READINGS IN STRATEGIC MANAGEMENT

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READINGS IN STRATEGIC MANAGEMENT

Edited by

David Asch
*School of Management
Open University*

and

Cliff Bowman
*School of Management
Cranfield Institute of Technology*

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Preface

'Strategic management is the process of making and implementing strategic decisions ... (it) is about the process of strategic change' (Bowman and Asch, 1987, p. 4). This general definition of strategic management conforms with that of most texts in the field (for example, Jauch and Glueck, 1988, p. 5, and Johnson and Scholes, 1988, p. 10). The task of strategic management involves both top management and managers at all levels in the organization. Readers will probably be aware that strategic management is sometimes referred to as corporate strategy, business policy, management policy and organizational policy, which all deal with the same general area of study.

Strategic management affects all parts of the organization. Strategic decisions concern the scope of an organization's activities. That is, should the organization focus on one type of activity, or should it encompass many different types? Strategic management is also concerned with matching of the organization to the environment in which it operates. Accordingly, management will need to consider what threats or opportunities exist, or may exist in the future, in order to position the entity appropriately. Linked closely with this is the need to understand the organization's own capabilities. The availability of resources (people, technology and finance for example) to meet environmental discontinuities and change is fundamental to the organization's strategic development. Strategic decisions are, therefore, likely to have a significant impact on the organization's resources. This may involve disposal or acquisition of resources, or it may involve major changes to the financial structure of the organization. Then again strategic decisions could have a major influence on working patterns and the skills and abilities required of the employees. The way in which an organization develops will also be a function of how managers view their world, the power relationships within the organization, and how the organization is structured and controlled.

The Bradford studies of decision making identified a number of issues concerning strategic decisions (Hickson *et al.*, 1986). They found that strategic decisions themselves tend to be less frequent and more non-

routine than most other decisions, and are, therefore, comparatively novel (pp. 26–54). There will be few if any precedents for them, yet they are likely to set precedents for subsequent decisions. Strategic decisions commit substantial resources and are organization-wide in their consequences. The most frequent decision topics were those concerning technologies (to re-equip, rebuild), reorganizations, followed by controls (making of plans, the fixing of budgets, commitments on data processing equipment), and domain or market type decisions (price, distribution, image).

The challenge of strategic management is in the involvement of managers in guiding the future direction of the organization. They need, therefore, to understand the complexity deriving from the need both to adopt a strategic perspective, as opposed to a functional or specialist or technical view, and to understand and appreciate the subtlety, inconsistency, bureaucracy, political machinations and the imperatives of the world in which the organization operates. Realistically, we should recognize this complexity and avoid a simplistic approach. Consequently, our selection of readings is intended to illustrate the complex world of the strategic development of organizations so that readers can develop and enhance their own approach to the subject. In conclusion, a single paradigm is not appropriate. We need to recognize that different skills and techniques are required in a dynamic and innovative organization as opposed to those required in a bureaucracy. Strategic management deals with both the uncertain and the unknowable. So, in addition to analysis, managers rely on accumulated experience – a ‘feel’ for the situation, or intuition. As a result, the paramount indispensable attribute is good judgment which should underlie every decision and action (see, for example, Quinn *et al.*, 1988).

We have selected and structured this collection of readings to reflect the broad and diverse nature of the developing field of strategic management. The wide variety of issues associated with both the theoretical and the practical development of the subject are presented through this range of articles. By virtue of the nature of the subject, some of the papers offer contradictory views. We believe this to be a strength in that it enables a critical examination to be made of the different perspectives arising from differing contexts. Each of the three parts contains papers which develop the conceptual framework of strategic management as well as pieces reporting on the findings of empirical research. We have included some papers with a very prescriptive or normative view of strategic management and some which seek to describe strategic management in practice. There is no one best way in management, so no prescription works for all organizations. Normative concepts have been included where we believe they offer some under-

standing of the complexity of organizational strategy and where they are associated with other readings or empirical evidence of their use.

We have selected these articles because we believe that they contribute to our understanding of strategic management, or some aspect thereof, better than other articles. Some articles are new, some are older, three have been written specifically for this collection. In order to present a wide variety of good ideas we have edited each of the previously published papers. This has often involved the elimination of interesting examples and/or the detailed methodologies used. In so doing, we have endeavoured to ensure that the key messages have been retained in as concise a manner as possible.

Part I is concerned with strategic management processes. Inherent in it is the view that strategic management is more than corporate or strategic planning. Indeed, corporate planning may be a part of, or element in, the strategy process. In these articles we seek to reflect the differing approaches to the subject as a management process. We believe that an appreciation of the process by which strategic decisions are made is fundamental to understanding why and how such decisions are arrived at. Some knowledge of the process may also help us to grapple with the realities and complexities involved in formulating policy and managing strategic change. Because strategic management is relevant to all types of organization, this part of the collection includes an article on small firms and another on a non-profit-making organization. Part I provides an important perspective on our view of both strategy formulation and the management of strategic change and is crucial to our understanding of the contexts in which these activities take place.

Strategy formulation, Part II, focuses on strategic analysis. The readings concentrate on analysis of the organization in terms of internal and external features, a consideration of strategic options plus a view of the issues involved in the selection of an appropriate strategic alternative. Also included in Part II are two papers on business ethics which we believe raise some interesting issues for the reader to consider as part of developing an understanding of strategy formulation. The number of contributions in this section reflects the fact that it is arguably the most developed part of the literature. Its size also reflects the breadth of the subject matter.

The final section, Part III, is concerned with managing strategic change. This part has contributions on strategy implementation, strategic control and strategy and structure. The management of strategic change concerns issues involved in translating the formulated, often well articulated, strategies into action plans. The articles span a range of interrelated topics from strategic control to power relationships to the stages of growth in organizations. Given the iterative nature of what can

be a very complex process, it may not always be appropriate to distinguish formulation and implementation of strategy quite so neatly. Reality is likely to be much more confused, complex and messy.

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