



Beyond Strategy and Design: Gaining a Competitive Advantage in an Uncertain World

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Leadership is facing a time of significant challenge and complexity. Numerous sociological and technological advances are driving the complexity, making it necessary for leaders to discover solutions to meet new challenges. There is no serious question on the need for organizational strategy and design alignment. Numerous studies have demonstrated that successful organizations align their strategy and design with their unique operational environment. Although, while alignment is essential, especially during turbulent times, it is not sufficient. This article considers what leaders might do to gain a competitive advantage in an uncertain world. This author's premise based on research: Focus on individual and organizational virtues and character. When organizations solely focus on behaviors, they fail to account for habits that can both contribute to or against organizational success. Today's world is too chaotic not to deepen understanding of how people think, act, and feel. The addition of character and virtues holds the key to unlocking productivity, creativity, and competitive advantage. Moving beyond behaviors and focusing on the development of leadership virtues and character improves performance and provides a competitive advantage.

Key Words: organizational strategy, virtues, character, selfless love

Given modern realities, no leader considers their business and thinks they do not want to change. Likewise, we should expect a need to look at leading differently, as well. Leaders increasingly face challenges commonly described as volatile, uncertain, complex, and ambiguous. This new reality is not just a perception from an overactive imagination of the world becoming more complex. One premise is that numerous sociological and technological advances drive increasing turbulence. Today's increased complexity is intolerant of both people and organizations that do not respond quickly. Blockbuster, Dell, Sears, and Yahoo are examples of global companies once in the forefront but failed to adapt.

Modern pressures such as increased globalization, advances in artificial intelligence, and societal culture shifts have dramatically changed the marketplace and intensified the pressure on leadership. Just 15 years ago, globalization and cultural agility were skills commonly considered to impact only geographically global businesses. However, today globalization changes every aspect of a business. Global populations are shifting as people migrate to meet supply and demand job opportunities. According to Kerr et al. (2016), the percentage of tertiary degreed migrants rose nearly 130 percent between 1990 and 2010, while primary educated migrants increased by 40 percent during that same period. The improvements in technology today connect global workforces in real-time, and workplace supply chains are increasingly more globally entwined. Machine learning and artificial intelligence are changing every aspect of the work, and the workplace for the worker, and at an exponentially faster pace each day.

Also, a growing postmodern worldview that ascribes to accepting everyone's beliefs as right creates additional decision-making complexity. There is a growing awareness that what happens within businesses impacts societies. Lies (2021) found that the majority no longer trusts organizations to be both competent and ethical. Additionally, society is now looking to business leaders whom they consider the most qualified to solve society's problems.

Today's organizations are like pressure cookers. Leaders serve as pressure relief valves preventing catastrophic disasters and, when needed increasing organizational pressure to maximize performance. High-pressure situations reveal more of who people are than the skills they possess (Badaracco, 1997). The reality of a volatile work environment is that it is impossible to train leaders to respond to every potential situation. Modern leaders are asked questions that have no known answer. The workplace's volatility does not lend itself to providing leaders with practice scenarios for every situation they will encounter. Leading in turbulent times is not for the faint of heart and requires a fresh look at leading people differently.

Discussion

Every MBA graduate knows the mantra that people are the most valuable resource in every organization. They learned about the vital role of leadership in the alignment of people to achieve the organization's vision. Organizational strategy and design are traditional solutions for the alignment of people, and most MBA graduates completed at least one course involving corporate strategy and design thinking. Organizational strategy and design are like rudders on a ship – they enable a leader to steer the organization across strong marketplace currents and avoid treacherous organizational drift. According to the Galbraith (2011), an organization's strategy is the input that drives organizational design. Well-designed organizations drive desired behaviors aligned with organizational strategies that create a desired corporate culture and worthy performance.

Sheppard and Chowdhury (2005) found evidence in a study on the topic of organizational failure that failure involves a misalignment of the organization to the environment. Numerous studies have demonstrated that successful organizations align the organizational design with its strategy and unique operational environment. According to Doty et al. (1993), organizational design fit accounts for a 24% variation in organizational performance. There is no serious debate if organizations need to align design with strategy. Therefore, is there a need for organizational alignment? The answer is a resounding yes. The full potential of an organization cannot be realized without proper alignment.

Why Organizational Alignment is Not Sufficient

Having an organization design aligned with the organization's strategy drives desired organizational performance, culture, and behaviors. Although, while alignment is essential, especially during turbulent times, it is not sufficient. Multiple examples of organizations or individuals in pursuit of worthy performance have received significant fines from regulatory agencies for ethical failures. Modern regulatory fines are at historic levels, such as the \$5 billion fine issued by the Federal Trade Commission to Facebook over privacy concerns or Google's penalty of \$1.7 billion for competition manipulation, their third fine in three years from the European Commission (Jaeger, 2019). While ethical failures are not new, there is increased request for more transparency by society and purchasing patterns by consumers based on the organization's positive impact on the world. Simply stated, leadership failure is failure, and often the impacts of failures have lasting negative consequences beyond an individual or the organization. Defining the behaviors and required competencies that drive worthy performance addresses the actions people should take. Skills help in predictable situations when the right action or decision is known. However, the ambiguity in the marketplace and a widely held postmodern worldview by society is amplifying workplace uncertainty. According to Badaracco (1997), situations where leaders face decisions between right and right are defining moments that significantly alter an organizations' direction and performance. A frequently challenging decision leaders have to make is a situation requiring a choice between what is best for the leader or for others. It is natural to minimize these situations because people have blind spots that create a misperception that they are more ethical than in reality (Bazerman & Tenbrunsel, 2011). Epley and Dunning (2000) demonstrated that people tend to significantly overestimate their moral behavior by up to 62% greater than actual. Modern organizations need to move beyond a focus on organizational alignment to gain a competitive advantage and ultimately avoid failure.

What Else Can Leaders Do?

So, what can leaders do to move beyond behaviors and gain a competitive advantage in an uncertain world? This author's premise based on research: Focus on individual and organizational virtues and character. In organizations, there is most often a

disproportionate focus on behaviors when compared to character and virtues. Most human resources departments have focused on embedding defined behavioral expectations into talent management processes to reinforce alignment. However, few have given little, if any, thought on the role of character and virtues. Although not often discussed within organizations, character and virtues historically are accepted as having a significant influence on both individual and organizational performance. Ancient philosophers such as Plato, Aristotle, and Marcus Aurelius spent much time discussing virtues (Fedler, 2006). They articulated that character and virtues determine what and how individuals think and apply competence in different situations.

Many studies demonstrate the proven benefits associated with virtues and character in individuals and organizations. Kiel (2015) found in a study involving 84 CEOs from companies around the US to understand the connection between character and return on assets. They found that leaders rated high on the four-character dimensions of integrity, responsibility, forgiveness, and compassion had a return on assets of nearly five times those rated low. In a large-scale empirical study on the influence of virtues on employee and customer identification, distinctiveness, and satisfaction, significant positive correlations with all dimensions were found (Chun, 2017). In a study of over 232 firms virtues were found to have a more substantial positive significance on organizational performance than organizational management control systems (Donada et al., 2019). In a study of 436 employees in the commercial banking and social economy found evidence that virtues in an ethical culture positively influences the person to organization fit, job satisfaction, organizational commitment, and intent to stay (Ruiz-Palomino et al., 2013).

Virtue is the English translation of the Greek word for excellence and the Latin word for human. Aristotle considered virtues a habit or disposition to think, act, or feel in the right way that is not deficient or in excess and toward a proper goal (Fedler, 2006). Virtues are a part of an individuals' distinctive character. Seijts et al. (2017) established a modern character framework from over 2500 leaders that comprised of 11 character dimensions, including judgment, transcendence, drive, collaboration, humanity, humility, integrity, temperance, justice, accountability, and courage. When presented with a new or unknown situation, an individual's character will govern the actions taken. The modern reality of ambiguity is that most circumstances an individual will encounter are unexpected.

Virtues and character are often considered complex and challenging topics to articulate and measure, contributing to minimizing their inclusion within the workplace. However, validated instruments to measure character and virtues exist. Kaptein (2017) introduced and validated the Corporate Ethical Virtues Model, which measures virtues at the organizational level. Ng et al. (2020), expanded on the Comprehensive Inventory of Virtuous Instantiations of Character instrument by creating a valid multidimensional forced-choice individual character instrument. The Leadership Character Insights Assessment measures an individual's character through self-assessment or 360-degree

assessment using behavioral anchors (Seijts et al., 2017). According to Seijts et al. (2017), an organization can expect a yearly savings of up to 23% of a senior leader's annual salary when using the assessment for organizational placements. Like with the use of all assessments, an organization needs to consider the cost-benefit analysis. Special consideration needs to be given to the individual's scope of authority because the potential benefit is positively aligned with an increase in the scope of authority.

Like competencies and behaviors, character and virtues can be developed and embedded within organizational processes for talent management. Also, like competency development, the development of virtues and character can have a variety of positive consequences for businesses. According to a neo-Aristotelian view of virtue and character development, an individual's development should include knowledge transfer, reasoning, and practice (Jubilee Centre for Character and Virtues, 2017). Character development is primarily developed through role modeling, including feedback and reflection. Feedback is a gift; most people want more feedback on their performance. However, feedback on character gaps is not commonly provided, given the complexity of these types of conversations.

Additionally, most people spend little to no time reflecting on character experiences because of ethical blind spots (Bazerman & Tenbrunsel, 2011). Numerous studies have found that dedicated mentors can also support character development by openly reflecting on insights gained from experience (Seijts et al., 2017). Research supports that organizations can incorporate character and virtue development into existing competency development programs. It is not required for organizations to create separate programs focused only on character and virtue development. An equal focus needs to be on both character and competence within organizations. To gain a competitive advantage in an uncertain world, leadership needs to move beyond a focus on organizational strategy, design, and behaviors to include character and virtues.

What has Selfless Love got to Do with It?

It is reasonable for a leader to anticipate that introducing the character strength of selfless love into a diverse global organization will become a pitfall. However, research reveals that while some real differences exist, the expected global cultural virtue differences are often less significant upon closer examination. Peterson and Seligman (2004) found that selfless love is the foundational virtue in all major world religions. Creating effective strategies and designing effective organizations requires input from others. The virtue of selfless love inspires humility within individuals, which is essential to listening to others. Chiesi et al. (2020) found empirical evidence of a positive correlation between selfless love on self-esteem measures, life satisfaction, and reduced anxiety. As discussed, leadership involves alignment. Selfless love aligns the leader with the follower increasing productivity, creativity, and organizational effectiveness (Doty et al., 1993).

Conclusion

Today's leaders face significant challenges amid high degrees of volatility, uncertainty, complexity, and ambiguity. Having organizational design aligned with the organization's strategy drives desired behaviors. Organizational alignment and desired behaviors are essential but not sufficient. When organizations solely focus on strategy and design, they fail to account for habits that can contribute to, or against organizational success. Today's world is too chaotic not to go deeper into the understanding of how people think, act, and feel. The addition of character and virtues holds the key to unlocking competitive advantage. Moving beyond behaviors and focusing on the development of leadership virtues and character improves performance.

About the Author

Dr. Jeff Doolittle received his Doctorate in Strategic Leadership from Regent University. He has helped business owners and executives of small businesses to global Fortune 50 companies, and his work is taught in university classrooms. Dr. Doolittle is the founder of Organizational Talent Consulting, a premier executive coaching and business consulting firm for leaders and organizations interested in achieving success and significance.

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