

THE FLEXIBILITY OF ORGANIZATIONAL CULTURE IN SHAPING STRATEGY UNDER UNCERTAINTY

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Purpose: To draw attention to the special role of organisational culture in shaping the overall strategy of an organisation, under conditions of uncertainty that are difficult to predict, caused among other things by changes taking place in the environment.

Design/methodology/approach: The study is based on a critical analysis of the literature on the subject and, due to the topical character of the subject, continues the author's research in the area of organisation's operating under uncertainty.

Findings: The considerations presented in this paper have shown that under conditions of uncertainty resulting, among other things, from a very dynamic changing environment, the application of the right type of organisational culture will allow the organisation and employees to find their way more quickly in a difficult situation, i.e. one where unknown and unconscious unknowns arise.

Practical and social implications: Organisational culture is an effective means of acting as a link between the whole organisation and giving employees a sense of stability while facilitating the functioning of the organisation under conditions of uncertainty. The conditions of uncertainty in which the organisation finds itself mean that, along with a change of strategy, managers should decide to change or modify the organisational culture geared towards the new strategy and to facilitate faster adaptation by employees

Originality/value: The study highlights the vital importance of organisational culture in shaping strategy under conditions of uncertainty. The greater the uncertainty, the more justification there is for flexible organisational cultures, characterised by a high tolerance for uncertainty and allowing employees to be autonomous and act independently.

Keywords: strategic congruence, organisational culture, uncertainty, flexibility.

Category of the paper: Viewpoint, General review.

1. Introduction

Organisational culture is regarded as a certain characteristic of an organisation. It remains closely related to other characteristics, such as strategy, structure, technology or environment. Within this strand, the dominant belief is that culture can be managed in such a way that it

supports organisational development and the building of competitive advantage (Glinka, 2007, p. 54). Organisational culture is therefore an important element that should support, among other things, the implementation of the organisation's overall strategy (Serafin, 2015). In contrast, organisational culture that does not support the organisation's strategy should spur action to change or modify it. The causes of change processes can be triggered by external stimuli, e.g. changes in the environment caused by competition, crisis situations, or internal stimuli, e.g. the need to define or revise strategies, organisational changes, etc.

The purpose of this article is to draw attention to the special role of organisational culture in shaping the organisation's strategy, under conditions of uncertainty, i.e. situations that are difficult to predict, caused, among other things, by changes taking place in the environment. The study is based on a critical analysis of the literature on the subject and, due to the topical character of the subject, continues the author's research in the area of organisation's operating under conditions of uncertainty.

2. Strategic congruence

A properly formulated corporate strategy considers the so-called "strategic congruence" (Machaczka, 1999; Wróbel, 2005; Penc-Pietrzak, 2013) (cf. Fig. 1), i.e. it considers the congruence between three groups of strategy elements: environment, resources and the organisation's culture ("E-V-R Congruence") (Machaczka, 1999). The first group includes opportunities, threats and constraints from the environment (indicated by E - Environment in the figure), the second group includes resources and skills (indicated by R - Resources in the figure) and the third group includes recognised values and beliefs (indicated by V - Values in the figure). If there is a congruence between these three groups of factors, it means that the company analyses the threats and opportunities of the environment, the strengths and weaknesses and considers the values of the organisational culture. A lack of such alignment between the elements that make up an organisation's strategy can bring its development to a standstill. The situation becomes more complicated when dealing with a very dynamic environment and especially when difficult or threatening situations arise. They mean that nothing is the same so far for the organisation and its employees, and the future appears uncertain (Karaszewska, Silecka-Marek, 2016, p. 199). Conditions of uncertainty refer to situations that are difficult to imagine and unpredictable, and what is related to this is also the problem in managers' estimation of their occurrence (Kotnis, 2014, p. 674).

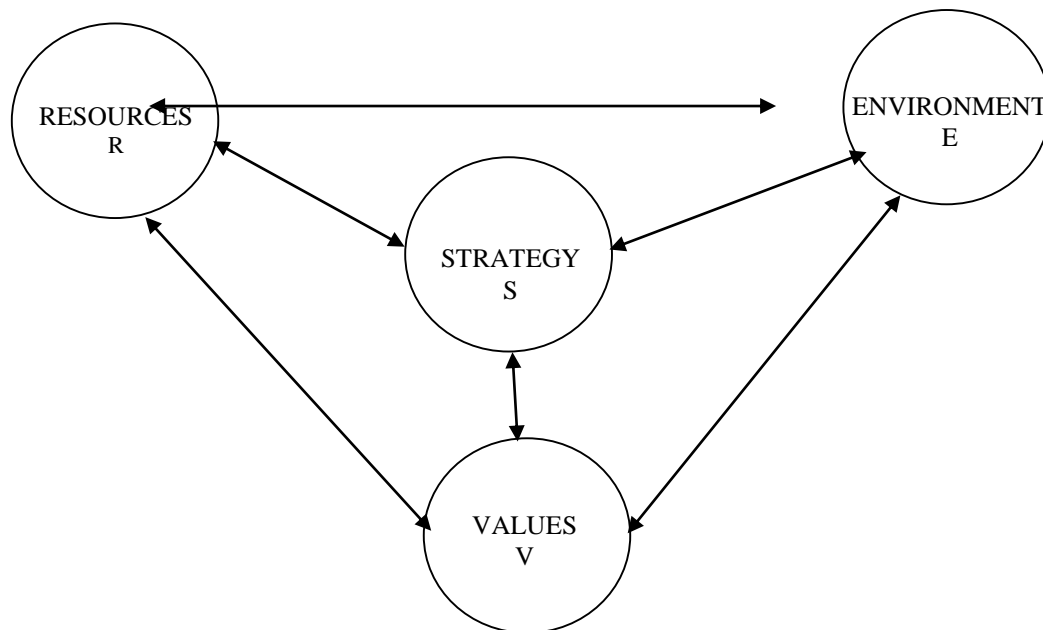


Figure 1. Strategic congruence.

Source: compiled based on: Machaczka J. (1999) *Podstawy zarządzania*, published by the Academy of Economics in Cracow, Cracow, p. 86.

In contrast, organisational culture is an effective means of acting as a link between the whole organisation, giving employees a sense of stability and at the same time facilitating the functioning of the organisation under conditions of uncertainty. In addition, a condition for being able to quickly exploit opportunities that significantly affect a company's level of flexibility is the harmony between the organisation's culture and its hard elements, with the strategy of action deserving special attention (Pierzchawka 2005, p. 3).

Hence, the following question arises: which types/versions of organisational culture will be appropriate under conditions of uncertainty, and which types/versions of organisational culture may not work under these conditions.

3. Typology of organisational culture

Organisational culture is a very common concept in the literature. Its analysis shows a rich array of definitions, functions or models of the concept. Organisational culture is a complex and ambiguous phenomenon (Teneta-Skiercz, 2017, p. 344). If organisational culture is understood as one of the many internal factors of an organisation, then strategy can be defined as its continuation in external relations. Any change in strategy should determine cultural change. Organisational culture is a resource that can be shaped and used to improve the efficiency of operations. The results of culture research provide the basis for culture formation, typology and improving the effectiveness of the entire organisation (Chmielewska-Muciek,

2009, pp. 328-329). If the organisational culture is found to be ineffective, then it should be modified before or during the strategy change (Zarębska, 2002, p. 12).

The adaptive function of organisational culture itself is to stabilise reality by developing and applying ready-made patterns for responding to changes in the organisation's environment. In this way, culture promotes a reduction in uncertainty and anxiety associated with having to adapt to a new or unstable situation (Wójtowicz, 2004, p. 144).

The adaptive function furthermore provides order and a sense of certainty, stability for the company, even when sudden changes occur (Ciekanowski, Nowicka, 2014, p. 125).

There are many typologies of organisational cultures in the literature. For example, according to the criterion of the speed of information exchange with the environment and the degree of risk in action, the following types of culture have been distinguished: gamblers (the 'work hard and play hard' culture), individualists (the hard culture), balanced (the culture of calm action), routinist (the culture of duration, stability).

With regard to the types of organisational culture, the following are included in this study from among the rich typology found in the literature:

1. conservative and innovative,
2. strong and weak,
3. power and role,
4. low and high uncertainty tolerance.

In concepts of organisational culture research, there are furthermore two-part (two-dimensional) typologies of organisational cultures,, involving the use of a set of pairs of distinct cultures to characterise interpersonal trait relationships (Sikorski, 2002, p. 18; Pierzchawka, 2005, p. 7; Kołodziej, 2019, p. 126). And so the following stands out:

1. Productivity-driven culture characterised by a technological orientation and a performance orientation. Its typical elements are: efficiency, consistency, strict procedures, rituals in the proceedings. It generally results in resistance to change (Siewierski, 1999, p. 10; Pierzchawka, 2004, p. 470).
2. Technology-oriented and performance-driven quality culture. Elements: effective planning, problem solving. It is more flexible than productivity-driven culture. Acceptance of change occurs here.
3. Supportive culture with social focus and performance orientation. The features of this culture are teamwork, cooperation and growth. Such a culture responds to change.
4. Creative culture characterised by social orientation and achievement orientation. The features of this culture are innovation, entrepreneurship and „internal entrepreneurship", risk taking. Such a culture initiates change.

In addition, the following breakdown is often found:

1. Power culture - senior managers exercise power in a directive, firm and decisive manner through the use of rewards and punishment, and base this on inequality in access to resources. Priority is given to fulfil the aspirations of managers and the interests of the organisation.
2. Role culture - it is important to have a clear definition of the roles and functions that members of the organisation perform, as these are considered to be the reason for the stability and balance of the organisation. Roles are sometimes replaced by a system of structures and procedures. It is important to clearly define them in the legislation and rules.
3. Supportive culture - the organisation is oriented towards management providing support to individuals and teams. There is a strong emphasis on shared values and reaching consensus for achieving goals. The basis for action is mutual trust. Employees know that they are an asset, being human beings and not just a resource of the organisation. They have potential, the development of which contributes to the better performance of the organisation.
4. Success culture - there is a focus on achievement and success within the organisation. Its members work in an atmosphere that encourages innovation, the struggle for independence, self-determination. Management counts on employees to perform effectively in return for fair remuneration, bringing personal commitment to their work (Furmanik, 2013, p. 117).

Another typology of change-oriented organisational culture is distinguished by the organisation's people-orientation and external orientation. In this view, culture is dominated by values such as creativity, innovation, willingness to take risks, and direct and informal contacts (Pierzchawka, 2005). This division relates to the four types of culture according to how they affect innovation, action, control or cultural harmony in an organisation.

The application of the strength criterion makes it possible to distinguish between strong and weak organisational culture. Strong (hard) culture A strong company culture can hinder the innovation that many companies want to implement. Characteristics of strong culture include a tendency to close in itself, blocking of new orientations, barriers to implementation, perpetuation of traditional motives for success, lack of flexibility (Wójtowicz, 2004, p. 142). In contrast, a soft (weak) company culture leaves room throughout the organisation for individual initiative, creativity, argumentation, i.e. it enables an individual's self-realisation goals to be oriented (Wójtowicz, 2004, p. 142). In the literature, in the context of organisational uncertainties, there is the division of organisational culture into:

1. Hierarchy culture, which results in a highly formalised and hierarchical organisational structure, creates a very large number with procedures and rules of conduct.
2. Market-driven culture that fosters a mindset and focus on what is happening externally, so that organisations can continually modify their position and act dynamically.
3. Clan culture that emphasises family atmosphere, integration, teamwork and a sense of employee involvement.
4. Exhortation culture (model), which responds most quickly to difficult market conditions and changes (Wziątek, 2017, p. 28; Łaguna et al., 2015, pp. 145-146).

4. Organisational cultures in strategy formation under uncertainty

The problem of uncertainty is a growing issue in socio-economic practice faced by modern organisations. One way to deal with uncertainty is to shape employee attitudes and behaviour at the HR strategy level, which is done by diagnosing and transforming organisational culture (Lipka, 2005, p. 23). In this context, it is important to mention the typology of uncertainty that managers may have to deal with. Firstly, there are things we know that we know about. We also know that there are known unknowns - there are things we know that we know nothing about. But there are also unknown unknowns - ones that we don't know we don't know about. In this view, four levels of uncertainty can be characterised:

- a fairly bright future (level one),
- various possible future developments (level two),
- the range of possible future events (level three),
- true ambiguity (level four) (Jędralska, Czech, 2011, pp. 15-16).

At the first level of uncertainty, it is possible to develop a single forecast of the future that is sufficient to develop a strategy and set a single strategic direction.

In contrast, at the second level of uncertainty, alternative scenarios are possible, although the extent of information available does not make it possible to say which of these scenarios will actually be performed. However, it can make it easier to determine the likelihood of each scenario occurring. The manager has knowledge of the possible states of the environment and the probability distribution of each state. At this level of uncertainty, some or all elements of the strategy are dependent on which scenario actually materialises.

At the third level of uncertainty, on the other hand, it is possible to define a range of possible future events. This interval is determined by a number of variables and the specific result depends on their configuration. It becomes impossible to set consistent, independent scenarios, and some or all elements of the strategy are dependent on a hard-to-define outcome that is within this range. At this level of uncertainty, the possible states of the environment are known, but the probability distribution of their occurrence is unknown (applies, for example, to new product launch strategies).

At level four, uncertainty differs from level three in that it is impossible to define a range of potential outcomes. In practice, this means a situation where forecasting is impossible. This is particularly true in situations of economic crises.

In order for an organisation to function and thrive under uncertainty, and particularly when that level will be greatest, it must be adequately prepared for it. Table 1 attempts to assign appropriate organisational culture types for each level of uncertainty.

Thus, at the level of least uncertainty, the appropriate types of organisational culture would be: productivity-driven culture, role culture, low uncertainty tolerance culture, control culture or hierarchy culture. Organisations operating under the least uncertainty will be focused on execution, strict procedures and efficiency. It is important for employees to define their roles, which constitute stability. Employees strive to reduce uncertainty. A low tolerance of uncertainty is linked to a desire to reduce uncertainty, to operate under conditions of low risk, to focus on maintaining the status quo and to emphasise the stabilising role of the organisation (Sułkowski, 2002, p. 13). Uncertainty avoidance manifests itself in a desire for job stability, an emphasis on formalising social life, a belief in universal truths and a demand for unquestionable authorities. This links to how decisions are made, how employees are motivated and how work is planned. Changes in the organisation are primarily perceived by employees as a threat (Szydło, 2020, p. 6).

At the level of moderate uncertainty, where organisations are faced with a variety of possible developments (level two), the following cultures will be appropriate: quality-oriented, power culture, routines, harmony and clan culture. Employees are oriented towards cooperation, stability and a high degree of formalisation (routinist culture). On the other hand, open communication, consideration can help employees adapt to changes that are familiar to the organisation (harmony culture). The organisation will also base its strategy on tradition, i.e. established patterns and routines. Arguably, in organisations where characteristics of cultures corresponding to the second level of uncertainty predominate, there is poor acceptance of risk in action, although awareness of the need for change provides a basis for realising its necessity in the future.

Table 1.*Levels of uncertainty and corresponding types of organisational culture*

| No. | Uncertainty levels | Characteristics of uncertainty levels | Examples of organisational culture types | Sample characteristics |
|-----|------------------------------|---|--|---|
| 1 | The least uncertainty | A predictable future - there are things we know that we know about. | - productivity-driven culture | - technology-oriented, execution-oriented -efficiency, strict procedures, resistance to change |
| | | | - role culture | - it is important to have a clear definition of the roles and functions that members of the organisation perform, as these are considered to be the reason for the stability and balance of the organisation. |
| | | | -low uncertainty tolerance | - a desire to reduce uncertainty, to operate under conditions of low risk, to focus on maintaining the status quo and to emphasise the stabilising role of the organisation |
| | | | - control culture | - control, consolidation, protection conservatism, bureaucratic culture, formal contacts |
| | | | - culture of hierarchy | - high degree of formalisation, permanence, low predictability |
| 2 | Moderate uncertainty | Various possible developments - we know there are known unknowns | - quality-oriented culture | - technological orientation, achievement orientation, effective planning, problem solving and acceptance of change |
| | | | - power culture | - senior managers exercise power in a directive, firm and decisive manner through the use of rewards and punishment, and base this on inequality in access to resources. |
| | | | - routinist culture | - characterised by a reluctance to change, stability and a fairly high degree of formalisation. |
| | | | - harmony culture | - characterised by prudence, consensus, stability, teamwork, open communication |
| | | | - clan culture | - characteristics will be cooperation, commitment, loyalty or attachment to tradition |
| 3 | Moderate uncertainty | A fairly predictable future --there are things we know that we know nothing about. | - supportive culture, support culture | - social orientation, performance orientation, cooperation orientation, growth orientation, responsiveness to change - the organisation is oriented towards management providing support to individuals and teams. |
| | | | - innovative culture, innovation culture | - openness to change, risk-taking, teamwork open to innovation, creativity, change, risk-taking, commitment and informal communication |
| | | | - action culture | - action, achievements, results initiative and faultless action, self-reliance and responsibility, adaptation to change |
| | | | - market-driven culture | - result- and task-oriented, market penetration and market share, target achievement |

Cont. table 1.

| | | | | |
|---|---|---|---|---|
| 4 | The largest/ total uncertainty | True ambiguity - unknown unknowns - those we do not know we do not know (unconscious uncertainty) | - creative culture | - social orientation, achievement orientation, entrepreneurship, risk- taking and initiating change |
| | | | - success culture | - there is a focus on achievement and success within the organisation. |
| | | | - soft culture | - it leaves room throughout the organisation for individual initiative, creativity, argumentation |
| | | | - adhocracy culture | - creativity, uncertainty, high risk, innovation |
| | | | - culture of high tolerance for uncertainty | - employees are not afraid to take risks and accept new challenges |

Source: own elaboration based on selected literature on the subject.

On the other hand, at level three - moderate organisational uncertainty - the appropriate types of organisational cultures will be: supportive, also called support culture, innovative (innovation), action or market-driven culture. An innovative culture triggers openness to change. Furthermore, innovation processes correspond to structures with a culture based on diversity and variability. This culture fosters continuous learning, knowledge sharing between employees, and encourages teamwork (Huczek, 2011, p. 4). Creativity is also inherent in fostering restless, impetuous, unruly and creative employees in organisations with the characteristics of innovative culture (Lipka, 2004, p. 27). All of this promotes the organisation's adaptation to unfamiliar but realised conditions.

At the level of greatest or total uncertainty, following cultures will be helpful in shaping the organisation's strategy: creative culture, success culture, innovation culture, culture of high tolerance for uncertainty, or finally the adhocracy model. These cultures will encourage innovation, the struggle for independence, self-determination and employee engagement. In organisations where the characteristics of cultures assigned to the fourth level of uncertainty will prevail, there will be room for individual initiative, creativity, which is essential in conditions that are difficult to predict. There is also an element of employee risk-taking and new challenges, which is very necessary and indispensable for the organisation and its strategy in difficult situations. The additional adaptive function of the culture with high uncertainty tolerance will trigger the ability to adapt oneself to changing situations in the environment or to co-create cultural patterns with representatives of different social groups through an instrumental attitude towards the components of one's own culture (Czajkowska, 2012, p. 173).

5. Summary

It follows from the above that an important factor influencing the formation and strategy under uncertainty is organisational culture. Its implementation will either support or undermine the organisation's strategy. It seems particularly important that the organisational culture is appropriate to the strategy under the conditions of uncertainty that modern organisations increasingly face.

Organisational culture itself has three functions: integrative, perceptual and adaptive. This third function helps to reduce uncertainty and anxiety associated with having to adapt to a new or unstable situation. Attention was also drawn to a new understanding of the adaptive function of culture meaning overcoming the anxiety associated with being responsible for one's own actions and decisions.

The greater the uncertainty, the more justifiable it is to use flexible organisational cultures, characterised by a high tolerance for uncertainty and allowing employees to be independent, committed, take initiatives or, ultimately, take risks in their actions. A prerequisite for the development of an organisation is the congruence between three groups of strategy elements: the environment, resources and the organisation's culture (strategic congruence), hence the need to align the appropriate organisational culture with the strategy at different levels of uncertainty.

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