

# TO WHAT EXTENT DOES CULTURE AID COMPETITIVE ADVANTAGE? A SYSTEMATIC LITERATURE REVIEW

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## ABSTRACT

*The effect of societal and organizational culture on leadership and organizational performance in creating a sustained advantage for firms and businesses have become a major concern of management experts across the globe, especially in the face of the rapidly changing work environment, caused by various global disruptions. This review article examined the concept of culture (both societal and organizational) using insights drawn from scholarly articles published in academic journals, conference proceedings, books etc. to present clear answers to the extent at which culture affects the creation of sustained compelling competitive advantage to organizations and their products and services. The study concluded that organizations need to invest in the study of the societal culture and values of their current and future customers. The insight drawn from such study should translate into the creation of organizational culture that will be a best fit in relating to and relating with their customers in continuously providing the services and products they need, always. Such organizational value should be very strong to the organization and its staff and should be as strong as the societal value is to its customers. The extent to which such societal values and cultures is understood, and the extent to which such understanding leads to the creation of the best fit organizational culture will determine the extent of the competitive advantage such organizations will gain and keep.*

**Keywords:** Culture, Competitive Advantage, Leadership, Societal Culture, Organizational Culture, Systematic Literature Review.

## INTRODUCTION

Today's world of work is so dynamic that organizations that will survive the intense competition must be conscious of the dynamism, and how such dynamism affects its staff, customers, products, and technologies. The understanding will be helpful in ensuring that management adopt the right approach to the study of their operating environment and the prevailing culture that could affect the business. It will also guide in ensuring the most appropriate method is engaged to motivate its staff and meets the needs of its customers (Acar, 2012; Johansson, 2000).

The deep and broad understanding of why prevalent cultures in communities are under threat as a result of new learnings and cross-cultural relationships will provide the right insight to management in creating their own winning organizational culture and the work environment that will provide the right vehicle for their existence as a business (Kokina & Davidova, 2013; Ritzer & Dean, 2019). The concept of societal and organizational culture as it relates to creating a sustained competitive advantage is discussed in this article.

## Aim of the Study

This study provides an analytical review of culture and how its understanding will help managers and leaders to create a compelling winning attitude that will create sustained productivity and gains for all the stakeholders of the business.

## LITERATURE REVIEW

### Culture

Culture is the way people chose to behave as a result of their level of awareness of their environment and how they chose to respond to such awareness (Barclay, 2015; Sreejesh et al., 2014). Being conscious of the fact that what we do every day affects others and we are equally affected by what others do; the consciousness of this and how we chose to respond defines our values and the culture we chose (Barclay, 2014; Armon et al., 2016). Barclay (2014) further argues that culture eats strategy for breakfast because it's easier to change strategy than it is to change culture; this raise some other set of concerns to determine if culture is inherent or be changed.

In House et al. (2004); Zehir et al. (2011) Culture was expressed as “*practices and Values*”. Practices and values which influences the ways things are being done in an organization and what defines what is very important to the heart of the organizations, and how such importance should be treated and handled. Yıldırım & Birinchi (2013); Petan & Bocarnea (2016) also looked at how people build their societal values and determine their prevailing culture. House et al. (2004) measures practices and values across different industries and sectors and how societal culture affects the culture of the organizations that were measured. In Schein (2004) and Dimitrios et al. (2013) culture is seen as a set of structures, routine, rules, and norms which guides but also constraints behaviour, it determines what is celebrated and frown at, it determines who to see as a friend or foe and what to take as positive values or negative vices.

Change in values and behaviours of an individual ultimately translate into change in the emotions and emotional configurations of such individual. Culture is deeply rooted in values, It deals with what a set of people believe in and why they chose to believe in such (Azma & Mostafapour, 2012; Jati et al., 2015). For any leadership style to be adjudged as being effective, it must understand the emotional configurations of its people and why they chose to do what they currently do and why they even allow themselves to be led by such a leader (Barclay, 2014; Jati et al., 2015). John Mattone and Vaidya present a research result in (Mattone & Vaidya, 2016) where it was proven that more than 75% of transformational efforts in business fail just because of two high level factors “*culture*” and “*leadership*”.

Culture drives expectations and assessment. Since culture is a shared believe and behavioural pattern amongst a defined set of people, it guides what they expect from each other (Kelidbari et al., 2016). Culture determines the mode and language of communications amongst people, and it is so strong that when one is compared to another using several benchmarks, the differences can be so wide and the wideness might not be a source of concern to each of the groups who have chosen to behave differently based on their convictions, exposures and lineage (Wiley, 2000). Culture is said to originate from survival skills of societies, and it helps to distinguish one group of people from another (Abdullah et al., 2014; Jati et al., 2015; Schein, 2004).

## Societal Culture

All of the human on the face of the earth were born by parents who were also born by another set of parents and this can be traced to the root of humanity; however various clusters of people lived together, developed capacity together and view life together as an entity under different circumstances and in different locations using various means of communications called language. This separation of clusters that grew differently and chose how they want to interact amongst themselves gives birth to different traditional and genealogical culture.

This culture has helped to shape what each of these societal or genealogical group understand as life, happiness, sadness, comfort, wealth, beauty etc. It shapes what business means to them it shapes the type of governance structure they are disposed to and the kind of minimum standard that is acceptable for relating with one another; and this account for why a major language can have up to twenty (20) different dialects of that major language as a result of little groups called ethnic within the identified major group (Ammons et al., 2013).

Businesses and traders who want to have commercial transactions outside their own culture must observe and see areas of similar identity which can be leveraged on for such trading transaction to sail through. Sometimes, some people marry from a tribe they intend to have business or political relationship with, this creates some level of trust and serves as a means to be accepted by the other set of people, with a different culture.

As strong as societal values and cultures are, cultural change is still possible, and there have been instances where focal group in a culture has been cajoled or convinced to see the benefits in other school of thought other than their initial belief. The need to inter-relate and enjoy products and services being produce by other culture has also mandated inter-cultural relationships and has inter-exposed cultural values amongst different set of cultures and beliefs (Bloom et al., 2012; Milovanovic, 2015).

## Corporate/Organizational Culture

The basic understanding of indigenous culture in terms of belief, language, routines, and structures etc. can be of great benefits when such understanding is applied to the creation and management of organizational culture. To begin with, organizational culture could be seen as *“a pattern of basic assumptions that a group has invented or adopted to guide their set of behaviours and actions, which in their judgement has been well thought of and that others who want to identify with such systems be guided to think and work same way”*. It can also be defined as a set of values, symbols, rituals, procedures that are shared by members of a specific firm which decide the way they relate amongst themselves and with other external members of the community, be it client or government (Belias et al., 2015; Morrill, 2010; Eniola et al., 2019).

Organizational culture can also be explained in the words of Schein (2004) and Mattone & Vaidya (2016) as *“the pattern of basic assumptions that a group has invented or discovered in learning to cope with its problem of external adaptation and internal integration; and that have worked well enough to be considered valid, and therefore be taught new members as the correct way to think, perceive and act in relation to those problems”*. It is assumed here that the leader of the organization is aware of diversity in societal culture and have consciously discovered the right mix of organizational culture it needs to build; not only that, but the leaders are also ready to induct and baptize new recruits with the identified values.

Every organization decide the culture that is best considered to tackle both his internal workings and its external engagements; concise efforts will be made to enshrine such culture into

the internal customers, who are the employees of the organization and by maturing in such culture, the exhibition of such to the external customers, i.e. the clients become natural (Kang, 2015). It forms the method of thinking, solving problems and relating with each other within the context of such organizational engagement. The imbibing of an organizational culture has far reaching effect when compared to branding that concentrate on how the brand is perceived by others, culture is internal, and its strengths is derived from the convictions each employee gets because of its practice and the kind of results it produces. Some cultures have been deeply imbibed that some employees still exhibit them years after leaving the employment of an organization, this happens when such culture assist the employee to be come better and more productive as an individual (Robbins et al., 2008).

The mind and the spirit of the organization as exhibited by its employees communicates the level of induction and acceptance of the values that the employees have bought into, this explain why there are strong emotional and psychological bond between an individual, an organization, and its people (Syafii et al., 2015). Strong organizational culture helps the leaders to make the communicated vision compelling enough such that followers are ready to run with it vigorously.

## **Theories of Culture**

### **Diffusionism**

Early anthropologists see culture as collection of traits and the diffusion or spread of these traits from one society to another. Critics of diffusionism do not agree with their position because the theory failed to explain why some traits spread to another society and some does not spread.

### **Cultural evolution theory**

This school of thought posited that traits have certain meaning in the context of evolutionary stages, and they look for relationships between material culture, beliefs, and social institutions. The group of theorists classify cultures according to their relative degree of social complexity and employ several economic (foraging, hunting, farming, industrial societies etc.) and political (autonomous villages, chiefdoms, and states) distinctions. This theory is criticized because of the proponents' view of evolution as an explanatory metaphor. The critics argued that the assumption that evolution assumes a certain direction of development with an implicit apex at the modern society cannot be substantiated.

### **Ecological approach theory**

This theory explains the different ways that people live around the world not in terms of their degree of evolution but rather as distinct adaptation to the various environments in which they found themselves. They also demonstrated how ecological factors could lead to cultural change, such as the development of technological means to harness the environment.

### **Functionalism**

These theorists posited that the society is a system in which all distinct parts work together to form the society as a whole. In this way, the society needs culture to exist, and the

culture guides them in making choices. Just as members of a society works to meet the society's needs, culture also exists to meet its' members basic needs. Functionalists also studies culture in terms of values.

### **Conflict theory**

The proponent of this theory believes that the social structure is inherently unequal, and so power is based on the differences as a factor of age, race, education, class, gender, etc. It argued that inequality exists within a culture value system, therefore society's cultural norms benefit some class and hurt the others.

Other theories of culture are, Symbolic Interactionism, Structural Functionalism and Symbolism.

### **Empirical Review of Culture**

Managers and business leaders are now conscious of the need to be culturally so intelligent to be able to attract, train and retain employees with the right type of thinking and attitude required to drive the vision and expectation of the organization because significant disparities in most organizational culture arises mainly from the differences in languages , gender, norms, and religious beliefs; and these issues exist in most global workforces on the first hand then the impartation of the company values that will crystalize into an enduring culture on the other hand.

Some examples of slangs used by managers within organization context as it relates to culture are "*culture of quality*", "*Culture of Excellence Service Delivery*", "*Culture of Time Consciousness*", "*Think- through culture*", "*Get it at first attempt culture*" etc. Culture will be well appreciated if it helps us to get better and have clearer understanding of the seemingly complex part of life (Luthans, 2011). The importance of culture is again re-emphasized by virtue of the need to relate on a global scene with multiple customers (internal or external), this call for a mix of societal culture and organizational culture, questions relating to how do I engage these people to imbibe our organizational time-tested culture within the context of their societal belief and behaviour and others becomes questions that global leaders are concerned with in a bid to grow an organization with a uniform time-tested wining culture (Woodley, 2015; Zehir et al., 2011).

Every organization is expected to have its clear-cut Vision, Mission Statement, and its Core Values. These are carefully selected phrases that tells its stakeholders where the business is going, how the vision is intended to be achieved and what are the core values or culture the business has chosen to imbibe in the journey to attaining their mission. Organizations in the same industries most times have different results because of what they see and what they do differently (Team, 2013).

Leaders help to develop cultures, provide the vision and lead on how it is expected to be achieved. The leader also provides the resources that it requires or guide on how to get the resources, he also rewards results and caution deviators (Laegaard & Bindslev, 2006). It can be seen very clearly that organizational culture from formation to growing and stability is driven by the leaders of such system and this connects the strong relationship between leadership, culture, and competitive advantage (Petan & Bocarnea, 2016).

## Competitive Advantage

The consistent thriving of businesses irrespective of the changes within their operating environments validates their internal strength and the fitness of their strategy for competitiveness. The competitive advantage created or gained by an organization determines the edge it has over others and the niche such business has carved for itself in the industry where it operates, this also extends to the suitability and patronage of its various products and services. It also shows how strong the organizational culture is in addressing pertinent issues relating to its internal behavior and its relationship with its customers (Barclay, 2014; Kang, 2015; Porter, 1998).

Every organization wishes to be big and have large pool of customers patronizing its various products. In as much as wishes is fine, the strategy adopted to ensure the wish becomes an action point that is translated into deliverables could only be achieved if there is a culture suitable enough for such desire (Porter, 1998; David & David, 2017).

Some of the theories of competitive advantage are the Resource Based View (RBV) theory, traditional economic theory, economic theories, market-based theory, innovation theory etc. RBV, which argues that a firm can be competitive over others because of the pool of resources (seen and unseen) available at his disposal and the business' capabilities of making optimum use of such resources (David & David, 2017).

## Empirical Review of Competitive Advantage

The level of complexity and contest in almost all sectors of various business industries were caused by several factors such as new learnings, cross-cultural relationships, advancement in technology and so on. These complexities requires that firms that wants to continually return competitive value and returns to its stakeholders need to ensure that its competitive vigor is accomplished by being customer centric.

Guaranteeing consumers' loyalty and having a sizeable proportion of a market for a long time is a yearning of most business ventures. Such yearning must be deciphered into a burning vision with crystal clear action plans excellently communicated to all who will have a role to play in its actualization. The values and culture a business will build must be such that is strong and fit to support its vision and anticipations of having unbroken competitive lead in its industry (Stiglitz & Pike, 2004).

## METHODOLOGY

This work is focused on an analytic review of literature relating to culture and how it helps leaders build an organization that has strong competitive advantage in the sector and environment his organization operates. Research articles in journals, conferences' proceedings, books, artifacts etc. were consulted, to provide deep and robust content relating to previous works and experiences of researchers, practitioners, and the society, on issues relating to culture, leadership, and competitive advantage.

The concept, "*culture*", was thoroughly reviewed and its underlying theories were also presented in such a clear method during this discourse.

## DISCUSSION

Each component of a business culture is expected to produce some expected results and achieve a certain part or contribute some specific quota to the organization's overall objectives and cultural expectations e.g. culture of excellence, being the best in everything that's being done per time, always thriving to get better, when the last best performance is not good enough for today; all these are excellent slogans and tips to ensure the individual and the entire systems get better. When such culture become so engraved in the heart of the members of staff and such is diligently exhibited, such an organization will be known as one that stands for excellence in all that it does, and such excellent culture will create the niche that will stand the organization out, thereby providing a winning advantage over its competitors in the industry. Some could prefer to say, we 'put our customers first, all the time and in every way', this is also a culture, when all their products and services, methods of design, marketing, communication & relationship, delivery, and other critical activities focuses on making the customer happier all the time (Rus & Rusu, 2015), and this becomes their competitive edge in the market (Azanza et al., 2013; Chizema & Pogrebna, 2019).

Organizational values and culture are expected to be as strong as societal values and culture. Organizations that have succeeded repeatedly have strong culture that drives them as individuals and as an entity (Top et al., 2015; Harwiki, 2016). Every similar trait exhibited continuously by employees of an organization is a strong pointer to the values the organizations place much premium on, and it shows the mind and spirit of the organization expressed through their employees (Mohelska & Sokolova, 2015).

It is also pertinent to mention here, that not all culture are productive, whether the outcome is what the promoter intend or not is another ball game entirely. some organizations are known for the wrong culture, for example, a certain fashion designer might be known for not delivering clients clothes on time and it could be so persistent that almost all his clients complaints of same; however, this same fashion designer might be so good at what he does that client chose to keep patronising him despite the certainty of disappointment in terms of prompt delivery.

As innovation and technology keeps improving, the world of work is becoming more virtual, cross – cultural and, global; hence, the need for leaders who can understand its people and motivate them for optimum performance in the face of these increasing methods and styles (Acar & Acar, 2012; Stephan & Pathak, 2016). Employees with different background, belief, gender, ethnicity, and orientation are to work together and build a new culture to drive the organization's vision and objectives, this call for leaders with different mindset, deep understanding of people across culture and ethnicity. Leaders that will succeed driving these new set of workforces must be strong in diversity management, strong communications skill, risk taking, and possession of an approach that should support diverse organizational culture that will allow innovation to thrive (Jati et al., 2015; Su, 2014; Whetten & Cameron, 2011)

## CONCLUSION

Barclay in her book *"Conscious Culture: How to Build a High Performing Workplace through Values, Ethics and Leadership"* in 2014 argue that Amazon, Google, Southwest Airlines and a host of others in America are profitable to their respective investors to the modest tune of 1649% because they invested in their culture and such was considered as most important asset to them; they had a painstaking study of which culture are so dear to their stakeholders and they

consciously worked to improve such culture and that translated to continuous wins for all stakeholders (staff, customers, shareholders, investors and others).

The importance of culture to belief, behaviour, attitude, and action makes it so important to determine how someone behaves, his/her perspectives about people and issues around him/her. Since people are at the core of every business, it is therefore very important a factor in leadership to understand them and the level of the understanding and how it is managed will affect the kind of results such leadership will get.

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