

# The Historical Development Of Strategic Planning Theories

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## ABSTRACT

*This paper discusses both broad historical and philosophical theories of strategic management, as well as specific communication and human resource management theories and practices. It concludes with an application chapter emphasizing how the Roman Catholic Church needs to develop a strategy to integrate learning and innovation in order to reconcile and communicate its central message locally. Although built upon a hierarchical and organizational culture, where strict obedience to institutional directives dominates the communities it serves, the diversity within the Church is forcing the Vatican to ensure specialized sub-cultures are not polarized.*

**Keywords:** Strategic Management; Human Resource Management; Roman Catholic Church; The Vatican

## INTRODUCTION

Strategic management may be defined as “management concerning strategic objectives, the wide-ranging long-term goals of an organization” (Blackberry, 1994, p.23). The history of strategic planning originates from the Greek word “strategos” which translated literally means “general of the army” (p.23). Each of the ten ancient Greek tribes annually elected a strategos to head its regiment. At the Battle of Marathon (490 BC), the strategoi advised the political ruler as a council and gave “strategic” advice about managing battles to win wars, rather than “tactical” advice about managing troops to win wars. Over time, the strategoi’s role expanded to include civil magisterial duties because of their status as elected officials (p. 23). Even to the untrained manager, the parallels in style of language used between military and business operations are strikingly evident today. Subordinate staff and those residing in the lower echelons of corporations and government entities are frequently referred to as “working on the front line” in much the same way an armed trooper would be expected to defend a battered bunker in World War I.

The application of the principles of military strategy to business competition, known as strategic management (or strategy in short) is a more recent discipline dating back to the 1960s and is used synonymously with the term “strategic planning” (Millett, 1986, p. 64). Strategic planning is more concerned with the big picture and its focus is on the results or outcomes, rather than products or outputs. In summary, it is more concerned with defining what outcomes should be rather than achieving those outcomes (Schendel, Ansoff, & Channon, 1980, p. 1).

The first two chapters of this paper provides the reader with a brief overview of the history and modern theories of strategic planning as well as reviewing some of the early pioneers and thinkers of management. Particular attention is given to those theories and conceptual frameworks, postulated by Alfred Chandler, Peter Drucker, Igor Ansoff, and Henry Mintzberg, which have contributed to the application of management tasks and activities within resource constraints and environmental context, as well as drawing on the disciplines of psychology and sociology. Theories based on industry, institutional, and resource-based views of strategic planning are discussed in depth as they apply to strategic action or implementation. The application chapter focuses on the Roman Catholic Church’s essential components of strategic planning within an institutional and resource-based framework as it attempts to communicate its message and role within complex and pluralistic environments.

## **MODERN STRATEGIC PLANNING**

In the early 1920s, Harvard Business School developed the Harvard Policy Model, one of the first strategic planning methodologies for private businesses. (Blackberry, 1994, p. 24). The model defines strategy as “a pattern of purposes and policies defining the company and its business” (p. 24). According to Hammer (1996, p.193), a strategy is the common thread or underlying logic that holds a business together. The firm sews its purposes and policies in a pattern that unites company resources, senior management, market information, and social obligations. Strategies determine organizational structure and appropriate strategies lead to improved economic performance. Hammer also discusses how there have been three major stages over the last forty years in the history of strategic planning.

The first might be called the era of portfolio management. Its underlying concept is that a corporation is a holding company, managing a pool of capital to be allocated among its constituent businesses (p. 195). According to Schendel, Ansoff, and Channon (1980) the central question of the portfolio was how the capital was to be allocated (p. 3). Typically a business was assessed in terms of two factors: its attractiveness (for instance, its potential for growth), and its strength (for example, its current market share). Mintzberg, Ahlstrand and Lampel (2009), argued that the strategic planning’s focus shifted away from organizational policy and structure toward the management of risk, industry growth, and market share (p. 66).

The next evolutionary stage led to the industrial economies model, where strategic decisions are derived from analyses of competitive power relationships. Porter (1980, p. 427) suggested that the relative power of customers and suppliers, and threats posed by substitute products and services, new industry entrants, and market rivals dictated competitive strategies. Porter offered a framework, which he called the Five Forces Framework, to help companies assess their competitive context, and outlined how they could chose among several generic strategies such as cost leadership and customer focus (p.427). A fuller discussion of Porter’s framework is below and, whilst it remains a robust analytical tool, it has drawn criticism for failing to guide an organization into strategic action.

The third era is that of the core competencies, named after the term popularized by Hamel and Prahalad (1994). The underlying notion is that every company needs to identify the things it is particularly good at and build its strategy around them. Hammer (1996, p. 194) describes how Honda’s strategy of building lawn mowers, motorcycles, and automobiles is an example of strategy based on core competencies. The problem is that organizations find it hard to identify their core competencies and such strategic planning has been accused of trying to find the right business where poor performance can be offset by structural and positional advantages (p. 194). Traditionally it seems that strategic planning was largely a product of cognitive functioning to help inform policy and decision making, yet it overlooked the importance of psychological, sociological, political, cultural, and even economical variables.

## **EARLY PIONEERS**

The scientific school of management was fathered by F. W. Taylor who studied production efficiency and processes at Bethlehem Steel Works in Pittsburgh. Ultimately his work led to time and motion study and piecework but gave little attention to motivational factors. Taylor (1911, p. 229) argued that there was a best way to perform a task, a best man for the task, and a best way to train a man for the task – the only incentive needed was extrinsic in nature and managers managed while workers worked. In similar vein, Frank Gilbreth, who had trained as an apprentice bricklayer, found that by breaking a job down into its component parts it could be streamlined. Henri Fayol became known as “The Father of Modern Management” in 1916 after developing a framework for studying management and by identifying five key functions: planning, organizing, communicating, coordinating, and controlling. According to Hindle (2008, p. 237), Fayol’s approach differed from Taylor’s in that the latter started with the most elemental units of activity – the workers’ actions – then studied the effects of these on productivity, devised new methods for making them more efficient, and applied what he learned at lower levels to the hierarchy. Fayol, however, used a top-down approach and looked at the organization from the point of view of senior managers. In addition, Fayol looked for general management principles that could be applied to a wide range of organizations – business, financial, or government – and categorized his thinking into 14 principles ranging from

specialization to unity of command (one worker, one boss). Fayol (1916) identified tasks for managers to establish the best methods to increase productivity and reduce worker fatigue.

The quest to understand human relations theories of management continued with Elton Mayo (1932) who began to question the behavioral assumptions of scientific management through his now infamous Hawthorne Studies which revealed how certain physical conditions motivated employees to be more productive, such as better lighting. He also argued the case that breaks and “talking-time” were conducive to improved productivity because of their positive effect on the human factor of management. This finding has helped change working practices which hitherto had tried to account for every second of the day in terms of tangible output (Atler, 2008, p. 79).

Systems theories view the organization holistically with open systems comprised of sub-systems with each, in turn, comprised of inputs, value-adding processes, and outputs. In essence, the systems theories combines scientific and human relations theories but can still fall short of strategic planning and forecasting activities. Schendel et al. (1980) identified the strength of systematic strategic management in that it examines the relationship between the external environment or position (strategy) and an organization’s responsive internal capability (p. 1). They argued that from the practitioner’s perspective, except during the creation of a new organization, strategy and operating management are conducted simultaneously – that strategic management starts with environmental scanning for threats and opportunities but ends when a new product has been created, a new market developed, a new technology acquired, threats averted, and a new contract signed within socio-political constraints.

According to Pascale (1990) Alfred Chandler invented the study of business history during the early 1960s. Chandler (1962) is credited with the trend of large organizations for decentralization arguing that all successful companies must have a structure that matches their strategy and not, as had been previously thought, the other way round. Chandler’s theory was based on extensive study of large American corporations, between the years 1850 and 1920, such as Du Pont, General Motors, and Sears, Roebuck (Hammer, 1984, p 194). His research was conducted at a time when businesses were developing from single-unit, centrally managed operations into umbrella-type structures where a number of comparatively autonomous units shared certain overheads, in particular the strategic planning process. Chandler was an early advocate of the centralize/decentralize dichotomy, encouraging companies to coordinate strategic planning from the center while leaving individual business units free to get on with the day-to-day operations of the business. He claimed that the chief advantage of decentralization for the multi-divisional organization is that “it clearly removed the executives responsible for the destiny of the enterprise from the more routine operational responsibilities and so gave them the time, information, and even psychological commitment for long-term planning and appraisal” (Chandler, 1962, p. 96). In the current environment, this may well have lost some of its appeal as senior executives are more frequently invited before Congressional Committees to account for operational deficiencies.

Around that time management thinkers such as Peter Drucker, Tom Peters, and Ted Levitt focused on theories of worker empowerment, the concept of core business, customer focus, decentralization, leader organizations, and the dismantling of hierarchies. During the early post-war years, Edward Deming introduced the concept of quality management (though his ideas were better received in Japan before the United States) through in situ training to redesign and control all processes for the consumer - who is the most important part of the production line. This researcher considers both top-down, bottom-up, behavioral and scientific approaches to all have their place in the history of strategic planning which continues to evolve to meet the challenges of a dynamic, fast-paced world where the ability to adapt swiftly will win the day. This may mean changing gears from one approach to the next along the way.

One of the most prolific and influential thinkers and writers, professor and consultant to many large companies, was Peter Drucker who, by the 1960s, had coined the phrase “knowledge worker”. Drucker was firmly embedded in the human –relations school of management and believed it to be a primarily human activity, not a mechanical or an economical one. According to Hindle (2008) he argued that the assembly line was inefficient because it allowed things to be done only in sequence. He also introduced the idea of management by objectives, aiming for long-term goals by setting a series of shorter-term ones. Unlike Chandler, he strongly advocated decentralized decision-making at a time when corporate giants, such as General Motors, were concentrating more and more power in their headquarters. Corporate strategy became the focal point of management and inspired Igor

Ansoff, a qualified engineer and mathematician, who introduced strategic management – this embraced strategic planning, organizational capacity, and the management of resistance to change.

Ansoff's (1960) theory of strategic behavior was aimed at bridging a gap in management literature between a number of unidisciplinary, abstract, academic concepts and a growing literature of prescriptive techniques for managing the relationship between an organization and its environment. He attempted to integrate the key, relevant, theoretical concepts into a multidisciplinary framework which could be applied to current day managerial problems. The key relational paradigm was borrowed from Chandler (1962) who supported the case for a dynamic sequential relationship between the environment, an organization's strategic behavior in the environment (strategy), and the consequential changes to the internal structure of the organization. Chandler's paradigm examined the following disciplines: microeconomic theory (survival, strategic budgeting, economic effectiveness); sociotechnical systems (culture-capability, technology); systems theory (environmental turbulence, organizational openness); politics of decision processes (power balance in organizational change); psychology of individual behavior (aspirations, risk propensities, differences in psychological profiles); sociology of organizational response to stress (myopia, inertia, drift); and strategic management (managerial thrust in change). Ansoff (1965) expanded on Chandler's theory by postulating that possible alternative sequences of changes in environment-strategy-structure were possible, and included not only private sector firms but also other "environment-serving organizations" (ESOs) such as universities, hospitals, and service-delivery branches of the government. Ansoff, as does Drucker, classifies such ESOs as existing for the purpose of providing goods and services to the environment and are dependent on proceeds of sales.

Ansoff (1976) emphasized the impact of five characteristics of environmental change: variety of change, frequency of change, urgency, predictability, and strategic budget intensity measured against five levels of turbulence: stable, reactive, anticipatory, exploring, and creative (p. 62). Through this he recognized three types of sub-environment: the commercial environment, where goals, services, and money are exchanged; the subsidy environment which provides financial support; and the political environment which sets the rules for its behavior. In addition, he applied his theory to not-for-profit ESOs under consumer pressure to compete in the commercial environment and developed a concept of "environmental impedance" defined as "the outcome of resistance or competition and environmental potential" (p. 63). Strategic thrust was defined by two distinct dimensions: the entrepreneurial dimension and the marketing thrust which determines how aggressive an ESO interacts with its environment. Strategic action potential elaborates on Chandler's concept of structure and represents how the level of capability in an ESO will not match the level of culture causing turbulence. Ultimately, the theory postulates that the effectiveness or power of strategic behavior is a result of balance between culture, organizational capability, and technological capability (p 77). While Ansoff (1965) is credited with introducing the word "synergy" to corporate strategy, he also acknowledged his work on strategic planning was incomplete and largely reliant on prescriptive analysis (p. 4).

## **HENRY MINTZBERG – CULTURE AND PROCESS OF STRATEGY DEVELOPMENT**

Later, Henry Mintzberg (1973), a Canadian professor with a background in engineering and who had taught at two leading business schools, challenged Ansoff's theories on the role and process of strategic planning. Mintzberg observed managers at work and concluded that long-term planning gave way to the need for swift execution of tasks clustered into roles (strategic actions): interpersonal roles; informational roles; and decisional roles. Hammer (1984) wrote that corporate strategic planning had been traditionally based on forecasting and positioning and that "its basic premise has been that if a company could predict which markets would be strong in the future, it could then achieve success by producing the goods and services that would be demanded by those markets" (p. 192). The effect of strategic action and strategic formulation may be predicted and implemented by assessing an organization's internal strengths and weaknesses, and its environment or external opportunities and threats (SWOT analysis).

Consistent with an industry-based view of strategic planning of the early 1980s, Michael Porter of the Harvard Business School, expanded the idea of strategic planning to include competitive factors in the marketplace. He effectively introduced the language of economics into corporate strategy, simplified the notion of competitive advantage, and then created a new framework for companies to think about how to achieve it. More recently, Hamel

and Prahalad (1990) added the concept that an organization's core competences should also be factors in formulating strategy and it was Prahalad (2004) who became known for his ideas about "the bottom of the pyramid" and how poor people around the world are also a market to be exploited. Van der Panne, VanBeers, and Kleinknecht (2003) conducted a meta-analysis of over 40 articles about innovation and concluded that success of management innovation was contingent on corporation core competence and corporate culture. More recently, organizations have used scenarios for strategic business planning claiming they provide a tool for forecasting long-range, complex, and highly uncertain business environments (Millett, 1986). This form of strategic planning and forecasting sets aside implicit assumptions about the future, yet is rigorous, systematic, and factual and may also fail the test of internal planning which is considered critical to good planning (Porter, 1985, p. 473).

While some recognize the importance of internal and external variables, as well as internal resources and skills, to be crucial to the development of a successful strategy, Depperu and Gnan (2006) stressed the strong influence of the competitive context to type of strategy and profitability (p. 110). In addition, they claimed that the process used for formulating a strategy is also critical to an organization's ability to be competitive. These authors provided a succinct summary of the role played by the outer context on the strategy formulation process and came up with three categories to classify the process (p. 111). First, those who consider how specific environmental factors impact strategy formulation; second, those who concentrate on managers' perceptions of the context and their role in defining strategy; and third, those who concentrate on analysis of the relationships between the organization, taking into account both subjective and objective characteristics of the environment and how they impact strategy and strategy process. Depperu and Gnan concluded that organizations that formulate strategy in a structured and formalized way are those that need to rationalize or improve efficiency and effectiveness without needing to make radical innovations to compete (p. 124). On the other hand, organizations that use hunches to exploit opportunities are more likely to use an unstructured and informal SWOT process as a method to fine tune business strategy (p. 124).

Strategic management is about "purposes, directions, choices, changes, governance, organizations, and performance of organizations in their industry, market, social, economic, and political contexts" (Pettigrew, Thomas, & Whittington, 2002, p. 3). Theories of mainstream strategic management are concerned with the causal relationship between competitive advantage and financial performance (Porter, 1980) or tracing sustainable advantage of a firm's resources (Barney, 1986). There are three leading perspectives on strategy: the industry-based view partly discussed above, the institution-based view, and the resource-based view. This chapter examines both the institutional and resource-based views on crafting an organization's strategy in both private and public sector, or not-for-profit organizations and institutions. It discusses the role of structure, conformity, power-distance, and diversity as they are clustered within the institution-based view, and closes with a briefer discussion on human resources as a complementary yet fundamental ingredient of the resources-based view.

## **INSTITUTION-BASED VIEW OF STRATEGY**

According to Noth (1990) the institutional-based view covers institutions, cultures, and ethics and may be defined as "the humanly devised constraints that structure human interaction" (p.3). An institutional framework is comprised of both formal and informal frameworks supported by three pillars: regulatory; normative; and cognitive (Scott, 1995). Formal institutions include laws, regulations, and rules and are considered to be the supportive (albeit coercive) or regulatory pillar. Informal institutions include norms, cultures, and ethics, and are supported by the normative and cognitive pillars. Porter (1990) postulated that the competitive advantage of nations depends on four factors. The first factor concerns firm strategy, structure, and rivalry. The second refers to endowments such as natural and human resource repertoires. The third involves supporting and related industries within the environment which can provide critical information for survival (p. 77).

Institutional theorists (DiMaggio & Powell, 1983; Meyer & Rowan, 1977) suggest that organizations incorporate rationalized practices and procedures that are responsive to their environments. For example, organizations adopt work practices that are acceptable in their institutional environment in order to adapt to the demands of that environment and ensure themselves of the resources they need for survival. Tolbert and Zucker (1996, p. 36) suggest that changes in the formal structure of an organization are often introduced to align it with "rationalized myths". For example, a rationalized myth is that corporations need research and development (R&D)

divisions – if an organization creates an R&D division it will be more likely to gain credibility (and funding) because it is aligned with the institutional language and behavior.

Davis, Eisenhardt, and Bingham (2009) used computational and mathematical modeling to examine the relationship between too little and too much structure against the pivotal tradeoff between efficiency and flexibility in dynamic environments. They argued that the balance between too much and too little structure is key to high performance (p. 413). Their views supported the findings of earlier research (Weick, 1993; Okhusen & Eisenhardt, 2002; Baker & Nelson, 2005) which proposed that organizations with too much structure are overly restrictive and lacking in flexibility, whereas organizations with too little structure lack the guidance to generate the most appropriate behavioral responses to a given situation. Davis et al. (2009) concluded that an inverted U-shape exists between structure and performance when tensions are at work (p. 415).

Further research suggests that high performance and moderate structure is influenced by environmental opportunities (Adler, Goldoftas, & Levine, 1999), and that highly dynamic environments need greater flexibility to cope with the associated faster, more complex, ambiguous, and unpredictable events (Eisenhardt & Martin, 2000). Ultimately, Davis et al. concluded that a lack of specific understanding of the fundamental relationship between structure, performance, and environment remains and calls for further research to isolate and measure variations in definitions of structure such as: formalization (including rules and routines); centralization (such as hierarchy, use of authority, verticality or horizontality); control systems (such as span of control, coupling and structural embeddedness or tie strength and density); and specialization or role clarity (Scott, 2003).

Gilbert (2005) argues that the evidence of the inverted-U shape relationship is inconsistent and incomplete although much of the literature does suggest that structure improves efficiency by constraining the behaviors of organizational members within well-established guidelines directed by rules, roles, and reporting relationships. Siggelkow (2001) examined the impact of rules as a key form of structure among executives who were tasked with matching structure to specific environmental opportunities and found that executives were consistently able to make speedy and lucrative decisions with little error. Notably, this study took place within a leading global female retail chain suggesting a highly dynamic and competitive industry.

Schmid (2004) reviewed the role of strategic decision making in human service organizations within three main theories of organizational-environmental relations: ecological theories; adaptation theories (focused on the political-economy and resource-dependency perspectives); and institutional theory. The study placed emphasis on several types of organizational behavior including strategic behavior conforming to government and funding sources, as well as proactive strategies and new initiatives identified as a result of perceived threats and opportunities changing the power-dependence relation between an organization and its environment. Schmid concluded that institutional theories promote a better understanding of the link between survival and the need to adopt social and institutional rules, myths, symbols, and rituals (p. 110). In addition, they explain how conformity is a condition for gaining credibility and ensuring a steady flow of resources to the organization. However, the research does not address the issue of cause and effect and whether conformity with institutional processes and rules are the result of the institutional environment or whether they occur as a byproduct of internal dynamics, growth, and expansion.

## **POWER-DISTANCE, GENDER, AND ORGANIZATIONAL JUSTICE**

Power distance refers to cultural conceptions regarding the degree of power which authorities should have over subordinates (Hofstede, 1980, p. 46). High power-distance cultures and people believe that those in authority should have a high degree of power over subordinates. Conversely, people who believe that a smaller degree of power is appropriate are considered low on this orientation. Guerra, Huesmann, and Hanish (1995) argue that individuals construct normative beliefs in accordance with their own internal evaluation schema and that cultural values and perceived justice influence their views on power inequality for subordinate-authority relations. Lee, Pilluta, and Law (2000) researched attitudes towards power-distance and sets of beliefs about roles in society or in organization (p. 688). They concluded that people with high power-distance orientations reflect their beliefs in the legitimacy of power inequalities between superiors and subordinates. Bond, Wan, Leung, and Giacalone (1985) suggested such people may be less sensitive to procedural and distributive justice than those with low power-distance (p. 263).

## **DIVERSITY**

Marquez (2005) suggests that organizations that pursue workforce diversity are more likely to be successful than ones who do not. Watson and Kumar (1992) claim diversity concerns the effective strategic management of human resources as an asset and how to maximize on the breadth and depth of experiences, backgrounds, and capabilities of an organization's employees. Hastings (2008) claims the absence of a universally accepted definition presents strategic organizational diversity with its largest challenge (p. 34). Tesch and Maidment (2009) examined the pursuit of diversity for economic, ethical, regulatory, legal, and social reasons and found that the most effective strategy was guided by goals and needs, and not social responsibility or good citizenship (p.1). Drawing parallels with Modigliani's theory of diversity in investments (Fabozzi & Modigliano, 1992, p. 135) which argues that systematic (or market) risk may be eliminated by diversifying the portfolio, Tesch and Maidment supported the case for diversifying the workforce which would, at a minimum, reduce the possibility of groupthink. They concluded that diversity based on legal compliance, ethical stance, or cost reduction strategies may enhance performance but that it also needs a structural linkage to the organization's strategic goals if it is to enhance performance through the achievement of excellence (p. 157).

## **RESOURCE-BASED VIEW**

Research supports the view that superior performance is the outcome of resource uniqueness. Yang (2008, p. 1269) argues that human resource (HR) capabilities enable a business to enhance performance, that information technology (IT) capability leads to the achievement of superior performance, and that marketing knowledge (MK) establishes market-driven organizations. Whereas the industry-based view is unable to explain why competing firms do not benefit from the competitive market in an equal manner, the resource-based view posits that differences in performance are most fundamentally driven by differences in firm resources and capabilities (Wang & Heath, 1996, p. 492). Resources may be defined as "the tangible and intangible assets a firm uses to choose and implement its strategies (Wang, 2009, p. 61). Although some (Helfat & Peteraf, 2003) differentiate between resources and capabilities based on a dynamic resource-based view, the two terms are discussed and used interchangeably here.

Tangible resources and capabilities include financial, physical, technological, and organizational, whereas intangible resources include humans, innovation, and reputation (Barney, 1991, p. 135). This view focuses on the value (V), rarity (R), imitability (I), and organizational (O) aspects of resources and capabilities leading to a VRIO framework for gaining and sustaining competitive advantage. According to this framework only value-adding processes lead to competitive advantage, whereas non-value-adding capabilities may lead to competitive disadvantage as they distract resources unnecessarily – Drucker would remind the reader of the need for "planned abandonment" where resources fail to add value. Rarity concerns the competitive advantage to be derived from having a service or product that few others have. Imitability is derived when competitors are unable to copy or replicate a service or product and may also refer to the knowledge capital of individual employees. Unless a firm organizes its value-adding, rare, and difficult to imitate resources then it will still not gain a competitive advantage – complementary assets and social complexities need also be organized to win the competitive edge (Porter, 1990, p. 427). Ultimately, the resource-based view is preoccupied with the individual resources of a firm and how it can organize those resources and capabilities to develop and acquire knowledge, skills, and technology to gain a competitive advantage. Foss (1993) concluded that the "empirical work demonstrated that profits were much more heavily dispersed within industries than across industries. The sources of profitability were clearly firm-specific rather than industry-specific" (p. 132). Olsen, West, and Tse (1998) argued that it is difficult to identify which resources underpin sustained competitive advantage but also identified behavioral performance, information exchange skills, speed of transactions, employee competency, and management competency as candidates. It is perhaps this inability to isolate a resource and to account for dynamic changes in resources that is the weak link in this approach since the impact of moderating variables is largely overlooked.

## **HUMAN RESOURCES DEVELOPMENT**

According to Miles (1980) challenges present themselves to environments characterized by high uncertainty and rapid change in a different way manner than they do to stagnant and stable ones. Survival in a global world is largely contingent upon collaborations that span vast geographical distances and cultural boundaries and the

role of human resource management (HRM) needs to expand beyond its traditional role to facilitate interactions between organizations and their external environments (Hassan & Yaqub, 2010). Hoe (2006) argues that organizational boundaries control the flow and input of knowledge from the external environment as well as between functional departments and claims this is a “core strategic building block” (p. 2). Boundary spanners control the extent of information or knowledge that enters an organization thereby influencing employees’ perceptions of their external environment. McCarthy, Garavan, and O’Toole (2003) claim the HRD role is comprised of four levels. Level 1 calls for leadership training to help develop structures to eliminate ambiguity. Level 2 concerns the need for HRD structure, policy, and strategy to be innovative and responsive to change. Level 3 embodies the promotion of a learning organization and the need to shift from hierarchical learning groups towards “working cooperatively on real life issues” and learning from actions rather than just talking about them” (p. 4). Level 4 allocates the boundary spanner role to HRD to help form a combination of competencies required within the external context – these include transitional learning, relationships, critical thinking, framing, and questions. In addition, HRD is ideally placed to assist employees and members to develop and engage in formal and informal networking.

### **APPLICATION TO PUBLIC INTEREST OR FAITH-BASED ORGANIZATIONS**

Whilst this paper attempts to examine and evaluate the role of both institutional and resource-based views of strategic planning, it is acknowledged that much of the referenced literature is concerned with traditional business strategic planning in terms of management and employees. Streek (1992) points out how the differences in public interest organizations (PIOs) present two fundamental questions: first, how do PIOs organize themselves to become effective; and how do they represent the interests of supporters at a public level? There is potential for conflict when developing a common voice and maintaining representation with control. The application chapter discusses the importance of both the institutional and resource-based view of the Roman Catholic Church in its endeavors to communicate its central message via a traditional hierarchy, while also leveraging its human and other social capital and assets in an attempt to adapt and meet the needs at a local parish level. It emphasizes the importance of developing both formal and informal structures and networks to communicate across national and cultural boundaries.

The word “catholic”, from the Greek, means “pertaining to the whole” and by extension in religious usage, “universal” (Cunningham, 1985, p. 189). Ecumenical discussion, cooperation, and common prayer have all contributed to convergence of various Christian bodies since Vatican II, though it has been argued that parish life is too impersonal, too large, too “mechanical”, or rationalized to provide a sense of community, either at the liturgical or at the social levels (p. 218). De Lomas (2006), reports that “there is a growing awareness of the importance of departmental communications in promoting the nature and activity of the Roman Catholic Church (the Church), especially in complex and pluralistic environments” (p. 163). In addition, globalization, technological change, a multi-national corporate world, and the information age are all factors causing turbulence in traditional social and economic orders (Kelly, 1999, p. 241). Kelly argues that the current world economic and political situation has given rise to ethical and moral concerns regarding human nature, the individual, the family, the community, and society at large and that “Christian teaching has traditionally emphasized the active presence of God in the world and the need for the sublimation of individual self-interest to the pursuit of God’s will” (p. 242).

According to Bokenkotter (1990, p. 2) the Catholic Church is the oldest institution in the western world with a history tracing back some 2000 years. With a billion members it is spread across five continents with particular concentrations in southern Europe, the United States, the Philippines, and the countries of Central and South America. What binds them together is their faith in Jesus Christ and their obedience to the papacy. For over 1000 years Catholicism and Christianity were as one. The break between faiths began with the split of the Orthodox Christians in 1054 over questions of doctrine and the absolute authority and behavior of the popes. Similarly, in the sixteenth century, the Protestant Churches also became independent of the papacy’s rulings. The modernizing Second Vatican Council (1962-65) saw Catholicism abandoning the notion of the Catholic Church as the sole means of salvation though it remains distinct from other Christian Churches in both organization and in its teachings. However, it does share the fundamental belief in the divinity of Jesus Christ, the son of God made man who came to earth to redeem humanity’s sins through His death and resurrection (Stanford, 2009, p. 1).

The Catholic Church ordains only celibate men to the priesthood since, according to doctrine, Jesus was male and celibate. In the Protestant churches married and female clergy are the norm. Orthodoxy allows married men to become priests but not bishops. The hierarchical nature of the Church is a pyramid with the Pope at the top, followed by the Cardinals (who have the legitimate authority to elect a new pope on the death of the incumbent), archbishops, bishops, priests, and laity. According to Stanford (2009, p. 3) there are three levels of control: one Pope or World Head (who is also the Head of State of the Vatican – the smallest independent state in the world); 2,946 bishops/dioceses/cathedrals or “mothers of parishes”; and 219,583 priests/parishes or local churches. Although traditional clerics were seen as having a higher calling than the laity, since Vatican II, both are now regarded as jointly “the people of God”. The Vatican II reformation strongly recommended popes consult widely before pronouncing on matters of faith but, in reality, they seem to enjoy unfettered power to teach on such matters. All major decisions rest with the Pope and his advisors (p. 3).

### **THE PERCEIVED PROBLEM: TROUBLING TIMES**

The Vatican, under the leadership of Pope Benedict XVI, has come under intense scrutiny and criticism as it attempts to address a broad range of social and internal issues which has the potential to either inspire growth in the size and number of congregations or alienate existing members depending on effective management. The need to balance its centralized message while accommodating cultural sensitivities and political instability remains one of the Church’s greatest challenges as it strives to communicate its mission to a worldwide, diverse, and frequently small-power distance, cultural following.

Most recently, the Vatican has come under fire for announcing crimes deemed punishable by excommunication, such as the possession of child pornography and the abuse of mentally-impaired adults, to include any attempt by a cleric to ordain a woman (Meichtry, 2010, p. A9). Although the revised rules also apply to other acts the Vatican regards as grave crimes, such as heresy or throwing away the Eucharist (which Catholics believe is the body of Christ), it is hardly surprising that women’s rights groups are enraged. Although Catholic Church officials in the United States have issued statements expressing gratitude for the role women play in the Church, such statements appear lame in counteracting the damage (Pigott, 2009).

To exacerbate matters, Argentina law-makers legalized same-sex marriage and now permit same-sex couples to adopt children, despite fierce opposition from the Catholic Church (Moffett & Turner, 2010, p. A13). The issue has divided political parties although Buenos Aires has gained an international reputation for being a city that is friendly to lesbians and gays. The Vatican’s woes are even more compounded by the Church of England’s decision to allow the ordination of gays – this strategy has presented as an opportunity for growth since many Anglicans, who object to this ruling, are now seeking solace within the Catholic Church. However, a significant number of these “refugees” are women who will need to accept a “demotion” given Pope Benedict XVI’s recent announcement.

It is in no way the intention of this chapter to support any ethical or moral reasoning for or against Canon or Curia Law regarding these minority groups, but rather it is an attempt to demonstrate how the Roman Catholic Church, perhaps the largest and most powerful multi-national enterprise in the world, is not immune from the need to establish a reciprocal relationship between global strategy and structure, using integrated learning and innovation to reconcile and communicate its message locally. The sexual abuse crisis in the Church is not only presenting the Vatican with ever-increasing litigation costs, but also bringing the need for a global crisis management strategy to handle the adverse publicity. In addition, this chapter examines briefly the history of the Catholic Church’s role in politics, economics and social issues as well as offering insights into human resource management, or the lack of it, and communications on the regional (diocese) and local (parish) levels. It concludes with a recommendation concerning the need for greater dialogue with women, and other constituents, within and beyond the organization to better inform a global communications strategy. Almost by definition, this would include diversity and management training for priests and laity worldwide to integrate the central message with locally-driven needs and trends.

Daynes and Tatalovich (1984) argued that during the last 2,000 years, Catholic social teaching had evolved as society and its political, economic, and social institutions have likewise evolved (p. 197). They supported the view of Aquinas’ world that “humanity was integrated into a hierarchically ordered universe .... where social

obligations held clear priority over personal desires or wants” (p. 197). Though it has long rejected the view that economic and moral considerations are mutually exclusive and, as a consequence of the rise of the Industrial Age and the emergence of large-scale organizations, socialism and capitalism, Pope Leo XIII’s *Rerum Novarum* in 1891 drove the Church to champion the rights of individual workers, as well as property owners.

Buono and Nichols (1990, p. 171) discussed how the Church’s need to respond to the growing misery of workers was a major impetus in the issuance of *Rerum Novarum*. The encyclical was influenced by the Fribourg Union, founded in 1884 by Cardinal Mermillod and Count Franz Kuefstein of Austria, as a study group to address a variety of progressive views which placed the worker as something greater than another factor of production. Byers (1985, p. 12) discussed how Pope Leo XIII considered the growing socialist movement as damaging the workers themselves since it caused confusion in governments and violated the rights of lawful owners, though the main thrust of the *Rerum* was to support the rights of workers to organize. Forty years later, Pope Pius XI issued the second major encyclical, *Quadragesimo Anno*, which concerned itself with the social and economic confusion of the world during the years of the Great Depression. Its theme was focused around concern about the growing economic concentration and free market capitalism forcing an opposition of classes and individualistic teaching (p. 18). In summary, contemporary Catholicism embraces a distinct set of social principles – supporting the rights of workers (including immigrants), opposing unfettered capitalism, defending the rights of the oppressed, and campaigning for more equal global trading and political balance between the countries of the north and the developing south.

According to Kelly (1999, p. 241) Catholic social teaching has consistently upheld the rights of workers to join unions with government protection as a matter of free will. In addition to its support of the right of workers to unionize, the Church strongly supports the concept of a minimum wage and, where an individual worker is unable to earn such a wage to support his family, then social justice demands changes to the law be introduced (Kelly, 1999, p. 242). When workers do not own the means of production, unions are necessary in order that workers may have some decision-making power within the work process (Holland, 1989, p. 80). Following on from this, Kelly (1999) discusses how the “incessant drive for a knowledge-based workforce can leave society’s most vulnerable people on the fringes...whose jobs are being downsized, outsourced or exported” (p.242). Consequently, it is considered “a strict duty of justice and truth not to allow fundamental human needs to remain unsatisfied” (p. 242). Ultimately, Kelly highlights the Church’s commitment to helping needy people acquire the expertise they need “to enter the circle of exchange and to develop their skills to make best use of capacity and resources” (p. 242).

Kereszty, R. (1991, p. 297) describes how the feminist movement considers the exclusive, or dominant, use of masculine images and characteristics in “God-language” to represent a patriarchal culture that keeps women oppressed as second-class human beings. The prolonged use of such a language is offensive to women and conspires with male-chauvinistic forces that refuse to acknowledge the equal human dignity of women (p. 297). In addition, the feminist critique assumes the preponderance of masculine images of God to lead to the sin of idolatry whereby the language creates a male idol rather than promoting the transcendent and incomprehensible God. Of course, the theological issues of feminism are conceived as part of the universal struggle of women to reach full equality (p. 300). Kereszty argues that although certain psychological traits prevail among males, and other characteristics among females, such a differentiation is not exclusive. In fact “a mature individual who realizes his or her humanity to the fullest possible degree does not fit easily in to gender stereotypes and a mature man has some of the tenderness, compassion, and sensitivity of a woman” (p. 301).

Miller (1926, p.121) claims the emergence thousands of years ago, of newer labor intensive technologies, such as the plough, use of draft animals, and complex irrigation systems, favored men as primary producers and increased the demand on women to bear children. Hence, material conditions promoted male dominance for the first time suggesting that patriarchy is the product of changing cultural and historical circumstances rather than a timeless condition. The Vatican’s decree, which vowed to punish attempts in the Roman Catholic Church to ordain women priests with automatic excommunication, has been deeply opposed by the Archbishop of Canterbury in England, Dr. Rowan Williams, claiming “the system would end up structurally humiliating women who might otherwise be nominated to the episcopate”. In much the same way a multinational enterprise might monitor international subsidiaries to ensure activities are aligned with the corporate mission and goals, the Vatican claims that strength and unity for Catholics is central to world understanding of the Church - non-complying Anglican converts will be regarded as a sect and, therefore, rejected. The message is clear – joining Rome means commitment though this

message also communicates a degree of unfairness towards women which is in sharp contrast to its position on defending the rights of the oppressed.

Earlier this year, the Vatican began an inquiry into the “soundness” of American nuns. Whereas nuns once worked mainly in Roman Catholic schools and hospitals, the Vatican II Council allowed them to decide for themselves how best to serve others in the world. Whereas nuns had in the past frequently been confined to work in cloisters, they are now working in a wide variety of jobs in the community, or as boundary scanners, where the culture encourages everyone to be open-minded and accepting. However, senior figures in the Vatican are concerned that as nuns respond to the changing needs of US society, some have become too liberal and self-determined (Pigott, 2009, August 8). Locally, nuns claim any dictum sent by an unknown figure of authority within the distant Vatican hierarchy, will meet opposition from within the community inhabited and served by nuns. The contrast between the central message sent from the Vatican and its interpretation by the receivers at a community level fails to show the institution as being one with the willingness to learn and adapt locally and, therefore, has much potential to alienate the most vulnerable followers of the faith.

Burns (1996) argues that contemporary Catholicism, especially since the Vatican II Council, has many diverse interpretations (p. 37). The complex organizational structure and institutional dynamics provide ample examples of political and ideological change. In particular, cultural discourses have centered on the symbols that groups, of varying sizes, share as part of common identity, such as Irish-Catholic, American-Catholic, women, and so forth (p. 37). Burns claims empirical research in political culture shows that identification within a particular group usually involves sharing cultural, but not unitary interpretations of, symbols and language which promote diversity but also can breed conflict (p. 37). Wuthnow (1989, p. 176) suggests that a focus on cultural discourses within religious communities could contribute to the cross-fertilization of the sociology of religion. This would help the Church understand the broader issues, such as the decline in vocations due to organizational dynamics in politics, industry, and other settings. In addition, Catholic beliefs and behaviors can be studied according to demographic variables to determine whether different groups reveal particular attitudes to the various doctrines and beliefs. Wuthnow claims such research would be invaluable to understanding both the diversity that exists within the Catholic Church, and the commonalities shared by the different groups (p. 176). It is perhaps these commonalities that have supported the ideological structures over time despite internal conflicts and inequities in power across groups (p. 177). Burns (1996, p. 38) claims that pluralism is central to understanding American Catholicism and Warner (1993, p. 1068) argues that whenever alternatives (or competition) are available “in the market”, it does not necessarily follow that the Church should change its doctrines to gain new parishioners. Such an argument suggests the Church may need to seek balance between centralization and localization which may well include not permitting the ordination of women leaving the Anglican Church.

Hofstede (1980, p. 46) proposed that national culture and individual behavior could be measured along the four dimensions of power distance, individualism, masculinity, and uncertainty avoidance. A fifth dimension, Confucian Dynamism, was added later. The impact of power distance is particularly relevant to the study of Catholicism, both before and after the Second Vatican Council Reforms, and its impact on both management processes and followers of different nations. According to Hofstede national cultures and behaviors categorized as small-power distance believe inequality should be minimized; all people should be independent; superiors are accessible; all should have equal rights; and the way to change a social system is to distribute power (p. 46). Conversely, large-power distance reflects beliefs such as hierarchy means existential inequality; power holders are entitled to privileges; and those in power should try to look as powerful as possible (p. 46). Lull (1995, p. 45) claims people in the United States (a small-power distance national culture) tend to think of themselves as exercising free will and choice in their daily lives although this may be an illusion rather than the reality since all actions are constrained by inequitable distributions of power. Guerra, Huesmann, and Hanish (1995, p. 687) claim that people differ in the degree to which they subscribe to the dominant values of a given culture and power-distance orientation influences the relationships between procedural and distributive justice and attitudes towards authorities. Accordingly, people with small-power distance orientations are likely to have strong personal connections to authorities which will incline them to react negatively when institutions or authorities are perceived as treating them unfairly.

Hegemony refers to the dominance of one group over another and the construction of that power of that relationship is such that the oppressed accept and contribute to their status. Mumby (1988) claims such acceptance is active rather than passive, in that oppressed groups enact the articulated ideology and norms of the oppressor. An example of a contemporary high-power distance culture supporting Mumby's position may be found in the Philippines where President Gloria Arroyo defended Catholic sensitivities by refusing to introduce family-planning policies, despite a 20 million population spurt since 2001 (Hookway, 2008, p. A9). This means that most Filipinos continue to live in poverty while their more affluent and small-power distant Catholic cousins have been thriving economically since the right to chose family-planning was introduced. The situation in the Philippines could argue the case that the Church is, in fact, creating the conditions or control mechanisms which justify its mission by instilling a sense of powerlessness in the economically disadvantaged Filipino population.

By contrast, a 2008 study suggests that Catholics in small-power distance countries, such as the U.S. and U.K., are ignoring the Church's teachings on contraception and sex. The *Catholic Tablet* (2008) magazine surveyed 1,500 Mass-goers in England and Wales 40 years after Pope Paul VI forbade birth control in his encyclical *Humanae Vitae* (Of Human Life). Although 82 percent of people are familiar with the Church's moral teachings, more than half aged 18-45 cohabited before marriage, 54.5 percent used the contraceptive pill, and nearly 69 percent used or would consider using condoms. The survey also found that over half the respondents thought the teaching should be revised to reflect current social and economically-driven norms or standards of behavior (Catholic Tablet, 2008).

The Roman Catholic Church, like other institutional religious organizations, may be described as "an open system", since it constantly responds to changes within its host environment in an attempt to remain relevant (Kowalewski, 1993, p. 207). While social forces pressure the Church to change, other forces within the Church resist accommodating to the host environment creating "contested accommodation". Scherer (1980, p. 80) argues that conflict initiates reform and compromise and, therefore, the Church is a "transformational process". Scherer claims that priests and laity (notably nuns are not included in the discussion paper) have been given greater organizational power through their participation in advisory groups, senates, and councils (p. 80). Whilst this may be considered an example of a shift toward a more democratic structure within the institution, the extremely powerful Vatican Curia has shown strong resistance (p. 80). Scherer claims the inertia of the Church favors the status quo, and that reform only occurs as a result of the social environment, key events, or prophetic personalities (p. 208). He argues that limited accommodation is a measure of conservative restraint to keep modernizing elements under the control of the existing power elite, whereas any excessive firmness might provoke more radical reactions from social agents of change (p. 208).

Selznick (1966, p. 25) discusses how organizations attempt to maintain internal stability and continuity in policy and leadership in the face of external social forces that might threaten the organization. Selznick describes organizational behavior as motivated by a "prestige-survival motif" (1948, p. 30). This means that organizational officials must not only try to survive in their social environments, but also save face and maintain social prestige. In other words, they must manage impressions not only outside, but inside the organization as well. Within the structure of the Roman Catholic Church, the priests may seek to manage impressions of the laity, while the bishops and archbishops may seek to manage impressions of the priests to ensure organizational stability.

## **MANAGEMENT, LEADERSHIP AND POWER**

Pruitt and Smith (1981, p. 247) purport that organizational leadership must remain firm when confronted with potential compromises: firstly, because such a position mitigates criticism from constituents who do not want organizational change; and secondly, because it serves as a bargaining tool in negotiations with forces favoring accommodation (since firmness on the part of senior management may help other negotiating parties to accept less of a compromise than they originally sought). However, Pruitt and Smith claim the organization needs to maintain a dual-image of strength and willingness to collaborate, through a segmentation of personnel, as part of its decision-making behavior (p. 247). These researchers claim higher-level officials wear "black hats" in that they maintain a hard line on organizational doctrine. Lower-level officials wear "white hats" and act as "conciliatory intermediaries." The organizational charter needs to be ambiguous about actions of lower-level officials in particular situations to encourage the flow of effective negotiation. In this way, organizational leaders perform as an impression-management team with different actors playing various roles to achieve an overall effect among constituents (Kowalewski, 1993, p. 209).

In the Catholic Church, bishops hold formal institutional power yet, within pluralistic democracies (such as in the United States or United Kingdom), hierarchical authority can only be endorsed by the people who accept it given the Church is a voluntary organization (Scherer, 1980, p. 209). In this regard, laity and priests, whose authority is derived from bishops, exercise only informal power within the organization through negotiation, or through participation in advisory and community groups. No such authority is bestowed upon nuns. It is the hierarchy who determine the organizational charter, and thus, decree what are legitimate organizational beliefs and actions. Formal legitimate authority within the institute is not granted by consent but rather through the line of apostolic succession and therefore, remains within the control of the papacy. Blau and Schoenherr (1971, p. 352) note that organizational power is rooted in the institution and not in the individuals who hold positions in the structure. The organizational hierarchy is franchised to individual priests by the hierarchy who, in turn, enjoy the proprietorship of the priests' power.

## **ROLE DIVERSITY AND CONFLICT MANAGEMENT**

Kowalewski, (1993, p. 211) claims the clergy like to consider themselves as having authority to make decisions regarding pastoral "clients", even when such decisions compromise the moral teachings of the Church. In this regard they are not dissimilar to other professionals. This means that priests' professional identity is located within the organization and not within themselves though research suggests the greater perceived autonomy the greater the sense of job satisfaction experienced (p. 211). Kowalewski claims a new Catholic "knowledge class" has emerged within the Church and is made up of educated, liberal lay persons who are "theologically literate and committed to carrying out changes in the Church envisioned by the Council as they see them" (p. 211). Such envisioned changes include structural decentralization and advocacy for the rights of the poor, underprivileged and disenfranchised, such as women, gays, and people of color. McSweeney (1980, p. 30)) notes the emergence of special interest groups within the laity in the Church within the United States post Vatican II. They are comprised of Catholics seeking to make the Church relevant, inward looking charismatic or Pentecostal Catholics, and traditional Catholics. McSweeney questions whether the frequently conflicting groups are eroding the organizational power of the hierarchy (p. 30).

According to Kawaleski (1993, p. 215) there is no difference in rank and power between a Bishop and an Archbishop. An Archbishop is merely a bishop who controls a large territory or is located in a city of political importance, like a capital of a state, province or nation, and his one home church is called a Cathedral. An Archbishop has no power over other bishops outside of his diocese. The term "Major-Archbishop" is a variation of Archbishop and suggests he is from a super important political city. In power terms, there is only one man who can "fire" a bishop and that is the Pope who appointed him in the first place. A priest is in charge of a single parish that is over common Catholics. The Priest answers to only two men: his Bishop and the Pope. A bishop from one diocese has no authority or power over a priest from a different diocese. In power terms, there are only two men who can "fire" a priest and they are the Pope and the Bishop who appointed him.

Cardinals have no power in the Church. They are not over Bishops or Priests. They are chosen by the Pope from the pool of 2,946 bishops to take on an additional title of Cardinal, and may be regarded as similar to a cabinet member of the British or Canadian Governments. They act in an advisory capacity for the Pope and help elect a new pope when the incumbent dies. There are no "national positions of power" in the Catholic Church, only Bishops within a country who are equal to all other bishops in the world – there are no organizational ties on national, provincial, or state levels. Although bishops in one country form separate organizations, they are powerless, except by way of suggesting a policy that has the backing of all the bishops in that country. The Apostolic Pronuncio (Papal Nuncio) is also an archbishop (with a grandiose title) who acts as the official Vatican delegate to a country. He holds the rank of ambassador and functions as a facilitator between a country's bishops and the Vatican offices in Rome. The Holy See is a term that refers to the Pope and the Roman Curia – those Vatican officials and offices responsible for the day-to-day operations of Church affairs and resources worldwide. Sisters (nuns) are a member of the religious order of women but take vows of poverty, chastity, and obedience with no advocacy or decision making role within the institution at any level.

## **PRIESTS AND PARISH**

Seminaries do not train priests to be managers despite the fact that, as pastors and as bishops, they will be required to deal with committees, budgets, facilities, and staff issues. According to Reese (2004, p. 2), in the past, priests would acquire such skills on the job as associate pastors, working for years under the wing of older and experienced pastors. Today they are often made pastors shortly after ordination, and where they have practiced on the job as an associate, these skills are likely to be outdated or even counterproductive in today's more participatory climate. Reese claims that priests and lay persons are now familiar with the language used in corporate-level strategic planning with increasing emphasis placed on customer-centric strategies, financial administration, and human resource management, although there is a lack of regular personnel performance evaluations, especially of priests who are required to manage the institutional structure, and the cultural diversity, of the parish to which they have been assigned (p. 2).

Falardeau (1949) provides an insight into the traditional or ethnocentric thinking of the parish and its classic role which he argued would ideally "be a miniature replica of the Church" (p. 353). This classic brief paper dictates that the parish should approximate two main and necessary social conditions where all members of the parochial group share fully the value-system of the Church as the main motivating factor; and "the center of the parochial community be geographically remote enough from other community centers .... to remain relatively independent, socially homogenous, and self-sufficient" (p. 353). This author writes of the drastic change in ecological position and structure, accompanied by a decline in intensity of religious conviction, due to secularization, industrialization, and urbanization, in France and Canada which increased inter-parochial cooperation and genuine integration within the community –such as may be observed through the Youth Ministry which will be discussed in greater detail below.

## **PASTORAL MANUAL**

The Archdiocese of Miami (1993) published and disseminated its "Pastoral Manual" for all priests and laity which presents as a human resource policies and procedures manual for all workers engaged in Catholic-related activities. The pastoral guidelines and directives are decreed by the Archbishop of Miami "for the governance and inspiration of the followers of the Lord Jesus Christ". The Parish of the City of Key West, for example, and its vicinity, is governed by the Manual which incorporates the decrees of the Archdiocesan Synod (1985-1988). Its introduction acknowledges an extensive consultation group of clergy and laity of the Archdiocese, as well as volunteers who contributed to its revision. Its contents cover issues ranging from appointments of pastors and other employment-related matters to the management of Catholic Schools, and the recruitment and selection of teachers and staff of Catholic Schools and The Youth Ministry (including affirmative action). A reflection of the progress the Catholic Church has made in integrating its central message with local needs is the variety of Christian Service Ministries listed in the Manual – the broad range depicts the Church as a collaborative partner within communities working with social services and advocacy groups to provide care and counseling for the needy. Such services include outreach help for persons living with the acquired immune deficiency syndrome (AIDS), and substance abuse programs, as well as the more traditional focus of Ministries and Commissions to prevent the widespread use of pornography, food and shelter for the homeless, and the delivery of the message to prison populations.

## **MINISTRY OF CULTURAL GROUPS**

The Manual (p. 161) includes a section on the Ministry of Cultural Groups which is an attempt to both acknowledge and manage the cultural differences among Catholics in South Florida. The Archdiocese claims to celebrate the diversity within its geographical boundaries and encourages the clergy to make efforts to embrace such diversity while ensuring the congregation does not become polarized. Each priest is charged with planning events that celebrate the different cultures while the Ministry provides the support and awareness training for priests to heighten their sensitivity and appreciation of these differences, including language training. Although attempts are made to match priests to cultural groups within the diocese, there is no systematic method of doing so and no formal training exists to prepare, for example, a priest from a high-power culture for the challenges he may encounter when appointed to a culture where small-power distance is the norm (p. 163). In other words, in the absence of any international human relations management (IHRM) an expatriate (or foreign in-patriate) priest is unlikely to have

been prepared for the culture shock he may experience at his newly-assigned parish.

## **COMMUNICATION STRATEGY**

De Lomas (2006, p.184) claims an increasing number of institutions has established their own communication department and strategies to promote the activity of the Church in complex and pluralistic environments. This has been an unexpected positive outcome of scarce resources forcing priests to become more effective managers. It seems that in the past many priests were more accustomed to teaching in highly-structured environments yet today guidelines for the strategic management of communication departments frequently encourage more informal and flexible ways of achieving this goal.

## **NEW TECHNOLOGY**

In his message of the 44<sup>th</sup> World Communication Day, Pope Benedict XVI focused on the need for priests and pastoral ministries to adapt to a digital world where new technology is proving an effective method of “service of the word” (The Vatican, n.d.). Priests stand at the threshold of a new era as new technologies create deeper forms of relationships across greater distances, and where cultural shifts, to which the younger generations are particularly sensitive, require digital communications and virtually limitless expressive capacity. Parallels have been drawn between the spiritual journey of popular idols, such as Bono and U2, and traditional Catholic teachings to attract and retain the young (Stockman, 2001, p. 3). The development of new technologies represents opportunities for the Church to engage in dialogue with followers of other religions, non-believers, and people of all cultures across the globe.

## **CONCLUSION**

De La Torre (2002, p. 303) describes how the Catholic Church is built upon a hierarchical structure and vertical relationships, with stratified duties. Its culture is based on strict obedience to institutional directives. According to Dues (1992, p. 7), the most important religious traditions are the Church’s public rituals and all the features associated with them such as the discipline of going to Mass on Sunday or fasting during Lent. Some traditions, such as giving milk and honey to the newly baptized, disappeared over time since they lost their relevance. De La Torre argues that traditions are a human dimension of faith and so are subject to ongoing change. The process may be so slow that it is not even noticed in a particular generation (p. 304). The social upheaval of the 1960s, which preceded the Second Vatican Council Reforms and which some regard as a relaxation of traditional expectations, was a reflection of a general change in attitude whereby youth and young adults dared to challenge institutions of authority such as the military, education, and government. This researcher is of the opinion that the impact of information technology, the internet, and electronic communication systems expose people to alternative ways of living and thinking, which were once completely foreign to them, and has thus served to empower individuals to live a spiritual way of life more independently of Catholic traditional behaviors.

Since the Second Vatican Council re-introduced the ancient tradition of worship in the language of the people (as opposed to Latin), and with the incorporation of lay people into the clergy, an opportunity for active participation in more diverse groups has presented itself (Dues, 1992, p. 9). However, the formation of internal diverse groups, in addition to secularization, has caused conflict though the essential Catholic identity remains intact. To quote Poulat (1997) “The churches have won in liberty what they have lost in authority” (p. 97). This researcher considers the traditional position of the institution and its hierarchical order, dogmas, and norms to be slowly giving way to the pressure of new groups and movements across the globe within the Catholic Church. The search for alternative ways to respond to the current needs of diverse individuals and social groups is slowly changing the decision-making behaviors of the clergy. At a local level they strive to balance the central message while accommodating constituents who have broken from tradition. For example, the increase in divorce rates and contraception usage has seen an increase in single-parenting – all of which would have been seriously frowned upon during the pre-Vatican II era. Indeed, with the reduction in birth rates in the Western (largely Christian) populations, the Catholic Church may need to compete to retain its congregations for today and the future and this means having to remain relevant. All the more so since the Vatican, like many voluntary multinational organizations, has been running at a financial loss during the first two quarters of 2010.

It is the opinion of this researcher that faced with the sexual abuse scandals, and the resistance facing women and gays, the Church is long-overdue in developing a communications strategy which would satisfy all constituents with its central message of salvation while enabling greater autonomy and relative moral reasoning at the parish level. Arguably, permitting the Vatican to rule unchallenged may not bring about the reactive social change the Vatican II council implied it would, yet it would seem inevitable that over time such modernizations will occur.

In order to capture the mood of the people, the Church must develop a more formal management system where feedback from the Parish and Diocese levels can be meaningfully incorporated into central communications for dissemination throughout the world. Such a strategy would need extensive consultation with and input from the various (and competing) stakeholder groups, including women and minorities. Understanding its followers must surely be critical to its future. Lambert (2006, p. 16) likens the Catholic Church to the Coca-Cola company's marketing failure to change the flagship brand when it launched "New Coke" in that the Church's strategic management is based on predictions made from within the institution rather than from the constituents and one billion Catholics.

Lambert argues that conflicting messages issued by Church authorities have caused many Catholics to follow only superficially the core precepts of the faith (p. 16). This researcher is of the opinion that, in order to survive, the Pope needs to establish a Cardinal position for crisis management to help protect its image from ongoing adverse publicity and scandal surrounding cases of sexual abuse. More importantly, it is also vital that the Church establishes a central communication strategy, or a process for developing one, which would afford variations in local parishes through the concept of transversality capturing various group aspirations and strategies which cross the central message at different points (De La Torre, 2002, p. 305).

## **SUMMARY**

This paper supports the case that strategic management of public and faith-based organizations needs to satisfy the interests of those they serve while incorporating sufficient structure to maximize the efficiency of internal resources (Selsky, 1998, p. 283). The need to integrate organizational-environmental relations in strategic decision making with internal rationalized practices and procedures is essential. As with other organizations, the potential for conflict in striking a balance between developing a common voice and maintaining representation with control is inevitable within the Roman Catholic Church. By definition, multinational organizations operate within pluralistic environments and are challenged to respond to geographically and institutionally-distant cultural environments.

Boundary spanners are ideally positioned to control the systematic flow and input of knowledge from the external environment and can also reinforce the central message to the outside world. Furthermore, their value is especially apparent in strategic planning since they are able to select the type and extent of feedback and knowledge that enters an organization and which informs future strategic decision making activities. According to the population ecology model, in a world of constant flux and change, organizations need to adopt an open-systems approach to minimize the likelihood of losing ground to smaller, more flexible, and opportunistic entities. For strategic planning to be effective, business goals need to anticipate and reflect the demands and changes of local environments while preserving a core mission, vision, or other centralized form of communication that renders the organization as distinct, and superior, to its competitors – such an approach begs to include diversity as an organizational strategic goal.

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