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STRATEGIC DECISION-MAKING

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AN INTEGRATED EXPLORATION OF STRATEGIC DECISION-MAKING

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This paper reports on the preliminary findings of a major research programme being undertaken at Cranfield School of Management which explores the nature of strategy formulation and development in organisations. The overall aims of this research programme are to discover the patterns of strategy development within organisations, to explore the managerial implications of these patterns, and to relate these to the contextual variables of organisations. This paper first presents a number of explanations of strategy development. The research framework is briefly discussed and illustrations of managerial views of strategy formulation and their implications are examined.

The early works of writers such as Ansoff (1965) and Andrews (1971) and the books of the 1970s, in particular on corporate planning, emphasised the importance of strategy and guided thinking in the area; thinking which has been dominated by the view that strategies are formulated through an essentially analytical and intentional process. This rational view - here termed the planning perspective and described in more detail below - has become deeply entrenched within strategic thinking, while the prescriptive and normative modes so generated have substantially influenced the approach to strategy formulation in practice, in education, and in research. However, other explanations of strategy development have also been advanced.

The Planning Perspective

The archetypal planning perspective suggests that strategy formulation is a distinctly intentional process involving a logical, rational, planned approach to the organisation and its environment. The basic framework which this rational planned view offers indicates that through the application of appropriate analytical and systematic techniques and checklists, optimal decisions can be taken. Moreover such an approach allows forecasts and predictions to be made about the future, assists in the reduction of uncertainty and facilitates the systematic development of both a written and real strategy.

The strategies which develop are the outcome of sequential, planned and deliberate procedures and are often the responsibility of specialised departments. Clear and well defined strategic goals and objectives are set by the senior members of an organisation...
(Chaffee, 1985). These goals and objectives, which can be quantified and measured, may be a reflection of shareholder values or reflect potential threats and opportunities which the organisation becomes aware of through its constant monitoring of the business environment. As a goal or strategic issue is defined, the organisation and its environment (both internal and external to the organisation) are systematically analysed. The information collected is assessed and strategic options capable of attaining the goal or resolving the strategic issue are generated.

These strategic options, or courses of action, are systematically assessed against the objectives to be achieved. The option which is judged to maximise the value of outcomes, best fits the selection criterion and presents advantage is chosen. The selected option is subsequently detailed in the form of precise plans and programmes and is passed from the top downwards within the organisation. Throughout this process strategies are determined and guided by those decision makers in senior management positions and are implemented by those below (Mintzberg, 1978) who implement but are unlikely to decide on strategy (Mintzberg & Waters, 1985).

The rationality of this approach relies, in part, upon two underlying assumptions; i) that the environment is "out there" and separable from the organisation (Chaffee, 1985); and ii) that through systematic and considered analysis, the uncertainty and complexity of the environment and the future can be eliminated or at least reduced (Pitt & Johnson, 1987). It is these assumptions about the environment which enables strategic decisions to be based on forecasts and predictions about the future and permits strategies to be planned, managed and implemented.

**Limitations of the Planning Perspective**

To view strategy development in this logical and rational manner is appealing and as such it is not surprising that this view has enjoyed a prominent position within strategic thinking. However, this archetypal perspective does not account for certain important aspects of decision-making. In particular, the perspective lacks consideration of the less "objective" aspects of the organisation and their critical influence on strategic decision-making. There is oversight of the limitations of analytical rational behaviour, the interactions of management and stakeholders, and the exercise of free choice. Equally the characteristics of the individual decision maker or the organisation more generally are not regarded as influential in the selection of a course of action (Stein, 1981).
Further, a notional assumption of this rational, linear, planned view that an organisation's intended strategy will be implemented to become realised as actual strategy may not always be the case. Unexpected shifts in the environment, unforeseen problems in implementation, limitations in the process or organisational inertia can operate to restrict the efficiency of strategy formulation and its realisation. The result of this may mean that an organisation's intended strategy is not realised as actual strategy (Mintzberg, 1978 and Mintzberg & Waters, 1985). Indeed, even within organisations with effective planning systems intended strategies do not always become realised.

The fact that an intended strategy does not come about, does not mean that an organisation has no strategy. The strategy an organisation pursues is not necessarily what is espoused by the organisation or its senior figures, indeed strategy may more accurately be perceived as what the organisation is actually doing and its consistency of direction. Further, those strategies which are presented as the product of a systematic rational intentional process of formulation may in fact merely reflect the post rationalisation of a "less objective" process.

Strategy formulation, then, is not always accounted for by the planned perspective. It may also be accounted for by a number of other perspectives. Five further perspectives are now presented. However, it is important to stress that it is most unlikely that any one of the six perspectives given accounts entirely for the processes at work in an organisation; strategy formulation needs to be understood in terms of a mix of processes.

**The Logical Incremental Perspective**

Writers have argued that to view the management of strategy in terms of such logical, sequential, planning mechanisms is unrealistic. Given the complexity of organisations and the environments in which they operate, managers cannot consider all possible options in terms of all possible futures and evaluate these against pre-set, unambiguous objectives (Lindblom, 1959). Rather, strategic choice takes place in the everyday world of managing, by comparing options against each other and considering which would give the best outcome and be possible to implement.

Quinn (1980) has argued that managers have a view of where they want the organisation to be in the future and try to move towards this position in an evolutionary way. They do this by attempting to ensure the success and development of a strong, secure and flexible core business, but also by continually experimenting with 'side bet' ventures. This mode of strategy formulation is not seen as the sole responsibility of top management and the
corporate centre. Those in the lower levels of the organisation and the organisation's 'strategic sub-systems' are actively involved. These managers accept the uncertainty of their environment because they realise that they cannot do away with this uncertainty by trying to know factually about how the environment will change. Rather they seek to become highly sensitive to environmental signals through constant environmental scanning and by testing and developing strategies in a step by step process of experimentation and limited exposure to the business environment.

Here strategy development is iterative, encompassing feedback loops to previous phases where the problem and solution may be re-defined or re-formulated (Lyles, 1981). Consequently commitment to a strategy is kept tentative and subject to review. Strategies are re-analysed and modified throughout their development, while the implications of the strategies are continually tested out. Those strategies which are successful are retained by the organisation while those that are inappropriate are eliminated; the process does not operate to identify the best or optimal solution (Mintzberg et al, 1976).

Through this iterative process the strengths of an organisation are retained as experimentation and learning are undertaken without excessive risk to the organisation and changes in the environment are matched with changes in procedure. It is a process of logical incrementalism.

The Political Perspective

The formulation of strategy can also be explained in political terms. Organisations are political entities and, as such, powerful internal and external stakeholders - which could include customers, banks, shareholders, and organisational members - influence the inputs into decisions and the strategies followed. These stakeholders, each of which have different concerns (Pfeffer & Salancik, 1978), may be in conflict; there may be differences between groups of managers, between managers and shareholders, or between powerful individuals. These differences are likely to be resolved through the processes of bargaining, negotiation or perhaps edict; with the result that goals and objectives, strategic issues and even strategies are derived from this political process and not from an analytical neutral assessment and choice. Further the level of influence these stakeholders are able to exercise differ (Heller et al, 1988) and is often conditional upon the organisation's dependency upon these groups for a resource (Pfeffer & Salancik, 1978) and the potential difficulty in replacing the present stakeholder as the source of that resource (Hinings et al, 1974). Differing views then will be championed, not only on the basis of the extent to
which they offer benefit to the organisation, but also because they have implications for the status or influence of different stakeholders.

While stakeholders do influence strategy the level of influence they can exert is not constant from decision to decision (Hickson et al, 1986). The particular context surrounding a decision can effect stakeholder involvement and both their level of influence and the dynamics of that influence throughout the process. For instance, those groups or individuals with specialist knowledge may play a major role in the formulation of strategies within the domain of their specialism but not within the organisation more generally. Similarly, the implementation of a strategy cannot be directed entirely by the decision makers rather other members of the organisation must be involved in interpreting and executing the strategy. Consequently, interpretation and execution provides a means of influencing strategy for those involved in implementation; whether as a deliberate act or unintentional outcome.

Influence over decisions may also be gained through the provision of information. Information is not politically neutral, but rather a source of power, particularly for those who control that which is seen to be important. Strategic decisions then may be taken based on information distorted by the preferences of the information providers rather than on objective information.

Through a process of compromise and mutual adjustment a generally acceptable strategy will emerge (Mintzberg & Waters, 1985). This strategy will finally be adopted because it is acceptable to both those stakeholders influencing the decision-making process and those who must implement the strategy, and not solely because it fulfils objective criteria (Johnson, 1987).

The Cultural Perspective

The strategies followed by an organisation can also be attributed to cultural influences. Organisations faced with similar environments will not necessarily respond in the same way. The strategies they choose to pursue will not result from a precise planned response to their environments, but from the attitudes, values, and perceptions which are held in common among the members of that organisation. Further, management cannot be conceived of just in terms of the manipulation of techniques or tools of analysis. Management is also about the application of managerial experience built up over many years; and often within the same organisation or industry. Nor do managers typically work
in isolation; they interact with others. Their experience is therefore not only rooted in individual experience, but in group and organisational experience. It is therefore important to recognise the significance of cultural aspects of organisations and of management.

A cultural perspective suggests, then, that managerial experience is likely to be based on taken-for-granted frames of reference which are brought to bear by a manager - or group of managers - and which will affect how a given situation is perceived and how it is responded to. This taken for grantedness is likely to be handed on over time within a group. That group might be, for example, a managerial function such as marketing or finance; a professional grouping, such as accountants; an organisation as a whole; and more widely an industry sector or even a national culture. Managers, then, are influenced by many cultural frames when developing strategy. However, especially important for the strategic management of most organisations is the organisational frame of reference or the organisational paradigm (Johnson, 1992).

The paradigm comprises deep rooted beliefs and assumptions of the organisation. Examples might include the assumption that banks are about secure lending; that universities are about doing research; and so on. The paradigm represents a collective experience without which managers would have to re-invent their world afresh for circumstances they face or decisions they need to take; as such it enables new situations to be perceived in a way which is not unique (Schon, 1983) and provides a shared framework through which the world the organisation operates within can be interpreted (Schwenk, 1988). In this way it allows the experience gathered over years to be applied to a situation so that managers can decide upon relevant information by which to assess strategic issues, the need for change, a likely course of action, and the likelihood of success of that course of action. As such, these deep rooted assumptions play an important part in strategy development.

An organisation's strategies then develop in accord and within the confines of its culture and dominant paradigm. Strategies in line with the culture and shared assumptions are advanced in the organisation while those which are not are unlikely to be advanced.

The Visionary Perspective

The strategy an organisation follows can also be seen as emerging from a vision, which represents the desired future state of the organisation (Rowe et al, 1989), and which is initially and primarily associated with an individual [for example its leader or a past
leader]. Less commonly, perhaps, a vision can be associated with a small group of individuals.

This vision may come from a number of sources. It may result from the intuition and innovation of its originator. Here the vision develops from both intuition and a rational understanding of the organisation's strategic problems; an understanding which enables innovation to be made, through the adding of new to the well understood and certainty of the old. This vision is often based on radical ideas and may challenge accepted norms, contradict established principles and paradigm (Rowe et al, 1989; Trice & Beyer, 1986), and go beyond familiar experience and knowledge (Trice & Beyer, 1986).

However, visionary management might also be seen as the capacity of managers more generally to envisage, rather than plan, the future of their organisation. Experienced managers "have a feel" for what makes sense in their markets and can make decisions about the future on this basis. Here, then, the notion of visionary capacity is not limited to the leadership role of the organisation, but is seen as a more general aspect of management.

A further explanation is that a vision may merely be the result of a strategy transplanted from one organisation to another. A new vision in an organisation may come about because a new executive applies his or her existing frame of reference from another context to the new organisation to which they have been appointed. For example some of the new chief executives appointed to UK privatised industries in the 1980s came from private sector companies. They brought with them frames of reference from competitive environments in which profit motivation was taken as given. What was normal and obvious to them, was often seen as new and visionary in the organisations they moved into.

Regardless of how it emerges, for a vision, however appropriate to the organisation, to develop into strategy it must be effectively articulated and communicated. To transform a vision into strategy it must be shared. The authorisation for a vision's pursuit comes from its acceptance by the organisation's members (Trice & Beyer, 1986) who buy in to the vision, get involved in its development, and concentrate resources to facilitate the vision's enactment (Conger & Kanungo, 1987). A visionary alone cannot turn a vision into strategy.

Whether visionary status is achieved through the generation of an idea and vision, the syntheses of existing visions, the communication of a vision, or through the organisation's history, it inevitably places enormous strategic control and power in the hands of the
visionary who gains the capacity to translate intention into a sustainable reality (Bennis & Nanus, 1985).

The Natural Selection Perspective

Some writers on management argue that organisations have little or no control over the choice of strategies they follow. Factors in the environment impinge on the organisation in such a way as to encourage - even determine - the adoption of organisational structures and activities suited to that environment (Hannan & Freeman, 1989). These external constraints operate to prescribe strategies and limit the role organisational members play in their selection (Aldrich, 1979). Consequently the strategies an organisation can follow tend to be common to all organisations within their industrial sector or market; their ability to develop strategies outside these are restricted.

While intentional strategic choice may be restricted, strategic change does occur. Changes initially occur within an organisation through variations in its processes, structures, and systems. While the process of organisational innovation and variation may occur as a rational intentional response to the environment, they may also occur unintentionally, through conflict over control of resources, ambiguity of organisational reality, accident, errors, tactical moves, and luck (Aldrich & Mueller, 1982). It is these variations, however they occur, which produce the potentially advantageous or dangerous innovations for an organisation.

Those variations which fit the environment and which are appropriate and beneficial to the organisation are selected and retained, while those which do not, fail and die or are altered to match the environment. It is these successful variations, which match changes in the environment, which produce advantage and so contribute to the chance of an organisation's survival. These successful variations are retained and subsequently disseminated throughout the organisation and across its generations through culture, symbols, socialisation, administration and training.

Research Framework

Each of the six perspectives described is capable of explaining some aspects of the process of strategic decision-making within organisations. However, the very complexity of the
decision-making process makes it unlikely that one perspective would adequately describe the process operating in all organisations, in every situation, and at any point in time.

Research has indicated that different processes of strategic decision-making occur within organisations (Mintzberg, 1973; Shrivastava & Grant, 1985) and indeed within the same organisation (Johnson, 1987) and that the process operating can and does change. Indeed the strategic decision-making process is likely to be multidimensional (Fredrickson, 1983). As such, any framework used to understand the process of strategy formulation is potentially limiting if only selected components of explanation are employed. Further, the use of a narrowly focussed framework is less likely than a more comprehensive framework to convey the complexity of the process (Derkinderen & Crum, 1988). Many of the models of strategy formulation which have been used to study the process of strategy development are not sufficient to explain and describe the process in its entirety (Fahey, 1981). However, through the use of a multiple perspective approach a much broader picture of the processes may be gained.

It is therefore suggested that a clearer understanding of the process of strategic decision-making and its complexity may be facilitated by using the above perspectives simultaneously in an integrated framework to understand the process. An integrated framework of perspectives should maximise their strengths in explanation of the process - an outcome which is less likely through their sole and isolated use.

While strategy formulation research has been varied, much has been limited in its scope of investigation through the concentration on selected aspects of the process (Astley et al, 1982). However, a number of typologies which attempt to explain the process in its broader form have been constructed (Allison, 1971; Mintzberg et al, 1976; Chaffee, 1985; Schwenk, 1988; Hart, 1992) and employed to understand the process within organisations (Stein, 1981; Shrivastava & Grant, 1985; Hickson et al, 1986; Johnson, 1987, Hart & Banbury, 1992). The research reported here follows in this tradition of process research through the development of archetypes or typologies to explain process and their application to "real" organisational contexts.

The Research Method

In this research project, the alternative explanations or perspectives on strategy formulation, already described, were operationalised to identify characteristics singularly attributable to each of the perspectives. Based on these characteristics a 42 item
questionnaire was developed, with each of the six perspectives being represented by seven items. This was administered to senior managers who indicated, on a five point scale, the extent to which each of the items was characteristic or uncharacteristic of strategy formulation within their organisation. The responses to these items were analysed to produce an aggregated score for each of the perspectives. These scores, which represent managerial perceptions of the organisation's process of strategy formulation, were plotted to develop a Strategic Decision-Making Profile (see figure 1) for separate organisations, sub-units or individuals.

It is important to note that these profiles represent how managers see the process of strategy formulation within their organisations. The interpretation of the strategic decision-making profile is based on distance from the mid point ring, highlighted in bold. Points moving away from this ring towards the outside of the profile (accompanied by a positive score) represent the degree to which the perspective and its incumbent procedures are seen to be characteristic of strategy formulation in the organisation. Points moving inwards towards the centre (accompanied by a negative score) represent the degree to which the perspective is uncharacteristic of the process.

Some Findings and Managerial Implications

As stated earlier, it is unlikely that any one of the above perspectives in isolation is capable of explaining strategy formulation in its entirety. Further, these different views about how strategies develop are unlikely to be mutually exclusive and strategies may develop through a mix of such processes. Indeed, when managerial perceptions of the process of strategy formulation within organisations are examined this mix of processes is revealed.

In the following illustrations general patterns which have been identified are presented and the potential benefits and problems these combinations present are discussed. In addition, examples of differences in the perceived process, from within the same organisation, will be explored to show the potential conflicts which may be surfaced.

General Patterns

The first example shows that where planning is seen to be dominant it is often linked with other perspectives. In situations where planning is not the sole process of strategy development it may operate to moderate the other influences or conversely be moderated by
these. In this organisation planning is seen to play a significant role in strategy formulation: but vision is also seen to be particularly important.

**Case A**

This profile (figure 2) shows a retail organisation characterised by visionary and cultural processes in association with the planning process. The strategic direction and decisions of this organisation appear to be based around a shared vision of the future; a vision seen to be based both on intuition and a rational understanding of the organisation. Although this vision is particularly associated with the chief executive who had been with the organisation since its infancy and had acquired a high level of influence over strategy, strategic decisions are not seen to be taken in isolation from the rest of the top management team.

Along with the visionary process there is a strong tendency for organisational culture - the organisation's routines and its dominant paradigm - to influence strategy. While the vision provides the general direction for the organisation it also provides leeway to accommodate necessary changes. In this situation the planning process might seem to operate to assess the environment and provide "objective" information on which strategic decisions could be taken. Further this process of planning is seen to define and set precise strategic objectives albeit in a direction determined by the vision.

Within this interaction of culture and vision, which may operate to counterbalance each other, the influence of the external environment is not seen to impact greatly on strategy development. This could suggest that the efficacy of the planning operation is such, that it enables the organisation to dominate its environment. However, it could also suggest that due to the dominance of internalised culture and strong vision the organisation's external environment is seen to be peripheral to strategy development. Indeed, in such a situation the planning process may operate to do no more than support the vision and strategic direction by providing analysis and data for a strategy's implementation rather than its formulation. This latter view might be supported by the high cultural score emphasising a strong commitment to the ethos of *the way we do things around here*.

This combination, then, might offer powerful benefit if it means that strategic planning and the driving vision of the dominant individual are complementary; acting to check one against another. On the other hand potential danger exists; in particular the company is facing a highly competitive environment yet the environment is not seen to be a dominant influence on strategy. Indeed, the strong influence of organisational culture could mask
signals from the environment presenting a real problem if the planning role is not exercising the sort of strategic challenge likely to be necessary given the powerful influence of individuals and culture. Consequently, there is a potential for the emergence of visionary dominated internally orientated strategies particularly if neither the influence of vision nor culture is being effectively challenged in a situation where the influence from the external environment is low.

The second example illustrates a pattern in which the logical incremental, cultural and political views are pronounced. This is a typical linkage in organisations in which adaptive or incremental strategy development predominates.

*Case B*

Strategy formulation in this large professional service firm (figure 3) is seen by the partners to be primarily driven by its political and cultural processes and from an adaptive or incremental response to an intrusive environment.

The strategies pursued are seen to emerge in an adaptive manner through a series of continual small scale changes and steps which, as the partners see, keeps the organisation in line with its business environment. This iterative process operates in such a way that potential strategic options are assessed through experimentation. Hence early commitment to strategies is limited, subject to review, and dependent on a continuing assessment. This then, would appear to be like the logical incremental approach proposed by some managerial writers (for example Quinn, 1980), however other features indicate that these incremental moves occur in association with other influences.

The strategies which emerge are seen to strongly related to the desires of certain interest groups and to be developed by powerful groups through negotiation, debate and compromise. In this manner strategic problems are defined and strategies which accommodate conflicting interests are developed. Participation in this process is determined by the issue involved; the same individuals or groups are not involved in every decision. Equally though the firm's history and culture directs the identification of strategic issues and the development of options.

The development of a strategy is typically initiated as a result of the emergence of a strategic issue, with an initial response tending to be based on previous strategies though these are adaptable and easily altered as the environment, culture, or internal politics
demand. Further, strategies are not seen to develop in any systematic planned manner, little in the way of set procedures for the development of strategy exist and the strategies which do emerge tend to be common to the industry and are not planned in detail.

This general pattern of the logical incremental, political, and cultural is typically associated with a low influence of planning process on strategy development. The configuration accords homogeneity to the process as everyone knows the way thing are done and what we're about and it incorporates the organisation's stakeholders. Indeed, through this process a consensus is likely to develop on strategic direction which should reduce blockages to implementation. However, where change is required which moves away from the taken-for-granted problems may emerge. Here interest groups may exert their political influence to enact barriers to restrict any changes which threaten the existing culture and their position and authority within it.

The lack of planning and the influence of the environment exhibited by the processes of this organisation may result in too greater reliance on a reactive response to strategic issues and internally orientated strategies. Strategic direction may reflect past successes and their associated power structures and so may not be suited to the requirements for sustained success in a future business environment. The problem of this situation is that there may be little to challenge and question the taken-for-granted, given that planning does not appear to fulfil this role. Indeed, does this situation represent a logical adjustment to the environment or a political and cultural steady as we go? If it is the latter, there is a real danger of 'strategic drift' (Johnson, 1988).

Situations of Conflict

Of course, very real problems can emerge if different parts of an organisation have markedly different influences on the development of strategy. So while there may be agreement about the process of strategy formulation within some organisations, in others there is not. It is in these situation of conflict where the process or the input of certain groups may become ineffective and potential obstacles to change may subsequently emerge. The following two cases illustrate such examples.

The first case illustrates a major disagreement between the corporate centre and a subsidiary operating unit of a multinational organisation.
Case C

In this example of disagreement (Figure 4) the process of formulating strategy was identified as distinctly different by two executives from within this multinational organisation, one a divisional manager of an overseas subsidiary, the other his opposite number in corporate finance at head office. While differences may be expected within all organisations, the difference here were particularly acute. At the subsidiary level strategies were assessed as being developed in the traditional sense of strategic planning involving the setting of goals, the analysis of the environment, and the production of detailed procedural plans. This was not the case at the corporate centre. Here the process was evaluated to be distinctly political, to be directed by culture and the way things are done around here, and under much influence from the external environment: a process most definitely not characterised by the planned perspective.

Detailed plans outlining the development of a strategy formed the basis for the subsidiary's approach to the corporate centre for approval and allocation of resources. However, this approach was not in line with the process at the centre. Here, strategy development and subsequent resource allocation was based on previous requirements and under influence from environmental, political, and cultural pressures - not on the bases of the formalised planning process undertaken in the subsidiary. These differences in the perception of how the organisation develops its strategies have resulted in serious difficulties between the two in relation to defining strategic problems, formulating strategy, and the general discussion of strategic issues, the consequences of which present obvious problems in determining strategies which are acceptable to, and owned by, both the subsidiary and the corporate centre.

Case D

The second case, an example from the aerospace industry (Figure 5), identifies differences and disagreements between individuals within senior organisational positions. In such situations problems may emerge due to the differences in how the process is seen by the managers, all of whom must input into the strategic decisions. Here, major differences are seen to exist in the perceptions of the process of strategy formulation by the chief executive (CEO) and the other members of the top management team (TMT). Particular large differences can be seen in relation to the extent to which the planning, the political and the visionary perspectives characterise the organisation's strategy formulation process.
The CEO, who is relatively new to the organisation, sees strategies developing through the cultural process of the organisation. Here he sees strategies as being directed and developed in line with the beliefs and assumptions of the organisation and its widely shared philosophy. Further, planning is seen to be part of the process with the organisation having definite and precise strategic goals, supporting its analysis of the environment with quantitative data, and developing strategies based on considered and systematic analysis. However, he does not see political processes to be influential in strategy formulation though the external environment is seen to influence formulation to some degree through the limitations it imposes on the strategies which can be followed.

The CEO's view of strategy formulation is not one shared by the other members of the senior management team. This group view strategy development as a political and visionary process under influence from the external environment. They see the organisation's strategies to be directed by a vision of the future which is particularly associated with the CEO, whom they view as having a tendency to enforce decisions and impose strategies without consultation. Indeed, they view the driving vision to be based solely on intuition rather than any rational understanding of the organisation. The influence over strategy development that they perceive they can exert develops with the control of critical resources and through the diagnosis of a strategic problems. Further, the TMT does not perceive the organisation to make pre-emptive intentional strategic decisions. Rather they see strategies developing in response to environmental influences; with strategic choice being restricted by the external business environment and external stakeholders such as, for example, strong customers.

This situation of conflicting perceptions does not suggest a process easily accessed by all the organisation's senior figures. Consequently, the input into strategy of diverse but relevant sources may be reduced while the influence of any one individual may not be effectively challenged. This situation taken to an extreme may result in the CEO being marginalised in the pursuit of what he considers to be the organisation's strategy particularly as he appears to be out of touch with the views of his senior executives. Similarly, the other members of the TMT may pursue actions which are consistent with their view of the process but which are inappropriate in terms of the CEO's view. The overall results of this situation is likely to be a lack of continuity in strategy formulation and the emergence of a potential crisis as an undirected strategy emerges through the conflict.
Research Agenda

This research has indicated that the process of strategy formulation is seen to differ between organisations, and indeed within organisations; therefore it is suggested that future research focuses on the organisational contingencies which account for the process operating. For instance, the process of strategy formulation operating may be explored in relation to: industry sector, organisational structure (Mintzberg, 1979; Fredrickson, 1986), the process of change (Miller & Friesen, 1984; Nadler & Tushman, 1989), organisational grouping - that is, corporate or strategic business unit (Ginter et al, 1985) or functional area (Schilit & Paine, 1987), and performance (Fredrickson, 1985; Hart & Banbury, 1992). Similarly, research could examine differences in process which may emerge between situations and organisations due to the affects of time, context, or strategic issue. Further, the development of procedures for intervention is needed, to assist in the modification or change of the processes of strategy formulation, and which in turn may enhance the strategic process.

Conclusion

This paper has dealt with the processes of strategic management as they are identified by managers in organisations: it is therefore descriptive as opposed to prescriptive. There is no suggestion here that, because such processes exist, this is how strategy should be managed. However, there are practical benefits to managers in this work. By establishing and documenting the underlying processes of strategy development - a process which is rarely surfaced or discussed - managers are provided with a better understanding of strategy formulation in their organisations: an understanding which can act to stimulate discussion and exploration by senior executives of the strategy formulation process in operation. In fact, in addition to their use in this research, these profiles have also been used in small group settings with managers to explore perceptions of the process within organisations. Their benefit has been to raise an awareness that there are a number of ways of explaining the process of strategy formulation and that consequently behaviour within the process may differ: and to discuss the implications of different patterns relating to their organisations.

The information derived from this approach can provide a stimulus to enable organisations or business units to address any perceived deficiencies in their formulation processes and reduce their reliance on the taken-for-granted way of dealing with strategic issues. Further it can allow managers to identify any conflicts or disagreements in the perception of the process which in turn may effect how individuals operate within the system of strategy
formulation. Indeed, this awareness, as Heller (1986) points out, can be used through feedback mechanisms to enable and facilitate change.

The strength of this approach to understanding strategy formulation comes from its combined use of the six explanations of the process. As has been demonstrated this approach can differentiate between organisations by illustrating how their strategy formulation processes differ. The approach then provides a clearer understanding of the process of strategy formulation and its complexity.

In conclusion, it is apparent that the process of strategy formulation is seen by managers to occur in a number of different ways, although distinct patterns are identifiable. To attain the best from the process within an organisation managers should both understand the process as seen by their colleagues and understand the range of possible alternative aspects of formulating strategy. To understand the reality of strategy making in an organisation is important not least because those who seek to influence the strategy of organisations must do so within that reality. This understanding should enable organisations and their managers to increase the efficiency of their strategy formulation process and reduce conflict within this process.
References


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