

Mintzberg's Strategy Continuum: Philosophic and Theoretical Underpinnings

Naveed Yazdani

Chair

Department of Business Administration

School of Business & Economics

University of Management & Technology

Yazdani@umt.edu.pk & naveedyazdani@hotmail.co.uk

Abstract

This theoretical paper views Henry Mintzberg's 'Strategy Safari' as representing a strategy continuum along which different styles/modes of strategy making and implementing are spread, with Prescriptive/Planning style of strategizing at one end and the Descriptive/Learning mode of strategizing at the other end. The paper attempts to highlight some of the reasons behind the traditional 'hype' created for the Prescriptive/Planning mode, its impact on the teaching behavior of the teachers of strategic management and, the underlying philosophical and theoretical assumptions behind the two extreme end of the strategy continuum. Based on these underpinnings, the paper presents some propositions and calls for launching research efforts to test and verify these propositions. The paper proposes to include the strategy continuum view for the teaching of Strategic Management courses at graduate and under-graduate levels in the business schools.

Key Words: Strategy, Prescriptive Schools of Strategy, Descriptive Schools of Strategy, Strategic Management, Strategy-Continuum

The first chapter of Henry Mintzberg *et al.* (1998) work, *Strategy Safari: A Guided Tour through the Wilds of Strategic Management*, starts with the ancient Sufi tale ‘The blind men and the elephant’, and the writers, after quoting the poem by John Godfrey Saxe (1816 – 1887), write:

“We (the strategy makers) are the blind people and strategy formation is our elephant. Since no one has had the vision to see the entire beast, everyone has grabbed hold of some part or the other and ‘railed on in utter ignorance’ about the rest. We certainly do not get an elephant by adding its parts. An elephant is more than that. Yet to comprehend the whole we also need to understand the parts” (Mintzberg *et al.*, 1998, p. 3).

They then present ten distinct points of view as they emerge from their study of the large body of literature of the strategic management field. They group these ten distinct points – as ten distinct ‘schools’ of strategic management, which they divide in three groupings: prescriptive (three schools); concerned with how strategies should be formulated, descriptive (six schools); concerned less with prescribing ideal strategies but with describing how strategies get made and, finally a combination of the first two groups, namely, the configuration school, which seeks to integrate the strategy-making process, their contents, organizational structures and their related contexts.

A brief description of the two sets of strategy schools, based on their premises as presented by Mintzberg *et al.*, is given below:

Preamble of Mintzberg's Strategy Schools' Premises

Prescriptive Schools

Strategy maker(s) have acquired/learned formally the act of strategy making; they are the only strategy maker(s) in the organization, strategy is made without the help of any non-conscious intuition; while making strategy, focus is more on the process of strategy making rather than the contents of the strategy; strategies are implemented only after they are fully formed; the strategies are clear and can be articulated easily to other members of the organization; the strategy is put to action only after it's fully formed; formal planning techniques like preparing detailed checklists, plans and programs are used while making strategy; chief executive makes the strategy and the employees implement it; the fully formed strategies are then implemented according to the goals, budgets and, programs outlined in the them; the strategies may not be unique but selected from a limited number of broad market positions; strategy making depends too much on calculations and analysis; formal analysis of the market plays a major role in making strategy; the market analysis yields fully formed strategies which are then implemented.

Descriptive Schools

Strategy formation and implementation occur simultaneously; there are many strategists in the organization, there's no single person or group entrusted with this responsibility; while making and implementing strategy simultaneously, the organization learns from the actions of implementation and, strategy is kept flexible to accommodate changes as they are required; the role of leadership is to manage the collective organizational learning as it happens during the process of strategy making and implementation; strategies are continuation of the past patterns but become plans for future as the organization learns collectively and jointly; strategy formation is shaped by internal or external power and politics; the strategies do not appear as fully formed but are emergent and ploys are also used in developing strategies; strategy is made through persuasion, confrontation and internal political games; the organization uses different network and alliances in making collective strategies; strategies are based on the common beliefs and shared understanding of the organizational members; organizations with strong cultures use shared beliefs and values in making strategies, the organizational members learn these shared beliefs and values overtime; Strategizing is rooted in the collective intentions of the employees; the organization can also depend on its environment for crafting strategy as the organization's main strategic intent is to react to changes in environment; the role of leaders is basically to read the environment and adjust the strategy accordingly; organization clusters with other similar organizations to fight the forces of environment. Strategy exists in the mind of the strategist as a form of long-term vision for the organization; strategy making is a process rooted in the past experiences and intuitive thinking of the maker rather than formal planning

and analysis; the leader promotes the vision to organizational members and ensure that the organization does not stray too far away from this vision; the strategy is clear in the mind of the maker as intentions, which can be changed as the strategy is implemented; the organization has a simple structure responsive to the directives of the strategy maker; the strategy takes advantage from pockets of market position rather than taking the entire forces of competition head-on; strategy formation takes place in the mind of the strategist as a thought process; strategy is not a fixed position but more like a perspective based on the mental maps and perceptions of the strategy makers; strategy is, therefore, a result of perceptions and interpretation of the seen world; strategy is difficult to attain and, once attained, is difficult to change.

This paper views this grouping as a 'strategy continuum', as shown in the below figure 1, with prescriptive schools at one end and the descriptive schools at the other end of this continuum.

The strategy continuum

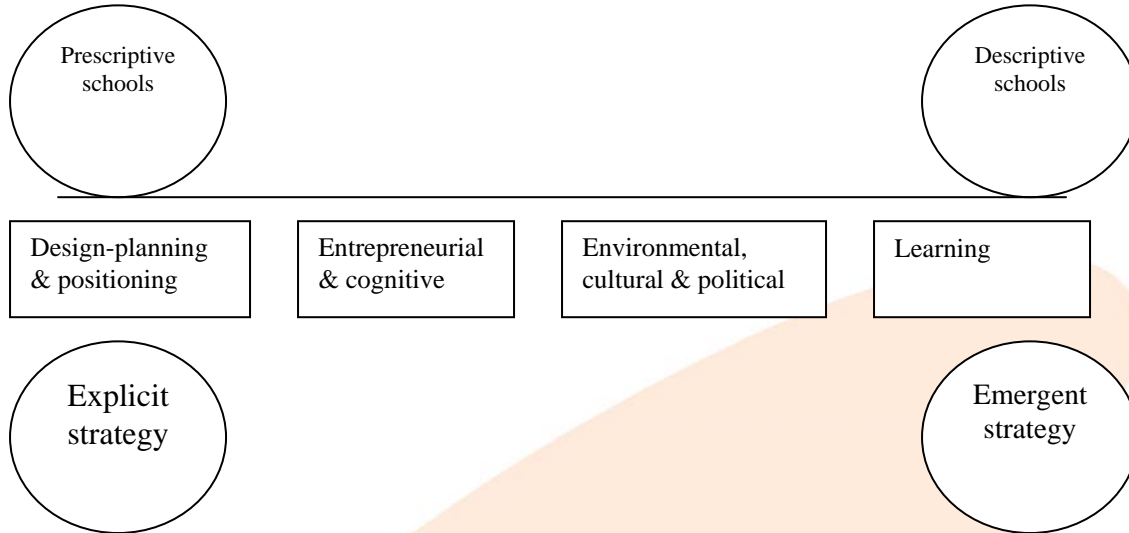


Figure 1

If strategy making is seen as a continuum, then an organization, under some set of conditions can tilt towards that end of prescriptive school model (the other end being the learning/emergent model) and, in Mintzberg's view prescriptive school type approach can be taken by organizations 'coming out of a period of changing circumstances and into one of operating stability' (Mintzberg, 1990) and 'the structural context most suitable for this end of strategy continuum is what 'we call machine bureaucracy' (Mintzberg, 1979, chapter 18).

Key Conclusions of Mintzberg's 1990 paper are: (1) The Design School at The Harvard Business School, in 60s, enunciated a set of prescriptive concept for strategy formulation; (2) The design principles shared by the design school were, and still are, generally invalid except

in a narrow specific context and that (3) in unpredictable environments it is impossible to formulate an explicit strategy before the trial and experience process has run its course; and that it is not necessary to make strategy explicit in predictable environments.

The critique leveled by Mintzberg on the prescriptive schools is counter-critiqued by Igor Ansoff on the basis of methodological weakness and contradiction to factual evidence (Ansoff, 1991), but it seems that Ansoff is nursing a bruised ego when he says, “Thus, if I am to accept Henry’s verdict, I have spent 40 years contributing solutions which are not useful in the practice of strategic management. Therefore, it should not be surprising that I rise in defense of at least one prescriptive school (the one to which I belong) in an effort to set the record straight and thus salvage a lifetime of work which has received a modicum of acceptance by practicing managers.” He cites examples where Mintzberg’s trial and experience or emergent/descriptive approach to strategizing would be difficult, for example, studies of ‘mergers and acquisitions’ which need a planned approach to diversification (Ansoff *et al.*, 1971). This critique sounds logical but again highlights the point of Mintzberg that prescriptive and planning modes of strategizing are only suitable for large, diversified businesses engaged in the activities of merger and acquisitions. But what about small to medium size companies which do not engage in diversification through mergers or which do not have scores of planners and analysts to support the strategy makers or top management? Ansoff’s attack on Mintzberg’s main conviction that strategy formulation is impossible unless the environment is ‘stable and predictable’, does not appeal to logic and one is forced to think that how can an explicit strategy be made in the first place, if the future is uncertain and environment is turbulent, unless and until, as Mintzberg suggests, some form of trial and

error is undertaken while strategizing. Similarly, Ansoff's critique on the learning model which he terms as existential learning model is uncalled for, just on the basis of its antiquity. In the same paper, Ansoff concedes: "Thus, empirical research described above shows that Mintzberg's Prescriptive Model is a valid prescription for organizations which seek to optimize their performance in environments in which strategic changes are incremental and the speed of the change is slower than the speed of the organizational response". This is exactly what Mintzberg has to say when he says that prescriptive strategies can, perhaps, work in stable environments surrounding large organizations.

Ansoff's understanding of cognition seem to be limited to the rational model of learning, whereas Mintzberg's cognitive school takes this limited view further and uses concepts from cognitive psychology as the underpinning of the school:

"Strategies are largely self-taught and the duality, whereby experience of strategists shape what they know which in turn shapes what they do, plays a central role in this school and give rise to two rather different wings of the school: an objective wing, where mind's eye is seen as a camera which scans the world and takes the picture of the world; the other subjective wing postulates that strategy is some kind of interpretation of the world and, whereas the objective wing seeks to understand cognition as some kind of re-creation of the world, the subjective wing believes that cognition creates the world" (Mintzberg et al., 1998, p. 150-151). Mintzberg labels the cognition school as a 'bridge' between the more objective or prescriptive and the more subjective schools of strategy making, which is quite consistent

with the stance of this paper which views strategy making as a ‘strategy continuum’, with prescriptive schools at the one end and the descriptive schools at the other.

The Rational/Scientific as opposed to Learning/Emergent model of Strategic Management

Ansoff ‘is certainly an eminent spokesman for the role of so-called ‘rationality’ in strategic management’ (Mintzberg, 1991), according to which, strategy makers can plan and predict the future, in elaborate details in the form of an explicit strategy, formulated by top managers and implemented by employees lower down the hierarchy. This split in thought and action, whereby strategies are made in the corporate board rooms and implemented on the factory floors, is aptly exposed by Pascale’s account of the Honda strategy which was developed ‘on-site’ rather than any ‘brilliantly rational strategy imputed to these (Honda) executives by BCG consultants who apparently never bothered to ask’. According to the rationalist strategists, Honda should not have entered the global automobile business, because, according to their detailed analysis, the global markets were saturated, efficient competition was already present, Honda had no experience in automobiles and they had no distribution system in place. Considering all of these ‘hard facts’, Honda was advised not to enter the US auto market. But when Honda managers, who slept on the floors of their rented apartments in Los Angeles, let the small 50cc bike move on the roads driven by them, sales rose so dramatically that the rest of the story is perhaps, the story of biggest corporate success in the history of business (Pascale, 1984).

Michael Porter, another proponent of prescriptive modes of strategizing, shows a clear tilt towards large and diversified businesses, on which most of his research has focused. His famous model of different levels of strategy; corporate, competitive, functional and operational levels; all point that the companies under discussion are large with relatively stable environments around them. In one of his famous paper his declaration that, “a diversified company has two levels of strategy: business unit (or competitive) strategy and corporate (or companywide) strategy” (Porter, 1987), is based on a study of the “diversification record of 33 large, prestigious US companies over the 1950-1986 period”, and these large and prestigious organization include household names such as: Du Pont, Exxon, General Electric, Allied Corp., IBM, Johnson & Johnson, Mobil, Procter & Gamble, Rockwell, Sara Lee, 3M, Westinghouse and, Xerox.

In another paper Porter discusses how the Japanese were able to win till 1980s, because of their operational effectiveness (OE means performing similar activities *better* than rivals perform them, in contrast, strategic positioning means performing *different* activities from rival's or performing similar activities in *different ways*) and he notes that once the gap in this effectiveness narrowed, ‘Japanese companies are increasingly caught in a trap of their own making’ and to avoid this ‘Japanese companies will have to learn strategy’. He then points out that to do so they have to overcome some strong cultural barriers including a ‘notoriously consensus’ orientation (Only God and Porter know why this orientation is notorious?) and that ‘Japanese also have a deeply ingrained service tradition that predisposes them to go to great lengths to satisfy any need a customer expresses. Companies that compete in that way (through which they put every customer on top of any planning or analysis

technique) end up blurring their distinct positioning, becoming all things to all customers' (Porter, 1996).

But the 'other side' of this rationality paradigm of strategic management, the creative and intuitive paradigm, has also its place in the literature and many note that "they (Japanese) may not have a strategic planning staff, but they do have a strategy of great natural talent.....They have an idiosyncratic mode of thinking in which company, customers, and competition merge in a dynamic interaction out of which a comprehensive set of objectives and plans for action eventually crystallizes.....In what I call the mind of the strategist, insight and a consequent drive for achievement, often amounting to a sense of mission, fuel a thought process which is basically creative and intuitive rather than rational.....Great strategists, like great works of art or great scientific discoveries, call for technical mastery in the working out but originate in insights that are beyond the reach of conscious analysis....we might say that creative insight is the ability to combine, synthesize, or reshuffle previously unrelated phenomena in such a way that you get more out of the emergent whole than you have put in" (Ohmae, 1982, chapter 1 & 17).

Porter's proposed generic strategies portray industry attractiveness as more important than a firm's ability to craft strategies according to the situation in which they find themselves.

'This view (that firms matter, not industry) contrasts sharply with the popular, but misguided, school of thought that believes that the fortune of a business is closely tied to its industry.

Those who adhere to this view believe that some industries are intrinsically more attractive for investment than others', and therefore, 'generic strategies are a fallacy. The best firms are

striving all the time to reconcile the opposites.’ Here the writers quote the example of McDonald and Benetton, which reversed the prevailing industry practices by providing fast food and fashion at a low cost. ‘Given the enormous rewards that accrue to those who can resolve the dilemmas of the opposite, it is not surprising that there are no lasting or enduring generic strategies’ (Stopford & Baden-Fuller, 1992, p. 13-34).

Further Support for the Strategy Continuum

Bourgeois & Brodwin (1983) describe five ways in which companies implement strategies: (1) The commander approach; CEO as the main strategy formulator, little thought given to implementation, closely resembling the design school of prescriptive strategy making; (2) The organizational change approach; more or less the same as the first approach; (3) The collaborative approach; CEO does not develop strategy in a vacuum but involves his senior managers during the planning process and all key players back the final plan; (4) The cultural approach; people are involved at middle and sometimes lower levels & (5) The crecive approach; CEO addresses strategy planning and implementation simultaneously, he, through his statements and actions guides his managers into coming forward as champions of sound strategies, strategies move upward from the doers, strategy becomes the sum of all the individual proposals that surface throughout the year. This crecive approach closely mirrors the model of Internal Corporate Venturing (ICV) of the learning school (Mintzberg *et al.*, 1998, p. 187) of the descriptive strategy making.

Johnson (1988) further supports the strategy continuum view: ‘One (view) is that strategy formulation can be accounted for by logical, rational processes either through the planning mode or through the adaptive, logical incremental mode. In either event the manager is a proactive strategy formulator consciously seeking to understand a complex environment, so as to establish causal patterns and formulate strategy by configuring organizational resources to meet environmental needs. The other view is an ‘organizational action’ view of strategy formulation where strategy is seen as the product of political, programmatic, cognitive, or symbolic aspects of management.’

Mintzberg’s criticism of the split between thought and action, seen in the prescriptive mode of strategizing, is also echoed in the strategic management literature: ‘Implementation of strategy is often frustrated (Grinyer, *et al.*, 1990) because of individual and group level resistance and organizational level inertia’ (Lines, 2007).

Similarly, Hannan and Freeman (1984) note that, ‘Research has demonstrated that factors such as financial crises, creation of readiness for change, extensive use of communication with the workforce throughout the change process, employee participation and a high level of procedural fairness seem to be associated with successful implementation’ and, Baker (2000, p. 53) notes that ‘a strategy is a statement of the action to be adopted under a state of partial ignorance, where all the alternatives cannot be recognized.....under this definition.....implementation of strategy cannot (be delegated)’.

Based on a mail survey of senior executives of 380 of Australia's largest corporations, the authors Hunter & O'Shannassy conclude that 'Strategic planning is still useful and relevant, especially in managing risk and stakeholders, but effective strategic thinking and innovation is more influential'.

Karl Weick goes one step further and calls for substitute for strategy in the form of need for action rather than planning: 'Managers keep forgetting that it is what they do, not what they plan that explains their success. They keep on giving credit to the wrong thing – namely, the plan – and having made this error; they then spend more time planning and less time acting.' (Weick, 2001, p. 346), he further notes: 'Because strategy is often a retrospective summary that lags behind action, and because the apparent coherence and rationality of strategy are often influenced by hindsight bias, strategic conclusions can be misleading summaries of what we can do right now and what we need to do in the future.....Strategic planning is today's pretext under which people act and generate meanings and so is the idea of organizational culture. Each one is beneficial as long as it encourages action. It is the action that is responsible for meaning, even though planning and symbols mistakenly get the credit' (p. 354).

Finally the strategy continuum idea is ably captured by Mintzberg *et al.*, (1998), when they compare the Grassroots model of strategy formation vs. The Hothouse of strategy formation:

Grassroots/Descriptive/Learning Model of Strategizing, under which

1. strategies grow initially like weeds in the garden, they are not cultivated like tomatoes in a hothouse
2. these strategies can take root in all kinds of places, virtually anywhere people have the capacity to learn and the resources to support that capacity
3. such strategies become organizational when they become collective and pervade the behavior at large
4. the process of proliferation (of strategies) may be conscious but need not be; likewise they may be managed but need not be

Hothouse/Prescriptive/Rational Model of Strategizing, which postulates that

1. there is only one strategist, and that person is CEO supported by planners and analysts
2. the CEO formulates the strategy through a conscious, controlled process of thought
3. these strategies come out of this process fully formed, these are then implemented

(Mintzberg *et al.*, 1998, p. 196-197)

Teaching and Research issues of Strategic Management

Another important theme which Mintzberg *et al.*, (1998) highlight in their book is the teaching behavior and course structure of the strategic management courses taught to

business students in the business school. Henry's critique of the Harvard Business School's case-method is based not on the underpinning learning model, but on the practical problems which it creates for students and later for business managers, who start taking for granted that facts and data will always be available in real life as it was available in 20 to 30 page case which they prepared in their comfortable study area. In real life facts and data needs to be collected through an extremely painstaking and difficult process, for which the students and, subsequently the managers, are not prepared and trained.

The mention of pedagogical methods of business schools like Harvard is relevant here because the cases used in teaching strategic management are mostly about large and mature corporations, with established brands and, are full of hard data meant for students' use while 'analyzing' the cases. Students, therefore, get exposure to only prescriptive model of strategy making and any casual talk with a business student about strategy reveals that their so-called MBA 'toolkit' is only equipped with tools like SWOT, goals, objectives and, mission of the companies; all of these tools are outcomes of the design, planning and positioning schools of strategic management. When these students join small and medium organizations as managers or when they run their own companies as owner managers, they have no skills and tools available to craft strategies for their businesses, which are mostly small to medium in size and face uncertain and turbulent environment and, above all these start-ups cannot afford to hire a plethora of staffers, planners, analysts and consultants which big corporation so easily do. This practice of preparing students to work only for large organizations would be similar to situation in medical schools if the students are only exposed to some major and life-threatening diseases and not ordinary ailments. How can such doctors treat and cure

uncomplicated cases of typhoid, malaria, common cold, viral infections and minor traumas and injuries? Any general practitioner of medicine will testify that more than 80% of the time they encounter patients who are suffering from common and minor problems, which their curriculums addressed in detail during their years as students. No such practice is, however, seen generally for business students who are only given skills, buzz-words and jargon best suited for large and mature organizations. What about majority of businesses which never cross the threshold of a small company? How can business school graduates make strategies for such businesses? Mintzberg notes this unnatural practice:

“The design school has generally been associated with the Business Policy group at the Harvard Business School. That group has pursued its own strategy, for, as we shall see later, there is a clear congruence between the view of strategy formation that it has promoted for several decades and its own pedagogical requirements in using the case study method”. Later he says, “The design school model matches perfectly the pedagogical requirements of the case study method, as Andrews and his colleagues note repeatedly. The students are handed a document of 20 or so pages that contain all the available information on the organization in question. They study it the evening before the class (alongside the other cases they must prepare for that day), and then appear all ready to argue what it is that General Motors or the John F. Kennedy High School should do. Bear in mind that time is short: the external environment must be assessed, distinctive competencies identified, alternate strategies proposed, and these evaluated, all before class is dismissed in 80 minutes. Two days later it’s on to Xerox or Texas Instruments.”

Mintzberg criticizes the ‘one best way’ approach of strategic management as advocated by the proponents of prescriptive models in the business schools which he thinks is also shared

by the consultants – the so-called ‘strategy boutiques’, which are shielded by design school by providing them a most convenient model to strategize. He quotes from a popular book by two consultants, Tregoe and Zimmerman, who wrote in 1980: “Four or five working days over a two-month period are required to set strategy. Two or three working days are required for the review and one-year update of strategy”. In essence, ‘the case study method, based on the design school model, has encouraged leaders to oversimplify strategy’ (Mintzberg, 1990).

And noting the traps of teaching strategic management through a rational model alone, Mintzberg declares, “I have come to suspect that Harvard’s great success may be business’s great failure....the real danger of the design school may be in providing a seductive model whose superficial ‘rationality’ in the classroom can also get promoted into the executive suite.” (Mintzberg, 1991)

The practice of teaching of Strategic Management (Business Policy) courses also demand the integration of management research and practice with classroom teaching so that graduating students are equipped with the skills industry managers are demanding from college graduates (Oladunjoye & Onyiaso, 2007; Stephen, Parente, & Brown, 2002).

Philosophical Underpinnings of the Strategic Continuum

The Vienna Circle, a group formed by a philosopher Moritz Schlick (1882-1936) from the University of Vienna, referred to the philosophy of Bertrand Russell and Wittgenstein as

logical positivism, and held that philosophy is not a theory but an activity whose business is the logical clarification of thought (Moore & Bruder, 2001, p. 180). Their ‘verifiability criterion of meaning’ or principle of verifiability (Blaug, 1975), demanded empirical verification of every statement, or otherwise, whatever is said, is not meaningful. This strict commitment to empiricism in philosophy has had two major repercussions on the field: suppression of metaphysics and reducing philosophy to an empirical and logical activity separated from the mainstream science, which kept on developing at its own pace, leaving the ‘chopped off’ philosophy with the inability to craft new philosophies for new sciences (Hawking, 1996, p. 233).

It is important to note that any scientific endeavor is underpinned by philosophical assumptions about ontology and epistemology and a number of philosophers have noted how three different understandings of science are created by different ontological and epistemological combinations of assumptions. *Positivism*, the dominant philosophical stance in a great deal of organization theory (OT), assumes an objectivistic epistemology and realist ontology, while *critical theorists* and *postmodernists* share a stance of subjectivist epistemology but in their ontological positions, postmodernists favor a subjectivist ontology as compared to critical theorists preference for a realist ontology (McAuley, Duberley & Johnson, 2007, p. 28-39). Of the two broad postmodern social science orientations; *skeptical* and *affirmative*, (Rosenau, 1992, p. 12) the former rejects all what the modernity project has achieved, while the later takes a more moderate stance and adopts a middle-of-the-road approach in this tension between the modernists/rationalists and the postmoderns.

The above debate is relevant to strategic management as one notices that the proponents of rationality, such as Andrew, Ansoff and Porter, favor the rational model of learning which smacks of the positivistic and empirical confines of modernity.

Ansoff's modernists' style is described by Mintzberg "We can work it all out in advance, so cleverly, we 'rational' human beings, products of the 'age of enlightenment'. We can predict the future, identify the non-starters, impose our minds on all that matter" (Mintzberg, 1991).

Others also echo the same sentiments and note: "Fiefdom-style management emerges in the hybrid bureaucracy that is characteristic of late modernism. This is a combination of bureaucratic values and patrimonial values common to the U.S. cultural setting, including loyalty, favoritism, informality, and no legality.....The ethic, as operationalized, leads to expectations of employee fidelity to hierarchical superiors.....(where) details are pushed down the hierarchy, and credit is pushed up" (Boje, 1996, p. 29-30).

If the above discussion of the philosophical underpinnings of the strategy continuum is superimposed on the figure 1, the resulting figure 2, posits the philosophical stances of modernity and postmodernity in the following way:

The strategy
continuum

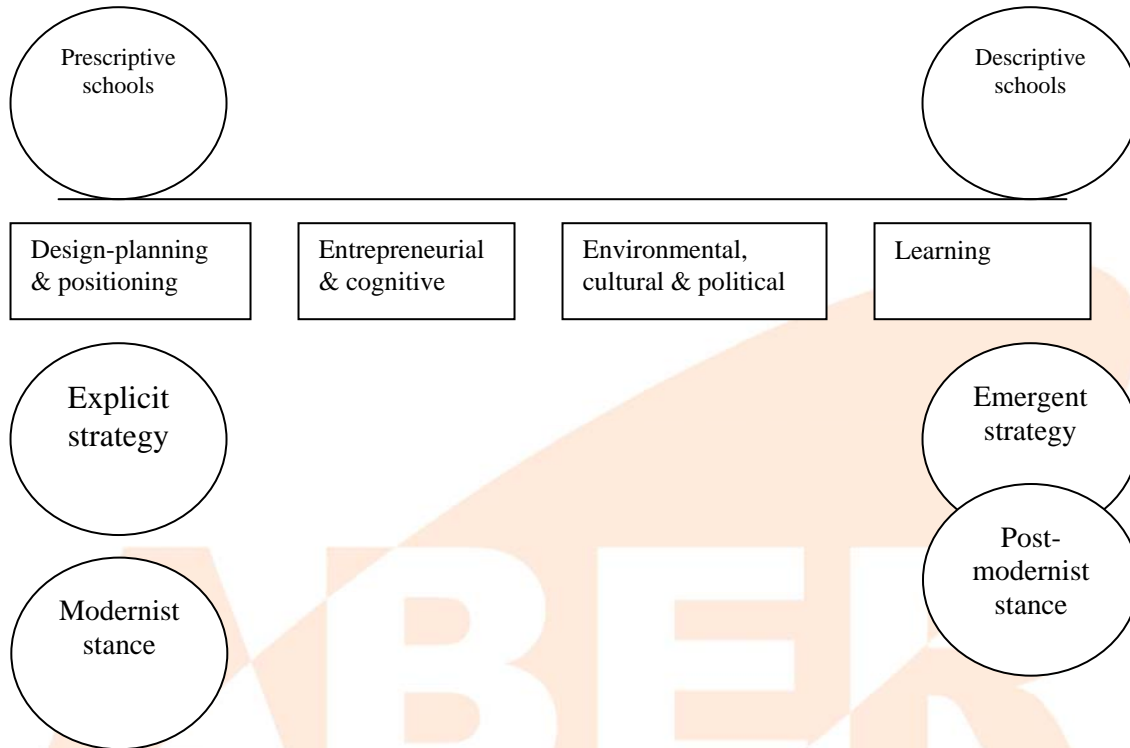


Figure 2

Theoretical Underpinnings

A 1987 study asserts that there is a relationship between strategy-making (process) as typified by Mintzberg and strategy (content) as typified by Miles and Snow, and this relationship affects organizational performance. Strategy/strategy-making fit types are (1) defender type/planning mode of strategy making, (2) prospector type and entrepreneurial mode of strategy making (3) analyzer type to the planning and entrepreneurial modes of strategy making and (4) reactor type and to the adaptive (environmental) mode of strategy-making. The first link, defender/planning was not supported by the study but the rest were (Segev, 1987). To understand these links further, a brief description of the Miles and Snow's strategy typology and Porter's generic strategies is given below.

Prospector type: main features include that this type of strategy is learning oriented, flexible, fluid, works well in decentralized structures and a strong capability of research is present in the organization. Linked with Porter's Differentiation strategy which has a learning orientation, strong horizontal coordination, strong capability in research, rewards creativity, risk-taking and innovation.

Defender type: Efficiency orientation, centralized authority and tight cost controls, close supervision and little employee empowerment. Porter's Low-cost leadership strategy is also efficiency oriented with strong central authority, tight cost controls, standard operating procedures, close supervision, routine tasks and limited employee empowerment

Analyzer type balances efficiency and learning and the Reactor type has no clear organizational approach and design characteristics may shift abruptly depending on current needs

Figure 3 summarizes the above discussion in light of the earlier strategy continuum and its philosophic underpinnings:



The strategy continuum

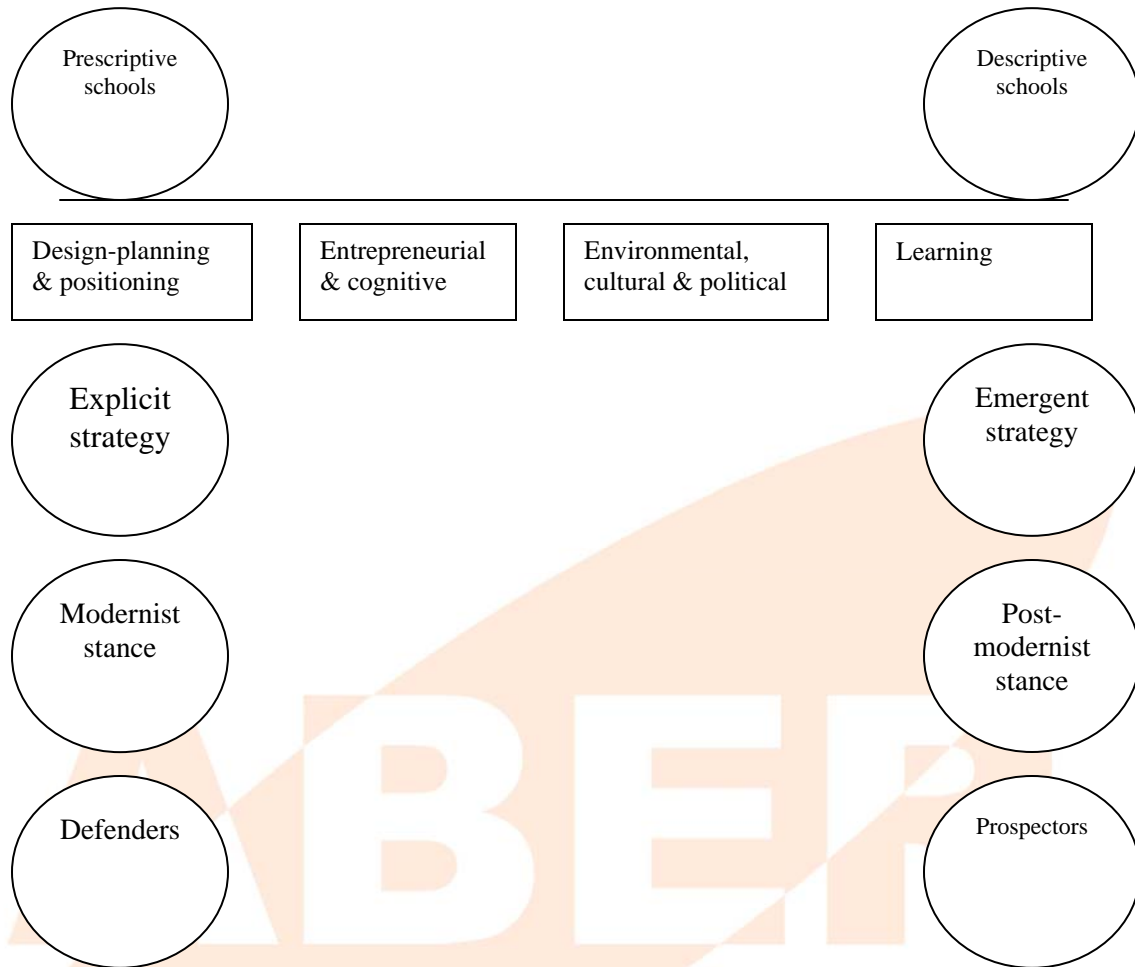


Figure 3

Propositions

Contingency theories of management/OT, that posit ‘one best way’ for each of various circumstances and, the economic theories of industrial organizations both contribute to a mechanistic view of the strategic management. OT is replete with deterministic contingency theories in which the role of human choice is relegated to a place quite secondary to the

imperatives of environmental turbulence (Burns & Stalker, 1961; Lawrence and Lorsch, 1967); technological processes (Perrow, 1967; Woodward, 1965); size and ownership (Blau, 1970; Pondy, 1969); information processing requirements (Galbraith, 1973); or natural selection processes (Aldrich, 1975) . Others also include organization's goals and strategy and its culture as the contextual dimensions of organizational design. The structural and contextual dimensions are interdependent, for example, large organization size, a routine technology, and a stable environment all tend to create an organization that has greater formalization, specialization, and centralization (Daft, 2001, p. 20).

Burns and Stalker (1961) identified two organizational structures, mechanistic and organic, and suggested each prospered in particular types of environments: the mechanistic in a stable environment, the organic in a dynamic environment. Woodward (1958), Lawrence and Lorsch (1967), and Galbraith (1973) have offered a similar logic.

The expectation that organizational configurations will vary in performance is based in contingency theory, according to which, firms whose configurations are aligned with their environment should perform better than firms in nonaligned configurations (Ketchen et al., 1993).

Organizational dimensions fall into two categories: structural and contextual. Structural dimensions provide labels to describe the internal characteristics of an organization and include degree of formalization, specialization, centralization in decision-making, breadth of the span of control and, length and width of the hierarchy, while the contextual dimensions

characterize the whole organization, including its size, technology, environment, and goals (Daft, 2001, p. 16, 17 & 18). These dimensions of organizations design interact with one another as shown in Figure 4.

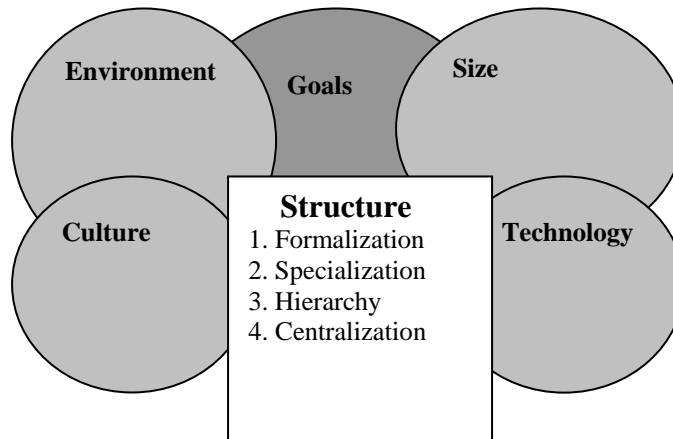


Figure 4: Interacting Contextual and Structural Dimensions of Organization Design

Adapted from Daft, 2001, p. 17: Organization Theory & Design

The above shown interaction of the contextual and structural dimensions of the organization determine the unique design of that organization and research has proved that these dimensions or variables are interdependent, e.g., large organization size, a routine technology, and a stable environment all tend to create an organization that has greater formalization, specialization, and centralization (Daft, 2001, p. 20) or mechanistic structure (Daft, 2001, p. 144; Shafritz & Ott, 2001, p. 201). Similarly, a medium size, a non-routine

technology, and a turbulent and dynamic environment tend to create an organization that has lesser formalization, specialization, and centralization or in other words, an organic structure.

Most organizational theorists like Taylor and Perrow have determined two definitions of organization structure and have evolved the concept of mechanistic versus organic structures (Kennedy, 1983; Ambrose & Schminke, 2003).

Organizations have a mechanistic or organic structure not because they like to have one, it is because of a particular type of product/service which the organizations is offering and to the degree of environmental stability or the lack of it, around that organization which defines and imposes the structural requirements on the organizations. Burns and Stalker observed that external environment was related to the internal management structure to the extent that when external environment was stable, the internal organization was characterized by rules, procedures and a clear hierarchy of authority. The opposite was observed to be true when the external environment confronting an organization was complex and dynamic. These organizations tended to have loose, free-flowing and adaptive organic structure (Daft, 2001, p. 144). Various authors and researchers in the field of organization theory have developed sets of characteristics which are intrinsic to mechanistic and organic structure. The following table summarizes some of these characteristics:

Table 1

Mechanistic Structure	Organic Structure
1. Tasks are broken down into specialized separate parts	1. Employee contribute to the common tasks of the department
2. Tasks are rigidly defined	2. Tasks are adjusted and redefined through teamwork
3. There is a strict hierarchy of authority and control, rules are many	3. There's less hierarchy of control and authority, there are few rules
4. Knowledge and control of tasks are centralized	4. Knowledge and control are located anywhere in the organization
5. Communication is vertical	5. Communication is horizontal

Source: Adapted from Richard L. Daft, 7th edition, 2001

These two above mentioned structures are in reality the two formally contrasted forms of management systems, a mechanistic management system which is appropriate in stable conditions and the organic form which is appropriate to changing conditions (Shafritz & Ott, 2001, p. 201- 201). Figure 5 summarizes the above discussion in relation to the strategy continuum.

The strategy continuum

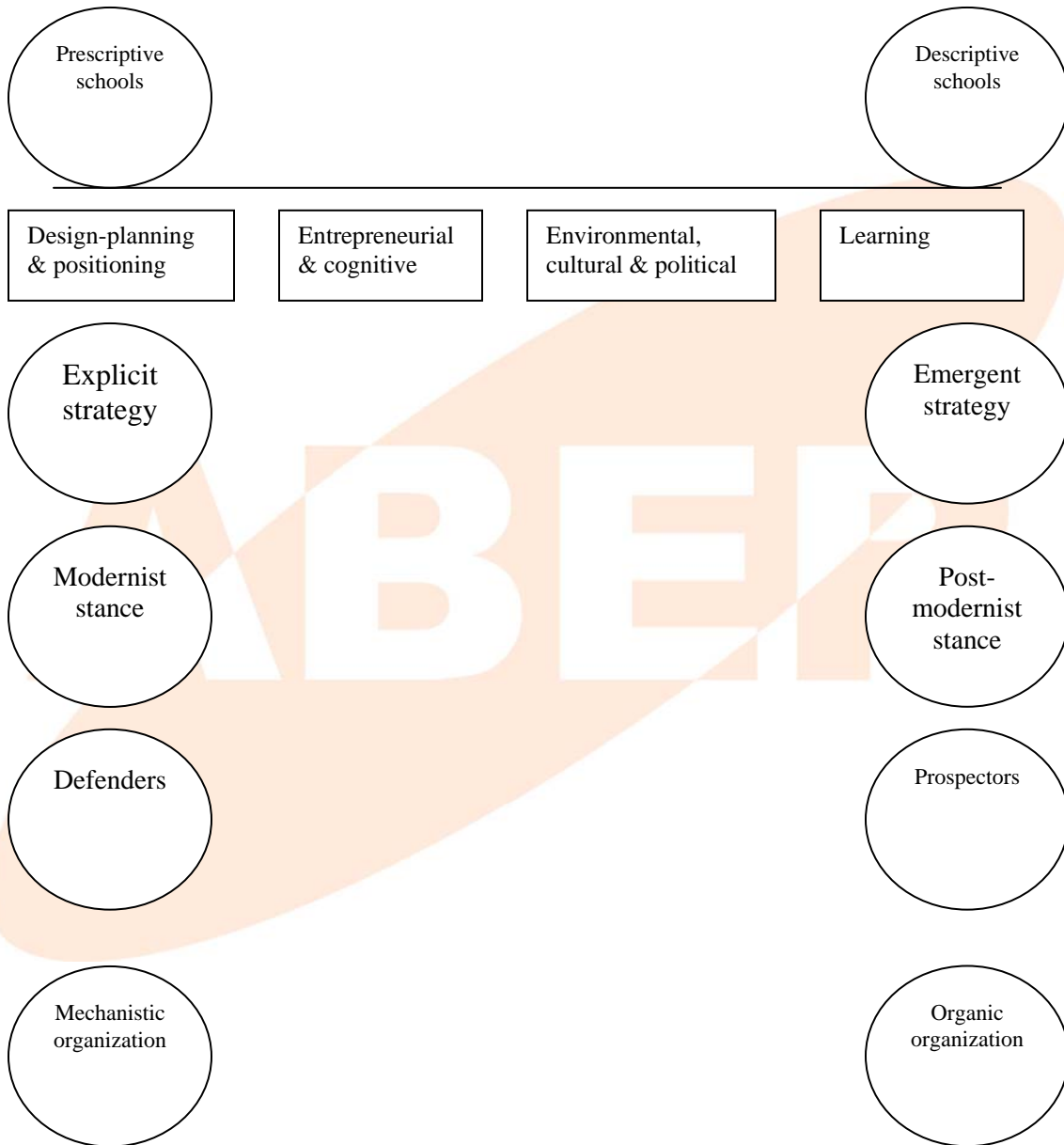


Figure 5

“Should strategists pick and choose from among all these ideas, like diners at a buffet table, or should they try to combine them into palatable dishes, as chefs do back in the kitchen? We have gone both ways on this question for one good reason: the answer has to be ‘yes’ both times....To deny learning is as silly as to deny control” (Mintzberg *et al.*, 1998, p. 367)

Based on the above discussion, the paper proposes the following propositions:

Proposition 1: Prescriptive/Planning mode of strategizing will be more suitable for mechanistic organizations.

Proposition 1a: Prescriptive/Planning mode of strategizing will be more suitable for large sized organizations.

Proposition 1b: Prescriptive/Planning mode of strategizing will be more suitable for those organizations which are in the ‘maturity’ phase of their organizational life cycle.

Proposition 1c: Prescriptive/Planning mode of strategizing will be more suitable for those organizations which operate in a stable and predictable environment.

Proposition 1d: Prescriptive/Planning mode of strategizing will be more suitable for organizations which use a routine technology.

Proposition 1e: Prescriptive/Planning mode of strategizing will be more suitable for organizations with tall structures and vertical hierarchy.

Proposition 1f: Prescriptive/Planning mode of strategizing will be more suitable for those organizations where decision making is centralized.

Proposition 2: Descriptive/Learning mode of strategizing will be more suitable for organic organizations.

Proposition 2a: Descriptive/Learning mode of strategizing will be more suitable for small to medium sized organizations.

Proposition 2b: Descriptive/Learning mode of strategizing will be more suitable for those organizations which are in the early phases of their organizational life cycle or which are facing a situation of 'turnaround'.

Proposition 2c: Descriptive/Learning mode of strategizing will be more suitable for organizations operating in turbulent and dynamic environments.

Proposition 2d: Descriptive/Learning mode of strategizing will be more suitable for organizations which use non-routine technology.

Proposition 2e: Descriptive/Learning mode of strategizing will be more suitable for organizations with flat structure and horizontal hierarchy.

Proposition 2f: Descriptive/Learning mode of strategizing will be more suitable for those organizations where decision making is decentralized.

Michael Porter's framework of competitive strategies or competitive advantage (Porter, 1990, p. 37) of either low cost leadership or differentiation also captures the same structural differences among organizations as a result of their interaction with the environment. His low cost leadership strategy where the organization aggressively seeks efficient facilities, pursue cost reduction, and uses tight controls to produce the product more efficiently (Daft, 2001, p. 60) is clearly more suitable for mechanistic organizations rather than organic forms where the strategy of differentiation, characterized by organizational attempts to distinguish their products or services from others, would be more suitable.

Broadly speaking, one can conclude that organizations with an efficiency focus would be more prone to have a mechanistic form and organizations which focus on effectiveness (or are less concerned with efficiency) would do better with an organic structure. In a business context, increased efficiency can result from providing greater output for a fixed set of inputs, by maintaining output at reduced levels of input or combining the two approaches, the inputs are generally seen as costs which are usually minimized in order to achieve efficiency (Bronn *et al.* 2005). Other researchers have also defined organizational efficiency as cost-effectiveness or value for money (Smith & Street, 2005; Lear & Fowler, 1997). It is also mentioned in the literature that corporate efficiency is measured in terms of productivity because increased productivity leads to more competitive cost structure and the ability to offer more competitive products and services (Chowdhury, 2005).

In positing the strategy-continuum of planning/learning: “Practicing managers and academics have been debating the merits of organizational learning as opposed to the planning conceptualization of strategic management. The debate has not, however, focused clearly on the critical unquestioned assumptions upon which the planning approach is based, namely, the nature of causality. Recent discoveries about the nature of dynamic feedback systems makes it clear that cause and effect links disappear in innovative human organizations, making it impossible to envision or plan their long-term futures. Because of this lack of causal connection between specific actions and specific outcomes, new strategic directions can only emerge through a spontaneous, self-organizing political and learning process. The planning approach can be seen as a specific approach applicable to the short-term management of an organization’s existing activities, a task as vital as the development of a new strategic direction” (Stacy, 1993). A central tenet of chaos theory is that simple sets of deterministic relationships can produce patterned yet unpredictable outcomes, as the famous adage goes ‘for want of a nail the shoe was lost; for want of a shoe, the horse was lost’ put differently ‘order can produce chaos and chaos can lead to new order’ (Mintzberg, *et al.*, 1998, p. 222)

Strategic Management and the Research Issue

Literatures testifies some the current issues of strategic management research: “The reliance on single-item measures to the exclusion of multi-item scales virtually ensure that research is conducted with unreliable measures that attenuate results. More importantly, there is a clear

question of validity. Does organizational size truly represent core rigidity, ability to initiate competitive action, or something altogether different?(similarly) the use of archival data has several disadvantages.” The problem becomes especially acute when one considers the new emerging schools of strategic management like, “the knowledge-based view of the firm, with its typology of exploration and exploitation knowledge strategies...an acceptable multi-indicator measures of these constructs has not been generally accepted in the literature” (Miller *et al.*, 2007).

The research in strategic management has mostly focused on large corporations where a plethora of hard data is usually available for sophisticated analysis and interpretations. This bias of researchers towards larger organizations has occurred at the expense of small and medium sized organizations, for which as noted above, no acceptable measures of the constructs are put forward. *Appendix 1* of this paper shows a proposed 47 items checklist/questionnaire which seek to measure the strategic management practices of the companies along the ‘ten schools’ of Mintzberg’s strategy continuum. If this questionnaire is made more reliable and valid and the responses are measured on a Likert scale, then sophisticated statistical analysis can yield rich insights into the process and contents of strategies as they are made and implemented in all forms of organizations spread along the strategy continuum.

Conclusions

The following set of conclusions is drawn based on the discussion presented in this paper:

1. Strategy formation is not a fixed and linear process but a flexible and dynamic one, contingent upon circumstances including; overall design, size, stage of life cycle, surrounding environment and, top management's mind set.
2. The strategic management literature has more or less ignored the strategic management process as it happens in smaller organizations with turbulence in their environments
3. Mirroring this trend of literature, the teaching practices of strategic management are also biased towards prescriptive methods and large organizations and students are not given skills and tools to craft strategies for small to medium organizations.
4. The research practices in the field of strategic management are similarly biased towards larger corporations and there is a paucity of reliable and valid measuring instruments, research methodologies and researchers trained to study the phenomena in small to medium sized organizations.
5. This paper calls for treating strategic management field as representing a strategy continuum by addressing the above mentioned points through the combined efforts of academics, managers, researchers, consultants and teachers of the field.

References

Aldrich, H.E. (1975). *Organizations and environments*, Englewood Cliffs, N.J.: Prentice-Hall.

- Ambrose, L. M.; Schminke, M. (2003). Organization Structure as a Moderator of the Relationship Between Procedural Justice, Interactional Justice, Perceived Organizational Support and Supervisory Trust, *Journal of Applied Psychology*, Vol. 88, p. 295 – 305.
- Ansoff, H.I, Brandenburg R.J., Portner, F.E. & Radosevich, H.R. (1971). *Acquisition: Behavior of U.S. Manufacturing Firms 1946-65*, Vanderbilt University Press, Nashville, TN
- Ansoff, H.I. (1991). Critique of Mintzberg's 'the Design School: Reconsidering the Basic Premises of Strategic Management', *Strategic Management Journal*, Vol. 12 (6), p. 449-461.
- Baker, M.J. (2000). *Marketing Strategy and Management*, 3rd edition, Macmillan Press Ltd.
- Blau, P.M. (1970). A formal theory of differentiation in organizations, *American Sociological Review*, 35, p. 201-218.
- Blaug, M. (1975). Kuhn Versus Lakatos, or Paradigms Versus Research Programs in the History of Economics, *History of Political Economy*, Vol. 7(4), p. 399-419.
- Bourgeois, L.J., III. (1984). Strategic Management and Determinism, *The Academy of Management Review*, Vol. 9 (4), p. 586-596.
- Bourgeois, L.J. & Brodwin, D. (1983). Putting Your Strategy into Action, *Strategic Management Planning*, March/May 1983 issue.
- Bronn, C.; & Bronn, S. P. (2005). Reputation and Organizational Efficiency: A Data Envelopment Analysis Study, *Corporate Reputation review*, Vol. 8, p. 45 – 58.
- Burns, T. & Stalker, G. (1961). *The management of innovation*, London: Tavistock.
- Chowdhury, D. S. (2005). The Dominant Perspective, Institutional Ownership, And Corporate Efficiency: An Empirical Investigation, *IJCM*, Vol. 15, p. 255 – 271.
- Daft, R.L. (2001). *Organization Theory and Design*, 7th edition, South-Western: Thomson Learning.

- Galbraith, J. (1973). *Designing complex organizations*, Reading, Mass.: Addison-Wesley.
- Gephart, R.P., Jr., . Management, Social Issues, and the Postmodern Era, in (ed.) Boje, D.M.;
- Gephart, R.P., Jr.;; Thatchenkery, T.J. (1996). *Postmodern Management and Organization Theory*, Sage Publications, Inc.
- Grinyer, P.H. et al. (1990). The sharpbenders: achieving a sustained improvement in performance, *Long Range Planning*, Vol. 23, p. 116-125.
- Hannan, M.T., & Freeman, J. (1984). Structural inertia and organizational change, *American Sociological Review*, Vol. 49, p. 149-164.
- Hawking, S. (1996). *A Brief History of Time: Updated and Expanded Edition*, Bantam Press.
- Hunter, P., & O'Shannassy, T. (n.d.). Contemporary Strategic Management Practice in Australia: "Back to the Future" in the 2000s, *Singapore Management Review*, Vol. 29 (2), p. 21-36.
- Johnson, G. (1988). Rethinking Incrementalism, *Strategic Management Journal*, January/February 1988 issue.
- Kennedy, M. A. (1983). The Adoption and Diffusion of New Industrial Products: A Literature Review, *European Journal of Marketing*, Vol. 17, p. 31 – 77.
- Ketchen, D.J., Jr., Thomas, J.B., & Snow, C.C. (1993). Organizational configuration and performance: A comparison of theoretical approaches, *Academy of Management Journal*, Vol. 36, p. 1278-1313.
- Kilmann, R. H. (2001) *Quantum Organizations: A New Paradigm for Achieving Organizational Success and Personal Meaning*, 1st edition, Davies-Black Publishing.
- Lawrence, P. & Lorsch, J. (1967). *Organization and environment*, Boston: Harvard Business School, Division of Research.

- Lear, V. W.; Fowler, L. (1997). Efficiency and Services in the Group Home Industry, *Journal of Economic Issues*, Vol. XXXI, p. 1039 – 1050.
- Lines, R. (2007). Using Power to Install Strategy: The Relationships between Expert Power, Position Power, Influence Tactics and Implementation Success, *Journal of Change Management*, Vol. 7 (2), p. 143-170.
- McAuley, J., Duberley, J. & Johnson, P. (2007). *Organization Theory: Challenges and Perspectives*, Prentice Hall: Financial Times.
- Miles, R.E.; Snow, C.C.; Meyer, A.D. & Coleman, H.L., Jr., (1978). Organizational Strategy, Structure, and Process, *Academy of Management Review*, Vol. 3, p. 546-562.
- Miller, B.K.; Bierly, P.E., III, & Daly, P.S. (2007). The Knowledge Strategy Orientation Scale: Individual Perceptions of Firm-level Phenomena, *Journal of Managerial Issues*, Vol. XIX (3), p. 414-435.
- Mintzberg, H. (1979). *The Structuring of Organizations*, Prentice-Hall, Englewood Cliffs, NJ.
- Mintzberg, H. (1990). The Design School: Reconsidering the Basic Premises of Strategic Management, *Strategic Management Journal*, Vol. 11 (3), p. 171-195.
- Mintzberg, H. (1991). Learning 1, Planning 0 Reply to Igor Ansoff, *Strategic Management Journal*, Vol. 12 (6), p. 463-466.
- Mintzberg, H.; Ahlstrand, B.; & Lampel, J. (1998). *Strategy Safari: A Guided Tour through the Wilds of Strategic Management*, Free Press.
- Moore, B.N. & Bruder, K. (2001). *Philosophy: The Power of Ideas*, 5th edition, McGraw-Hill.

Ohmae, K. (1982). *The Mind of the Strategist: The Art of Japanese Business*, McGraw-Hill, New York

Oladunjoye, G.T. & Onyeaso, G. (2007). Differences Between Resources and Strategy in Strategic Management: An Experimental Investigation, *International Journal of Management*, Vol. 24 (3), p. 592-604.

Pascale, R.T. (1984). Perspectives on strategy: The real story behind Honda's success, *California Management Review*, p. 47-72.

Perrow, C. (1967). A framework for the comparative analysis of organizations, *American Sociological Review*, 32, p. 194-208.

Pondy, L. (1969). Effects of size, complexity, and ownership on administrative intensity, *Administrative Science Quarterly*, 14, p. 46-61.

Porter, M.E. (1980). *Competitive Strategy: Techniques for Analyzing Industries and Competitors*, New York: The Free Press.

Porter, M.E. (1987). From competitive advantage to corporate strategy, *The McKinsey Quarterly*, spring 1988, p. 35-66.

Porter, M.E. (1990). *The Competitive Advantage of Nations*, The Free Press: A Division of Macmillan, Inc., New York.

Porter, M.E. (1996). What is Strategy?, *Harvard Business Review*, November-December 1996, p. 61-78.

Rosenau, P.M. (1992). *Post-Modernism and the Social Sciences: Insights, Inroads, and Intrusions*, Princeton University Press: NJ.

Segev, E. (1987). Strategy, Strategy-Making, and Performance in a Business Game, *Strategic Management Journal*, Vol. 8 (6), p. 565-577.

Shafritz, M. J.; & Ott, S. J. (2001). *Classics of Organization Theory*, 5th Edition, Wadsworth.

Smith, C. P.; & Street, A. (2005). Measuring the Efficiency of Public Services: the Limits of Analysis, *Journal of Royal Statistical Society*, Vol. 168, p. 401 – 417.

Stacy, R. (1993). Strategy as Order Emerging from Chaos, *Long Range Planning*, Vol. 26 (1), p. 10-17.

Stacy, R.D. (2007). *Strategic Management and Organizational Dynamics: The Challenge of Complexity*, 5th edition, Prentice-Hall: Financial Times.

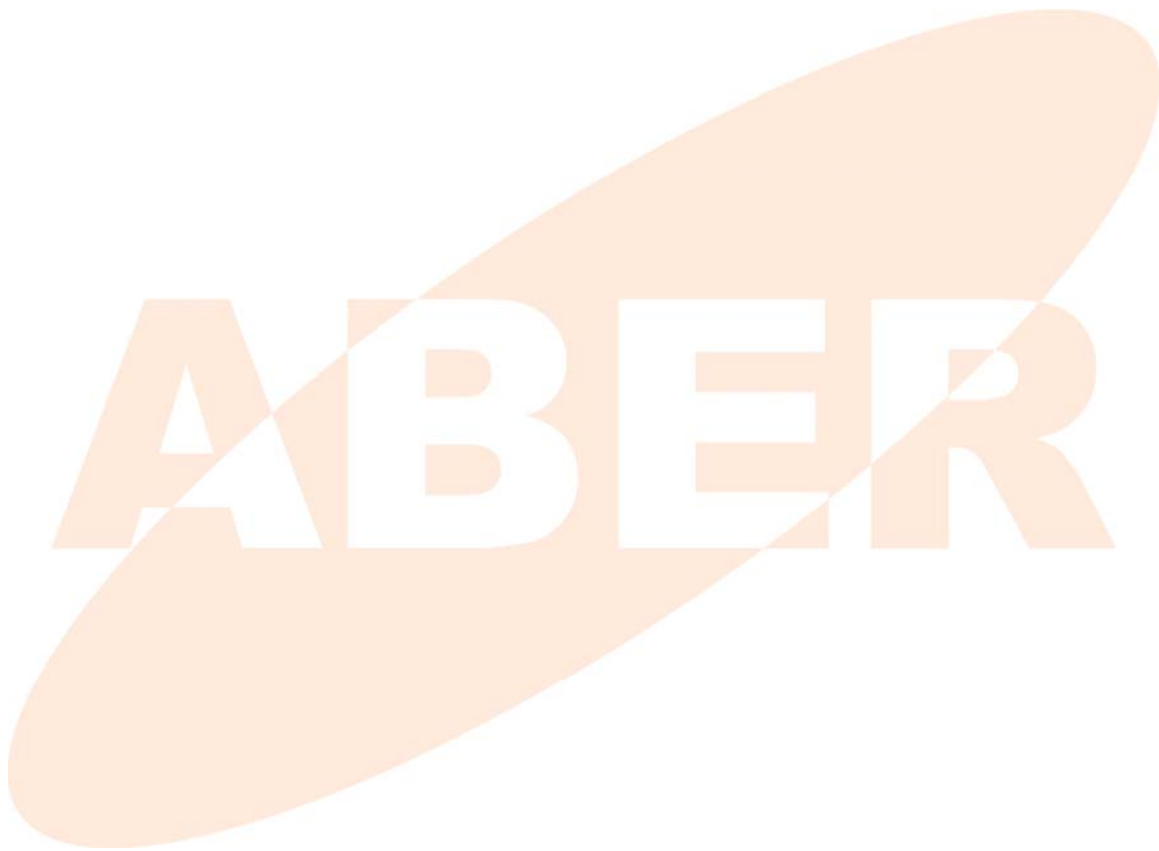
Stephen, J., Parente, D. & Brown, R. (2002). Seeing the forest and the trees: balancing functional and integrative knowledge using large-scale simulations in capstone business strategy classes, *Journal of Management Education*, Vol. 26 (2), p. 164-193.

Stopford, J. & Baden-Fuller, C. (1992). *Rejuvenating the Mature Business*, Routledge

Weick, K. E. (2001). *Making Sense of the Organization*, Blackwell Publishing.

Woodward, J. (1958). *Management and technology*, London: H.M.S.O.

Woodward, J. (1965). *Industrial organization: Theory and practice*, London: Oxford University Press.



Appendix 1

Operationalized Premises of Strategic Management Schools

- 1 You have acquired/learned formally the act of strategy making
- 2 You are the only strategy maker in your organization
- 3 You make strategy without the help of any formal analysis/calculations or non conscious intuition
- 4 While making strategy, you focus more on the process of strategy making rather than the contents of the strategy
- 5 You implement strategy only after it is fully formed
- 6 The strategies which you make are clear and can be articulated easily to other members of your organization
- 7 You use formal planning techniques like preparing detailed checklists, plans and programs while making strategy
- 8 You make the strategy and your employees implement it
- 9 The fully formed strategy are then implemented according to the goals, budgets and, programs outlined in the strategy
- 10 The strategies made in your organization are not unique but selected from a limited number of broad market positions
- 11 That marketplace (the context) is economic and competitive

- 12 Strategy making in your organization depends too much on calculations and analysis
- 13 Formal analysis of the market play a major role in making strategy for your organization
- 14 The market analysis yields fully formed strategies which are then implemented
- 15 Strategy formation and implementation occur simultaneously in your organization
- 16 There are many strategists in your organization; you are not the only strategist
- 17 While making strategy and implementing it simultaneously, you learn from the actions of implementation and, keep on changing your strategy.
- 18 Your role is to manage the collective learning of your organization as it happens during the process of strategy making and implementation.
- 19 Strategies in your organization are continuation of the past patterns but become plans for future as the organization learns collectively and jointly.
- 20 Strategy formation in your organization is shaped by internal or external power and politics
- 21 The strategies do not appear as fully formed and use of ploys is a common practice
- 22 Strategy is made in your organization through persuasion, confrontation and internal political games
- 23 Your organization uses different network and alliances in making collective strategies
- 24 Your organization makes strategies based on the common beliefs and shared understanding of your employees
- 25 Your organization has a strong culture which your employees learn overtime
- 26 Strategy in your organization is rooted in the collective intentions of your employees
- 27 Your organization holds its culture so dearly that it prefers to protect the culture over making changes in strategy
- 28 Your organization depends on its environment for crafting strategy
- 29 Your organization's main strategic intent is to react to changes in environment
- 30 Your role is basically to read the environment and adjust your strategy accordingly
- 31 Your organization clusters with other similar organizations to fight the environment
- 32 The strategies in your organization result from a particular type of context, structure and the responses based on that context and structure.
- 33 If the context change, so does your organizational structure and responses in the form of strategies

- 34 You strategize according to your organization's location/position in its life cycle
- 35 Strategic management in your organization therefore looks to sustain stability but is also willing to transform in the face of changing circumstances and context.
- 36 Your organization strategize using formal planning, analysis, leadership vision, cooperative learning, competitive politicking, individual thoughts, collective thoughts, and responses to environment, on as and when required basis.
- 37 Depending on the situation, the strategies in your organization can take the form of future plans, past patterns, market positions, perspectives or political ploys.
- 38 Strategy for your organization exists in your mind as a form of long-term vision for your company
- 39 Strategy making is a process rooted in your past experiences and the results from intuitive thinking rather than formal planning and analysis.
- 40 You promote your vision to your employees and ensure that the organization does not stray too far away from it
- 41 Your strategy is clear in your mind as intentions which you are willing to change as the strategy is implemented
- 42 Your organization has a simple structure responsive to your directives
- 43 Your strategy seeks to take advantage from pockets of market position rather than taking the entire forces of competition head-on.
- 44 Strategy formation takes place in your mind as a conscious mental process or thought
- 45 Strategy in your organization is not a fixed position but more like a perspective/thought based on your mental maps and perceptions.
- 46 Strategy is a result of your perception and interpretation of the world as you perceive it
- 47 Strategy is difficult to attain and, once attained difficult to change