

# Develop “Approach”- Backbone of Strategy Making

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## Abstract

A winning strategy is more important than ever for firms. This goal can be attained in part by using the process you decide on for strategy creation. This article defines the process of developing a strategy along the continuum between purposeful practice and emergent strategy. By conducting in-depth interviews with "key whistleblowers" (CEOs of businesses) and interviewers (managers) within the organizations themselves, statistical tools have allowed us to reach some surprising findings regarding the processes involved in formulating strategies. Such as the elements of these processes and the variables that affect the method of strategy formulation choosing. Via factor analysis, three ideas—"performance consensus," "specificity of goals and methods," and "flexibility of goals and means"—are utilized to illustrate how the development strategy was put together. While "flexibility of aims and means" has typically been linked to emerging strategies, the "ends, and means of specificity" approach has traditionally been linked to well-thought-out methods. Both tactics were referred to as having the same level of consensus efficacy. Factors like "Preferred risk tolerance," "Comfort paired with stability and predictability," and "preferred largely autonomous or individual conduct" also demonstrate differences in approach. And last, "business size," "CEO Influence," and "environmental insecurity" control the process of developing a plan. When managers know the optimal procedure for developing strategies, they can be adaptable. It is better to be aware of the advantages each technique might provide rather than picking one over the other. A continuously changing environment puts pressure on the implementation of new tactics; therefore, performance agreement is crucial for successful application.

**Keywords:** Organization structure, strategy making, decision making, consensus efficacy, implementation

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## Introduction

Organizations' core business practices are altered by shifting business circumstances. Controversy and various strategies built on ostensibly opposing underlying beliefs have always characterized the field of strategy. In this piece, the strategy's fundamental nature is not being questioned. Because strategy theory needs to be an ongoing dialogue with practice to remain relevant and significant, we think that scholarly study into strategy should halt at the actuality of strategy in practice. The concept is that business reality should influence strategy and reflect organizational contexts' needs. Organizational strategy in a complex and ever-evolving world should be dynamic and not necessarily reflect what academic ideas statically recommend. The context has a significant impact on strategy-making (strategizing), which is equally crucial to the ultimate approach chosen. According to research, the philosophy underlying strategy development is to examine it practically in the context of insightful feedback and input from the corporate world. So, this process can go to either of these two extremes, where strategy-making is a traditional process-based approach on the one hand and an adaptive process that matures as circumstances permit it with clarity of specific organizational patterns on the other. These two fundamentals, at first glance conflicting ideas of strategy creation show themselves in literature as a continuum.

The phrase "strategic-making" is employed (rather than "creation," "development," or "formulation"). A plan must be operationalized or put into action for it to be made (or formed). The last half of the term is crucial since emergent strategies are not often consciously intended (or even developed, for that matter), but rather develop inadvertently along the way. Make a distinction between intentional and accidental methods using Mintzberg's analogy: In that, it emerges at a certain time and is regulated by a set of principles that are already constructed and prepared for use, deliberate strategy making adopts a "Biblical" approach. An evolving and changing strategy that survives by adapting as the environment itself changes is known as a "Darwinian" approach to strategy formation. Figure 1 shows the opposite ends of the continuum as well as several additional factors to take into account while formulating a plan of action.

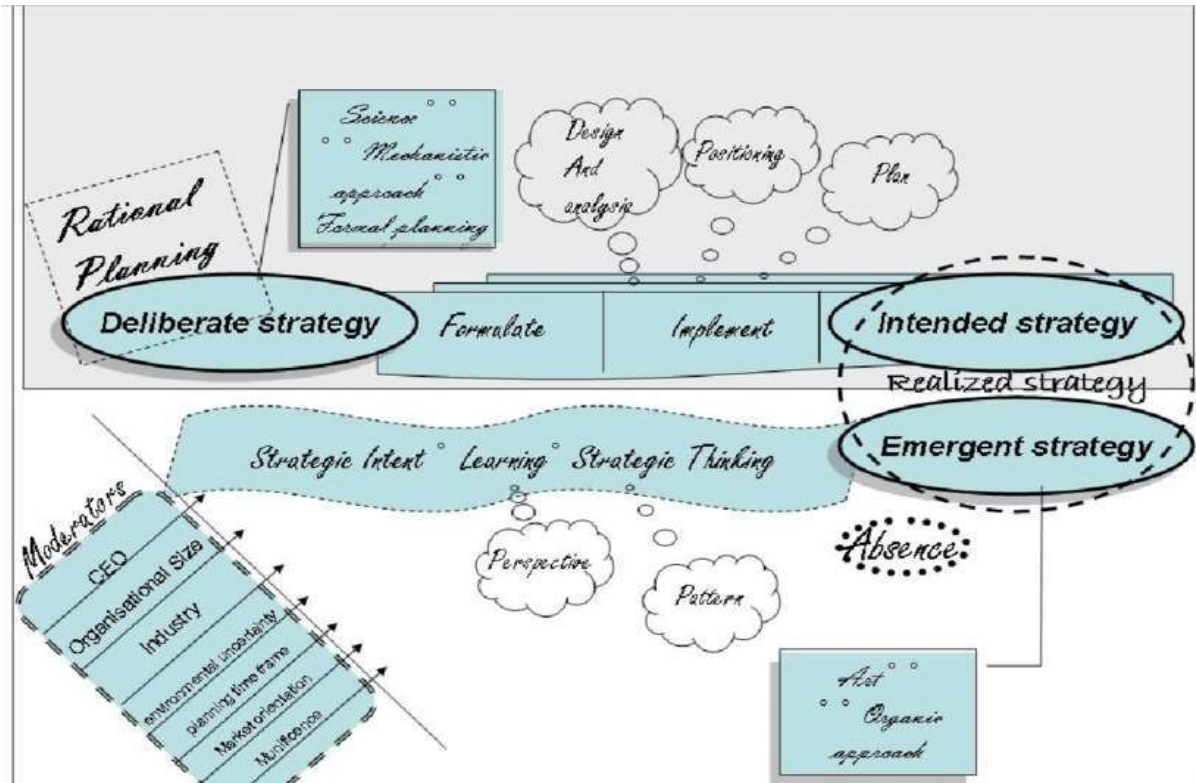


Figure 1: Framework for deliberate and emergent strategy (Maritz, 2009)

The two methods are put out as options. These are descriptions of contrasting but not exclusive viewpoints on strategy formulation. It is best to think of the purposeful and emergent views as the two extremes of a continuum with many different components. The continuum's deliberate end represents a method that is more thorough and logical, whereas the emergent end represents a method that is more iterative and trial-and-error.

The typical method used by organizations combines the two (as evidenced by our findings, which will be discussed later). The technique selected is influenced by several variables (described as "moderators" in the picture). To put it another way, a company's approach to developing its strategy may be influenced by elements like the CEO's prominence, the organization's size, industry, and life cycle (Maritz, 2009). The article goes into further detail about this. Hence, three general results can be obtained from strategy-making approaches:

- i. Strategies that are intended but may not ultimately be carried out.
- ii. Intentional tactics that have been achieved, are also known as deliberate or realized strategies.
- iii. Emergent tactics, when the pattern realized was not consciously intended.

200 respondents, including CEOs and strategy managers, from 20 different organizations participated in our recent detailed research of strategy-making in practice. In an upcoming article, the academic community will be informed in detail of the findings. This article's objective is to communicate some of the findings to the community of business managers and strategy practitioners who regularly deal with these challenging circumstances and need useful advice for quicker action. Three questions were addressed in this study:

Are respondents able to categorize the two types of strategy-making processes—deliberate and emergent?

Secondly, what criteria do respondents use to distinguish between modes, if at all?

Lastly, what method of developing strategies is used most often or is dominant (if any)?

As a result, we suggested the theoretical framework for developing strategies shown in Figure 1. The framework is then used to outline the components of developing a strategy and look at the implications for the managers concerned.

This article's main contribution is to give managers, consultants, and support practitioners more knowledge about alternate strategy-making procedures so they may better handle the changing business climate. For use at all levels, we try to make the extremely complicated process of developing strategies simpler.

## The Research Methodology

Following a survey of the literature, twenty semi-structured interviews with CEOs (strategy informants) from South African organizations were undertaken to ascertain the preeminent methods of strategy-making in those organizations. Managers (respondents) from the businesses where the CEOs were questioned received a questionnaire that had been designed with their input. To make sense of the data, it underwent several analyses, which produced the framework components that will be covered next.

### *The Framework for Strategy Formulation and Its Components*

According to the findings, there are three primary factors to take into account when evaluating the effectiveness of strategy-making (each with its own set of crucial variables for the method) (see also Figure 2). The three factors chosen by respondents were:

*Performance Consensus* - The degree to which managers and other organization members agree on the efficiency and level of satisfaction with the methods used to develop the organization's strategies and the ensuing plans of action, as well as the performance of the organization. If consensus is a need for performance, for instance, some competitive methods might encourage greater agreement among managers. Hence, while there may be a strong consensus among segment controllers, where everyone seems to understand the market niche that the company is seeking, it may be weak among early movers, where the essence of the strategy is not always fully understood

*Ends & Means Specificity* - that clarifies the uniqueness of organizational means and goals. 'Ends' are 'the major, higher-level objectives, mission, priorities, or goals that have been set by organizations, each of which (should there be more than one) noticeably influences the overall direction and viability of the firm concerned'; 'Means' are 'the patterns of action that marshal/allocate organizational resources into postures that, once implemented, increase the probability of realistic and measurable ends'.

*Ends & Means Flexibility* - in contrast to organizational rigidity, illustrates the adaptability of planning structures, tolerance for change, and adaptability of the planning period.

Given these variables, it makes sense to automatically associate the deliberate strategy approach with high ends and means specificity, low ends and means flexibility, and high-performance consensus, while the emergent strategy approach would be associated with low ends and means specificity, high ends and means flexibility, and low-performance consensus. Yet, the situation is different in reality. Given these variables, it makes sense to automatically associate the deliberate strategy approach with high ends and means specificity, low ends and means flexibility, and high-performance consensus, while the emergent strategy approach would be associated with low ends and means specificity, high ends and means flexibility, and low-performance consensus. Yet, the situation is different in reality.

The results indicated that performance consensus, but not ends and means specificity or flexibility, correspond with the continuum extremes (as shown in Figure 2). Regardless of the strategy-making methodology used, performance consensus remains a neutral factor and can be either high or low. Any of the moderators mentioned in the section below may have an impact on it.

The majority of informants were unable to properly describe their strategy-making process at the beginning of the interviews. They were able to identify their preferred methods of formulating strategies after discussing the various components. In the end, the questionnaire had a large number of discrete factors that respondents assessed separately to evaluate the approach aspects in a meaningful way.

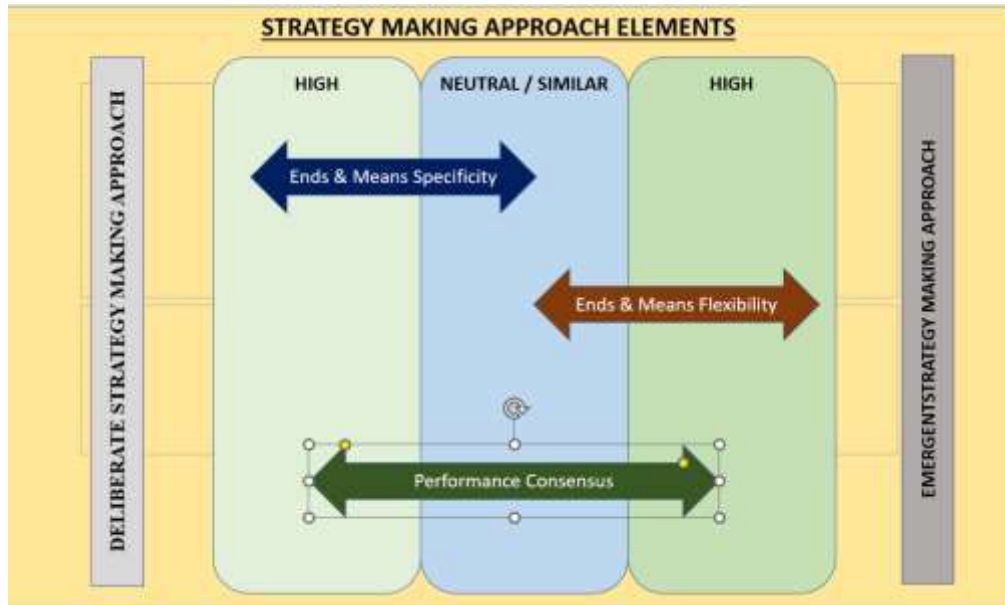


Figure 2: Strategy-making elements

### *The Dominant Strategy-Making Approach*

As expected, the sample companies preferred a deliberate strategy-making approach. This assumption was made based on the researchers' consulting work, which showed that the rational process approach to strategy formulation dominates academic understanding of strategy (i.e., the deliberate approach).

Ends & Means Flexibility also received a high ranking, which is consistent with a more thoughtful approach. Research showed that organizations had more adaptable planning frameworks and timelines in keeping with an emergent strategy, with high consensus values for average performance.

Accordingly, the dominant strategy-making approach can be characterized as emergent (rational), with high ends and means specificity, but also high planning structure flexibility and tolerance for change, as well as high-performance consensus on strategy effectiveness and general satisfaction with strategy. Throughout the continuum of strategy development, there were also distinct absolute positions. Several of the respondents' companies seemed to have both, which increased rather than reduced the complexity of their strategy-making process. Three data observations that highlighted substantial variations between opposing approach features also shed light on the strategy-making process (inside organizations) and are as follows: We prefer the following levels of risk tolerance:

- Depending on how much risk-taking a responder chooses, there are considerable differences in the performance consensus. The results show that organizations are more accepting of high risk-taking when there is agreement about the strategy's effectiveness (performance consensus). In other words, organizational members are more likely to take risks when they agree on the efficacy of their strategies and are content with and in agreement with the methods utilized to develop those plans.
- Ends & Means: Enjoying predictability and stability Detail and Goals & Methods When respondents chose "comfort with stability and predictability" as opposed to "comfort with ambiguity and instability," flexibility was found to be considerably different. Organizations become less flexible and concentrate on extremely specific aims and means because they are at ease with stability and predictability (hence taking a rational approach to strategy-making). Given that predictability and the rational planning approach are related, this is not surprising (characterized by high specificity and low flexibility). This result so agrees with the literature on rational planning.
- Preference for independent or solo behavior: Goals & Methods Respondents who choose "mainly autonomous or individual behavior" and those who choose "primarily cooperative, interdependent behavior" are very different in terms of specificity. The investigation showed that less defined aims and means are chosen in organizations that value autonomous or individual behavior. Given that the emergent approach is linked in the literature to cooperative and interdependent behavior, this conclusion is unexpected. Higher levels of interconnectedness and cooperation, however, can call for a more coordinated and focused approach to formulating strategies, such as the logical

approach. The establishment of precise goals and objectives is, therefore, necessary to manage collaboration among organizational members.

- The informant interviews' findings support the following significant finding: The majority of respondents (67%) said they utilized an emergent approach to strategy, which promotes strategy development but typically instills discipline through intentional aims and means. Informants discussed particular types of practices used in their organizations during the interviews. These practices align with emergent strategies because they are largely focused on operations, marketing, and product innovation.

### *Moderators of The Strategic-Making Approach*

Numerous other moderators to the firm's ultimate strategy-making process are shown in Figure 1. We shall highlight the moderators who were pertinent to this study in brief despite the impossibility of an exhaustive discussion.

- The firm's size was the sole moderating element affecting the strategy-making process that could be measured. The technique of developing strategies becomes more deliberate the larger the organization. This makes sense given that stiffness, rigidity, complexity, and communication issues are more prevalent in larger organizations. End-to-end specificity is more in demand, end-to-end flexibility is less likely, and there are typically some performance consensus difficulties.
- CEO influence - describes the person's mindset, risk proclivity, motivation, and other qualities. The CEO and strategy have been linked in numerous studies, but this one sticks out. The study did not provide any confirmation.
- Uncertainty in the environment - The likelihood that a plan will be intentional increases with environmental stability. Indeed, in response to this environmental shift, emergent strategy-making emerges. The environment in question could comprise components like technical stability, industrial maturity, change rate, and information accessibility.

The strategy-making process may also be influenced by other elements like industry (type), planning timeframe, market orientation, and resource prudence.

### **Implications for Management and Recommendations**

- This study offers some crucial advice for different professionals including administrators, consultants, and even managers, such as:
- Never replace one technique with another; rather, be aware of the benefits of both and utilize them appropriately or in synthesis - each has benefits and drawbacks.
- The emergent strategy-making technique is becoming more popular due to the reduced specificity and intrinsic higher flexibility of aims and means.
- When an organization performs poorly, its strategic goal and direction may be jeopardized, which may harm its performance.
- The strategy team must conduct a self-analysis to determine its comfort level with risk-taking, comfort with stability and predictability, and preference for primarily autonomous and individual behavior. These factors could have an impact on the team's method of formulating strategies.
- The study concluded that while doing strategy research or training, focusing exclusively on one feature or extreme of strategy creating to the exclusion of other points of view distorts the truth and reality of strategy-making and impairs strategy implementation generally.

### *Study's Limitation and Future Research*

The single study's limitation will hinder future research. In the beginning, searching for averages & composite descriptions could be harmful. There should be independent investigations of each business. Nonetheless, an intriguing image showing the current state of strategy-making was discovered. Second, even though there are no empirical facts included in this work, it is nevertheless being submitted to a journal for publication.

The study also examined the dynamics of the organization including the impact of certain factors on the selection of strategy-making approach & complicated connection between organizational profitability and achievement while adopting strategy-making approaches. These findings and conclusions will be covered in forthcoming publications.

## Conclusion

The introduction of new technologies has the potential to affect the overall business and production procedures of businesses. The necessary decision-makers within the company can then be informed of information that has been evaluated and converted into prospective effects on the organization. Reports should be delivered in a brief format and tailored to each manager's preferences to accommodate the managers' tendency to spend as little time as possible studying material and making choices. Organizations should utilize the analysis to understand the present condition of the Industry, Competitors, and other market participants before developing their plans because it is accomplished in this manner. Also, dependent on the industry and the kind/nature of the strategies developed, many models and methodologies for environment analysis can be applied. Ultimately, each model or method of environment analysis has advantages and disadvantages of its own, therefore the one to employ depended on the type of business the corporation was in.

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