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## The Effect of Organizational Culture on Business Strategy Development: A Qualitative Study on Creative Industries

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**Abstract:** This research examines the influence of organizational culture on business strategy development and implementation in the creative industries in West Java, Indonesia. Through a qualitative approach, this study collected data from 15 creative companies in West Java, using in-depth interview techniques, participatory observation, and document analysis. Data analysis was conducted using content and thematic analysis methods to identify how organizational culture values, such as collaboration, adaptability, innovation, employee engagement, and customer orientation, influence business strategy development and implementation. The results show that an organizational culture that encourages collaboration and adaptability enhances the company's ability to innovate and be responsive to market changes. In addition, cultures that support employee engagement and focus on customer satisfaction prove vital in improving the effectiveness of business strategies. These findings underscore the importance of building and maintaining a positive organizational culture as a strategic asset in a dynamic business environment. This study contributes to the strategic management literature by highlighting how organizational culture can serve as a driving force in achieving strategic success in the creative industry. Suggestions for practitioners and future research directions are also discussed.

**Keyword:** Organizational Culture, Business Strategy

### INTRODUCTION

In an increasingly dynamic and challenging business world, developing an effective business strategy is the key to survival and growth. (Hikouatcha et al., 2024). One factor that is often overlooked but has a crucial role in the formation and implementation of business strategies is organizational culture. Organizational culture, which includes the values, norms, and behaviors shared and embraced by organizational members, significantly influences the way an organization responds to external changes and challenges. (Yul et al., 2024). In the context of the creative industry in West Java, where innovation and creativity are the lifeblood of the industry, the role of organizational culture in business strategy development is becoming increasingly important. (Rofaida et al., 2019).

The creative industry in West Java, which encompasses various sectors ranging from art, design, to digital technology, is one of the driving forces of the regional economy. The

industry is known for its dynamism, where market trends and needs change very quickly. In this highly competitive and ever-changing environment, the ability to adapt and innovate is key. (Senge, 2017). An organizational culture that supports creativity and innovation allows companies to more quickly adapt to market changes and implement innovative business strategies.

However, building a strong and positive organizational culture is no easy task. It requires a deep understanding of the values to be instilled, as well as a commitment from all members of the organization to live by those values. In West Java, where local cultural values are often part of the organizational identity, the integration of local cultural values with organizational values can be a reinforcing factor in building a unique and strong organizational culture. (Nugroho et al., n.d.). A strong organizational culture not only increases motivation and job satisfaction among organizational members, but also increases their loyalty and dedication to the company. (Judijanto et al., 2024). This is particularly important in the creative industries, where product quality and innovation are often highly dependent on individual creativity (Suryadharma et al., 2023). (Suryadharma et al., 2023). A culture that supports freedom of thought and expression allows creative talents to flourish, which in turn will contribute to innovation and business growth.

In addition, organizational culture also affects the company's reputation in the eyes of customers and business partners (Kotiloglu et al., 2023). Companies that are known to have a positive and innovative work culture are often more attractive to customers, especially in the creative industries, where values such as authenticity and originality are highly valued. Thus, organizational culture affects not only the internal processes of the company, but also the company's position in the market.

In West Java, the success of the creative industry is also highly dependent on the ability of companies to collaborate with various parties, including the government, educational institutions, and local communities. An open and collaborative organizational culture facilitates the creation of synergies between companies and these stakeholders, which in turn can accelerate innovation and business growth.

However, challenges arise when companies seek to adapt and integrate technological innovations in their business operations and strategies. A rigid organizational culture that is resistant to change can be a serious obstacle. Therefore, it is crucial to build a culture that not only respects old traditions and values, but is also open to learning and adapting to new things. Organizational culture change requires significant time and effort. It is not just about changing policies or procedures, but also about changing the way members of the organization think and act.

In the context of the dynamic creative industry in West Java, adaptation and innovation are two pillars that not only support the survival of companies but also ensure their growth. (Rofaida et al., 2019). In an effort to achieve these two goals, the business strategy developed and implemented by the company plays a very important role. However, there is a crucial factor that often does not get enough attention in this strategy development process, namely organizational culture. Organizational culture can influence how effectively the business strategy is implemented and the extent to which employees feel involved in the process. The problem that is the focus of this research is the identification and analysis of the influence of organizational culture on the development and implementation of business strategies in the creative industries of West Java.

Based on preliminary observations and literature review, it appears that many companies in West Java's creative industries have difficulty responding to rapidly changing market and consumer trends. This raises questions about whether these problems relate to the way organizational culture influences strategic decision-making and strategy implementation. Does the existing organizational culture support the innovation and

adaptation needed to remain relevant and competitive? Or, on the contrary, is it a barrier to change and innovation?

Furthermore, this research aims to explore how values, norms, and other aspects of organizational culture specifically influence the business strategy development process. This includes how strategic decisions are made, how innovation is managed, and how employees are involved in this process. The formulation of these issues is important because the answers to these questions can provide new insights into how to improve the effectiveness of business strategy in a highly competitive and changing environment.

In addition, this research also seeks to understand, in the context of West Java's rich culture, how companies in the creative industry integrate local values in their organizational culture and how this affects their business strategy development. Does the integration of local cultural values provide a competitive advantage or instead pose certain challenges in business strategy adaptation and innovation?

Therefore, the specific problem addressed in this study is to identify and analyze in depth the influence of organizational culture on the development and implementation of business strategies in the context of creative industries in West Java. This research seeks to answer the question of how organizational culture can be a driver or inhibitor in achieving strategic success, particularly in industries that require a high level of adaptation and innovation.

Based on the problem formulation that has been identified, this research has a specific objective to uncover and analyze in depth how organizational culture in the creative industry in West Java affects the development and implementation of business strategies. This main objective can then be divided into several more detailed objectives. First, this research aims to identify the key components of organizational culture that play a role in the business strategy development process. These include the values, norms, and behaviors adopted by the members of the organization. Second, this research aims to understand how these organizational culture values are integrated into the business strategies developed by companies in the creative industry. Third, the purpose of this study is to analyze the impact of organizational culture on the effectiveness of business strategy implementation, especially in facing market changes and challenges.

Furthermore, this research also aims to explore how companies in West Java's creative industries address the challenges arising from the discrepancy between the existing organizational culture and the need for strategic adaptation required to remain competitive. This objective is important to provide insight to companies on how to strike a balance between maintaining core values while remaining flexible in strategy.

The significance of this research lies in several important aspects. For academics, this research contributes to the literature in the field of strategic management and organizational culture by exploring the relationship between these two aspects in a specific context, namely the creative industry in West Java. It provides new insights into how local cultural contexts influence the development and implementation of business strategies, adding a new dimension to our understanding of strategic management in a diversified global context.

For practitioners, especially leaders and managers in the creative industries, this research offers practical guidance on how to leverage organizational culture as a tool to strengthen business strategy development and implementation. By understanding the influence of organizational culture, practitioners can be more effective in designing and implementing strategies that are not only innovative but also in line with the values and norms espoused by their organizations.

In addition, this research also has significance for public policy, particularly in supporting the development of creative industries in West Java. By understanding the role of organizational culture in strategic success, policy makers can design programs and

interventions that support the development of a positive organizational culture in creative industry companies, thus helping to strengthen the creative ecosystem in West Java.

Finally, this research provides insight for management and business education, particularly in integrating teaching and training on the importance of organizational culture in strategic management courses. This ensures that future generations of business leaders are equipped with a comprehensive understanding of how organizational culture can serve as a driving force in the development and implementation of successful business strategies.

Thus, this research is expected to make a significant contribution in both theory and practice, as well as support the development of creative industries in West Java through a deeper understanding of the vital role of organizational culture in business strategy.

## **METHOD**

### **Research Approach**

This research adopts a qualitative approach to answer the research question of how organizational culture affects business strategy development in West Java's creative industries. The qualitative approach was chosen for its unique ability to explore and understand social phenomena in their natural context. In contrast to quantitative methodologies that focus on numerical measurements and statistical analysis to test hypotheses, qualitative approaches aim to gain a deep understanding of the way individuals make meaning of their experiences, behaviors and interactions in everyday life. This approach allows researchers to capture the nuances of the complexity of organizational culture and business strategy dynamics that cannot be revealed through quantitative methods.

The main reason for choosing a qualitative approach in this study is due to the complexity of the relationship between organizational culture and business strategy development, especially in the context of the creative industries, which are rich in creative processes and innovation. The creative industry, with its dynamic and idea-oriented nature, requires an in-depth understanding of how values, beliefs and norms in organizational culture influence strategic thinking and innovative actions. A qualitative approach allows the research to dive into the subjective experiences of industry players, analyzing how they interpret and respond to strategic challenges, and how organizational culture shapes these ways.

In addition, a qualitative approach provides flexibility in collecting and analyzing data, allowing the use of a variety of methods such as in-depth interviews, participatory observation, and case studies. This flexibility is particularly important in exploring complex and layered phenomena such as organizational culture and business strategy development, where context and individual perspectives play a key role. Thus, through a qualitative approach, this research aims to generate a rich and layered understanding of how organizational culture can be used as a source of strategic advantage in the creative industry in West Java.

### **Research Subjects and Locations**

In this study, the subjects of focus are companies in the creative industries located in West Java, Indonesia. The creative industries cover a wide range of sectors, such as art, design, fashion, advertising, architecture, and information and communication technology that are oriented towards the creation and exploitation of intellectual property. West Java, with its creative cities such as Bandung, known as one of the hubs of creativity and innovation in Indonesia, provides a rich context for studying the interaction between organizational culture and business strategy development. This location was chosen for its unique creative ecosystem, which is representative of the dynamics of the creative industries more broadly in Indonesia.

The population in this study includes all companies in the creative industries operating in West Java. Given the scale and diversity of the creative industry sector in this region, the population is estimated to reach hundreds of entities. However, for the purposes of this qualitative research, it is necessary to select a sample that can provide in-depth and representative insight into the phenomenon under study. Therefore, this study used purposive sampling techniques to select research subjects. Purposive sampling allows the researcher to selectively choose cases that he/she finds most informative and relevant to answer the research questions.

A total of 15 companies from various creative industry sectors in West Java will be sampled. The selection of this sample size is based on considerations of sector representation, variation in company size (from startups to established companies), and accessibility of information. The

research will conduct in-depth interviews with owners, managers, or key employees of each sampled company to collect data on their organizational culture and business strategy development. This approach is expected to yield a comprehensive and multifaceted understanding of how organizational culture influences business strategy development and implementation in the context of the creative industries in West Java.

### **Data Collection**

In this study, data collection techniques were designed to explore in depth how organizational culture influences business strategy development in West Java's creative industries. To achieve this goal, this research combines several complementary data collection methods, namely in-depth interviews, participatory observation, and document analysis. In-depth Interviews: The primary method of data collection was through in-depth interviews with owners, managers, and key employees of the sampled companies. In-depth interviews were chosen for their ability to generate rich qualitative insights into the subjects' perceptions, experiences, and interpretations of the organizational culture and business strategy development process. Prior to the interviews, a semi-structured interview guide will be prepared covering topics such as organizational values and norms, strategic decision-making processes, the influence of organizational culture on innovation, and how the organization adapts to external changes. The interviews will be recorded (with the subject's consent) and then transcribed for further analysis. Participatory Observation: To complement the data obtained from interviews, this research will also conduct participatory observations in some of the sample companies. Participatory observation allows researchers to witness first-hand how organizational culture is manifested in daily practices, including how employees interact, how strategic meetings are conducted, and how companies respond to challenges or opportunities. Observations will be systematically recorded in field notes, which will later be analyzed alongside data from interviews.

Document Analysis: In addition to interviews and observations, this research will also use document analysis as an additional data collection method. Documents such as company annual reports, strategic plans, internal policy manuals, and promotional materials will be collected and analyzed to gain further understanding of organizational culture and business strategy. This document analysis will assist in identifying how organizational values and norms are communicated externally and internally, as well as how business strategies are formulated and formally implemented in company documents.

The combination of in-depth interviews, participatory observation, and document analysis is expected to provide a holistic and in-depth understanding of the influence of organizational culture on business strategy development in West Java's creative industries. Data collected through these techniques will be analyzed using content and thematic analysis methods to identify patterns, themes, and relationships between organizational culture and

business strategy development.

## Data Analysis

In this study, the analysis of data collected from in-depth interviews, participatory observation and document analysis will be conducted through two main methods: content analysis and thematic analysis. These two methods were chosen for their unique ability to identify, analyze and report patterns (themes) in qualitative data. This analysis process aims to gain an in-depth understanding of how organizational culture influences business strategy development in the creative industries in West Java.

Content analysis is a method for making reliable and valid inferences from text (whether written, spoken, or visual) through a process of coding and identifying themes or patterns. In the context of this research, content analysis will be used to systematically examine interview transcriptions, field notes from observations, and written company documents. Each segment of data will be coded and categorized based on themes relating to organizational culture and business strategy development. This process will assist in identifying frequencies, patterns, and relationships between concepts that emerge from the data. Qualitative data analysis tools, such as NVivo or Atlas.ti, may be used to facilitate the coding, storage and management of the data.

Thematic analysis, on the other hand, emphasizes more on identifying, analyzing, and reporting themes or patterns that emerge from the data. The process begins with a thorough reading of all collected data to understand in depth and get an overall picture. Next, the initial data will be explored and initial codes will be created based on the initial ideas that stand out. The next step is to group these codes into potential themes that reflect the essence of the data collected. Each theme will be reviewed and redefined to ensure that it accurately reflects the meaning in the dataset. These themes will then be interpreted in the context of the research question, considering how organizational culture influences business strategy.

These two data analysis methods will be used in a complementary manner to ensure that the interpretation of the phenomenon under study is comprehensive and multidimensional. Content analysis will provide the basis for the identification of frequencies and patterns, while thematic analysis will assist in understanding the depth and complexity of meaning behind the data. Thus, through a combination of content and thematic analysis, this research will provide rich and deep insights into the influence of organizational culture on the development and implementation of business strategies in West Java's creative industries

## RESULTS AND DISCUSSION

### Research results

This research reveals that organizational culture plays an important role in shaping business strategy development in West Java's creative industries. Almost all companies that were the subject of the study showed a unique organizational culture that greatly influenced the way they formulated and implemented business strategies.

One of the key findings was the value of collaboration and strong teamwork among creative companies. This not only enhances internal innovation but also facilitates broad strategic partnerships, allowing companies to access new resources and markets.

Another interesting finding is the importance of adaptability and flexibility in organizational culture. Companies that are able to adapt quickly to market and technological changes tend to be more successful in implementing dynamic and sustainable business strategies.

Innovation culture proves to be another critical aspect. Companies with cultures that encourage experimentation and acceptance of failure are more likely to produce significant

product and process innovations, differentiating them from competitors.

Employee involvement in strategic decision-making was also found to be an important factor in supporting business strategy success. It creates a higher sense of ownership and motivation among employees, which directly contributes to the effectiveness of strategy execution.

A customer-focused organizational culture is also very prominent among successful companies. This focus allows companies to be more responsive to customer needs and preferences, often leading to user-guided innovation. In the context of West Java, local cultural values such as gotong royong (cooperation) and halus (politeness) were found to influence organizational culture. These values not only strengthen internal cooperation but also create a positive image in the eyes of customers and business partners. The findings show that open communication and transparency in organizations strengthen trust and team cohesion, which are vital for effective strategy implementation, especially in the face of challenges.

Strong and visionary leadership is identified as key in driving and maintaining an organizational culture that supports the development of business strategies. Successful leaders are those who not only have a clear vision but are also able to inspire and mobilize their teams. Another important aspect that emerged from the research is the importance of learning and development. Companies that invest in developing the skills and knowledge of their employees show greater competitive advantage in innovation and strategy implementation.

Adapting an organization's culture to digital technology and social media is also a key enabler in a company's marketing strategy and operations, allowing them to be more agile and connected with their customer base. Research also reveals that companies that integrate sustainability and social responsibility into their organizational culture enjoy a competitive advantage, attracting customers who are increasingly aware of environmental and social issues.

In some cases, the conflict of organizational culture with strategic needs is identified as an obstacle to growth. This is especially the case when the existing organizational culture is resistant to change or innovation.

Companies that successfully overcome these barriers usually make a structured effort to change their organizational culture, often through change management initiatives and leadership development programs. The relationship between organizational culture and business strategy development is also influenced by external factors such as market dynamics, government regulations, and industry trends. The most successful companies are those that are able to adapt their organizational culture to these external conditions.

In terms of strategy implementation, an organizational culture that prioritizes disciplined execution and performance monitoring proves critical. This ensures that strategies are not only formulated effectively but also implemented consistently. Findings also show that recognizing and rewarding achievements contribute to a culture of achievement that promotes strategic initiatives and innovation. Diversity and inclusiveness aspects of organizational culture were identified as factors that enrich the strategic decision-making process, bringing multiple perspectives and creative solutions. Conflicts and challenges in aligning organizational culture with business strategy often occur when there are leadership changes or mergers and acquisitions. Managing cultural transitions is key in these cases.

In conclusion, this study confirms that organizational culture is a strategic asset that can determine the success or failure of business strategy development and implementation. In the context of creative industries in West Java, an adaptive, innovative, and collaboration-oriented organizational culture proves vital in facing dynamic and competitive market

challenges.

## Discussion

The research findings on the influence of organizational culture on business strategy development in West Java's creative industries offer deep and multifaceted insights. The following discussion interprets the findings in the context of the relevant literature review and theory, highlighting how they enrich our understanding of the dynamics between organizational culture and business strategy.

First, the findings on the value of collaboration and strong teamwork in organizations confirms the theory that an organizational culture that prioritizes cooperation can foster innovation and creativity. Contemporary management theory, as described by (Mintzberg, H., Brunet, J. P., & Waters, 1986)), recognizes the importance of organizational adaptability and flexibility in creating responsive and innovative strategies. In this context, the research findings show that companies in West Java practice these principles through their culture of cooperation, which corresponds to the learning organization model advocated by Peter Senge, where continuous learning and adaptation are at the core of organizational development.

Secondly, the employee involvement in strategic decision-making found in the study underscores the participatory management theory, which argues that employee involvement can increase ownership and commitment to the organization's strategy. Theory X and Theory Y (McGregor, 2020) propose that management assumptions about employee motivation can influence management style and organizational culture. The findings confirm that companies in West Java's creative industries tend to follow Theory Y, where employees are seen as intrinsically motivated individuals with the potential to contribute significantly to strategy development and implementation.

Third, a strong culture of innovation in the organization shows practices that are in line with the theory of open innovation proposed by (Chesbrough, 2021). This theory states that firms can increase their innovative capacity through external and internal collaboration, integration of new ideas, and utilizing dispersed resources. The research findings highlighting the culture of innovation reinforce the argument that a culture that encourages experimentation and tolerance for failure is essential for creating new value and sustaining competitive advantage.

Fourth, the emphasis on customer focus in organizational culture echoes market orientation theory which identifies market orientation as a key determinant of business performance. This theory, developed by (Narver, 1990), suggests that a deep understanding of customers and responsiveness to their needs can lead to more effective strategies. The findings suggest that companies in West Java's creative industries have internalized this principle, reflecting an understanding that long-term success depends on the ability to meet and exceed customer expectations.

Fifth, the adaptation of organizational culture to digital technology and social media was found to support digital adaptation theory, which recognizes the importance of integrating digital technology in business strategy to increase agility and connectivity with customers. This is in accordance with the digital transformation framework that proposes that organizations need to continuously adapt to technological change to remain relevant.

## CONCLUSION

**Influence of Organizational Culture:** This research confirms that organizational culture has a significant influence on the development and implementation of business strategies in West Java's creative industries. A culture that encourages collaboration, adaptability, innovation, employee engagement and customer orientation proved critical in



supporting strategic success. Adaptability and Flexibility: Findings show that companies that have a culture of adaptability and flexibility are better able to navigate market and technological changes, thereby gaining a competitive advantage. Employee Involvement: Employee involvement in the strategic decision-making process shows a positive impact on motivation, commitment, and effectiveness of strategy implementation. Innovation Culture: A culture that supports experimentation and tolerance for failure is essential for product and process innovation, differentiating companies from their competitors. Customer Orientation: A strong focus on customer needs and preferences enables companies to respond with more appropriate and innovative strategies. Digital Technology Integration: Adaptation to digital technology and social media is an important enabler of a company's marketing strategy and operations, increasing agility and connectivity with customers.

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