10.3.4 Criticisms of the Positioning School

The criticisms of this school are as follows:

i) "Like the other prescriptive schools, the approach of the positioning school has been narrow. Though not wrong, its focus also has been narrow, it has a bias in favor of economics over the political.

ii) It also has a narrow context eg, being biased towards traditional ‘Big Business.’

iii) The third problem has to do with process. - “The message of the positioning school is not to get out there and learn but to stay home and calculate.

iv) Finally, strategy itself tends to have a narrow focus in the positioning school; it is seen as a generic position, not a unique perspective.”
(Mintzberg et. al., 1998)

10.4 THE ENTREPRENEURIAL SCHOOL

10.4.1 Introduction

According to the Entrepreneurial School, strategy formulation is simply “a visionary process” (Course Notes, BUS 6150). “The vision becomes the plan for the organization” (Course Notes, BUS 6150).” It is a school of description. It describes the previous three schools, so it is ‘prescriptive.’” “It states what something is” (Course Notes, BUS 6150). “This school promotes the view of strategy as a perspective” (Course Notes, BUS 6150).” The entrepreneurial school has a lot of resemblance to the design school. Not only does it focus, the strategy formation process exclusively on the single leader, but it also stresses the most innate of mental states and processes such as intuition, judgment, wisdom, experience and insight (Mintzberg et. al 1998). “This promotes a view of strategy as a perspective associated with image and sense of direction, namely vision. According to its contributors, the most central concept of this school is ‘vision.’ Vision is described as a mental representation of strategy, created or at least expressed in the mind of the leader. Vision tends to be a kind of image more than a fully articulated plan. That leaves it flexible, so that the leader can adapt it to his or her experiences” (Mintzberg et. al., 1998).
The Evolution of Strategic Management

By

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A Research project presented to the graduate faculty of the school of Business, United States International University in Nairobi, Kenya in partial fulfillment of the requirements for the Degree of Masters of Business Administration (MBA).

United States International University in Nairobi, Kenya.

STUDENT'S DECLARATION

I, the undersigned declare this is my original work and has not been submitted to any other
college, institution or university other than United States International University Africa for
academic credit.

Signed: ........................................
Date: .................................
Arthur Kamau Mwangi

This project has been presented for examination with my approval as the appointed supervisor.

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Signed: ........................................
Date: .................................
Dr. Freida Brown,

Vice Chancellor, USIU-Nairobi.
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Dedicated to my family
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ABSTRACT

Organizations are created to serve the needs of their stakeholders, each to differing extents. This involves the use of their limited resources for maximum gain. In an increasingly competitive, complex and globalised business environment it is necessary for organizations to use strategies to help ensure their success, and ultimately long term survival. The use of strategy by management in pursuance of its goals is called Strategic Management. Beginning in the 1950's in the USA, strategic management has evolved in its nature and scope from humble beginnings to increasing sophistication particularly as the level of (environmental) turbulence has increased.

The main thrust of this Literature review project is to trace the evolution of Strategic Management from the 1950's to today. The study starts off with a description of strategy and strategy-related concepts. It then traces the key developmental phases of Strategic Management: first Long-Range Planning, then Strategic Planning and finally Strategic Management. For each of these three phrases, the study indicates key developments, contributors and criticisms. The study also compares and contrasts the changing paradigms, discusses factors bringing about paradigm change, the ten schools of thought of strategic management and the future of Strategic Management. Other related sub-topics are also discussed. This study is in the form of a Literature Review. It uses secondary data from various journals, Textbooks, Course notes and course handouts.

The main theme evident is that as Strategic Management has evolved, there has been a lot of change in its nature, practice and scope, and it is clear that this evolution will continue in the future. Strategic management will continue to be defined and redefined largely as a result of changes in organizations' internal and external environment, which will give new insights into the nature of Strategic Management and also define and redefine key success factors in various business situations and environments.
THE EVOLUTION OF STRATEGIC MANAGEMENT

1.0 INTRODUCTION

Organizations, whether large or small, are created to serve the needs of their stakeholders, to some extent or other. The existence of such organizations has created a need for management i.e. "the process by which such organizations are run in order to achieve their goals" (Aosa, 1992). Today, strategy is an increasingly important element of the management process. Strategy, in effect, is (the) management’s “game plan” for strengthening an organisation’s competitive position, achieving performance targets (Strickland, 1995) and, more recently, satisfying customer needs, in addition to creating value for stakeholders. It has become highly important to many environment-serving organizations (ESOs). Particularly since 1950’s in the USA, where Strategic Management (i.e. the use of strategy by management to achieve its goals) has evolved in nature and scope from humble beginnings to increasing sophistication, and has gradually acquired a very critical importance in today’s highly competitive, globalised and fast-changing business environment; and has become crucial for survival for many organizations, particularly those seeking profits.

2.0 THE SCOPE OF THE STUDY

As indicated above, the topic of this project assignment is “The Evolution of Strategic Management”. While tracing the literature on this evolution, this study shall in the process indicate key developments and criticisms relating to each of the key strands of the discipline of Strategic Management. These strands are: Long-Range Planning, Strategic Planning and Strategic Management. The study shall also compare and contrast the changing paradigms and discuss factors bringing about change at each major stage of evolution, including the work of key contributors in terms of the different schools of thought in strategic management. Other issues to be covered in this Literature Review study include overview of the basic concepts of Strategic Management and Strategic behaviour, today’s practices and the future of strategic management.

3.0 AN OVERVIEW OF THE CONCEPT OF STRATEGY

3.1 DEFINITION OF ‘STRATEGY’

Strategy is an important concept used by management to enable it (to) achieve organizational goals. It has been defined by different authors in different ways; some authors define the concept broadly to include both goals and the means to achieve them e.g. Chandler (1962) and
Aosa (1992) states that other authors also define strategy narrowly by including only the means to achieve goals. According to him, definitions given by different authors in his study gave selective attention to aspects of strategy, which are all relevant to our understanding of the concept. Two examples of the definitions of strategy are those by Drucker (1954) and Andrews (1971). Drucker defines strategy as "the determination of the basic long-term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals." Andrews (1971) brought together the views of Chandler and Drucker. Andrews (1971) defines it as "the pattern of major objectives, purposes or goals and essential policies and plans for achieving (those) goals, stated in such a way as to define what business the company is in or is to be in and the kind of company it is or is to be". An authoritative definition is by H.I Ansoff (1965) who defines strategy as "a set of decision-making rules for the guidance of organizational behaviour" (Pettinger 1996). According to Aosa (Ibid), "the multiplicity of definitions given on strategy suggest that strategy is a multi-dimensional concept. The various definitions provide additional insights that facilitate our understanding of strategy".

### 3.2 THE LEVELS OF STRATEGY

Strategy can be visualized at four different levels in a company. The four levels are: corporate, business, operational and functional strategy. Corporate strategy is primarily concerned with "identifying the set of different businesses a company is to be in" i.e. the various businesses in which the company will compete. These businesses may be in the same or in different industries. Strategy at this level also specifies how total corporate resources will be allocated among the various businesses in which the company is involved" (Pearce and Robinson 1988) and Hax and Majluf (1991). Business level strategy "focuses on how each business unit/division will compete in a particular industry, market or market segment. It is at this level that competition takes place in the market. At this level, "the goal of management is to ensure that the different functional activities are integrated in such a way as to achieve and maintain the desired competitive stance in the market" (Pearce and Robinson, 1988, Hax and Majluf 1991). The functional level strategy "mainly focuses on achieving maximum life productivity. Issues regarding the condition and integration of activities within a single function (e.g. marketing,) are addressed here" (Pearce and Robinson, 1988 Hax and Majluf, 1986).
The fourth level of strategy, and of which the functional level can be considered a part, is the Operating level. Authors such as Cole (1997) have such a level. Many authors however limit strategy to the first three levels, excluding Operational level. According to Cole (1997), the operational level is the base level “where strategic business unit goals are put into effect”. He states that “at this level, specific targets usually prescribed in budget form are agreed to by strategic business unit managers and implemented by line and functional managers”. Depending on the nature of the business, time horizons vary considerably: “pharmaceutical manufacturers and electricity generating companies, for example, have horizons of length of 5,10 or even 20 years because they develop new products to the point of sale. For most managers, a time horizon of just 3 to 4 years is enough. It is common in many organizations to have 1 to 2 years’ rolling budget cycles “where operational targets are set and achieved over approximately an 18-month period" (Cole 1997).

Having stated the above, it is necessary to distinguish the functional from the operational level of strategy. The primary goals at the functional level include setting objectives to support business strategy in key functional areas such as Finance, R & D, manufacturing, sales and marketing etc. Another function at this level is the receiving, revising and unifying of strategy- related moves by operating managers. The primary focus at the operating level includes the crafting of specific approaches to support functional and business strategy and "making provisions for attaining basic unit department objectives" (Cole 1997).

3.3 THE FUNCTIONS OF STRATEGY

According to Aosa (Op.cit), strategy has a number of functions- “Companies spend time, effort and scarce resources to develop strategies. Such strategies, when formed guide the company to gain various advantages” First, strategy helps in providing long-term direction for a company. “While the day- to- day goals and activities are carried out, the long-term objectives are kept in mind and appropriately incorporated to raise the probability of long-term success”. Strategy also helps companies to cope with change (Pearce and Robinson 1988).- “The environment (internal and external) in which companies operate keeps on changing, particularly during turbulence. The use of strategies by the company can guide the pattern of responses to such changes. Organisation management can anticipate and provide for them in advance” (Aosa 1992). A third function of strategy is to “enable companies to focus their resources and effort” (Pearce and Robinson 1988). According to Pearce and Robinson, “Use of strategies helps managers identify critical tasks that
need to be performed. Company resources are then allocated, focusing on the critical tasks. This raises efficiency and reduces wastage of resources. "A fourth function is that "strategy can help companies to develop competitive advantage in the market. Competitive advantages enable companies to outperform their competitors" (Pearce and Robinson 1988) Lastly, "strategy helps in achieving a more effective organization. When a company develops a strategy, this strategy becomes a good guideline in designing an appropriate structure to carry out the strategy" (Aosa, 1992). Different strategies are best implemented if certain organizational structures are developed.

4.0 AN OVERVIEW OF STRATEGIC BEHAVIOUR

4.1 INTRODUCTION

There are four main modes of Strategic Management, namely: Management mode, Reactive mode, Proactive /Ad Hoc and Proactive Systematic mode (Ansoff, 1987).

According to Ansoff (1987), "business firms whose behaviour is totally unplanned and unguided do not survive for very long, except in monopolistic or subsidizing environments". The Strategic behaviour of firms which do survive is guided and managed, however well or poorly"(Ansoff, 1987).

4.2 The Strategic Behaviour Modes

4.2.1 The Management and Reactive Modes

According to Ansoff (1987), "under the Management mode, change is incremental or discontinuous". In the ‘reactive’ mode, management minimises strategic change as did Henry Ford I, whose cars all had only one colour, i.e black. He further states that “When ‘reactive’ firms incur losses of expected growth or profits, management typically assumes that the losses are due to operating malfunctions,” such as inventories being out of control or price wars by competitors, and seeks to redress them through operative measures such as cost-cutting and price reductions” It is “only when a succession of operating measures fails to improve performance that management resorts to strategic measures"(Ansoff, 1987). In his book, Ansoff (1987) states that under this mode (i.e Management Mode), if and when a crisis looms, an atmosphere of panic sets in. “Historical management is discredited and a search begins for a ‘saviour’ who will ensure arrival at a plausible solution. If the solution offered by the ‘saviour’ works, the firm gradually recovers". He further states that if a series of ‘saviour’ solutions fail, the firm goes into
bankruptcy. When a firm does turn its attention to strategic changes, it does not plan a search for alternatives, but follows a successive process of trial and error.

4.2.2 The Ad Hoc Mode

A more rigorous strategic behaviour is one referred to as ‘proactive’ or ‘Ad-hoc’ management. The term Adhoc implies that there is “no centrally guided, planned strategic development, but the firm is active in pursuing incremental strategic changes”. The ideas for such changes are typically generated ‘from the bottom up’ in R&D or in marketing departments (Ansoff, 1987). According to Ansoff (1987), “Ad-hoc management has been observable throughout this past century, and since the 1940’s, has become the dominant mode of behaviour among progressive firms with strong R&D and market development departments. In the 1970’s, a modified approach to Ad-hoc management of discontinuous change called Issue Management emerged in American business practice. Then in the 1980’s, there emerged Surprise or Crisis Management (Ansoff, 1987).

4.2.3 The Systematic Mode

Another major mode of Strategic Management behavior is ‘planned’ or ‘systematic’ mode of management. The word ‘planned’ means that “the strategic management is based on explicit forecasts of the trends, threats and opportunities in the future environment” (Ansoff, 1987) ‘Planned’ management “makes the logic and the generation of new moves explicit and coordinates its implementation on a firm-wide basis” (Ansoff, 1987).

4.3 The Levels of Strategic Behaviour Complexity

There are several levels of strategic behaviour complexity, which I shall describe below:

4.3.1 ‘Unmanaged Organic Adaptation’

“The different modes of strategic behaviour observed in practice differ in terms of the conditions under which they are appropriate to the success of a firm” (Ansoff, 1990). At the lowest level of complexity is ‘unmanaged organic adaptation’. Under ‘unmanaged organic adaptation’, whether or not done deliberately, changes of strategy are viewed as largely unguided or “unmanaged” (Ansoff, 1990). “This arises out of the fact that sociologists and political scientists have studied organizations and firms as depersonalized homogeneous entities (Ansoff, 1990). According to
Ansoff (1990), under certain conditions changes are proposed by some part of the organization. Negotiations and political interactions occur, leading to acceptance or rejection of change. After negotiations take place, implementation starts and proceeds again unguided, by trial and error to either a successful or unsuccessful conclusion. (Ansoff 1990). He further states that "Typically the alternatives generated and accepted are incremental and logical extensions of historical dynamics. When the environment poses a discontinuous threat to the organization's survival, the response follows a reactive pattern. The impact of discontinuity progresses to a point where it is perceived to threaten the survival of the organization typically as a result of "strategic myopia". A crisis then develops resulting in abandonment of incremental adaptation in favour of a frantic search for a discontinuous response to assure survival. Typically, the first step when this happens is to replace the now discredited power structure and to bring in a 'saviour' from outside, who has an idea of how to rescue the organization, the 'saviour' remaining in place till signs of recovery appear. Following this, pressure builds up for the return to incremental unmanaged behaviour" (Ansoff, 1990). "This sort of behaviour is widely observable in non-profits, especially bureaucracies It resembles the normal, natural (unself-conscious) organic processes (i.e., deliberate strategy is unnatural) where change is untampered. Some argue that that is the optimal way to adapt to change. It assures both learning and adaptation to the environment in complex organizations. It resembles biological adaptation in that it is self-designing and "the final strategic posture arrived at by unmanaged adaptation meets the needs of both the organization and its participants" (Ansoff, 1990) "Some firms still use this method today. Such firms only thrive in non-competitive environments like those found in non-profit firms. However, no experienced management practitioner would prescribe unmanaged behaviour. Unmanaged firms are poor profit-makers and are prone to strategic surprises" (Ansoff, 1990).

4.3.2 'Planned' Behaviour

Another strategic behaviour mode and which is the extreme opposite of unmanaged behaviour is 'planned behaviour'. Here, management plays "a vigorous and rational role by predetermining in a systematic manner the direction in which a firm will develop, and then guides and controls the execution in accordance with established plans" (Ansoff, 1990). "According to the planners view, whenever change is incremental and evolutionary, management of change, should be delegated to the lower (divisional and functional) levels of management and corporate management should coordinate the functions" (Ansoff, 1990). A formal company-wide process
called Long Range Planning has been developed and used successfully in many firms to guide decentralized incremental strategic adaptation’ (Ansoff 1990). Ansoff (1990) further states that “planners have developed ‘Strategic Planning’ for guiding and implementing discontinuous strategic change. Unlike Long-Range Planning, early efforts to use Strategic Planning ran into serious difficulties as I have mentioned elsewhere in this study. There is now both empirical and practical proof that an appropriate type of planning does work, when it is properly installed in the firm, substantially improving performance namely, Strategic Management (Ansoff 1990).

4.3.3 Ad Hoc Issue Management

A third major mode of strategic behaviour and which falls between the unmanaged and the planned is called Adhoc Issue Management (or simply Adhoc Management). Under this behaviour system, the manager does not let organic adaptation determine the strategic development of the firms nor does he provide comprehensive deliberate strategic guidance. Instead, s/he addresses strategic issues one at a time as s/he perceives them himself/ herself or as they are brought to their attention by his/her colleagues and subordinates’ (Ansoff, 1990). A characteristic of Adhoc Management, which makes it an important alternative to comprehensive planning is its shorter reaction time. Compared to the cumbersome company-wide planning, this process typically involves a small number of people, the time consumed in deliberation of decision making is short and initiation of action is prompt” (Ansoff, 1990).

4.4 THE TYPES OF MANAGED BEHAVIOUR

“Unmanaged behaviour has little interest for responsible managers today”(Ansoff 1990). The following are types of managed behaviour:-
i) Adhoc management which treats issues as they arise, one at a time
ii) Issue management which anticipates, assigns priorities and systematically manages resolution of issues. Systematic issue management takes three forms:
   (a) Strong-signal issues management
   (b) Weak-signal issues management
   (c) Strategic surprises management
   (I will describe these issue management modes later.)
iii) Strategic posture management which provides comprehensive guidance to the firms’ strategic development. (Ansoff 1990). According to Ansoff (1990), it has three distinct forms:
(a) Long-Range Planning
(b) Strategic Posture Planning and,
(c) Strategic Posture Management (Ansoff, 1990)
“Each behavioral mode has its advantages and shortcomings and each is optimal under different conditions. Furthermore, conditions frequently require a combination of two of the modes” (Ansoff, 1990).

4.5 THE ‘STRATEGIC LEARNING’ CONDITION
“As predictability decreases, Adhoc management must be progressively replaced by strong issue-management and weak issue-management both of which anticipate the challenges, assign priorities and manage them systematically (as will be discussed later). As the complexity and novelty of environmental conditions increases, Adhoc management must be replaced, first by Long-Range Panning, then by Strategic Posture Planning and finally by Strategic Posture Management” (Ansoff 1990). “When low predictability is coupled with high novelty and complexity, information is inadequate for formulation of strategies. This situation requires management to go beyond matching issues and position management” (Ansoff 1990). According to Ansoff (1990), this occurs when a clear description of future posture in a Strategic Business Area (SBA) cannot be made either because such description would require prohibitively costly market research, or because the SBA is in the early stages of emergence and information about its future prospects is still imperfect” (Ansoff, 1990).
The situation I have been describing in the above paragraph is referred to as the 'strategic learning' condition. It occurs in at least four situations:-
(a) In developing and implementing the diversification strategy for the firm,
(b) In developing pioneering products and technologies,
(c) In diversifying a firm into poorly known foreign markets
(d) In dispersed SBA positioning
In the above situations, a complex approach which combines the planning and action in a novel way, becomes necessary (Ansoff 1990) e.g. the usual single-step (go/no-go) strategic decision process should be replaced by a more subtle progressive commitment process and each
commitment decision should be designed to maximize strategic learning which will contribute to the next commitment decision" (Ansoff 1990).

4.6 THE ISSUE MANAGEMENT SYSTEM

According to H.I Ansoff, as “the level of environmental turbulence increases (to levels 4 and 5), discontinuities surface which impact the firm too rapidly to be dealt with by anticipatory positioning systems such as strategic planning and strategic posture planning”(Hussey, 1991:51). To deal with these fast-moving discontinuities, firms have developed ‘real-time’ response systems. One of these systems and which I shall describe is Strategic Issue Management.

According to Ansoff, (Hussey, 1991: 51-52), the issue management system works as follows:-

(i) “Continuous surveillance is instituted over potential (future) external business, technological, economic, political and social-competitive discontinuities which are likely to have a significant impact on the firm,

(ii) "As each discontinuity is perceived, its impact on the firm and urgency of an immediate response are estimated. High impact discontinuities are labeled strategic issues.

(iii) Each discontinuity is assigned to one of four categories:-

(a) High impact and high urgency issues are earmarked for immediate response,

(b) High impact issues of moderate urgency are earmarked for response during the next annual planning cycle,

(c) High impact issues of low urgency are earmarked for continued surveillance

(d) Discontinuities whose impact is expected to be low are placed in a ‘dead file’ and pursued no further.

(iv) The highly urgent issues are assigned for immediate resolution either to an organizational unit or to a special task force

(v) The moderately urgent issues are accumulated until the start of the annual planning cycle and are made a part of the strategic guidelines

(vi) The low urgency issues are assigned for continual monitoring and evaluation to an individual or an organizational unit. If a periodic evaluation shows that the issue has become urgent, it is moved to category (a) or (b) above. If an evaluation shows that the impact will not be high as originally estimated, the issue is placed in a ‘dead file’ (Hussey, 1991).
The diagram below summarizes Strategic Issue Management:

**A SUMMARY OF STRATEGIC ISSUE MANAGEMENT**

External discontinuities

Internal discontinuities

Surveillance

Impact urgency

Strategic Feed-back

Issue ranking

‘Dead file’

Urgency

Delayed response

Issue Projects

Periodic planning

"Effective issue management requires the assignment of responsibility for the several stages in the Issue Management process.

(a) Responsibility for monitoring is typically assigned to a corporate forecasting unit
(b) Issue education and classification is assigned to a planning unit and
(c) A group of corporate (or group) general managers must assume authority and responsibility for assigning authority, responsibility and resources to the units and task force charged with urgent responses to the issue" (Hussey, 1991).

5.0 THE EVOLUTION OF STRATEGIC MANAGEMENT

This evolution has occurred in three major phases, namely:-

a. Long Range Planning
b. Strategic Planning
c. Strategic Management

I will describe and explain the evolution of Strategic Management and its phases in the following several pages.

5.1 LONG RANGE PLANNING

5.1.1 Introduction

According to Ansoff (1969), the then (and even now) "growing interest in the problem of business strategy owes its origins largely to the business and not to the academic community". He states that "since the early 1950’s, confronted with growing variability and unpredictability of the
business environment, business managers have become increasingly concerned with finding rational and foresightful ways of adjusting to and exploiting environmental change. This has mostly happened in developed countries. This concern seems to have began during the economic upheaval that arose when the demand for consumer goods shot up after the cessation of World War II rationing and the wartime industry, which events are probably related to these developments in the area of Strategic Planning/Management. Out of this concern to predict the future grew practical management approaches and systems, as well as an increasing understanding of the relationship between the firm and its environment.” This problem was being increasingly referred to as the strategic (or strategy) problem of the firm. “Until the 1970’s, the academic community showed little interest in the strategy problem. Where an interest did exist, it was seldom accompanied by efforts to develop sound theoretical structure. More usually, the attitude had been that the problem was too complex and too dependent on individual creativity and reasoned judgment to permit useful theoretical structures” (Ansoff 1969). According to Aosa (1992:68), “Peter Drucker (1954) appears to be one of the first authors to address the issue of strategy and strategy formulation as an approach to managing organisations. Drucker’s concern was primarily with identifying the business of a company.” During the 1950’s, the first major form of planning, Long-Range Planning (LRP) was introduced (Ansoff 1987). It is sometimes referred to as ‘Corporate Planning’ or ‘Profit Planning’. It was a method for extrapolating the firm’s past into the future (Ansoff 1987). “Rather than violate the past, LRP elaborates and confirms the historical model of reality and culture” (Ansoff, 1987).

5.1.2 The Evolution of Long-Range Planning

Long Range Planning is based on the assumption that the future environment will develop in a logically incremental manner. “It is uniquely suited for making incremental strategic development explicit, guided and co-ordinated among the different parts of the firm” (Ansoff, 1987). Long-Range Planning is used when little change is expected, the main focus being on production to meet highly predictable sales and profits.

Unlike ‘Strategic Planning’ which was not readily accepted but resisted for a long time, Long Range Planning became popular particularly during the 1960’s and surveys showed that most medium and large firms in the USA used it extensively. Not much had been written about strategy until 1962 when Chandler defined it and outlined the processes by which strategy could be formulated. In 1965, Ansoff wrote his landmark book on strategy i.e ‘Corporate Strategy’
which further explored the concept. It dealt with the “management of the firm’s adaptation to a changing environment” Since the 1960’s, there was “enormous progress in the theory and practical technology of strategic management” (Ansoff 1992). Ansoff’s (1965) book and Andrew’s (1977) were some of the contributions to this growth (Aosa, 1992). The writings of these and others were “instrumental in triggering off the adoption of ‘Corporate Planning’ by business firms during this time” (Aosa, 1992).

“In the early days of the use of formal strategy in business (i.e 1950’s), strategy was often linked with policy by writers”. As the study of policy and strategy evolved, it was ‘rechristened’ many times (Wren, 1994) e.g. George Steiner based on his experiences at Lockheed Aircraft entitled his 1963 book “Managerial Long-Range Planning” to describe the study of the role of management in preparing for the future (Wren, 1994). H. Igor Ansoff used both his military and industrial experiences to form the basis for his concept of Corporate Planning” (Wren, 1994). Ansoff had worked with the US Air Force and Rand Corporation in designing strategic projects before joining academia in the 1960’s. “He was influenced by the writings of Peter Drucker and Alfred Chandler, Jr. and formulated his notion of corporate strategy which involved formulating objectives and strategy based on the analysis of opportunities in the environment” (Wren, 1994).

According to Wren (1994), what was originally defined as ‘Business Policy’ began to shift from that to long range planning, then to corporate strategy, then to strategic planning and finally to Strategic Management.

S. Tiller in 1963 wrote an important paper about the need to “make strategy explicit”. He argued that “as companies get larger and as they encompass many points of strategic initiative, it becomes more and more difficult to reconcile coordinated action and fundamental effort without an explicit statement of strategy” (Ansoff, 1969:180). This need for explicit strategy; he argued, “stems from two key attributes of the business organisation: first, that success depends on people working together so that their efforts are mutually reinforcing’ and second, that “this must be accomplished in the context of rapidly changing conditions” (Ansoff 1969).

According to Aosa (1992), “studies carried out in the late 1960’s indicated that ‘Corporate Planning’ was practiced in the USA and abroad.” (In Europe and in other developed countries etc)
Ringbakk (1969), in a study on organized planning in the United States, found that corporate long-range planning was being practised, “though not as widely as was suggested in the literature at the time” (Aosa, 1992:69). Aosa further states that “the practice of 'Corporate Planning' was not uniform across the firms studied and that there was a heavy financial orientation in the plans, making them resemble the traditional budgets that were already in use” (Aosa 1992).

During the late 1960’s and early 1970’s the use of Corporate Planning continued to increase as was indicated by a number of studies carried out at the time, both in the United States and parts of Europe (Aosa 1992).

5.2 STRATEGIC PLANNING

5.2.1 Introduction

Even as the acceptance and use of Long-Range Planning (LRP) continued to grow, the landmark book ‘Corporate strategy’ by H. Igor Ansoff in 1965 had created a new formalized planning system, namely 'Strategic Planning,' which was used alongside LRP and largely replaced it during and after the 1970’s.

According to Mintzberg (1994), “planning had been largely a budget exercise in the America of the 1950’s and had began to spread quickly, having become firmly installed in most large corporations by the mid-1960's” (Gilmore, 1970:16) and (Chamberlain, 1968: 151). “At that point, the notion of ‘Strategic Planning’ took hold to become within a decade a virtual obsession among American corporations and in the American government, in the form of the planning programming budgeting system or PPBS (Mintzberg, 1994).

5.2.2 The concept of ‘planning’ in strategy

Though the term ‘planning’ is widely used, it has proved elusive to define because “its proponents have been more concerned with promoting vague ideals than in achieving viable positions, 'more concerned with what planning might be than what it actually became” (Mintzberg, 1994). As a result, planning has lacked a clear definition of its own place in organisations, and in the state (Mintzberg, 1994). In attempting to arrive at a formal definition of planning, Mintzberg (1994) does not assume that planning is “ ‘whatever people called ‘Planners’ happen to do, or that planning is any process that generates formal plans. People
called ‘Planners’ can sometimes do strange things, just as strategies can sometimes result from strange processes”, he noted. After analysing and integrating various writers’ descriptions of what planning is, he arrives at a (summary) definition that “strategy formation is a planning process, designed or supported by planners, to plan in order to produce plans” (Mintzberg 1994). Thus, to quote Steiner, who in turn quoted J.O Mckinsey (1932), ‘a plan is tangible evidence of the thinking of management’. It results from planning.” A further and exception to that definition was by Sawyer (1983:145) that “formal systems are only a means to an end. They do not cause planning to occur, and can even prevent it when their emphasis is too much on form instead of substance” (Sawyer, 1983: 145).

5.2.3 The Evolution of Strategic Planning

Strategic planning was not readily accepted. It was during the early 1970’s that it started being adopted in many developed countries, increasingly and widely (Rue, 1973; Grinyer and Norburn (1974), among others. According to their evidence from studies they carried out, “It appears that over the years, as managers increased their familiarity with strategic planning, they increasingly adopted it. However, not all companies did so” (Aosa 1992:78), Pearce 1981) During this period (i.e. late 60’s/early 70’s), the business environment was relatively stable in terms of growth” (Taylor, 1986)- Turbulence was low: the environmental (change) was low, and reasonable future predictions could be made. According to Aosa (1992), at that time, there were many business opportunities and business firm’s were rapidly expanding. The major concern was how to manage firm’s better in the face of these growth opportunities. Business firm’s plans were rather extrapolative, drawing heavily from experience. Aosa(1992) further states that at the time, the planning system appeared to work well, firms expanded and the general atmosphere in developed countries was that of prosperity.

However, in the 1970’s (specifically during the 1973 Oil crisis), the business situation radically changed (Aosa 1992). There was increased environmental turbulence: "The general stability and predictability that characterised the earlier period was gone with the advent of the energy crisis" (Aosa 1992). According to Ansoff (Hussey, 1991: 33), until the 1970’s, the level of unpredictability of the environment lagged behind the level of changeability. But in the 1970’s “the unpredictability level began to catch up due to the emergence of a global marketplace, entry of new competition in the market, acceleration of technological progress, growing importance
and instability of the firms' social, and political environment”, in addition to the energy crisis of 1973. Ansoff goes on to state that “the initial use of strategic planning had frequently proved to be disappointing because plans tended to degenerate into ‘paralysis by analysis' and triggered organizational resistance” (Hussey 1991:7).

The shift from ‘Corporate Planning’ to ‘Strategic Planning’ had resulted from the recognition by the more advanced thinkers and practitioners that strategy should be at the heart of the process of planning (Course Handout). The shift was one of emphasis, “not necessarily initially of the overall approach to the process of planning which still tended to focus on formal planning achieved through a corporate- wide process” (Course Handout).

The strategic planning phase correlates with what Gluck et.al (1980) called ‘externally oriented planning’ with much more attention being given to the external environment and to customers and markets’.

Portfolio analysis was the beginning of the development of superior ways to aid thinking about strategy.

“Another contribution to better understanding of the concept of strategy was started by General Electric (GE) (Corporation) with the creation of a database which recorded strategic actions and related them to the consequences. In 1972, this was transferred to the Harvard Business School and became the Profit Impact of Marketing Strategies (PIMS), described elsewhere in this paper. “Conceptual development on the relationship between strategy and structure began at Harvard University in the 1960’s and had a significant impact on thinking by the 1970’s” (Course Handout).

According to Ansoff (Course Handout), “two factors in particular forced the abandonment of the assumptions behind the Corporate Planning phase, and brought a realization that processes which assumed incremental growth could no longer stand up to the reality of a world where the future was full of shocks and surprises. The 1973 Oil Crisis (mentioned earlier on), where OPEC members reduced supplies and increased costs and the period that followed (and which was partially related to it) where there were shortages of commodities globally and a period of high inflation.”

Ansoff (Course Handout) also states that "the Strategic Planning approach lacked an emphasis on implementation and a close relation between the behavioral and analytical aspects of
management. The growing awareness of the shortfalls of the strategic planning phase, the way in which many organizations tried to overcome them and the work of researchers and theorists moved many organizations into the next phase”

According to I Wilson (Long Range Planning, Aug 1998), in summary, “Strategic Planning has been subject to” “on/off” pressures for some decades. From the late ‘60’s to 1978 it had its heyday. The 1980’s saw a reaction and this was followed by a tentative comeback and then short-term remission. 1996 seems to have marked the re-emergence of Strategic Management.”

5.3 STRATEGIC MANAGEMENT

5.3.1 Introduction

As a result of the experiences described above, ”it was gradually realised that Strategic Planning is only one ingredient in a new concept of general management, which in 1972 became known as the ‘Strategic Management’ Concept”. (Hussey 1991).

At the time, unpredictability and changeability were both at levels 4 to 5 of turbulence. “At such levels of turbulence, strategic planning is no longer sufficient to allow timely response to future turbulence” (Hussey 1991). A complementary type of strategic response was (then) developed by business firms (Hussey 1991), as shown below.

5.3.2 Real Time Strategic Response Systems

A complementary type of strategic response was developed by business firms as is stated above. The new response – Issue Management – “did not attempt to develop a comprehensive strategy for guiding the (future) evolution of the firm. Instead, according to Ansoff (Hussey 1991: 33), it “sought to anticipate surpriseful discontinuities one at a time, and to respond to them quickly and effectively”. Ansoff also states that ‘Issue Management’ is responsive to fast-developing threats and opportunities, which can be predicted to enable the firm to make a timely response.” (Hussey 1991:33)

But Issue Management begins to fail as environmental turbulence approaches level 5. At Level 5 even careful anticipation is not able to anticipate unpredictable surprises that may strike the firm. As a result of this problem, a new type of strategic response, namely Surprise Management or Crisis Management was developed and during the late 1980s was growing fast (Hussey 1991).

The concepts I have just described are known as ‘Real Time Strategic Response’.
5.3.3 The Evolution of Strategic Management

"The concepts that arose and which were referred to as 'Strategic Management' were developed independently by a number of progressive American corporations (e.g. General Electric, IBM and Texas Instruments) They recognized that the growth/profitability problems business firms were experiencing were resulting from radical environmental changes which were occurring in the environment during the second half of the twentieth century" (Ansoff 1989) and (Hussey, 1991:6). These changes included: the emergence of a global market place and changing expectations of the firms by society. "To tackle these environmental problems, a new outward-looking (rather than inward-looking) management response was needed to anticipate future developments and to position the firms to succeed in such environments (Hussey 1991). As a result of this realization of that need, a number of firms developed a new forward-planning technique, namely Strategic Planning. Strategic Planning proved to be unsatisfactory; it was gradually recognized that strategic planning is only one ingredient in the (then) new concept of Strategic Management as is stated elsewhere in this study. Strategic Management was a new role for general management which was radically different from management by exception"(Hussey, 1991). "The new role of management under Strategic Management required managers to assume a creative and directive role in planning and guiding the firm's adaptation to a discontinuous and turbulent future" (Hussey, 1991). "The strategic management concept "did not replace 'management by exception'; instead it added a new dimension of performance, which had to be managed by entrepreneurship and by direction, instead of by exception"(Hussey, 1991).

Bonn and Christodopoulous (Long-Range Planning, Aug 1996) did a study between 1982 and 1993 in Australia which showed that Strategic Planning/Management systems played an integral part in the strategic management efforts of large manufacturing companies, but also that "Strategic Planning/management had undergone substantial changes since the early 1980's. (These researchers used the terms 'Strategic Planning 'and 'Strategic Management' interchangeably.) The companies improved the flexibility of their planning systems, they decentralized strategic planning to divisions or to business units, they moved the planning responsibility from staff personnel to line managers and they changed the role of corporate planning departments. They also tried to shape their organizational culture and placed greater emphasis on management". Other developments were: increased international activities and
usage of acquisitions and divestitures to focus on core business activities. These changes had taken place during the period from 1982 to 1993 which the Australian study covered.

From their study, Bonn and Christodopoulos concluded that formalised Strategic Planning systems are an integral part in the Strategic Management efforts of large manufacturing companies in Australia: They served as a tool which facilitated strategy development and implementation and they provided a forum for discussion between corporate and divisional or business unit management. “To be effective, however, the Strategic Planning/Management companies needed to embed the formalized strategic planning systems into the organization as a whole.” As part of the shift to Strategic Management, “soft” factors such as company culture – (values and beliefs) and “hard” factors e.g. formalized procedures and sophisticated analyses, were embedded into the whole organization. Organizations realized that they had to change their attitudes and behaviour to ensure successful strategy implementation.

Other changes introduced by firms during the 1982 to 1993 period covered in the Bonn and Christodopoulos study were: adoption of a more market-looking approach e.g. being more sensitive towards customers and markets, and the changing needs and demands of customers in the approach to strategic management and also a greater orientation towards international markets. Future changes which this study entitled” From Strategy Planning to Strategic Management” anticipated were: increased linkage between strategic planning/management and operational decision-making and the integration of different components of strategic management into a cohesive whole., These, they stated, should help firms survive and prosper as the economic environment becomes more complex and the competition more fierce.

After Professor Ansoff’s 1972 use of the term ‘Strategic Management’ in a publication in the USA, “mass appeal came somewhat later as more came to be written, such as Ansoff, Declerk & Hayes, (1976) and more organizations took to the approach.” “Although there is no clear date, it was probably around 1980 when almost everyone switched to the new term, although even after that, into this new millenium, “the word will be used by organizations that do not apply the concepts.” Strategic Management “is about managing strategically as well as planning, so although the planning part may still be important, it is only a component as compared to the strategic planning
phase. “What makes Strategic Management really different is the emphasis on managing the organization through and by the strategic vision and the strategy, with realization that the ‘soft issues’ in management may be more important in achieving this aim than the analytical processes. Other aspects of Strategic Management include great emphasis on the leadership of strategic change, and the implementation of strategy” (Course Handout).

According to Ansoff (Course Handout), “developments in the concept of Strategic Management seemed to come ‘thick and fast’ during the 1980’s, some related to the mainstream of thinking and others moving down divergent tracks. “The key name to emerge following the tradition of decisions related to sound analysis was Michael Porter He, more than anyone else put competitor analysis into prominence. With time, from the late 1960’s, there had been signs that competition was becoming globalized, there was a realization that businesses had to be world class in their standards of performance, thinking initially applied to manufacturing and .... later to all areas of business. Later, Bench- Marking followed as a tool of Strategic Management. “Whether Strategic Management would want to claim business process re-engineering and the resultant UK/USA fashion which was a feature of the 1990’s for smaller, flatter organizations is a matter of opinion (Course Handout). The different challenges organizations perceive that they face, the biases of the leaders of organizations, and the varying types of business activity have meant that the interpretation of what is involved in Strategic Management should vary from firm to firm. This in turn has led to a number of divergent and different schools of thought about business strategy and how it is and should be determined (Course Handout).

5.4 STRATEGIC THINKING

“The branch of the social sciences that studies strategic decision- making is called ‘game theory’. The games in this theory range from chess to child-rearing, from terms to takeovers and from advertising to control. Playing these ‘games’ requires many different kinds of skills. Basic skills, for example, shooting ability in basketball, knowledge of precedents in law etc are one kind of game, Strategic thinking is another”. “Strategic thinking starts with your basic skills and considers how best to use them. Strategic thinking can be likened to “seeing”. The strategist has to see ahead, behind (in time), above (i.e big picture), down (i.e on the ground), below (i.e inductive thinking – “seeing above supporting seeing below”), beside (i.e lateral thinking), beyond (i.e creating future rather than extrapolating) and see through all of these at the same time. Thus
strategic thinking looks at all aspects of a given decision-making situation and combines these to get an overall picture, which can be likened to seeing (Mintzberg, 1991).

According to Heracleous (Long Range Planning, June 1998:481), Mintzberg argued that the term ‘strategic planning’ was ambiguous and that there was a need for a clear understanding of that term. The term ‘Strategic Planning’ was used in a variety of ways, and in recent times the new term ‘strategic thinking’ has been introduced “Strategic Planning” is often used to refer to a programmatic analytical thought process, and ‘Strategic Thinking’ to refer to a creative, divergent thought process (Long Range Planning, June 1998). In short, the purpose of ‘strategic thinking’ is to discover novel, imaginative strategies, which can rewrite the rules of the competitive game, and to envision potential futures, significantly different from the present. On the other hand, the purpose of strategic planning is to operationalize the strategies developed through strategic thinking and to support the strategic thinking process (Long Range Planning June 1998).

6.0 A SUMMARISED HISTORY OF STRATEGIC PLANNING/ MANAGEMENT

According to I. Wilson (Long Range Planning, Aug.1998), the history “that is the drama of Strategic Planning/Management has evolved over five main acts over the last 27 years:-

i. In Act I, strategic planning experienced corporate popularity for almost a decade till around 1978.

ii. In Act II, we saw the onset of a strong reaction in the early 1980’s. “Critics lambasted the ‘failed promise’ of strategic planning, which had developed elaborate systems but left corporate performance largely unchanged’. “The US economic recessions of 1980 and 1982, which few planners had foreseen, were merely the ‘kiss of death’ for already failed systems”

iii. Act III in the mid- to late 1980’s “strategic planning began a tentative comeback in the form of ‘Strategic Management’. This corrected some of the defects of the previous approach by placing the main responsibility for strategic development in the hands of operating managers rather than corporate planners”

iv. “Act IV began in the early 1990’s with a swing away from long-term strategy towards short term downsizing, pioneering and restructuring. Cost cutting was carried out by executives as economies weakened and new competitors invaded their markets in the wake of changes in

“Act V in the continuity frame appears to have began in 1996 with an article in ‘Business Week’ magazine proclaiming “strategy gurus with visions of new prospects are in”.

According to I Wilson (Long Range Planning, Aug 1998), there are high costs to this ‘on again/off again’ approach towards strategic planning/management: the cost of lost momentum, unclear thinking, wasted investment, new methodologies and poor morale. These erratic changes result in erratic performance. A further issue of concern according to I Wilson (Long Range Planning, Aug. 1998 : 508) is that “if something as critical as the strategic direction of a company is left to the vagaries of whatever methodology happens to capture executives at a given time (as seems to happen), then we should not be surprised if Corporate Planning is equally erratic. According also to I Wilson (Long Range Planning, Aug. 1998), “strategic thinking is clearly necessary but its details need to change with changes in the environment. Such changes include, among others, those in: customer needs, nature of industry changes, levels of turbulence etc and as such can hardly be static especially when there are many and rapid changes in the environment over time.”

7.0 THE PRACTICE OF STRATEGIC MANAGEMENT TODAY

7.1 General description
Strategic management today can be described as “the use of strategy by management to achieve the organizational goals of strengthening their competitive position, achieving performance targets” (Strickland, 1995), and more recently, to please customers and other stake holders and in the process create value.

7.2 THE STRATEGIC MANAGEMENT PROCESS MODEL ELEMENTS
An important part of today’s practise of Strategic Management is the process model elements. I will briefly describe these elements in the following few pages as expounded in a book called ‘Strategic Management: Formulation, Implementation and Control’ by Pearce and Robinson’ (1997).

7.2.1 Company Mission “The mission of a company is the unique purpose that sets it apart from other companies of its type and identifies the scope of its operations” (Pearce and Robinson,
1997). In brief, the mission statement is a statement that describes the company’s product, market and technological areas of emphasis in a way that reflects the values and priorities of the strategic decision makers” (Pearce and Robinson 1997).

7.2.2 **Company Profile**—According to Pearce and Robinson (1997), “the company profile depicts the quantity and quality of the company’s financial, human and physical resources. It also assesses the strengths and weaknesses of the company’s management and organizational structure. A final function is that “it contrasts the company’s past successes and traditional concerns with the company’s current capabilities in an attempt to identify the company’s future capabilities.”

7.2.3 **External Environment**—This environment comprises “all the conditions and forces that affect its strategic options and define its competitive situation.” The external environment consists of three interactive segments, namely the operating, industry, and remote environments (Pearce and Robinson, 1997)

7.2.4 **Strategic Analysis and Choice**—According to Pearce and Robinson (1997),“simultaneous assessment of the external environment and the company profile enables a firm to identify a range of possibly attractive opportunities. Once identified, they must be screened through the criteria of the company mission to generate a set of possible and desired opportunities. This is followed by the selection of options from which a strategic choice is made”. They further state that “the process is meant to provide the combination of long-term objectives and generic and grand strategies that optimally position the firm in its external environment to achieve the company’s mission.”

7.2.5 **Long-Term Objectives**—“The results that an organization seeks over a multi-year period are its long-term objectives. The results may include: Profitability, Return-on-Investment (ROI), competitive position, technological leadership, and employee relationships and development” (Pearce and Robinson, 1997).

7.2.6 **Generic and Grand Strategies**—“Many businesses explicitly, and or implicitly adopt one or more generic strategies characterizing their competitive orientation in the market place. Three main options used are: low-cost, differentiation and focus-strategies. These can be combined with a comprehensive general plan of major action through which the firm intends to achieve its Long-term objectives in a dynamic environment. The result is called a Grand strategy, which is statement of means that indicates how the objectives are to be achieved” (Pearce and Robinson, 1997). Grand strategies are of 14 basic types; even though each
company’s grand strategy is a unique package of unique long-term strategies. Basic approaches include: product development, joint ventures, functional or vertical integration and strategic alliances etc (Pearce and Robinson 1997)

7.2.7 Action - Plans and Short - Term Objectives- “Action plans translate generic and grand strategies into ‘action’ by incorporating four elements, namely:–
(a) identifying specific functional tactics and actions in the short term e.g. the next week, month or quarter. This is part of the organization’s effort to build competitive advantage.
(b) determining a clear time-frame for completion (c) creating accountability by identifying who is responsible for each ‘action’ in the plan. (d) “each action in an ‘action plan’ has one or more specific, immediate objectives that are identified as outcomes that action should generate (Pearce and Robinson 1997).

7.2.8 Functional Tactics — “within the framework created by the business’s generic and grand-strategies, each business function needs to identify and undertake activities unique to the function that help to build a sustainable competitive advantage. For each business function, the manager for the function delineates, through tactics, the functional activities undertaken in their part of the business. These activities may then be included as a core part of their action plan”. “Functional tactics are detailed statements of the ‘means’ or activities that will be used to attain short term objectives and establish competitive advantage” (Pearce and Robinson 1997).

7.2.9 Policies that empower action — “Speed is a critical necessity for success in today’s competitive global marketplace. One way to enhance speed and responsiveness is to force/allow decisions to be made at the lowest level in organizations. Policies are used to guide and ‘preauthorize’ the thinking decisions and action of operating managers and their subordinates and control the process so that they remain in line with the firm’s strategic objectives. Policies allow standardization of routine decisions and increase management and subordinate discretion in implementing the business strategies” (Pearce and Robinson, 1997).

7.2.10 Restructuring, Re-engineering and Refocusing the Organisation. “This is the next part of the process. Here, there is an internal focus. It involves getting the work of the business done efficiently and effectively so as to make the strategy work. This process seeks to answer questions such as: What is the best way to organize ourselves to accomplish the mission? Where should leadership come from? What values should guide our daily activities? The issue dealt with at this stage is how the activities within their businesses are conducted. These are done with an unprecedented attentiveness to the market-place. Activities carried out at
this stage include downsizing, restructuring, out-sourcing and empowering, depending on the particular organization”. The aim of doing these is to ensure “a basic level of cost - competitiveness, capacity for responsive quality, and to shape each one to accommodate unique requirements of their strategies” (Peace and Robinson, 1997).

7.2.11 Strategic Control and Continuous Improvement

According to the same authors’ above, “strategic control is concerned with tracking a strategy as it is being implemented, detecting problems or changes in its underlying premises and making necessary adjustments. It guides action on behalf of the generic and grand strategies as they are taking place and when the end results are several years away. During the last decade, rapid and accelerating change of the global market place has made the use of ‘continuous improvement’ necessary for many organizations. Continuous improvement enables managers to provide a form of strategic control that allows their organization to respond more proactively and timely to rapid developments in hundreds of areas that influence a business’s success”

All these processes have a potentially big positive effect on practicing organizations. In the increasingly competitive, globalized business environment we have today organizational performance can no longer afford to be tossed about by the ‘winds of circumstance’. Management and the organization as a whole have to take control of their destiny to the extent possible. This is where strategy becomes critically important and crucial for survival. However, strategy alone is not enough to ensure success; other supporting factors such as suitable leadership for a given strategy, having an appropriate organizational culture, political savvy the right structure -strategy relationship and the use of a good strategy, not just any strategy, are necessary.

According to Wright (1996), “once a planned strategy is implemented, it often requires modification as environmental or organizational conditions change. These changes are often difficult or even impossible to forecast. In fact, it is a rare situation indeed in which top management is able to develop a long-range strategic plan and implement it over several years without any need for modification. Hence the intended strategy (what management originally planned) may be realized in its original form, in a modified form, or even in an entirely different form, hence the distinction between the intended and realized strategy.(Wright, 1996). Strategic management is, therefore, a continuously changing process and this is particularly so as the level of environmental turbulence rises (Wright 1996).
7.3 THE BASIC STRATEGY – MAKING TASKS OF TODAY

In strategic management as it is practiced today, there are “three basic strategy-making tasks, namely: developing a strategic vision, setting objectives and crafting a strategy to achieve corporate objectives”. “After these tasks that are relatively theoretical, the strategy is implemented and executed. To maintain control over these processes, management builds direct and indirect control measures. These comprise performance evaluation, review of developments in the internal and external environment and initiating corrective adjustments periodically or continually as appropriate” (Strickland, 1995).

7.4 THE OVERALL PURPOSE OF STRATEGIC MANAGEMENT TODAY

According to Pettinger (1996),” the overall purpose of strategic management today is to establish, assess, maintain and develop the organisation’s position in its markets and activities.” “Strategic management shapes and influences culture and lifestyle, staff motivation, and morale, and is also responsible for standards of the organisation’s ethics, honesty, probity, personal behaviour and qualities, as well as operations and outputs (Pettinger, 1996). It is also the energizer of activities- It creates style, structures and cultures that enable the pursuit of excellent and effective activities” (Pettinger 1996). Strategic management is also concerned with “the design of organisational purpose - it is, by implication, about the design of organizations suitable for the purpose, both in terms of strategy implementation and in relation also to the wider environment. It is concerned with securing achievements for the present and developing the organisation and its capabilities to ensure results for the future” (Pettinger 1996).

Overall, Strategic Management today is concerned with “five basic issues, namely:-

i. Establishing clear aims and objectives

ii. Establishing standards of performance and the means by which this is to be measured for success/failure.

iii. Establishing and maintaining a high quality workforce.

iv. Developing the expertise, capacity and performance of the organisation and

8.0 DEFINITION OF THE TERM 'PARADIGM' AS IT IS USED IN THE FIELD OF STRATEGIC MANAGEMENT

According to an article entitled ‘key criticisms to the Strategic Management paradigm’ issued in the Course, BUS 6150 :Contributors to Strategic Management (Course Handout 2 by Dr. Lewa),”A paradigm is a scientific umbrella, which at once unifies and reconciles several preceding and conflicting theories. It puts the apparently conflicting theories into a common perspective and tries to remove the contradiction, thus its a quintessential or meta-theory”. "A paradigm derives its unifying power through the birds eye view of reality, which is on a higher level than the views taken by prior theories. It also shows ways to previously unexplored and unimportant research areas.”(Course Handout 2 by Dr. Lewa).

Gerry John in his article 'rethinking incrementalism' has described (a) paradigm as “the set of beliefs and assumptions held relatively common throughout the organization, taken for granted and discernable in the stories and explanations of the managers, which plays a central role in the interoperation of environmental stimuli and configuration of organizationally strategic responses” (Asch and Bowsman, 1989:45).

According to Ansoff (1987), “before 1962, the focus of research on strategic behaviour had been on the problem of strategic adaptation,” Chandler (1962) made it clear that the 'internal configuration' is not static but dynamic, and that “it has a strongly coupled relationship with the external adaptation”. "More recently, management practice has brought up the concept of organizational culture as the determining correlate to strategic behaviour” (Ansoff, 1987). During the 1970’s Ansoff, Declerk and Hayes(1976) stated that “several key organizationial characteristics have a strong interdependence with strategy, namely: managers, culture, information base systems, structure and capacity of management.” “With singular exceptions, past studies of strategic behaviour neglected the strong inter-coupling between strategic management and operations management. It was, therefore, difficult to translate strategic plans into strategic reality. This then unexplained difficulty was named ‘paralysis by analysis’”.

According to Ansoff (1987), the (then) ‘forthcoming shape of the emerging paradigm had the following scope:

i. The scientific optic should be multi disciplinary,

ii. The ‘problem space’ should include the interaction of strategic behavior with the configuration of, and dynamics of the organisation.
iii. The interaction between strategic and operating behavior should be included in the problem space whenever both coexist and may lay major claims on resources and energies.

iv. The evolution process should be treated holistically combining sensing, deciding and executing.

v. The evolution should be viewed as a parallel and mutual feedback process,

vi. Domains of validity should be identified for each model which purports to describe strategic activity” (Ansoff, 1987).

9.0 THE CHANGING PARADIGMS AND AREAS OF CONSENSUS: A DISCUSSION

According to Burnes (1996), “though the origins of Strategic Management can be traced to the middle years of the 19th century, it was not until after World War II that Strategic Management began to be used more widely, and then only in the United States.” “At first, strategy comprised of long range planning mainly. Under this, the firm first defined its objectives, then established plans to meet objectives and finally allocated resources, using capital budgeting in line with those plans (Burnes 1996). While the rate of turbulence in the environment remained low from the 1950’s to the late 1960’s, use of long-range planning largely met organizational needs.” “With increases in the levels of turbulence, it became increasingly evident that forecasting past trends into the future could not produce accurate results or achieve the firm’s desired objectives: growth was not steady, there were new opportunities and threats, which had not been anticipated. Volatile markets, over capacity and resource constraints took over as dominant management considerations in the early seventies” (Burnes 1996).

Long-range planning, having proved inadequate to meet environmental challenges, was gradually replaced by strategic management particularly during the first half of the 1970’s. According to Elliot and Lawrence (1985),” Strategic Management', which replaced long-range planning in use, incorporates the possibility that changes in trends can and do take place, and is not based on the assumption that adequate growth can be assured. ‘Long-range planning dealt with plotting trends and planning the actions required to achieve the identified growth targets, with a heavy bias towards financial targets and budgetary controls. According to Mintzberg (Quinn 1991: ), Strategic Management focuses “more on the environmental assumptions that underlie market trends”.

Even as the paradigms have changed, so have their definitions. New realizations which cannot be ignored have led to such definition changes. Ansoff (1965), for example, “regarded strategic
management as primarily concerned with external rather than internal concerns of the firm, especially the choice of the product mix and markets Hoffer and Schendel (1978) defined it (strategic management) as the basic characteristics of the match an organization achieves with its environment (Burnes 1996: 140) Chandler’s definition was broader than these definitions. His definition includes internal as well as external factors. He particularly sees issues such as organizational structure, production processes and technology as being essentially strategic. Andrews (1980) is of the view that “Strategy Management therefore, must encompass the totality of the organizational domain and must not be restricted to one aspect such as determining the product market mix” (Burnes 1996).

Modern strategy has been described as:

i. Concerning the full scope of an organization's activities.

ii. Concerning the process of matching the organization's activities to its environment,

iii. Concerning the process of matching its activities to its resource capability

iv. Having major resource implications,

v. Affecting operational decisions,

vi. Being affected by the values and beliefs of those who have power in an organization,

vii. Affecting the long-term direction of an organization.”

(Johnson and Scholes 1993).

The paradigms of strategy have always, to varying extents, had characteristics in common; be it strategic planning, long-range planning and even in the original use of strategy in the military:

i. Strategy recognizes the existence of potential or actual competitors

(or rivals) and threats etc.

ii. It is a response to such rivalry/threat,

iii the success or failure or otherwise, of a strategy provides feedback for maintenance of, or change of the strategy,

iv Strategy attempts to control the unforeseeable

future in the face of uncertainty; it attempts to reduce risk,

v Key strategy-making is the domain of top management (leadership).

Despite such commonalities, each major paradigm may be very different from the others. Some strategies are, for example, qualitative-oriented and others quantitative-oriented. In yet other
strategies, there may be a mix of both orientations, as the environment becomes more complex. Some strategies may prove inadequate eg, long-range planning in turbulent environments. There may also be differences in the forms of delegation of the strategy at each level of strategy. These levels namely are: the corporate level, the business level, the operational level and the functional level. Simple strategies are easily delegated while with complex strategies delegation may be crucial, necessitating heavy upper-level management responsibility and involvement for increased chances of success. This is becoming the case today with increased turbulence in the business world. For stable environments, long-range planning is sufficient. This was particularity so before the Mid-1970's when the Middle – East Oil price hike suddenly shattered the relative peace that there was and caused upheaval in business activity. Long-standing methods such as Strategic Planning which had been accepted were now questioned, rethought of, and modified; previously accepted models had now proved inadequate.

10.0 THE SCHOOLS OF THOUGHT AND KEY CONTRIBUTORS TO STRATEGIC MANAGEMENT

“Mintzberg (1990) has been working on the truly monumental task of creating an ‘encyclopaedia’ of Strategic Management research. He has located 10 ‘schools’ of strategy research, which have developed from the emergence of Strategic Management as a field of study during the 1960’s” (Course Handout 2). There are, currently, these ten (10) main schools of thought on Strategic Management, and whose features and key contributors I will discuss below:

These schools namely are:-
10.1 The design school,
10.2 The planning school,
10.3 The positioning school,
10.4 The external school and
10.5 The Cognitive school,
10.6 The learning school,
10.7 The power school,
10.8 The culture school,
10.9 The environmental school and
10.10 The Configuration school,
The first three schools above are "prescriptive" in nature (Course Notes, BUS 6150 BY Dr. Peter Lewa). They show how strategies should be formulated and not how they should be formed. The next five (5) schools talk about "how strategies are made; how they form". (Course Notes, BUS 6150 by Dr. Peter Lewa) The last School is a combination of the previous schools integrating different elements of strategy. In this section, I will describe briefly each school of thought and its contributors, based on course notes for Bus 6150: Contributors to Strategic Management, a course that is taught at the United States International University -Africa (U.S.I.U- A), in addition to using material from student (group) Term Papers in the same course and the book ‘Strategy Safari’ by Henry Mintzberg et. al.(1998).

10.1 THE DESIGN SCHOOL

10.1.1 Introduction

The Design School approaches strategy as a process of conception i.e conceiving ideas and converting them to strategy (Course Notes, BUS 6150 by Dr. Lewa).

"At its simplest, the design school proposes a model of strategy-making that seeks to attain a match or fit between internal capabilities and external possibilities and assumes the CEO is the chief strategist". (Mintzberg et al 1998). According to its best-known proponents, "Economic strategy will be seen as the match between qualifications and opportunity that positions a firm in its environment. The real impetus for the design school came from the General Management group at the Harvard Business School, beginning especially with the publication of the basic textbook, 'Business: Text and Cases', which first appeared in 1965. However, the origins of the design school can be traced back to two influential books written at the University of California at Berkeley, and at MIT respectively namely, Philip Selznick's 'Leadership in Administration', of 1957 and Alfred Chandler's 'Strategy and Structure' of 1962.

After external and internal appraisals, once alternative strategies have been determined, the next step in the model is to evaluate them and choose the best one (Mintzberg et al.1998). "According to Richard Rumelt (1997), a DBA degree holder from the Harvard General Management group, the (possibly) best framework for making this evaluation in terms of a series of tests is:

(i) Consistency -the strategy must not present mutually inconsistent goals and policies,
(ii) Consonance -the strategy must represent an adaptive response to the external environment and to the critical changes occurring within it,
(iii) Advantage-the strategy must provide for the creation and or maintenance of a competitive advantage in the selected area of activity (Mintzberg et.al. 1998),
(iv) Feasibility-the strategy must neither overtax available resources nor create unsolvable sub-problems” (Mintzberg et.al. 1998).

10.1.2 The Basic Premises of the Design school

According to Mintzberg et.al.(1998), “the design school has a number of basic premises underlying it:

i. “Strategy formulation should be a deliberate process of conscious thought,

ii. Responsibility for that control and that consciousness must rest with the chief executive officer: that person is the strategist

iii. The modes of strategy formation must be kept simple and informal.

iv. Strategies should be one- of –a- kind. The best ones result from a process of individualized design.

v. The design process is complete when strategies appear fully formulated as perspective.

vi. These strategies should be explicit so they have to be kept simple

vii. Finally, only after these unique, full blown, explicit, and simple strategies are fully superfluous can they be then superfluous.”

10.1.3 Key Contributors to the Design School

Philip Selznick is believed to be the founder of the basic published concepts that underlie the Design School, in his book “Leadership in Administration” (1957), as stated earlier on. “He believed that it is the leader who defines the end of organizational directives. His view of the leader is that of designer or adaptor to a particular design. This leader, according to Selznick, is to ensure that design is implemented. Another key contributor was Igor Ansoff, who in his book “Corporate Strategy” (1965) 1987 points out some key concepts of the Design School although his emphasis in the book was more concerned with the planning school. Also, the work of Alfred Chandler in his book “Strategy and Structure” (1962) grounded the concept of the design school by establishing its concept of business strategy and its relationship to structure as stated earlier. “The greatest contribution to the design school lay in the works of Andrews (1963) who viewed strategy formation as a custom made process of design. He split the design into a model that
places primary emphasis on the appraisals of the organisation with emphasis on the external opportunities and threats and the internal weaknesses and strength. In this model, he seeks to also emphasize the management and its social responsibilities and the results he believed were to be the creation of strategies. Andrews also believes that design is not totally limited to the leader because there is need for involved participation of others within and outside the organization, unlike Selznick who believes that the leader is the sole designated designer and implementer. However, both writers' views agree on the concept of the simplicity of the process of the Design School. The work of Michael Porter was useful to Andrews who later revised his work in the 1980's. At this latter revision, Andrews (1982) detracted some concepts in the nature of a company's environment from Michael Porter' book on competitive strategy (1980's).

The Design School paradigm identifies strategy formation as a concept of ideas (mental processes) where ideas are conceived and then converted into strategies; a match of fit is sought between internal capabilities and external possibilities and assumes that the C.E.O is the chief strategist.” (Mintzberg et al 1998)

10.1.4 CRITICISMS OF THE DESIGN SCHOOL
The criticisms of the Design School are as follows:-

i) Strategy cannot be the preserve of one person.

ii) The paradigm omits a critical part of strategy- that strategies are emergent.

iii) The school has denied itself a chance to adapt; there have been no changes to approach and conception of the school since Christensen, Andrews and Guth whose writings date back to 1965.

iv). The model exhibits a great deal of generality and is at times dogmatic.

(v) The design school denies certain aspects of strategy formation i.e., incrementalism and emergent strategies, influence of existing structure on strategy and full participation of actors other than the chief executive.

(Mintzberg et. al. 1998)
10.2 THE PLANNING SCHOOL

10.2.1 Introduction

"The Planning School originated at the time of the Design School" (Course Notes, BUS 6150 by Dr. Peter Lewa). "It looks at strategy as a formal process. It holds the view that planning is created through Strategic Planning. The most influential work was a book by H.I. Ansoff (1965) called ‘Corporate Strategy’. This book elaborated on the steps in planning. It influenced the way organizations were managed, the way planning was done. This book was like that of the Harvard group published in 1965 (Mintzberg et al. 1998).” Since the 1970’s, the increased turbulence in the business environment made Strategic Planning become inadequate- Long Range Planning, a part of Ansoff’s book was ‘dead’. " (Course Notes, BUS 6150 by Dr. Peter Lewa). According to Mintzberg et al (1998), “the central messages of the Planning School include: formal procedure, formal training, formal analysis and ‘lots of numbers.’ “Strategy (is) guided by a cadre of highly educated planners who are part of a specialized Strategic Planning department with direct access to the chief executive.” Mintzberg et al (1998) states that “the basic ideas in the strategic planning model are as follows: Take the SWOT analysis, divide it into neatly delineated steps, articulate each of these with lots of checklists and techniques, and give special attention to the setting of objectives on the front end and the elaboration of budgets and operating plans on the back end.”

“The basic Strategic Planning model is carried out in a number of main steps, namely:- The objective setting stage, the external audit stage, the strategy evaluation stage, the strategy operation stage and the scheduling of the whole process. (Minzberg et al 1998).

10.2.2 The Premises of the Planning School

The premises of the planning school can be summarized as follows:

i. "Strategies result from a controlled, conscious process of formal planning decomposed into distinct steps, each delineated by check lists and supported by techniques"

ii. Responsibility for that overall process rests with the chief executive in principle; responsibility for its execution rests with staff planners in practice

iii. Strategies appear from this ‘full-blown’ process to be made explicit so that they can then be implemented through detailed attention to objectives, budgets, programs, and operating plans of various kinds.”

(Mintzberg et al 1998)
10.2.3 The Key Contributors to the Planning School

The oldest among the key contributors is Sun Tzu. In his book, ‘Bing Fa book’, written in the 14th century AD, among other things, he stresses the importance of war to the survival or ruin of the state, hence the need for it to be "thoroughly studied". This was in line with "one aspect of (his) principles of strategies: prudence and the need for good planning; there being a need for detailed planning (Mintzberg et al 1998).

Another contributor to the school was Professor Igor Ansoff. In his book ‘Corporate Strategy’ (cited elsewhere), "he elaborated steps in planning and influenced people in the way business was conducted." "The book emphasizes that successful entrepreneurs rise above urgent day-to-day problems and seize opportunities by planning strategically. Vital questions posed in the book are: How can a firm make the most of its present market position? How and when should it diversify? (Mintzberg et al 1998).

Henry Mintzberg in his book, ‘The Rise and Fall of Strategic Planning’ (c1994) argues that strategy emerges over time as intentions collide with and accommodate a changing reality. Thus, one might start with a perspective and conclude that it calls for a certain position, which is to be achieved by way of a carefully crafted plan, with the eventual outcome and strategy reflected in a pattern evident in decisions and actions over time. The pattern in decision and actions defines what Mintzberg called ‘realized’ or ‘emergent’ strategy.”

Kenneth Andrews in his book “The Concept of Corporate Strategy” cited elsewhere in this study presents this lengthy definition of strategy: "Corporate strategy is the pattern of decisions in a company that determines and reveals its objectives, purposes or goals, produces the principal policies and plans for achieving those goals and defines the range of business the company is to pursue, the kind of economic and human organization it is in or intends to be, and the nature of the economic and non-economic contribution it intends to make to its shareholders, employees, customers and communities.” (Mintzberg et al 1998).
10.2.4 CRITICISMS OF THE PLANNING SCHOOL

According to the Planning School, “strategies emerge from a controlled and conscious process of formal planning” (Course Handout). This view is criticized as follows:

i. “Strategic Planning is a misnomer for strategic programming, the articulation and elaboration of strategies or visions that already exist.

ii. Planning represents a calculating style of management, not a committing style. The former fixes on a destination and calculates what the group must do to get there with no concern for the members’ preferences.

iii. The grand fallacy of Strategic Planning is that because analysis encompasses synthesis, Strategic Planning is strategy-making. This fallacy itself rests on the fallacious assumptions that prediction is possible, that strategists can be detached from the subject of their strategies and that strategy process can be formalized.

iv. Prediction of future assumptions that the world will hold still while plans are being made, and then stay on the predicted course while the plan it is being implemented.

v. The premise that planners who are detached from business operations and the market context can produce effective strategies through formalized processes is questionable.

vi. The questionable idea that formalized procedures can, in fact, produce strategies where as their proper function is to operationalize already existing strategies.” (Course Handout).

“While the Planning School grew to have an enormous impact on the practice of Strategic Management in the 1970’s, major setbacks seriously undermined it. Today it is pale a shadow of its former influence. (Mintzberg et.al. 1998).

10.3 THE POSITIONING SCHOOL

10.3.1 Introduction

“The Positioning School looks at strategy formation as an analytical process” (Course Notes BUS 6150 by Dr. Peter Lewa).” It is about doing analysis and taking position in the market. It emphasizes the importance of strategies and not necessarily their formation” (Course Notes, BUS 6150). Michael Porter (1980) has done the most influential work on this school in his book, ‘Competitive Strategy.’ His idea is that if one is able to establish a competitive position before anyone else (i.e competitors), then they make supernormal profits (Course Notes, BUS 6150). This can be done through the use of generic strategies i.e., differentiation, cost leadership and
focus (Course Notes, Bus 6150). According to Porter (1980), for the organization to survive, it has to conduct industry analysis, and competitor analysis by using the forces model i.e.,

i. Power of suppliers,
ii. Power of buyers,
iii. Threat of substitutes,
iv. Threat of entry and,
v. Rivalry.

According to Mintzberg et al (1998), the ‘watershed’ year for this school was 1980, when Michael Porter published 'competitive strategy', as stated earlier on. It “acted as a stimulus to draw together a good deal of the disenchantment with the Design and the Planning Schools, as well as the felt need for substance. ‘Competitive Strategy’ gelled the interest of a generation of scholars and consultants. A huge wave of activity followed, quickly making this the dominant school in the field. Although the positioning school accepted the premises that underlay the planning and design schools as well as their fundamental model, it added content in two ways, namely, by emphasizing the importance of the strategies themselves and it also added substance.” “After all those years of the general pronouncements of the planning school and the repetition of the design school model, the positioning school, by focusing on the content of strategies, opened up the prescriptive side of the field to substantial investigation” (Mintzberg, 1998).

10.3.2 The Premises of the Positioning School.

In brief, the premises of the Positioning School are as follows:

i) “Strategies are generic, specifically common, identifiable places in the market place.

ii) That the market place (i.e. the context) is economic and competitive,

iii) The strategy formation process is, therefore, one of selection of these generic positions based on analytical calculation,

iv) Analysts play a major role in this process,

v) Strategies thus come out from this process full-blown and are then articulated and implemented.”(Mintzberg et al. 1998).
10.3.3 Key Contributors to the Positioning School

There are a number of key contributors to this school. "This school comprises three different "waves," namely:

i) The early writings related to the military,
ii) The "consulting imperatives" of the 1970's and,
iii) The more recent work on empirical propositions especially of the 1980's." (Course Notes Bus 6150).

The most prominent of contributors to the Positioning school include the early writings of Sun Tzu and more recently those of Von Clausewitz. These two delineated types of strategies and matched them to the conditions that seemed most suitable though their work was not so systematic in the contemporary sense of statistical data.


Under the second 'wave; the search for 'consulting imperatives', key contributors include the Boston Consulting Group (BCG). It introduced two techniques, namely the Growth -Share Matrix and the 'experience curve'. The experience curve dates back to some research done in 1936 that suggested that "as the cumulative production of a product doubles, the cost of producing it seems to decrease by a constant amount (generally 10 to 30 percent)." "The Profit Impact of Marketing Strategies (PIMS) developed in 1972 for General Electric (GE) identified a number of strategy variables such as investment intensity, market position, and quality of products and service.

The 'Third Wave' began as a trickle in the mid -1970's and exploded into prominence after 1980, dominating the whole literature and practice of Strategic Management. Michael Porter (1980) took the basic approach of the Design School and applied it to the external or industry environment. Michael Porter's work, including also 'Competitive Advantage (1985), offered a foundation for the school rather than a framework i.e a set of concepts on which to build rather than an integrated structure on its own right"(Course Notes BUS 6150).
10.4.2 The Premises of the Entrepreneurial School

The premises of the entrepreneurial school can be summarized as below:

(i) "Strategy exists in the minds of the leaders as perspective, specifically as a sense of long-term direction, a vision of the organization's future.

(ii) The process of strategy formation is semiconscious at best, rooted in the experience and intuition of the leader.

(iii) The leader promotes the vision single-handedly even maintaining close personal control of the implementation, in order to be able to reformulate specific parts as necessary.

(iv) The strategic vision is thus malleable and so entrepreneurial strategy tends to be deliberate and emergent.

(v) The organization is likewise malleable, having a simple structure responsive to the leader's directives.

(vi) Entrepreneurial strategy tends to take the form of niches protected from the forces of outright competition. Thus, the entrepreneurial school looks at strategy formation as a visionary process and it focuses on the leader as the chief strategist." (Mintzberg et. al, 1998).

10.4.3 Key Contributors to the Entrepreneurial School

This school has had a number of key contributors, including Pichot (1985). He introduced the term ‘intrapreneurship’ referring to visions that cut across large organizations. Micheland (1961) stated that entrepreneurs make well-calculated moves, take notes and give direction, motivated by the need for power and achievement. (Course Notes, BUS 6150). Henry Mintzberg has also contributed to this school and stated that this school is dominated by the active search for opportunities by the chief architect, a view also stated by Drucker (1970’s). Drucker states that in an organization these are the people who do the thinking and these are entrepreneurs.

The idea of ‘vision’ was challenged by Stacey (1992) who said that the whole concept of strategy formation is questionable especially when looked at in the view of uncertain business conditions. (Course Notes, BUS 6150). Stacey (1992) has pointed out a number of "harmful consequences of vision" such as that the advice about vision "distracts attention from what people are really doing when they successfully handle unknowable futures-Learning and political interaction." Collins and Porras in their book ‘Built to last’ (1994) suggest that it is better to
build a visionary organization than to rely on a leader with mere vision. They state this partly because the entrepreneurial approach is risky in that it hinges on the health and whims of one individual, yet "one heart attack can literally wipe out the organization’s key strategist." (Mintzberg et al., 1998).

10.4.4 Criticisms of the Entrepreneurial School

The criticisms of this school are as follows:

(i) "It looks at strategy as the sole responsibility of the leader while he is also influenced by other environmental factors.

(ii) The concept of 'vision formation' is questionable particularly when looked at from certain perspectives of uncertainty in the environment. It also challenges the premises that the existence of the organization is solely dependent on the existence of the entrepreneur.”

(iii) Greiner (1972) and Tashakori (1980) stated that founders manage in ways that enable them to maintain control over organizational affairs than do non-founders, thereby discouraging innovation or creativity.

(iv) Strategy-making should be a democratic process. People should have a say in their destiny; a chance to influence the direction of the enterprise to which they devote their energy.” (Harvard Business Review 1996)

10.5 THE COGNITIVE SCHOOL

10.5.1 Introduction

"The cognitive school looks at strategy - formation as a mental (mind) issue. It should not be confused with entrepreneurship). In school number one (Design School), the mind is called into focus. The mind is used to prepare strategies. In the Design School, you are preparing using the mind but in the Cognitive School, you do the strategic thinking using maximum brain power. The Cognitive School looks at the world objectively and tries to interpret what the world 'says.'” (Course Notes BUS 6150). If "holds the perspective that strategy formation is a mental process arising from the knowledge structures and thinking process of the strategist. It takes two postures:- One which observes the world as such, and the other observes the world subjectively and interprets it according to the whims or desires of the leader” (Mintzberg et al 1998).
10.5.2 Premises of the Cognitive School

The Cognitive School has 4(four) main premises, namely that:

i) "Strategy formation is a cognitive process that takes place in the mind of the strategist.

ii) Strategies thus emerge as perspectives e.g in the form of concepts, maps, schemas, and frames.

iii) These inputs, according to the "objective wing" of this school flow through all sorts of distorting filters before they are decoded by the cognitive map, or else, according to the "subjective wing" are merely interpretations of a world that exists only in terms of how it is perceived.

iv) As concepts, strategies are difficult to attain and difficult to change when no longer viable.” (Mintzberg et. al. 1998).

10.5.3 Key Contributors to the Cognitive School.

"The body of work in this school is not so much a tight school of thought, as a loose collection of research which seems to be developing into a school. This school sees strategy-formation as a mental process. The cognitive school is at its best an evolving school of thought on strategy formation. Some key researchers under this school are Reger and Huff (1993), Bogner and Thomas (1993) and Herbert and Thomas (1993). Herbert Simon (1947), (1957) “popularized the notion that the world is large and complex, while human brains and their information processing capacities are highly limited in comparison. Decision- making thus becomes not so much rational as a vain effort to be rational. A large amount of research literature or judgmental biases followed. Makridakis (1990) summarized some of the results of this research that is the Cognitive School. Ann Huff (1990), one of the most active writers on the cognitive school, has distinguished ‘cognitive maps’ that identify the factors that are important to managers (eg, profile of important competitors) from that show the relationships among these different factors (eg how important competitors will respond to our price cuts with their own) (Mintzberg et al 1998). “Kenichi Ohmae has tried to understand how people formulate strategies and come up with a plan of strategic thinking” (Course Notes, BUS 6150).

10.5.4 Criticisms of The Cognitive School

"The key criticism of this school is that there is no agreement on the boundary of paradigms to adopt, whether objective or subjective views of the world” (Mintzberg et.al.,1998).
10.6 THE LEARNING SCHOOL

10.6.1 Introduction

"It looks at strategy as an emergent process i.e. that strategy evolves—that you (the strategist) change things as per your behavior in the market place (Course Notes, BUS 6150). “Followers of the learning school believe that strategies emerge by the learning or gaining of experience of the strategists” (Course Notes, BUS 6150). “A contributor to this school, Charles Lindbloom (1959), stated that through the difficulties of measuring up, learning takes place. In his book ‘Strategies for Change’ (1980), Brian Quinn looked at logical incrementalism strategies. Nelson and Winter (year not given), state that strategies form from change” (Course Notes, BUS 6150).

10.6.2 The Basic Premises of the Learning School

There are a number of premises of the Learning School. These include those that state as follows:

(i) “The complex and unpredictable nature of the organization’s environment often coupled with the diffusion of knowledge bases necessary for strategy, precludes deliberate control. It is a process of learning over time, in which, at the limit, formulation and implementation become indistinguishable

(ii) More commonly, rather than the leader, it is the collective system that learns.

(iii) This learning proceeds in an emergent fashion, through behaviour that stimulates thinking retrospectively, so that sense can be made of action.

(iv) The role of the leader thus becomes not to preconceive deliberate strategies, but to manage the process of strategic learning, whereby novel strategies can evolve.

(v) Thus, strategies appear first as patterns out of the past, only later, perhaps, as plans for the future, and ultimately as perspectives to guide overall behaviour.” (Mintzberg et al 1998).

10.6.3 Key Contributors to the Learning School

Some of earliest contributors to this school include Cyert and March’s landmark book ‘A Behavioral Theory of The Firm’ (1963.) Also related to it is the work of Richard Normann
(1977), Chris Argyris (1976) and Donald Schon (1983). Another important contributor is Peter Senges’ book, ‘The Fifth Discipline’ (1990). Yet, another important contributor in the literature concerns work on ‘knowledge creation’. One recent book of considerable substance on this subject is ‘The Knowledge Creating Company’ by Nonaka and Takeuchi (1995). They distinguish between the concepts of "tacit" and "explicit" knowledge. Currently very popular is the view that strategy depends on learning and learning depends on capabilities (Course Notes, BUS 6150). C.K Prahalad and Gary Hamel are chiefly responsible for disseminating these concepts with the business community, principally through the publication of a number of highly influential articles in the ‘Harvard Business Review’. In some recent writing (1996 and 1997), Hamel has argued for “strategy as revolution” i.e. companies can no longer simply play by the rules of the game, instead they must radically change “the basis of competition in their industries.” (Mintzberg et. 1998).

10.6.4 CRITICISMS OF THE LEARNING SCHOOL.

In brief, the criticisms are that:

i. “Learning is the wrong approach to issues during a crisis.

ii. Learning may lead to development of wrong strategies.

iii. Relying on learning solely may lead to no strategies; experience is historical (past event) and strategies are futuristic, hence strategies on a particular issue cannot be built on its own experience as none would exist.

iv. Emphasis on learning may lead to strategic drifting.”

(Mintzberg et al.1998).

10.7 THE POWER SCHOOL

10.7.1 Introduction

According to the 'Power School', strategy formation comes through active discussion i.e., negotiation.(Course Notes, BUS 6150).”The Power school is of the view that strategy is a process of negotiation i.e it is a process of influence in which the use of power and politics is prominent to favour certain groups.”

(Mintzberg et al.,1998).
10.7.2 The Basic Premises of the Power School

According to Mintzberg et al. (1998) there are four basic premises of the Power School, namely:

i) "Strategy formation is shaped by power and politics,

ii) The strategies that may result from such a process tend to be emergent and take the form of positions and ploys more than perspectives,

iii) The 'micropower' view sees strategy-making as the interplay, through persuasion, bargaining and sometimes direct confrontation in the form of political games, among parochial interests and shifting coalitions, with none dominant for any significant period of time,

iv) The 'Macropower' view sees the organization as promoting its own welfare by controlling or cooperating with other organizations, through the use of strategic maneuvering as well as collective strategies in various kinds of networks and alliances."

(Mintzberg et al., 1998)

10.7.3 The Key Contributors to the Power School

"The key contributors to the Power School include, Quinn and Lindbloom who talked about the contribution of politics in strategy. Sarrazer looked at the political process in Strategic Planning. Berger (1978) looked at strategy as the result of negotiation. Freeman (1984) was of the opinion that the school is concerned with the formation of strategy as a process of influence in which the use of power and politics is very common(Course Notes, Bus 6150). He further stated that "power is used to negotiate strategies that favour certain groups-the use of influence and negotiation to get what you want."(Course Notes BUS 6150).

"The 'Micropower' view has had a number of key contributors. The idea behind the micropower view is that organizations consist of individuals with dreams, hopes, jealousies, interests and fears. When there is any form of ambiguity e.g., competing goals, scarcity of resources, environmental uncertainty, politics arises, making it impossible to formulate, let alone implement optimal strategies. Zald and Berger (1978), contributors to this school, have "described 'social movements in organizations'". "Three in particular: 'coup d'etat's, 'insurgency' and 'mass movements." Bolman and Deal (1997) have set out some propositions about the world of politics, e.g. organizations are coalitions of various individuals and interest groups; that most important decisions involve the allocation of scarce resources - who gets what; that goods and
decisions emerge from bargaining, negotiation and jockeying for position, among different stakeholders etc.”

(Mintzberg et al 1998).

"'Macropower' is in contrast to 'Micropower.' Macropower reflects the interdependence between an organization and its environment. Strategy from a macropower perspective consists, first, of managing the demands of the environment (e.g., suppliers, buyers and competitors) and second, of selectively making use of these actors for an organization's benefit. Notable contributors to this school of thought include Pfeffer and Salancik (1978) in their book 'The external controls of organizations' they outlined a theory of macropower in which they argued that organizations can 'adapt and change to fit environmental requirements or they can attempt to alter their environment so that it fits their capabilities'. Mintzberg (1982) stated that "organizations can end up in different situations (positions) ranging from being the instrument of an external power group to the other extreme where organizations are relatively closed to external influence e.g. monopolies."

10.7.4 The Key Criticisms of the Power School

According to Mintzberg et. al (1998), there are three key criticisms of the power school, namely that:

i) "The paradigm over-emphasizes power as if it is the only player in strategy,

ii) The school tends to ignore important issues such as leadership, culture, and even the notion of strategy itself.

iii) While emphasizing politics, it ignores the capability of politics to divert or distract from the main agenda of strategy."

10.8 THE CULTURE SCHOOL.

10.8.1 Introduction

"The Culture School views strategy as being formed through a collective process” (Course Notes, Bus 6150)."Culture involves many things"(Course Notes; BUS 6150). ("Strategy results from negotiations and collective actions of many people")-“Culture is those things that influence the formation of strategy in any organization. The Culture School focuses on collective interest, not self-interest” (Course Notes, BUS 6150). The (significance of) culture and its influence was discovered in the 1980’s from the success of Japanese Corporations. By Organizational Culture
we mean 'the collective cognition'; the organizational mind i.e., collection of beliefs, norms, the way people do things in organizations as well as material things they have eg buildings, products. All these influence us in making our decisions (Course Notes, BUS 6150). "There are collective actions, negotiations of many groups under their influence of many factors, with a focus on collective interests." (Mintzberg et al 1998).

10.8.2 The Key Premises of the Culture School

The main premises of the Culture School can be summarized as follows:

i) "Strategy formation is a process of social interaction, based on the beliefs and understandings shared by the members of an organization

ii) An individual acquires these beliefs through a process of acculturation or socialization, which is largely tacit and non-verbal, although sometimes reinforced by more formal indoctrination.

iii) The members of an organization can, therefore, only partially describe the beliefs that underpin their culture, while the origins and explanation may remain obscure.

iv) As a result, strategy takes the form of perspective above all, rooted in collective intentions and reflected in the patterns by which the deeply embedded resources or capabilities of the organization are protected and used for competitive advantage.

Culture, and especially ideology does not encourage strategic change so much as the perpetuation of existing strategy."

(Mintzberg et al. 1998).

10.8.3 Key Contributors to the Culture School

Key contributors to this school include: Andrews Pettigrew (1985) who says that culture is important in the way the organizations are run (Course Notes, BUS 6150 by Dr. Peter Lewa). "Fieldman (1986) looked at the relationship between culture and strategic change. His conclusion was that the relationship between the two was close. Rieger (1987) states that the strategy called 'strategic turnaround' is a cultural revolution." Losch (1986) researched on managing culture and concluded that "culture is the incisive barrier to strategic change. Therefore, in order to overcome reluctance to bring about change, you (the strategist) can make your work easier by understanding the culture" (Course Notes, BUS 6150). Among other
contributors to this school is Tom Peters. He wrote a book called ‘In Search of Excellence’ (1982,1983). In the 1980’s, Peters, Philips and other writers looking at the contribution of culture to the success of an organization argued that culture is at the centre of everything in an organisation. That it is critical. (Course Notes,BUS 6150 by Dr. Peter Lewa). The Scandinavian Institute for Administrative Research (SIAR) has also made contributions. From 1965, (researchers) in Scandinavia started studying culture and its influence on management” (Course Notes,BUS 6150). “The work of the researchers was an attempt to understand strategic change. Their conclusion was that stagnation and organizational decline is very much influenced by culture, politics and cognitive forces. Hendberg and Johnson (1977) concluded that strategy formulation is a ‘discontinuous process’ that positioned strategy between myth and reality. They called this process ‘Metasystem.’ Jay Barney (1991) developed resource – based theory in trying to understand culture and strategy. The idea of the theory was that an organization has certain strategic resources among its resources and these resources matter in strategy formulation”.

(Mintzberg et.al. 1998).

“ ‘Culture’ was ‘discovered’ in management in the 1980’s thanks to the success of Japanese corporations.” They seemed to do things differently from the Americans while at the same time unabashedly imitating U.S. Technology. All fingers pointed to Japanese culture, and especially that manifested in the large Japanese corporations.” (Course Notes, Bus 6150 by Peter Lewa)

According to Mintzberg et al (1998), outside of Scandinavia, culture was not a big issue in the management literature prior to 1980. Then a small literature began to develop, eg, by Andrew Pettigrew (1985) and Feldman (1986). Feldman considered the relationship of culture to strategic change, as is stated elsewhere in this study. Barney (1986) ‘asked’ whether culture could be a source of sustained competitive advantage. In Canada, Firsirotu (1985) and Rieger (1987) wrote winning doctoral theses on: ‘Strategic Turnaround’ as cultural revolution in a Canadian trucking company, the other thesis being on the influence of the national culture on airlines. Bjorg Borkman (1989) has pointed to research indicating that radical changes in strategy have to be based on fundamental changes in culture. Peters and Waterman in their 1982 book ‘In Search of Excellence’ had a major theme in their book, that successful or excellent companies are said to be dominated by key values such as service, quality and innovation which in turn provide competitive advantage. In 1965, the Swedish organization (SIAR) i.e
Scandinavian Institutes for Administrative Research was formed as stated elsewhere. It was formed as a kind of consulting firm – a research establishment. Its two intellectual leaders Eric Rhenman and the Richard Normann in their books of 1973 and 1977 respectively introduced a conceptual framework, a style of theorizing and “a methodological approach that stimulated a generation of research at various Swedish Universities throughout the 1970’s.” “These people wove intricate theories, from intensive field studies, using colorful vocabulary to label some rather wooly concepts. By the late 1970’s, the (Swedish) Gothenburg group scattered and SIAR lost its missionary zeal.”(Mintzberg et al 1998)

10.8.4 **Criticisms of the Culture School**

There are a number of criticisms of the culture school, as shown below:

i. "It is conceptually vague- there are many concepts that are vague e.g., ‘what is culture?’

ii. Too many concepts in this school are developed with speed but are the same in meaning."

iii. The school favors staying in course and thus discourages change.”(But culture is critical in managing change, hence its contribution is appreciated.”under the culture school.) (Course Notes, BUS 6150).

iv. "Although culture is pervasive and dynamic, its rate of change is so slow that it is almost unnoticeable over some time. This leads to it being considered as discouraging change.

v. Due to the diversity of cultural aspects, many concepts have developed under this paradigm with all having the same meaning.”

(Mintzberg et al, 1998)

10.9 **THE ENVIRONMENTAL SCHOOL.**

10.9.1 **Introduction**

“This school states that strategy emerges from reactions to the internal and external environment” (Course Notes, BUS 6150 by Dr. Peter Lewa). “It looks at strategy formation as a ‘reactive’ process, meaning, responding to an environment that sets the agenda’. This school grew from the ‘Contingency theory of management’ i.e there is no specific way of managing; that it depends on the situation” (Course Notes, BUS 6150 by Dr. Peter Lewa). Such situations include: “size of the organization, its technology, the stability of the context etc.”(Mintzberg et al 1998).
10.9.2 The Premises of the Environmental School

The premises of the Environmental School are summarized as follows:

(i) "The environment, presenting itself to the organization as a set of general forces, is the central actor in the strategy-making process,

(ii) The organization must respond to these forces or else be ‘selected out.’

(iii) Leadership thus becomes a passive element for purposes of reading the environment and ensuring proper adaptation by the organization.

(iv) Organizations end up clustering together in distinct ecological-type niches (positions) where they remain until resources become scarce or conditions hostile, then they die.”

(Mintzberg et al 1998)

10.9.3 Key Contributors to the Environmental School

“Henry Mintzberg is one of the key contributors to the school. He states that organizations behave differently even in the same environment.” (Course Notes, BUS 6150 by Dr. Peter Lewa).

“Miller, Droge and Toulousse (1988) observed that the environmental challenges and opportunities have different consequences, depending on the strategy-making processes that suit senior management.” (Course Notes, BUS 6150 by Dr. Peter Lewa).” Hannan and Freeman (1977) brought the concept of ‘ecology’ into strategy. They said that ecology has an important influence in organizations and observed that as they tried to vary themselves from the original definition, ecological influences become significant” (Course Notes, BUS 6150 by Dr. Peter Lewa). Other contributors to this school include: William Taylor (1982) who did a study in Canada that found that internal culture in an organization (ie, “the will or desire of the organization to change strategy”) was the major factor in adaptation. Mintzberg et al (1998) have summarized the dimensions of the environment responsible for the differences we observe in organizations, namely:-

(i) Stability-ranging from stable to dynamic,

(ii) Complexity-ranging in organizations from simple to complex,

(iii) Market diversity-ranging from integrated to diversified,

(iv) Hostility-ranging from integrated to diversified.”
10.9.4 Criticisms of the Environmental School

Critics to the environmental school paradigm contend that:

(i) "Some organizations influence the environment, contrary to vice versa i.e that the environment influences organizations, as some assume.

(ii) The school’s definition of 'environment' is rather abstract.

(iii) The school assumes that the organization has no choice but to act as dictated by the environment. In reality some organizations affected by the same environmental factors are seen to develop different strategies.” (Mintzberg et al, 1998)

10.10 THE CONFIGURATION SCHOOL

10.10.1 INTRODUCTION

"The belief of the 'Configuration School’ is that strategy formation is a process of transformation. The word ‘Configuration’ here is used to mean transformation. Hence this school looks at strategy as a process of transformation”.(Course Notes BUS 6150).

"Strategy has two components, according to this school namely:

i. ‘Configuration’- meaning the state of the organization and its surrounding context.

ii. ‘Transformation’ -meaning the strategy-making process.”(Mintzberg et al 1998).

10.10.2 THE BASIC PREMISES OF THE CONFIGURATION SCHOOL

The Configuration School is based on a number of main premises, namely that:

i) "Most of the time, an organization can be described in terms of some kind of stable configuration of its characteristics.

ii) These periods of stability are interrupted occasionally by some process of transformation-a quantum leap to another configuration.

iii) These successive states of configuration and periods of transformation may order themselves over time into patterned sequences.

iv) The key to strategic management, therefore, is to sustain stability or at least adapt to strategic change most of the time but to periodically recognize the need for transformation and be able to manage that disruptive process without destroying the
organization.”
(Mintzberg et. al 1998).

10.10.3 Key Contributors to the Configuration School

“The key contributors to this school include Pradip Khadwalla (1970). He says that effectiveness results from interrelationship among several attributes and not one specific attribute. Mintzberg (1973) agrees with the ‘Configuration ‘school’s view. He also describes organizations in various ways e.g. entrepreneurship, machine types, professional types, adhocracy missionary etc. "In major studies done at Mc Gill University in the 1970’s, the researchers concluded that strategies form over time as patterns” (Mintzberg et. al.,1998). They are in response to what is happening in the environment. The organization develops in stages, including ‘growth, stabilization, adoption, struggles stage, evolution stage etc. Dan Miller and Friesan (1970’s) studied types of strategies in organizations and concluded that change in strategy was a quantum leap and not incremental” (Mintzberg et al 1998).

10.10.4 KEY CRITICISMS OF THE CONFIGURATION SCHOOL

The following are key criticisms of the configuration school:.

i) “Lex Donaldson (1996) argued that the (concept of) ‘configurations’ represented a flawed approach to theorizing because the concepts are so easy to understand (and teach), yet their meaning is so complex ,i.e that the concept has many flaws.

ii) Proponents of the Configuration School look at change as a quantum leap rather than as incremental. The organization is either stratic or changes at one time rapidly. Lex Donaldson (1996) says changes are incremental.

iii) The issue of Configuration is theory. Theories remain as theories until proven otherwise.

iii) Rumelt (1974) states that organizations develop new forms as they grow; that structure follows strategy, but also follows fashion.” (Mintzberg et. al,1998).
11.0 PRIME CRITICISMS OF THE STRATEGIC MANAGEMENT PARADIGM

The key criticisms of the Strategic Management Paradigm can be summarized as follows:

i) For each school of Strategic Management thought, "other proven theories remain outside the boundaries of a paradigm" e.g. Learning School or Cognitive School may exclude aspects of other schools". (Course Handout 2)

ii) "There is no clear way of determining boundaries between schools of thought." "Also, the factors that determine the boundaries are not clear, nor is who decides, why, nor where to put these boundaries"(Course Handout 2).

iii) "Conclusions derived from the study of subsystems do not explain all essential aspects of the behaviour. This is because "various systems are interrelated and everything depends on everything else"(Course Handout 2).

iv) "The slice of reality encompassed by a paradigm is such that most of the phenomena within this reality encompassed by the paradigm do not have a major influence on what is being studied within. So, behaviour within any bounded part of reality depends on variables inside the boundaries (endogenous variable) and variables outside (exogenous)."(Course Handout 2).

v) "The whole paradigm issue leads to a contradictory state of affairs and, therefore, a confrontation among the respective theories. Schools of followers are formed, each trying to provide additional support of the theoretical notions. It is difficult, therefore, to keep the confrontations impersonal and factual, since each group asserts to have its own empirically valid facts. There are personality conflicts and political struggles for ascendancy which is inevitable."(Course Handout 2)

vi) "Each evolution of paradigm is also likely to become more turbulent and conflict laden. This is because the individuals who break with the historical are a minority and are always resisted by the majority more established paradigms"(Course Handout 2).

12.0 THE FUTURE OF STRATEGIC MANAGEMENT

According to I Wilson (Long Range Planning 1998), "the history of the past thirty years shows that strategic planning/management has been an on -again/off- again affair for most companies, although the need for strategic thinking has increased rather than decreased." "A major cause of
this is management obsession with the ‘methodology of the month’ and a belief that there is just one best method for Strategic Management (Long Range Planning 1998). Another cause of this problem has been “management misunderstanding of the nature of strategy.”

To get the best out of Strategic Planning, or Strategic Management, to use the current and more accurate term, management must recognize that it requires a sustainable commitment and an understanding of its complex opposites (e.g. lower price vs high quality, long term vs short term, achieving sales growth Vs controlling costs) (Gold -berg 1994).

Such measures will facilitate faster and more appropriate strategic change that is continual, over time. Trend factors in the environment that affect change include the economy, politics, society and technology, competition and consumer characteristics (Goldberg 1994).

Technology will, no doubt, play a big role in the future nature and practice of Strategic Management and its change particularly because of globalization. As a result of globalization, the large amounts of data (and other information) will need to be analyzed and manipulated using fast and powerful technology (e.g. Super Computers). Planning, coordination and control of activities globally will be done using advanced Information Technology.

The characteristics of future business environments will include: “High turbulence in many industries, well informed customers, hyper-competition, a well-educated work force, much flatter organizational hierarchies, pervasive use of technology, a highly developed commercial — legal environments and complex economic environments.

No doubt, Strategic Management will continue to evolve; it will continue to be defined and redefined largely as a result of changes in the internal and external environment of business firms. These changes will give new insights into the nature of Strategic Management, further refining theory and practice. The need to use strategy will continue to grow, particularly due to increased turbulence.

Even as Strategic Management will continue to evolve, so will the rest of the business functional areas of which Strategic Management is a part. According to Makridakis (1990), “identifying past patterns and recognizing current trends is much safer than making predictions about the future, because existing trends can change, and unforeseen events and situations can develop”.
With this in mind, he has made predictions about 21st century business firms and managers. According to him, five important trends, will influence twenty-first century firms:

i. "The current trend towards more automation will continue and may even accelerate, especially office automation."

ii. The current trend towards more powerful computers and information systems will continue. Computers will become cheaper and more powerful with the accumulation of experience acquired from information systems.

iii. The trend towards higher personal incomes and demanding consumers will continue.

iv. The current trend towards globalization of trade and business will continue.

v. Population growth in many developed countries will slow down and may even decline creating a large segment of older people with different needs, income and aspirations from those of today.

Some surveys of senior management, including CEO’s in the USA and the UK in the late 1980’s, found them to consider the (then) current strategy tools and frameworks to be inadequate (Kare -DeSilver, 1997). More than 60% thought them “too theoretical, superficial and confusing,” 38% said they found them inapplicable to their business crisis situation. More than a quarter of them agreed that the then existing tools were helpful in their competitive environment (De Kare- Silver, 1997). Dekare-Silver’s (1997) book is entitled ‘Strategy in Crisis’, and calls for a completely new application to strategy.

Strategy tools and frameworks, such as the BCG matrix, Profit Impact of Market Strategy (PIMS) and ‘parenting’ have been found to be inadequate e.g. the BCG matrix is not a guide to strategy; it’s a guide to investment! It also ignores many factors affecting profitability such as competitive intensity, competitive advantage and ignores customer needs. PIMS has also had weaknesses: Market -Share definitions are much more uncertain in a global market place and can be misleading. Guidance to more specific sources of competitive advantage is absent and the whole approach of PIMS is insular and incremental (De-kare Silver, 1997). He suggests seven criteria which should be used to govern the development of any new network, namely:-

i. Reflecting current business realities,

ii. Starting with customers in mind,

iii. Rooted and immersed in market understanding,
iv. Practical - not theoretical
v. Specific - not superficial
vi. Encouraging a longer-term view
vii. Measurable.

As I have stated earlier on, the need to use strategy will continue to grow due to increasing turbulence in the environment. Such internal and external environmental change and turbulence is, and will be largely technology-driven and therefore fast-paced. This is complicated further by the possibility of changes in trends even in unexpected ways, making it necessary to develop strategic tools and frameworks that can respond fast to change, creatively and effectively, whatever the form or nature of such change occurs.

13.0 General Recommendations

The following are some recommendations to assist organizations perform better when managing strategy: According to Makridakis (1990), some of the common mistakes made during Strategic Management, (and which should be avoided) are:- overconfidence, inability to adapt to change, inability to distinguish temporary from permanent changes, and underestimating uncertainty, among other things. According to Brown (1998) change is pervasive. Therefore, the key strategic challenge facing managers in many contemporary business organizations is managing this change. Brown (1998) further states that "the challenge is to react quickly (when necessary), anticipate wherever possible, and lead change where appropriate. These should be done continually and consistently." (Brown, 1998)
14.0 CONCLUSION

This Literature Review Project has traced the evolution of Strategic Management (particularly in the USA) since the 1950's. It has also described developments and criticisms relating to the key strands of the discipline of strategic management i.e. Long-Range Planning, Strategic Planning and Strategic Management. It also compared and contrasted the changing paradigms and discussed related change factors. Other issues discussed were: the work of key contributors vis-à-vis the different schools of thought in Strategic Management, the practice of Strategic Management today and the future of Strategic Management, in addition to criticisms of the strategic management paradigm and recommendations on mistakes to be avoided in the future practise of Strategic Management.

As has been stated, organizations, whether large or small, are created to meet the needs of their stakeholders (whom they serve) each to some extent or other. This necessitates a need for management to organize, coordinate and control activities to attain organizational goals efficiently using available resources. Because of increased competition and uncertainty, it is necessary for management to use strategies to enable them to successfully meet organizational goals. Strategy was defined as being, in effect, “management’s, ‘game plan’ for strengthening an organization’s position, achieving performance targets” and, more recently to meet customer needs and ultimately create value for all stakeholders, in the short as well as the long-term.

Since the 1950’s, which is when this study begins, in the U.S.A., Strategic Management and its prototypes have evolved in nature, practice and scope from relatively humble beginnings to increasing sophistication and has gradually acquired a very critical importance in today’s highly competitive, globalized and fast-changing business environment. They have become crucial for survival in many industries, as the Literature reviewed has shown. There is no doubt that evolution will continue in the future. Strategic Management will continue to be defined and redefined largely as a result of changes in organizations’ internal and external environments which give new insights into the nature of Strategic Management also define success factors in various (differing) business situations; (e.g. in large or small organizations, in slow and fast-changing environments, in profit and not-for profit organization etc), in a continual refinement process,
15.0 REFERENCES

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THE EVOLUTION OF STRATEGIC MANAGEMENT

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