

Chapter 5

A Proposition of Strategy Making in Global Firms: Reflections from Strategy as Practice (S–As–P)

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ABSTRACT

Strategy as Practice (hereafter S-As-P) is referred as a research topic concerning with the doing of strategy; who does it, what they do, how they do it, what they use and what implications this has for shaping strategy. The developing field has taken the concern of “humanize management” seriously by bringing human actors to the center of the strategy (Jarzabkowski & Spee, 2009). This study aims to furnish insights into the S-as-P approach. In this sense, it considers extended mainstream strategy research and focuses on light practices that have largely passed and unnoticed (Vaara & Whittington, 2012). Furthermore, its reflections on businesses operating in global economy are discussed.

INTRODUCTION

Managers are dealing with complicated issues that are both regional and global in nature. Among those issues, wider intra and/or extra organizational constituents have a role in shaping the future of the organization. This situation has also changed the way of looking at the strategy. Strategy is an important issue, because it sets direction for an organization in line with an agreed upon vision. There is a tendency to offer one simple definition of strategy, but Mintzberg, Ahlstrand and Lampel (1998) argue that a number

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of definitions are required to adequately capture its nature. They explain strategy within a framework of five definitions as follows:

1. Strategy is plan, a direction, a guide and course of action into the future, a path to get from here to there.
2. Strategy is a pattern, that is consistency in behavior over time.
3. Strategy is a position, locating of particular products in particular markets.
4. Strategy is a perspective not only looking inside the organization but also looking at the grand vision of an enterprise.
5. Strategy is a ploy that is a specific maneuver intended to outwit an opponent or competitor.

Although these definitions give us a way to visualize and understand the nature of strategy, throughout the evolution of strategic thinking different perceptions of strategy and ways of strategy making have been developed (Varyani and Khammar, 2010). The field of strategic management can be traced back to 1960s with Alfred Chandler, Igor Ansoff and Kenneth Andrews's works with their more contingent views where organizations need to adapt to their external environment. During the 1970's transition began towards more realistic conceptions of process with Quinn's "logical incrementalism", Mintzberg and Waters' emergent strategy" views. Through this period, Micheal Porter made valuable contributions to the field with his proposed framework to understand the structure of an industry. This was a useful tool for assessing an industry's attractiveness and facilitating competitor analysis. The main focus of these works was on the relationship between the environment and the firm. From the 1980's onwards, the focus changed to the understanding of firms' internal structure, resources and capabilities. Transaction cost economics and agency theory emerged as two streams of research in the field. Transaction cost economics mainly dealt with structural forms of organizations and their effects on performance. Agency theory also tried to explain separation of ownership and control.

Other views that gave direction to the strategic management field were the resource-based view, dynamic capabilities and knowledge based approach. The main proposition of these theories were that a firm could be conceptualized as a bundle of productive resources and that these could be strength or weakness (Furrer, Thomas and Goussevskia, 2008; Varyani and Khammar, 2010). During this transition strategy thinking evolved mainly under the framework of two approaches: the prescriptive approach and the emergent approach. The prescriptive approach is also named as deliberate, rational and intended way of strategy making. Under this approach it is assumed that strategic analysis, strategic development and strategic implementation occurs sequentially. The strategy makers first do the analysis, then develop the strategy and then implement the strategy (Lynch, 2009). Igor Ansoff, a seminal scholar of this approach, proposes that strategy makers should systematically analyze the external environment and develop strategies that align the organization with these challenges. Michael Porter, another important contributor of the prescriptive approach, bases his view on economics. According to his view, environmental scanning and industry analysis are vital for strategy development.

Although the mainstream strategic management field is dominated by the prescriptive approach, in recent years this point of view has attracted criticism from scholars, academicians and practitioners in the field. First of all, this approach considers strategy making as a linear process (Shah et al., 2015). However, in practice linearity is highly debatable due to the difficulty of separating the formulation of strategy from its implementation due to environmental uncertainty (Hart, 1992). Another critique of the prescriptive approach is the lack of "human" element in strategy making. In addition, the top down

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