


Chapter 2

Corporate Strategy in a Complex World: From Theory to Practice – Challenges, Real-World Experiences, and Comparative Examples

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ABSTRACT

In today's complex global business landscape, corporate strategy is a key driver of long-term success. This chapter explores seven interrelated dimensions—strategic fit, diversification, internationalization, competitive advantage and value chain, mergers and acquisitions, digital transformation, and sustainability. Rather than treating these as standalone topics, the chapter emphasizes their intersections and how they jointly shape firm performance. It blends theoretical insights from strategic management and international business with real-world case examples, illustrating how global firms integrate these dimensions in practice. By aligning strategic intent with execution across domains, firms can achieve sustainable competitive advantage in an evolving environment.

INTRODUCTION

Corporate strategy is the comprehensive plan that defines how a company manages its different businesses and activities to build lasting value. Business-level strategy focuses on competing within a specific market. Corporate strategy, on the other hand, covers high-level decisions such as diversification, international expansion, mergers and acquisitions, innovation, and sustainability. It defines where a firm competes, how it allocates resources across units, and how it manages synergy and risk at the corporate level (Grant, 2021; Hiitt et al., 2023; Johnson et al., 2023; Mızrak, 2024).

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Historical and Intellectual Roots of Corporate Strategy

The origins of corporate strategy as a distinct field can be traced to the mid-20th century, when large diversified companies began expanding beyond their traditional industries. Strategy and Structure, written by Alfred Chandler (1962), described how companies like DuPont, General Motors, and Sears created new organizational structures to manage diverse businesses. According to Chandler's well-known expression, "structure follows strategy," which means that strategy serves as the basis for steering resource allocation and business expansion.

Soon, Igor Ansoff (1965) developed the Product-Market Growth Matrix, introducing how companies can grow by expanding into new products and markets, including diversification and market development. Edith Penrose (1959), in *The Theory of the Growth of the Firm*, added a resource-based perspective, arguing that firms expand by using their internal resources and managerial capabilities to their maximum potential. Henry Mintzberg (1978, 1994) later challenged the purely rationalist view of strategy, emphasising emergent strategies that evolve through practice rather than deliberate planning.

These traditional contributions have limitations even though they are fundamental. In today's volatile markets, Chandler and Ansoff's assumption of a comparatively stable environment where intentional planning can affect structure and growth is less appropriate (Teec, 2016). Although Penrose's resource-based expansion emphasizes internal capacities, it undervalues geopolitical limits and exogenous shocks. Although it corrects the over-rationality of previous models, Mintzberg's emergent strategy perspective offers little direction for corporate-level portfolio decisions. When combined, these theories provide complementary but insufficient perspectives on contemporary, VUCA-driven business strategy.

Beyond modern management thinkers, philosophical and historical perspectives have deeply influenced strategic thought. Sun Tzu's *The Art of War* (5th century BCE/1971) emphasised planning, being adaptable, and using strategic positioning. Interestingly, his principles still echo in corporate boardrooms and continue to influence corporate decision-making today. Machiavelli's *The Prince* (1532/2021) offered insights on power, pragmatism, and opportunism in leadership, aligning with corporate manoeuvring in turbulent markets. Peter Drucker (1954, 2007), often called the father of modern management, reframed strategy in managerial and organisational terms, stressing innovation, entrepreneurship, and the central role of purpose in guiding corporate action.

During the French Revolution, Jean-Jacques Rousseau (1712–1778), a well-known philosopher of the Age of Enlightenment, had a big impact on concepts of leadership and government. Rousseau's view of the "general will" stressed the necessity of collective sovereignty and the need for governance to be in line with the common good, which led to virtuous and participatory leadership. His theories were against monarchical authority and aristocratic governance. He inspired revolutionary movements and promoted the idea that legitimate power comes from the consent of the citizens. Rousseau's focus on community, civic virtue, and social contracts had a significant impact on strategic thinking around power, influence, and governance. It contributed to revolutionary ideas and modern democratic leadership (Hanley, 2020).

Modern historical strategist, Mustafa Kemal Atatürk (1881–1938), provides a remarkable example of strategic thinking in nation-building. Through military, political, and social reforms, Atatürk demonstrated foresight, adaptability, and visionary leadership to transform a collapsing empire into a modern, industrialised, and secular nation-state. His approach illustrates the integration of strategic planning, innovation, resource mobilisation, and cultural alignment (Yıkılmaz,

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