

# Strategic Management: Incorporating of the Intangible Asset

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## Abstract

Strategic management set and explain priorities by organizations to formulate and implement goals and initiatives to meet organizational objective changes as the business environs necessitates. One of the most astonishing aspect is the failure rate of the alignment of the strategic plan with the human resource of the organization. Strategic management analysis current position and plans for future existence. The process impacts the organization processes and human resources. Organizations need to be cognizant of the fact that employees form a part of the strategic assets and plays a major role in enhancing the performance of the company and goals achievement. Getting employees involved in organizational strategies helps organizations to realize the goals and objectives at a faster pace. The purpose of this paper is to highlight the relevancy of human resource to strategic management and explore how an organization can optimize its human resources in its strategic management process. The conclusion reached is that strategic leadership and the relationship with human resources management is instrumental in the desire performance and achievements of an organization.

**Keywords:** Strategic management, Intangible assets, Human resources, Competitive advantage, Strategic leadership.

## Introduction

Strategic management defined as the art and science of formulating, implementing, and evaluating cross functional decisions that enable an organization to achieve its objects (David, 2011, p. 6). This comes amid rapid and regular organizational changes which is a new norm in some industries today (SHRM.org, 2020). This organizational framework that binds the organization using actions and activities to achieve a common goal integrates knowledge of the environment, organization's vision, and mission with the company's core competence to attain synergy and create value for customers (Daft, 2011, p. 412). The need for integration of strategic management and human resources is demonstrated in this paper. According to Maslow's hierarchy of needs the assumption of self-actualization is achieved when you are able to reach your full potential (Mennella, 2018, p. 111). Employees' full potential is usually after the bodily ego and needs are fulfil, the full realization of one's instinctual, intellectual, and social abilities. As one work towards that feeling of transformation where they achieve what they set out to get organizations are the main beneficiaries through the individualized drive and need.

### **Stages of Strategic Management are:**

1. Strategy formulation which analyses the organization's current situation, identifies the strengths and weaknesses, and formulates necessary action plans.
2. Strategy implementation – the execution of the action plan.
3. Strategy evaluation – evaluation of the plan success.

(David, 2011, p. 6)

Strategy formulation is used as a guide use by organizations to move from its current state to a desired state It is used to define where they are, how to achieve targeted goals and recognize where change is necessary based on the operating internal and external environment. With information regarding opportunities and threats the organization can enhance its overall operation and mitigates threats. Organization strategy must be linked to human resources (HR) strategy as HR is the center of the organization capacity and capability. This the way people operate within the organization is based on the informal agreement of norms and the personal feeling of everyone. While organizations do not create the corporate culture, it is the pattern of the business and how the people operate and influences good and bad (McHale, 2020, p. 2). The result of each action impacts the success of the organization. As organization transformation takes place whether planned or unplanned there is always a cultural change. Addressing this change McHale uses a Culture Disruptor and suggests focusing on 3 key elements – mental map, roles, and patterns to accelerate change (McHale, 2020, p. 22). As one dive deeper into the organization more individualism comes out. How people think will be exposed in their actions and the outcomes should be the desired results. This will only be positive if the attitude throughout the organization is positive.

### **The Untapped Resources**

Misalignment of the organization's strategic management plan activities comes about due to lack of communication. Free 3rd referenced Peter Drucker asserts "If you want something new, you have to stop doing something old" (Free III, 2020). This should be adapted by the entire organization. Strategic leadership should be cognizant of the fact that if the organization wants to make changes, they need to do something new. This something new is to acknowledge the most valuable assets within the organization. Employees are stakeholders not only to partake in revenue as salary but make valuable contribution in the production and processes departments. The ability to generate new ideas, analyze current assumptions, envisaging the future, assess the need for change, and to predict the organization's positioning is the job of a strategic thinker. Human resources are an important aspect to the framework of the organization's strategic goal. It is influential in the promoting of strategic development at all levels in the organization, providing strategy development training and modelling strategy by developing strategic plans. To answer the important questions of where the organization is going, how it will get there allows for the people to be equipped to get the job done, and allows HR to accurately demonstrate the organization's strategy (Meinert, 2016).

Knowledge, skills, and abilities are the necessary competencies needed to meet the changing organization's environment and should be taken into consideration for the successful management of the organization. This is at the forefront for hiring managers and human resources personal, but somewhat disappears after the individual's probation appraisal have been

done. Placing the valuable skills talent and knowledge on a burner that burns slow deprives the organization of invaluable talent. As organizations plan their strategies one of major step is the allocation of resources, this resource refers to a combination of equipment and labor. Labor is not brought to the planning table. Technology has creep into the value of employees as organizations disregard the operators of the equipment's and machines and they are referred to as the IT personnel, or the operator. No longer the individual has a name, this since the most important resource is the machine. Kasahara reminded us that the company's mission the "social role" needs everyone (Kasahara, 2015, p. 38). Are organizations adhering to it, who is carrying out the mission? This brings to question if the human resource departments are an operation outside the main organization. The entire structure of the organization is important to the firm achieving and sustaining competitive edge. Talent development is the organization's key tool to mold, expand, motivate, and retain the great actors who will pioneer the firm to achieving its objectives. Organizations need to know their driving forces to get a better traction as restraining forces from the old style of management takes the organization off the human resource track.

### **Disconnect Between Strategy and Human Resources**

Who are the "drivers" in the organization? According to Meinert they are the people who can get the job done (Meinert, 2016). How important are these subjects? Leadership an important aspect of strategy should be recognizing the functionality and adapt (Stowell & Mead, 2016). Work environment influence individuals behavior to frame that vision that sets a standard of excellence, and integrity, connects organizations core values, and help people to find the meaning in their work (Daft, 2011). This gives more meaning to what they do and encourages behavior change. According to Anderson resistance looks like the organization, it is not about individuals trying to "sabotage" the project, but about the presence of another actor-network (Andersson, 2015). Resistance comes from the normal employees, and if a normal way of life in the environment are not right the organization cultivates the culture by not doing enough to eliminate the growth. Anderson further suggest minimizing the problem organizations must take into consideration the employees are tabula rasa. The employees do exist, and the change is about how they do, what they do (Andersson, 2015). Burnes in his article Introduction: Why Does Change Fail, and What We Can Do About It? suggested that even with more knowledge, more initiatives have failed (Burnes B. , 2011). Reasons behind these failures have been questioned, and various assumptions have been made, there are always concern for shortcomings in planning and lack of commitment. Maurer remind us of 4 mistakes leaders make, assuming that understanding equals support, and commitment, underestimating the potential power of employee (and management) engagement, failure to appreciate the power of fear and failure to acknowledge how even a slight of trust and confidence in leaders can kill an otherwise fine (Maurer, 2010, p. 12). Nirenberg asserts that organizations are dependent on both human resources (HR) and organization development (OD) to achieve their goals. He argues that both are task with the management and guidance of people towards the objectives of the organization (Nirenberg, 2012, p. 9). Kumar Panday et al further asserts that organizations future depends on their strategic plan, how they lead their people, and manage change (Kumar Pandey & Malik, 2016). They further suggest that skills, capabilities, and commitment are the essential factors. All these factors are related to the human resources (Kumar Pandey & Malik, 2016, p. 3).

## **Strategies to Build Cohesion**

A “notable quote” from David, 2011 “The formulation of strategy can develop competitive advantage only to the extent that the process can give meaning to workers in the trenches.”- David Hurst (David, 2011). In building strategic cohesion, the organization needs to create a sense of ownership of the plan, establish specific action plan to achieve goals, harness the organization’s resources in an efficacious manner, excogitating and initiating strategies best suited for the organization. Leaders have the responsibility to guide the organization and the employees through the change process (Daft, 2011, p. 463), this refers to employees and not machines. Organizational development and HR, or talent management goes hand in hand. While management of human resource strategizes, plan and prepare the organization for the change, not only that it promotes high performance but, identifies skills and knowledge gaps, increase competencies, and recruit and maintain quality talents. Understanding the employee’s needs is essential for professional development and the alignment of the development with the organizational needs. Changes to the organization should be supporting social and collective equality, and the intent to make better use of supporting existing resources to improve business effectiveness (Burnes & Jackson, 2011), but will only be achieved when the individual self-actualization is reached.

To Create a paradigm shift by demystify the uncertainty of the future organizations needs the elusive managers who has the abilities to inspire teammates, and successfully align team actions with the firm’s strategic business environment (Kunnanatt, 2016, p. 30). Cohesiveness in organizations will translate into employee’s confidence as not only will they feel connected to the job to satisfy their emotional needs but feel obligated to the organization in fulfilling its objectives and goals. Sanders and Burke posits when people are connected to the entire organization and its strategy it leads to success (Sanders & Burke, 2015, p. 36). In analyzing an organization one of the key components is the employees. This not being a strength for the organization would signal a poor organizational health, and threat from competitors. Employees will not be committed to an organization they do not feel comfortable with and will be easily sway by a competitor. Being strategic requires the consideration of employees’ knowledge, skills, and competencies. How well does organizations embody current employees’ competencies?

Welbourne suggests that change confidence is significantly related to employees perceptions that their firms can execute on mission (Welbourne, 2014, p. 17). What are employees seeing? How do they feel about the firm? Do they know the strategy? Do they know what to do? These are the valuable questions which organizations should be able to answer in the affirmative. Illustrating that individual perceptions’ impacts their action, Gestalt approach emphasis on contact with people, context, history, and need (Farrands, 2012). Strategic management of human resources are needed to optimized performance. Chesson found that organizations lack of buy-in results from tendency of working in silos, each one for himself (Chesson, 2020). Values held by employees is influential on their actions and activities. Harrison & Bazy posits that the relationship between an organization’s strategy and strategic human resource management is dependent on the alignment or mis-alignment of organizational culture (Harrison & Bazy, 2017). Having belief and support within the organization leads to consistency and desirable outcomes. Ballaro et al argues that organizations with a higher

percentage of engaged employees outperform those with more less engaged employees (Ballaro, Mazzi, & Holland, 2020, p. 48). They further discussed that the more engaged employees are the more productive they are. This food for thought for organizations. Why are we not engaging employees? Is it that there is the contentment that they already have the employee? Burnes and Jackson suggests that value alignment has an impact on organizational strategy (Burnes & Jackson, 2011, p. 137), therefore the more aligned the valued of employees become the more impactful they will be on the organization's strategy.

<b>Table 1: Advantages and Disadvantages of Organizational Strategy Cohesion</b>	
<b>ADVANTAGE</b>	<b>DISADVANTAGE</b>
<ul style="list-style-type: none"> <li>• Employees have a sense of belonging.</li> <li>• Employees feel valued.</li> <li>• Involved in policy formation.</li> <li>• Improved commitment and organizational loyalty.</li> <li>• Contributes to growth of employees and organization.</li> <li>• Improved performance;</li> </ul>	<ul style="list-style-type: none"> <li>• Employees have limited knowledge of organization's goal.</li> <li>• Ideas and decisions are all generated at the top.</li> <li>• Feelings of being an organizational tool rather than asset.</li> <li>• Stagnation of employees</li> <li>• Lack of commitment to organization, and high turnover.</li> </ul>

The importance on ensuring the implementation of the strategy is wholly dependent on the employees. The first step toward effective change is to implement a plan. Pollack identifies Kotter's 8 step model as emphasizing an emergent, rather than a planned, approach to change management (Pollack J, 2015, p. 53).

### **Kotter's Leading Change Model**

1. Establish a Sense of Urgency
  2. Create a Guiding Coalition
  3. Develop Both a Vision and a Strategy
  4. Communicate the Vision
  5. Empower Employees to Act
  6. Generate Short-Term Wins
  7. Consolidate Gains to Build More Momentum
  8. Institutionalize the New Approaches
- (Pollack J, 2015, p. 53)

Given the need for this bold step it is the best of all the alternatives and should be communicated as such to each employee. Organizational structures have created a barrier which inadvertently obstructs the flow of information. The creation of that team of communicators not only will give directions for the change but will communicate with the rest of the organization. Very often the water cooler discussion will be over the changes taking place and no one is available to give the correct answers. Having insight of the vision and strategy and given the

privilege of participating in organizational decisions employees will get the feelings of empowerment and according to Noe et al share the resulting losses and rewards (Noe, Hollenbeck, Gerhart, & Wright, 2011, p. 30). Only when employee feels that they have achieved they will be willing to give more. Welbourne posits that confidence is an influential factor in driving growth and success in meeting firm-level goals (Welbourne, 2014). Stragalas concurs managers carry the keys to unlock the benefit of transformational change by communicating the vision, modeling new behaviors, signaling the support for change, rewarding employees, and building employee engagement (Stragalas, 2010). As organizations seeks to gain and maintained market share, they must acknowledge the most important asset of the organization

### **Conclusion**

With the realities of globalization and technological revolution organizations are often forced to change and have limited or no control over the magnitude of the change. While strategic management is used in exploiting the organizations resources to create new opportunities for the future of the firm, organizations will only be successful when the supportive culture is aligned with the organization's strategy. The use of strategic leadership and organizational development presents solutions to the challenges of how unrealized and underutilized energies are being spent without making a valuable contribution to the organization's bottom line. With the continuous nature of strategic management process organizations dire needs are answered as to where they are? Where they are going? and how they will get there? Organizations that belief in their employees, their competencies, and commitment will always be able to make a compelling case for change and succeed. It is a reality that people creating change is often more comfortable and will be more willing to embrace the change as an opportunity and help the organization grow. With confident employees there will be a significant improvement in organizational efficiency, effectiveness, and performance.

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