe (2009: 158) notes that, ' there appeared to be a struggle between the CEO and senior/middle managers over the ambiguity and contradictions that imbued the strategy discourse'.

The conducted study lasted for one year and there are a number of examples of the CEO exerting his authority within the micro-environment of

the organisation. After encouraging all staff to work together as a team in the July 1996 Newsletter, the CEO announced a number of changes, McCabe (2009: 159) states in relation to this, ' as in the case of a privatized utility (Balogun and Johnson, 2004), these strategic and operational priorities were established without the involvement of managers and staff'. The ' One Team' strategy again seemed to be initiated alone by the CEO and also the ' New Foundations' program followed a similar initiation. These examples clearly identify with the CEO's use of ' legitimate power' in order to set and carryout strategies of his employment along with the use of ' political games' in order to ensure employees work to their usual standards and also to minimize the possibility of backlash. Culture, as an aspect of management was discovered during the 1980' due to the success of Japanese coorporations. While seemingly imitating technologies from the U. S.

it was noticed that these coorporations ' did things differently'. Mintzberg (2009: 276) writes, ' all fingers pointed to the Japanese culture, and especially how that has been manifested in the large Japanese coorporations'. The culture school is from the descriptive category of the schools of thought (mentioned in the earier paragraphs). The ' culture school' has its orgins in anthropology i. e. the study of humanity and in particular cultural anthropology, ' the study of populations based on historical records and etnographic observations (studyanthropology. rg (unknown: http://www.

studyanthropology. org/types-of-anthropology)). Kotelnikov (unknown: http://www. 1000ventures.

com/business_guide/crosscuttings/cultural_intelligence. html) defines culture as; ' Broadly and simply put, " culture" refers to a group or community with which you share common experiences that shape the way you understand the world'. A more involved definition of the term from the Roshan Cultural Heritage Institute (2001), notes that culture/s can be formed around language, arts and sciences, thought, spirituality, social activity and interaction.

Bringing our definition back towards our strategy school focus, corporate culture is defined as; ' collective behavior of people using common corporate vision, goals, shared values, beliefs, habits, working language, systems and symbols' (Kotelnikov (unknown: http://www. 1000ventures. com/business_guide/crosscuttings/cultural_intelligence. html)). An individual does not suddenly become a part of the culture of an organisation; it is a process of acculturation which itself while taking place is not visually noticeable. Within this strategy school, strategy formulation is viewed as a social process and is based on the understandings and beliefs of individuals involved with the strategy formulation process. Due to its cultural beginnings, dramatic change in strategy is discouraged but continuation is very much encouraged.

' Strategy takes the form of perspective above all, more than positions, rooted in collective intentions and reflected in patterns by which the deeply embedded resources, of the organization are protected and used for competitive advantage', based on Mintzberg (2009) sourced from fellner. reinhard. com (unknown: (http://fellner. reinhard. om/different_strategies.

htm). Benefits of the ' culture school' are that it ' emphasises the crucial role that social processes, beliefs and values are playing in decision-making and in strategy-formation', based on Mintzberg (2009) sourced from 12Manage.

com (unknown: http://www. 12manage. com/methods_mintzberg_ten_schools_of_thought. html). Also this approach assists in the process business mergers and acquisitions by bridging cultural gaps. Limitations are that cultural strategies are not at suited to radical change and it provides very little information about how the situation should emerge following the strategy implementation. When approaching strategy formation from this cultural prospective it maybe appropriate to bridge a national or even religious gap in order for the formation to occur.

Hofstede ((1980) from 12Manage. com) published a framework showing five areas or ' dimensions' of difference, value perspectives between cultures; power distance, individualism versus collectivism, masculinity versus femininity, uncertainty avoidance and long term versus short term orientation (further explanation of these terms can be found in appendix 6). The Ashridge Mission Model (also used in the ' strategic school') can also be used in the formation of strategies from a cultural perspective. Developed by Andrew Campbell after a study by the Ashridge Strategic Management Centre, this model allows clear thinking for those involved; allows for discussion points with colleagues about the mission; the model can be used to not only create new missions but also analyse existing missions. The model contains four separate elements that together provide the foundation for a strong mission / strategy formation, these being; purpose, strategy,

values and policies and behavioral standards (the Ashridge Mission Model can be found in appendix 7). Conclusion It is widely considered that the power and culture schools are opposites when considering strategy formulation. Power school strategy formation involves those stakeholders who hold power within the business, whereas in the culture schools strategy formation is unifying among all stakeholders.

Political influence and individual concerns shape strategy formation in the power school whereas organisational culture shapes cultural strategy formation. Although not the case one hundred percent of the time power strategy is capable of allowing radical change whether it is necessary or not, while cultural strategy is unlikely to lead to much change in strategy at all. Cultural strategy is notoriously vague when determining how a situation should eventually conclude whereas goals in a power strategy are clearly defined (if only to the creator/s of the strategy as in the case of Brickco). The Sloan Management Review (1999), sourced from 1000Ventures. com, read that champions of the power school include people who like power, politics and conspiracy, particularly the French. In the culture school champions include people who like the social, the collective and the spiritual, particularly in Scandinavia and Japan. Appendices * Appendix 1 – based on the French and Raven (1959), Five Sources of Power Located at; Reference: ChangingMinds.

org. , (unknown), French and Raven's Five Forms of Power, [Online], http://changingminds. org/explanations/power/french_and_raven. htm , accessed October 2010. " Coercive powerThis is the power to force someone

to do something against their will. It is often physical although other threats may be used. It is the power of dictators, despots and bullies.

Coercion can result in physical harm, although its principal goal is compliance. Demonstrations of harm are often used to illustrate what will happen if compliance is not gained. Coercion is also the ultimate power of all governments. Although it is often seen as negative, it is also used to keep the peace. Parents coerce young children who know no better. A person holds back their friend who is about to step out in front of a car. Other forms of power can also be used in coercive ways, such as when a reward or expertise is withheld or referent power is used to threaten social exclusion.

" " Reward power One of the main reasons we work is for themoneywe need to conduct our lives. There are many more forms of reward -- in fact anything we find desirable can be a reward, from a million dollar yacht to a pat on the back. Reward power is thus the ability to give other people what they want, and hence ask them to do things for you in exchange. Rewards can also be used to punish, such as when they are withheld. The promise is essentially the same: do this and you will get that. " " Legitimate power Legitimate power is that which is invested in a role. Kings, policemen and managers all have legitimate power.

The legitimacy may come from a higher power, often one with coercive power. Legitimate power can often thus be the acceptable face of raw power. A common trap that people in such roles can fall into is to forget that people are obeying the position, not them. When they either fall from power or move onto other things, it can be a puzzling surprise that people who

used to fawn at your feet no long do so. " Referent power This is the power from another person liking you or wanting to be like you. It is the power of charisma and fame and is wielded by all celebrities (by definition) as well as more local social leaders. In wanting to be like these people, we stand near them, hoping some of the charisma will rub off onto us.

Those with referent power can also use it for coercion. One of the things we fear most is social exclusion, and all it takes is a word from a social leader for us to be shunned by others in the group. " " Expert powerWhen I have knowledge and skill that someone else requires, then I have Expert power. This is a very common form of power and is the basis for a very large proportion of human collaboration, including most companies where the principle of specialization allows large and complex enterprises to be undertaken. Expert power is that which is used by Trades Unions when they encourage their members to strike for better pay or working conditions. It is also the power of the specialist R& D Engineer when they threaten to leave unless they get an exorbitant pay rise or a seat by the window. * Appendix 2 – 3 strategies available to organisations in the macro-environment Located at: Reference; Mintzberg, H.

Ahlstrand, B. and Lampel, J. , (2009), Strategy Safari; The Complete Guide Through the Wilds of Strategic Management, 2nd Edition, page 261, FT Prentice Hall, Great Britain. Also includes references to; Pfeffer, J. and Salancik, G. R. (1978), The External Control of Organisatins; A Resource Dependance Perspective, Harper and Row, New York.

An Organisation Can Simply Deal With Each Demand As It Arises. This is another example of Cyert and March's (1963) sequential attention to goals, but at the level of macro power. Rather than attempting to resolve opposing demands in one fell swoop, the organisation deals with them inturn, for example worrying about pressing financial demands and then turning to concerns about market share (96). An Organisation Can Strategically Withhold and Disclose Information. In this way it can manipulate expectations and shape outcomes. ' A group is satisfied relative to what it expects to get [also] by what the group as obtained in the past and by what competing groups obtained. Thus, employees may be willing to forego pay increases when the company is near bankruptcy and suppliers, creditors, owners are also suffering.

If the employees found that the owners were secretly profiting they would be quite irate. It is in the organizations interest to keep each group or organisation feel it is getting relatively the best deal. Knowledge of what each group is getting is best kept secret (96). An Organisation Can Play One Group against the Other. For example, ' the demands of public employees for higher wages can be juxtaposed with the demands of local citizens' groups for lower taxes' (97). Appendix 3 – The Stakeholder Analysis ' A stakeholder analysis is an approach that is frequently used to identify and investigate the force field (appendix 4) formed by any group or individual who can affect or is affected by the acheivement of the objective of the organisation' (12Manage (unknown: http://www. 12manage.

com/methods_stakeholder_analysis. html) A visual example of a stakeholder analysis can be found below (this is not a complete guide, only a start to show as an example). Financial Community Suppliers Owners Board of Directors Project / Organisation Government EmployeesCustomers Competitors Image 1 Benefits and Limitations Benefits; the stakeholder analysis allows for a clearer insight into the relationship with stakeholders and the groups which the individual is involved with. Also it allows for a clearer picture of how larger a part of the organisation and how much power the stakeholder holds and inturn the the priorities and associated risks of the individual. This can help in the formation of better strategies and decisions and also lead to a better acceptance of these strategies within the organisation (adapted from 12Manage (unknown)). Limitations; the stakeholder analysis should be conducted consistantly due to the nature of power changes of stakeholders within organisations. It is the prespective of the management that ultimately decides the position of each stakeholder.

It is almost impossible to completely satisfy the wants and needs of all stakeholders which allows for a couple of potential strategies; focus on the leading stakeholder group and do what is possile for the others or try to satisfy all demands according their weight or stakeholder value perspective (adapted from 12Manage (unknown)). Appendix 4 – Lewin's Force Field Analysis Steps to follow when conducting a forcefield analysis (Valuebasedmanagement. net (unknown); 1. Describe the situation you are currently in 2. Describe the situation you want to be in (desired) 3. Identify what will happen if no change occurs 4. List the forces affecting the movement towards the desired situation 5.

List the forces preventing change towards the desired situation 6. Investigate all these forces and decide if they can be changed 7. Apply a scale and decide upon the score of each factor e. g. 1 = very weak, 10= very strong 8. List the factors, driving forces on the left and opposing factors on the right 9. Determine if change is possible 10.

Discuss the appropriate action i. e. making opposing factors weaker or strengthening the driving forces 11. Allow for the possibiity that changing any factor could create new factors or change the effect of others. A visual example of the force field analysis Driving Force Resisting Force Desired Position Current Situation Resistant Factors Driving Factors Resisting Force Driving Force Resisting Force Driving Force Resisting Force Driving Force Resisting Force Image 2 Appendix 5 – Stakeholder Mapping The three examples of stakeholder mapping shown below have been sourced from 12Manage. com (http://www. 12manage.

com/methods_stakeholder_mapping. html), however the reference to their origianal authors are below the images. The power / dynamism matrix assess the level of power of each stakeholder and also the dynamism of their stance in order to ascertain the amount of political effort that should be put their way. High Low Dynamism Power Low A Fewest Problems B Unpredictable but manageble High C Powerful but predictable D Greatest danger or oppertunitiesPower / Dynamism Matrix (Gardener et al (1986)) The power / interest matrix assess how much power a stakeholder has and how much interest in the organisations strategies they are likely to show, thus allowing for a measure of what kind of relationship to have with the stakeholder.

Level of Interest Low High Power Low A Minimal Effort B Keep Informed High C Keep Satisfied D Key Players Power / Interrest Matrix (Gardener et al (1986)) The power, legitimacy and urgency model places stakeholder behavior into one of seven areas depending on the combination of the characters named in the model title. Below is quoted from 12Manage. com (unknown: http://www.

12manage. com/methods_stakeholder_mapping. html) * POWER of the stakeholder to influence the organisation. * LEGITIMACY of the relationship and actions of the stakeholder with the organisation in terms of desirability, properness or appropriateness. * URGENCY of the requirements being set for the organisation by a stakeholder in terms of criticality and time-sensitivity for the stakeholder. The stakeholders who show only one of the three characteristics (number 1, 2 and 3, in the picture (below)) are defined as the Latent Stakeholders. They are sub-classified further as dormant, discretionary or demanding stakeholders.

The stakeholders who show two out 3 of the characteristics (number 4, 5 and 6 in the picture (below)) are defined as Expectant Stakeholders. They are sub-classified further as dominant, dangerous or dependant stakeholders. The stakeholders showing all 3 characteristics are called Definitive Stakeholders. POWER (dominant) 4. LEGITIMACY 1. (dormant) (discretionary) (definitive) 6. 5.

7. 2. (dependent) (dangerous) URGENCY 3. (demanding) Power / Legitimacy / Urgency (Mitchell, Agle, Wood (1997))Appendix 6 – Hofstede's Cultural Dimensions Reference; 12Manage (unknown: http://www. 12manage.

com/methods_hofstede. html) * Power Distance – the degree of inequality amoung people which the population of a country considers as normal * Individualism Vs Collectivism – the extent to which people fee they are supposed to take care for, or to be cared for by themselves, their families r organisations they belong to * Masculinity Vs Femininity – the extent to which a culture is conducive to dominance, assertiveness and acquisition of things.

Versus a culture which is more cuducive to people, feelings and quality of life. * Uncertinty Avoidance – the degree to which people in a country prefer structure over unstructured situations * Long term Vs Short term Orientation – Long term: values oriented towards the future, like saving and persistance. Short term: values oriented towards the past and present, likerespectfor tradition and fullfilling social obligations. Appendix 7 – Ashridge Mission Model Reference; 12Manage (unknown: http://www. 12manage. com/methods_campbell_ashridge_mission_model. tml) Steps: These are the ten questions by which you can measure the quality of a mission statement.

* Purpose 1. Does the statement describe an inspiring purpose that avoids playing the selfish interests of the stakeholder – shareholders, customers, employees, suppliers? 2. Does the statement describe the company'sresponsibilityto its stakeholders? * Strategy 3. Does the statement describe a business domain and explain why it is attractive? 4. Does the statement describe the strategic positioning that the company prefers in a way that helps to identify the sort of competitive advantage it will look for? Values 5. Does the statement identify values that link the organisations

purpose and act as beliefs that employees can feel proud of? 6. Do the values ' resonate' with and reinforce the organisations strategy? * Behavioral Standards 7.

Does the statement describe important behavioral standards that serve as beacons of the strategy and the values? 8. Are the behavioral standards described in such a way that individual employees can judge whether they have behaved correctly or not? * Character 9. Does the statement give a portrait of the company and does it capture the culture of the organisation? 10. Is the statement easy to read? Benefits of this model; * Combines strategic and cultural motivators to guide an organisation * The model is particularly useful to ensure that a company has a clear Mission AND it has employees with a strong Sense of Mission * The model emphasises the need for a fit between strategy and values. Aditionally the Ashridge Model recognises the importance of the link between organisational shared values and the private values of employees and managers. * Improves decision making. Raises energy levels.

Reduces the need for supervision. Promotes constructive behavior. Increases satisfaction andloyalty. * Puts corporate purpose as the corner stone and starting point of a mission. Limitations of this model; * Having inappropriate values or an inappropriate sense of mission is a powerful negative influence on employee behavior. * Shared values and sense of mission are often extremly difficult to change and can become an obstacle for change. * Strongly shared values or a strong sense of mission can lead to an insularity that becomes xenophobic.

* Creating a mission statement is often a time – and resource - consuming process. Assumptions of the model; Committed employees and teams perform more efficiently and more effectively than appathetic employees and teams do. * People connect themselves more easily to values than to abstract strategic concepts. * A mission must be clearly defined and managed. An intuitive understanding of mission is not enough. (EMPLOYEE) VALUES Employee's personal values PURPOSE Why the company exists (COMPANY) VALUES What the company believes in STRATEGY The competitive position and distictive competance STANDARDS AND BEHAVIORS The policies and behavioral patterns that underpin the distinctive competance and the value system Ashridge Mission Model (Cambell (1992)