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A Review on Leader's role in Creating a Culture that Encourages Strategic Thinking

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Abstract

Strategic thinking has been a hot debate throughout the past decade. Thinking strategically, is a must for all managers in different organizations; these days lack of strategic thinking among managers is obvious. Strategic thinking provides important insights regarding logical decision making, role of power, policies, importance of change, … various work experiences can have special roles in order to develop strategic thinking ability. Among different organizational factors, organizational culture can play a vital role to limit or encourage; leaders, as people who play crucial roles regarding culture and strategic thinking process can maximize the relationship between organizational culture and strategic thinking process. Thus, the present study seeks to investigate the role of leaders as supports of the strategic thinking culture and collection of official training, developmental activities, … in order for self-upgrading; such activities can increase leaders' skills to enhance strategic thinking ability of their employees.

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Introduction

This management truism is linked to examples of how strategy failed, acknowledging that actions attempted were inconsistent with the organization's values, beliefs, and assumptions. It has long been recognized that culture can also severely restrict the strategy selected to begin with, because of the myopia of shared beliefs among decision makers regarding the organization's goals, competencies, and environment. Moreover, shared assumptions about the organization's core mission can limit not only the strategy but also the vision. Thus, one of the most basic elements in any theory of leadership roles— establishing vision—is inhibited unless the thinking used to develop it, strategic thinking , is encouraged by the organization's culture (Goldman&Casey,2010). Organizational factors and specially organizational culture and role of leaders in affecting these factors for encouraging strategic thinking in organization are deeply discussed in this article. It is also noted that culture as one of organizational factors influencing the process of learning to think strategically. Strategies that leaders can employ to influence these factors are proposed. Approaches for educating new leaders and managers in relation to the application of these approaches are discussed.

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Strategic thinking in organizations

Strategic thinking is one out of two capabilities of leaders with high performance (Moshabaki & Khazaee, 2008) but top leaders' absence of strategic thinking has been identified as a major detractor of firm performance in studies. Bonn (2005) noted that strategic thinking was identified by a panel of experts as one of the 10 most critical areas for future management research (Goldman & Casey, 2010). Studies done in this area show that in 35 out of100 big firms absence or lack of attention to strategic thinking is the main problem of these firms (Tajoddin & Eghbali, 2009). In addition, both leadership and strategy theorists have indicated that strategic thinking is needed at multiple organizational levels. According to Wheatley (2006), the need for information and thinking skills that were once the purview of top leaders is moving deeper into organizations, as everyone needs to be able to interpret complex information and create their own realities (Goldman & Casey, 2010). Practitioners and theorists wrongly use the terms *strategic thinking*, *strategic planning*, and *strategic management* interchangeably. This has resulted in significant historical confusion in the literature (Goldman & Casey, 2010).

Strategic planning and thinking are two approaches that unite each other in a logical process in a way that both of them are required for strategic management and each of them is necessary but not enough (Ghafarian & Mohammadian, 2010). Strategic thinking has been recognized as an individual activity influenced by the context within which it takes Place. The literature contains no singular definition; based on our review, we define it as conceptual, systems-oriented, directional, and opportunistic thinking (Goldman&Casey, 2010).

Abrahams considers strategic thinking as recognition of reliable strategies that lead to value creation; he believes that search for proper strategic choices, as part of strategic management process, are in fact, practical results of strategic thinking (Moshbaki & Khazaie, 2009). Mintzburg proposes strategic thinki9ng as a base to create new strategies. Pearson showed that fundamental concepts of strategic thinking consider current conditions of the organization. Stamp stated that the strategic thinking includes various methods to gain chosen goals of individuals (Daghir & Zaydie, 2005). Liedtka recognizes strategic thinking as creation of new strategies; strategies which can change competing rules and indicate a completely different vision (Ghafarian & Kiani, 2009):

1. A system perspective:
Strategic thinking is built on the foundation of a system perspective. The strategic thinker sees vertical linkages within the system from multiple perspectives.

2. Intent-focused:
 Strategic thinking is intent-driven. Strategic thinking specifies goals of the organization and puts it in the focus of attention of the organization. This centralization lets organizations as well as people spend their energy in this direction.

3. Intelligent Opportunism:
Regarding strategic thinking, discovering opportunities and their use are of key principles. It means welcoming new subjects and experiences and prepares the organization to make ideal decisions.

4. Thinking in time:
Strategic thinking unites past, present, and the future; in strategic thinking, it is vital to make the future on the basis of the present capabilities.

5. Hypothesis- driven:
The final element of strategic thinking recognizes it as a hypothesis-driven process.
Hypothesizing poses a new question: what happens if .....?; then tries to answer the already posed question (Liedtka, 1998).

If a manager or leader is to be effective and useful, he/she has to optimize strategic thinking skills (Golkar & Nasehifar, 2003). Furthermore organizations would benefit highly from encouraging and helping to develop strategic thinking in as large number of their employees as practicable (Tavakoli & Lawton, 2005).Some scholars

believe that the development of an individual's ability to think strategically is a dynamic, interactive, and iterative experiential learning process. An individual is thinking strategically (to develop strategy) while completing the strategy development activities of scanning, questioning, conceptualizing, and testing (Goldman&Casey, 2010).

McCall identified experiences that he suggests to enhance an individual's capability to think strategically:
- Starting a business from scratch.
- Fixing or turning around a failing operation.
- Being involved in special or temporary assignments that were crucial to the organization.
- Moving from a line to staff position or vice-versa.
- Being demoted, missing a promotion or getting an undesirable job.

He believes that it is experiences in such uncertain circumstances that can develop an individual's ability as a strategic thinker (Tavakoli&Lawton, 2005).

Culture and its role on strategic thinking

All strategic thinking methods are effective only when culture and organizational structure encourage strategic thinking (Tavakoli & Lawton, 2005). All taken together, no process can guarantee powerful strategies and strategic thinking but can provide the conditions to create innovative strategies and doubtlessly, organizational culture is of the most proper settings (Ghafarian & Mohammadian, 2010).

Schein's (2004) well-known definition of culture describes it as a pattern of shared basic assumptions that was learned by a group as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems. The impact of culture has been considered in relation to organizational strategy (Goldman & Casey, 2010).

In fact, organizational culture is the most important factor affecting strategic thinking. Organizational culture supports efficient behavior and in parallel with optimism, accuracy and honesty leads to decrease in relationship conflict and reinforces challenges related to duty (Moshabaki & Khazaie, 2009).

Leader's role on creating a Culture That Encourages Strategic Thinking

The creation and transformation of organizational culture is one of the most significant functions of leadership and Schein considered culture to be *the* leader's job. Actually, leaders need to create a kind of culture and then monitor it and as a result, they should be able to work with such culture successfully (Shirvani, et al, 2009).

The challenge facing leaders is to diminish the negative impact of culture on strategy, or said differently, to encourage the strategic thinking of individuals developing strategy at all organizational levels. It has long been recognized that one of the most effective ways of changing the culture-the beliefs, values, and assumptions that underlie the way things are done-is for leaders to change their behaviors . Schein considered culture to be *the* leader's job, and the distinguishing responsibility from managers, noting that leaders will be victims of culture if they do not deal with it (Goldman & Casey, 2010). Leaders need to set a kind of culture which supports strategic thinking and its development? Yolk classifies leading development activities into three groups as follows:
1. Formal training and development programs,
2. Developmental activities embedded in the learner's current work,
3. Self-help or self-directed activities.

1. *A sophisticated knowledge of strategic thinking*: What it is and is not, how to recognize it, how it is used and how it develops, and its relationship to organizational culture, strategy making, benchmarking, and strategic planning. Developmental activity related to building a culture that encourages strategic thinking commence with formal training on strategy concepts, aimed at achieving learner clarity regarding what strategy (as the desired outcome of strategic thinking) is and how capability in scanning, questioning,

conceptualizing, and testing is gained and helps identify, develop, and modify strategy (Goldman&Casey,2010).

2. ***Skill in organizational diagnosis related to strategic thinking****:* Recognition of individual behaviors and organizational structure and processes that encourage or constrain strategic thinking. Strategy practitioners have identified a number of other shortcomings in organizations' analytical processes that also constrain strategy selection, such as limited customer segmentation and competitor analyses and unsubstantiated differentiation. Several aspects of organizational decision-making processes also thwart strategic thinking, including group thinking, tunnel vision, extended timeframes for analyses, and a requirement for 100% decision agreement. The formal training discussed in Competency Category 1 should provide leaders with the knowledge to identify these procedural detractors to strategic thinking in their organizations (Goldman & Casey, 2010).

3. ***The ability to critically self-reflect on one's own strategic thinking behaviours****:* How does one, as an individual, think strategically, express vision, value diversity and power sharing, and encourage others to do so? How do one's behaviors contribute to the culture? How does one interface with others to build relationships that encourage strategic thinking? As noted earlier, no tool can be used to measure individuals' strategic thinking; existing resources that purport to assess strategic thinking are focused on one or a few aspects of it. This leaves managers and leaders to their own discretion to self-assess their strategic thinking ability or rely on the opinions of others (who may not fully understand the concept). Individuals can, however, receive feedback from colleagues and consultants who work with them regarding particular strategic thinking activities, such as the depth and breadth of their scanning or the effectiveness of their questioning in a particular situation. To promote the depth of reflection described, formal training programs frequently include multiple sessions over many months, offering participants multiple opportunities to practice skills on the job, receive feedback, reflect, and repeat the cycle. In addition to formal training, managers and leaders may be observed on the job as they engage in new behaviors. Informal mentoring through developmental relationships offer opportunities for managers' and leaders' ideas and reasoning to be challenged in a safe environment (Goldman & Casey, 2010).

4. ***Skill in planning and implementing self and organizational change to enhance strategic thinking****:* Selecting the best means of changing one's own behaviors to encourage strategic thinking and related changes critical to organizational processes, structures, and so on, and implementing those changes in the organization in a manner that results in support, adaptation, and continuous improvement to encourage strategic thinking. Knowledge of strategic thinking, skill in organizational diagnosis related to strategic thinking, and the ability to critically reflect on one's own strategic thinking behaviors are prerequisites to planning and implementing individual and organizational changes to enhance strategic thinking. An important skill for managers and leaders is the ability to distinguish between culture changes they themselves can enact and those requiring outside assistance (Goldman & Casey, 2010).

Conclusion

We have described and discussed strategic thinking as an individual leadership ability required at multiple organizational levels. We have noted the absence of strategic thinking to be a major detractor of organizational performance. Based on our model of how strategic thinking develops, we have identified organizational culture as a prime contributor to the level of strategic thinking practiced by individuals in organizations. Specific actions managers and leaders can engage in to encourage a culture of strategic thinking .In reality, leaders create organizational culture and has an affective role in creating, maintaining and changing it. For each set of competencies, leadership development strategies and their order of occurrence have been suggested, including formal training on a number of topics, developmental activities, and self-directed learning. The specific mix of leadership development strategies will vary with the individual and organizational support. From all this, it is clear

that building a culture that supports strategic thinking is a significant endeavor requiring personal, interpersonal, and organizational resources. Failure to build it leaves culture in control of destiny.

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