*Strategic Management*, 9e: Chapter 12 study guide

The new organic leadership style

Coping with the pressure for change: Professor Peter Senge’s contribution

To cope with the uncertainties of strategy development, those who lead the organisation have a key role in guiding, controlling, initiating and employing considered value judgements to move the strategy process forward.[[1]](#endnote-1) The work of leadership is crucial in the development of strategy and the optimal organisational framework. The *imperial* leader will continue to decide strategy and then define the organisation to achieve this. However, for leaders who have a different, more organic style,[[2]](#endnote-2) strategy and organisation have more complex interrelationships.

In the words of Peter Senge:[[3]](#endnote-3)

*The old days when a Henry Ford, Alfred Sloan or Tom Watson [the founder of IBM] learned for the organisation are gone. In an increasingly dynamic, interdependent and unpredictable world, it is simply no longer possible for anyone to ‘figure it all out at the top’. The old model ‘the top thinks and the local acts’ must now give way to integrative thinking and acting at all levels. While the challenge is great, so is the potential payoff.*

If these comments are accurate, then it is possible that the structures of the early twentieth century are no longer appropriate. There may need to be a process of discussion *before* strategies and structures are finalised.

According to Senge,[[4]](#endnote-4) there are three key dimensions to the role of the more organic leader in strategic change:

1. *Creative tension:* The tension that exists as a new leader moves to close the gap between his/her vision of the future and the current position of the organisation.

2. *New leadership role:* The former role of the imperial decision-maker may be too simplistic for the new millennium. The new role will involve:

 building the core values and purpose of the organisation

 allowing strategy to emerge (see Mintzberg, Handy and others)

 putting in place processes that allow an organisation to develop and renew itself

 motivating, inspiring and coaching others in the organisation

 adopting the role of custodian or steward of the organisation’s people and its purpose

3. *New skills*. None of the above will be achieved unless new skills are developed and employed, both by the leader and others in the organisation. The four main skill areas are:

 building a shared vision so that members of the organisation are committed to its future purpose

 challenging deeply held assumptions without causing individuals to become overly defensive, so that new ideas can surface

 identifying the key interrelationships and the factors critical to the success of the organisation (see Chapter 3)

 distinguishing the complex but unimportant details from the dynamic and important events that really shape strategy in the organisation

The new role and skills imply more flexible relationships between the leader and the organisation. Such changes will include not only the organisational relationships but also the strategies associated with them: it is not possible to be a ‘listening’ leader while at the same time holding fixed, pre-conceived views on the strategic consequences. Hence, it follows that strategy, structure and leadership have more complex interrelationships. Naturally, the authoritarian leader can define the organisation structure that will implement his/her chosen strategies but, for other leadership styles, the position is more complicated.

Comment

Although the above values and comments may appear more in tune with some of the management thinking of the new millennium, caution is required in three areas:

1. It is not easy or necessarily appropriate to move quickly from a more imperial structure to a more organic organisation. Informing middle managers that they now have greater freedom may simply make older-style managers perplexed: they may have little experience, knowledge or skills in the new areas. It is too easy to underestimate the changes required in the *attitudes* and *skills base* to operate such an approach. Such changes involve both the leader and all the members of the organisation learning new roles and relationships over time periods, which are sometimes lengthy.

2. According to Hofstede,[[5]](#endnote-5) some national cultures need greater certainty and dominance from their leaders. Learning and adaptive cultural solutions may not be appropriate in these circumstances. The problems may outweigh the benefits.

3. The resource-based view of strategy development and some other theories of strategy have still not fully considered the implications for organisational structures.[[6]](#endnote-6)

1. These comments arise directly from the writings of Quinn quoted in reference 6. They are also consistent with the conclusions of Chandler earlier in the century. [↑](#endnote-ref-1)
2. See Hart, S and Banbury, C (1994) ‘How strategy making processes can make a difference’, Strategic Management Journal, Vol 15, p254 and Ch17. [↑](#endnote-ref-2)
3. Senge, P (1990) ‘The leader’s new work: building learning organisations’, Sloan Management Review, Fall. Reprinted in De Wit, B and Meyer, R (1994) pp132–141. [↑](#endnote-ref-3)
4. Senge, P (1990) Op. cit. [↑](#endnote-ref-4)
5. Hofstede, G (1991) Cultures and Organisations, Software of the Mind, McGraw-Hill, Maidenhead, and Images of Europe: Valedictory Address given at the University of Limberg, 1993. [↑](#endnote-ref-5)
6. Moingeon, B, Ramanantsoa, B, Métais, E and Orton, J D (1998) ‘Another look at strategy–structure relationships: the resource-based view’, European Management Journal, 16(3), June, pp297–305. [↑](#endnote-ref-6)