

# Strategy process and context in determining strategy



The accumulative factors which serve to determine the content of a given management or business strategy have long been the subject of concerted academic investigation. Above all, business and firms rely heavily on the presence of clearly defined strategy which is founded on an effective content (Sadler & Craig, 2003). As such, not only is the content of proposed or active strategy pivotal, ensuring that strategy content is formed on the best possible foundations for the firm in question is reliant on other factors which take place both in the formulation and implantation of strategy. The central debate which has taken place in recent years is whether it is strategy process or strategy content which ensures the best outcomes in terms of strategy content (Eden & Ackermann, 1998). Given this, the purpose of this work is to critically assess and evaluate the importance of both strategy process and strategy context in determining effective strategy content. It will be shown that both strategy process and strategy context have numerous benefits in terms of delivering effective strategy content. However, both these practical understandings of strategy suffer from defects. As such, the essential conclusion of this work is that collaboration between process and context is the best method through which to ensure effective strategy content. However, forging such collaboration remains a problematic undertaking.

Firstly, it is prudent to outline some definitional parameters so that later evaluation is based on an effective analytical foundation. As such, strategy process denotes the essential processes through which strategy comes about, i. e. content (Chakravarthy, 2003). Strategy process thus includes a variety of different factors including, cognitive, political and social factors

(Chakravarthy, 2003). As such, the process through which a strategy is formed and shaped is argued to be central to the eventual content of the strategy itself. Alternatively, where strategy process highlights the structural features of the process towards strategy, the concept of strategy context centres on the environmental surroundings in which the firm resides (Marx, 2004). Thus, strategy context is heavily dependent on the understanding of how environments affect the formation of strategy and how different actors in strategic planning impact upon that environment and the consequent formation of strategy, i. e. content.

Therefore, it is possible to see the degree to which strategy process and context differ in the approach they adopt to the formation of strategy content. In offering effective conclusions regarding the importance of each outlook in terms of determining strategy content, it is necessary to assess each individually so that the relative benefits of each approach can be evaluated.

Using strategy process as the theoretical and practical foundation for strategy content has a number of benefits. Thus, one can certainly proffer the assumption that effective strategy process is pivotal in ensuring that sound content occurs. Chakravarthy (2003) suggests that an effective structural process established by the higher echelons of management in the firm produces clarity in the process, which means that all actors in the firm are dually aware of their own role in the process, whilst simultaneously understanding the broader processes involved. However, it is important to note that a fair degree of academic divergence exists as to whether strategy process can be attributed to leading management engender set.

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Chakravarthy (2003, p. 12) addresses this divergence by asking, “ is strategy emergent or planned?” Arguments can be made which suggest strategy can be both emergent and planned and indeed, Chakravarthy (2003) points out that the need to actively plan a strategic approach differs considerably depending on the firm in question. However, if we are to conclude that strategy can be planned, then ensuring an effective structural process to strategy would seem to be a fairly effective way of determining content. Thus, strategy process as a functional and structural phenomenon can be effective in determining the kind of content a specific firm wishes to establish in their strategic business management.

Nonetheless, it is clearly problematic to suggest that strategy content is solely determined by a top-down process which ultimately emanates from higher levels of management within a firm (Sadler & Craig, 2003). As suggested above, it is possible to account for diversity in the establishment of strategy process and thus effectively conceptualise the roles of different actors in that process. However, one must question whether strategy process in a complex and diverse firm can be undertaken on the basis of individual endeavour or that of a small group. Clearly much of this depends on the nature of the firm in question; however, it is not difficult to argue the benefits of a collaborative approach to strategy within a firm. Thus, strategy process is important for determining strategy content only when the process is founded on a broad and encompassing basis.

In addition, some commentators have suggested that strategy process is so complex and diverse that it is difficult to offer succinct and verifiable conclusion on how to put such process in place, along with ascertaining the <https://assignbuster.com/strategy-process-and-context-in-determining-strategy/>

effectiveness of the process. Szulanski et al (2005) highlight this problem by emphasising the degree to which little if any effective agreement has been reached in the academic fraternity with regards to strategy process. Thus, it is difficult to see exactly what strategy process is and what it is not. Indeed, at which point does strategy process start and end? Moreover, although the above suggestion hinted at a social, cognitive and political foundation for strategy process, one feels that the environmental issues which invariably affect strategy formulation and implementation in a firm cannot be effectively ascertained without a specific focus on such issues. Thus, this seems a prudent time to being the assessment of strategy context and the importance it has for determining content.

Whereas strategy process in some form or another has long been the hallmark of business management, strategy context is a more recent phenomenon (Marx, 2004). As suggested above, the context in which a firm's strategy is proposed, formulated and implemented is heavily dependent on ensuring an effective understanding of the environmental factors which are specific to the firm in question. As such, strategy context is essentially reliant on a measure of sociological understanding as to how different actors in the firm interact with one another. Given that effective human interaction is pivotal in all firms regardless of size, it is fair to conclude that an understanding of the context in which strategy takes place would be beneficial for the firm. Moreover, the context in which strategy occurs and the impact such context has on the specific strategic approach adopted is hugely relevant in terms of assessing and accounting for the eventual content which results (Marx, 2004). Thus, as Eden & Ackerman

(1998) suggest, it is difficult to see how the actual content of a strategy could be effectively determined without some measure of recourse to the context in which the strategy is taking place.

However, there does exist a strong measure of divergence in the practical implementation of a strategy context approach to strategy management within a large and diverse firm. For example, if an individual who is important for the context setting process within a firm decides to leave, then there is an inevitable vacuum which has to be filled. Thus, as Eden & Ackerman (1998, p. 156) point out, “ some strategy context setters will have disappeared from the scene altogether...and others will have lost their salience and power”. As such, it is possible to see the degree to which strategy context is a constantly changing phenomenon. This may well be beneficial for a firm in terms of adapting to alterations in business environment; however, accurately ensuring continuity in the content of a consistent business strategy may be more problematic.

The various discussions and examinations above have highlighted the essential differences between the approaches of strategy process and strategy context in determining strategy content. What is clear is that a relative degree of divergence exists between the two approaches, with each having relative benefits and pitfalls in terms of effectively determining the eventual content of strategy. However, given that both positive and negative issues exist in the two approaches, it is not difficult to see the potential benefits in adopting a dual approach to strategic management. In particular, although ensuring a comprehensive and effective strategy process is clearly important for many reasons, it is difficult to see how such a process could be

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effective without some measure of recourse to the environmental factors which impact upon the firm in question. Thus, this work concludes that some measure of duality between process and context acts the most effective way of determining strategic content. Naturally, a number of potential problems emerge from such an approach, both in the theoretical and practical sense. For example, if a combined approach is undertaken, which should act as the starting point of strategy? Also, which approach should assume greater preponderance and importance in terms of determining eventual content? Such matters evidently of concern to the dual approach, however, this does little to detract from the fact that numerous benefits can be derived from utilising both process and context in the formulation and implementation of strategy content in strategic management.