

Chapter 10

Paradigm Change in Strategic Management

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ABSTRACT

In this chapter, three fundamental paradigm changes related to strategic management are discussed and analyzed. Firstly, change of the long-term concept is emphasized. Reasons such as the emergence of global enterprises, increasing number of tools using on prediction of future, as well as the increasing complexity in business world shows that time-based mentality of planning that used by public strategy is no longer valid. The second discussion is the strategic consciousness that is not included in the strategic management process and is ignored in most of the strategy literature. The level of strategic consciousness refers to the ability of organizations to be aware of environmental changes. Therefore, strategic consciousness should be included in the entire strategic management process. The third discussion is that strategic management is not valid for SMEs. Because of characteristics, it is not possible for SMEs to have a strategic point of view.

INTRODUCTION

Strategy was known as a military concept before Ansoff (1972) introduced “strategic management” term into the management literature as “planning”. After Ansoff’s narrow definition, many researchers wended into this area and contributed to the literature. Soon after the area of strategic management became so popular, many approaches emerged such as: global factors, awareness of the management mind and management components, new discoveries and discussions on the environment, dynamic structure of components for instance competition and organization. Strategic management has become essential to sustain competitiveness for organizations in the global market structure and increase their adaptation in unsteady environmental conditions (Ansoff, 1991).

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There is a wide range of workplaces that engaged in strategic management (Mintzberg, et al. 1998: 354-360). Porter (1980, 1985, 1990, 1996), which became famous in the 1980s, states that firms should set their route according to the external environment- focused actors. Moreover, Porter defines the key concepts of management (cost, diversity, basic ability) by connecting them to the external environment. The schools of thought described by Mintzberg and colleagues (1998) and theoretical propositions reveal that the structure of the organization is sensitive to the variability of the environment (Morden, 2016). However, the context of strategy that defines the relationship between the environment and the organization is attributed to the time.

This notice should lead us back to the definition of strategic management and re- defining the concepts the theoretical approach. Long-term strategic management, continuing profitability, sustainability and competitive advantage are the defined concepts in strategic management theory. Economies of scale is another concept, which should be added to that list.

Another debate is related to the steps of the strategic management process. With a widespread acceptance, this process consists of analysis, selection, decision-making, implementation and supervision (Morden, 2016). This study provides a suggestion about a paradigm change on the basic concepts of the strategic management process. The first discussion is about time. Strategic management is a long-term concept. However, the definition of “long-term” is important. In the literature, long-term is defined as 5-years and over, while medium-term is 3 to 4 years. But, this definition should change regarding the changing structure of the markets, globalization, growth of companies (scale economy) in recently. Second discussion is about the validity of strategic management concept for small and medium scale enterprises (SMEs). Because of the structural characteristics of SMEs (organization structure, management approaches, future perspectives, life cycle etc.) and the problems aligned with strategic management, it may be difficult for a SME to adopt strategic management implementations. It will be explained why strategic management cannot be implemented into SMEs by defining their position in the market and their relationships with the large-scale enterprises. The third discussion of this study is about the stages of the strategic management. This study argues that the consciousness factor, which is frequently neglected in the literature or practice, should be the first stage of the strategic management. In the changing competitive conditions, strategic consciousness should take parts at the first stage of the strategic planning process.

PARADIGM IN STRATEGIC MANAGEMENT

The paradigm is known with Kuhn, however it is a concept used in the history of thought since ancient Greece literature such as Herodotus, Plato, and Aristotle. In his work Kuhn (2012) has shaped the paradigm with different contents, but according to him, paradigm is the forerunner of a certain time period of a thought-maker with evident experiences and evidence of these experiences according to him. Paradigm is the forerunner of thought that is prominent experiences in certain time and, that owns the evidence of these experiences. The paradigm also includes source of research and route of research, and answers to the questions by using models and examples, and teaches how to interpret the answer. Kuhn said that the paradigm keeps the scientist bound to the normal scientific tradition. In this context, it can be said that the paradigms are both the highest priority and more binding than scientific rules that that can be achieved consistently. But, paradigm is not theory, doctrine or ideology, it does not substitute them. However, on the basis of the paradigm, there are some true and false beliefs which are produced and

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