

# Corporate and global strategy assignment business essays



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Since Ansoff's (1965) seminal book 'Corporate Strategy' the importance of effective strategy has been realised by organisations. The formation of strategy is the first component of strategic management involved in planning and business decisions.

The seminal study 'Patterns in Strategy Formation' defines a strategy as 'a pattern in a stream of decisions' (Henry Mintzberg 1978), this definition enables the author to present a description of strategy formation. The study intends to introduce a new description into the process of strategy formation. To do this the author examines the strategy of two organisations, Volkswagenwerk and the United States government in two different time frames, 1934 to 1974 and 1950 to 1973 respectively. These two descriptive studies constitute a limited data base, but they call into question a number of assumptions about the process. Henry Mintzberg (1978) concludes that strategy is an ever changing process that is not rigid and unable to be structured to change at specifically arranged times by managers. The research methodology consisted of exploratory and inductive analysis based on the historical studies of the two named organisations over thirty years.

When this study was published there was no contemporary study exclusively focused on the topic of strategy formation and this was only a conceptual study makes Mintzberg hypothesis untested and needs to be supported with empirical studies. Mintzberg has improved upon 'Corporate Strategy' which was the first book to concentrate solely on strategy and introduced new concepts (Ansoff 1965). Mintzberg's (1978) research involved two culturally different organisations in his research, although both are western organisations, his research seems to have taken into account some cultural

behavioural differences in the way that organisations approach strategy formation.

Mintzberg further expanded his research into strategy formation by questioning different ways in which strategies are formed and explored ways they could be formed in alternative ways. 'Strategy Formation in an Adhocracy' sets out to demonstrate how strategies are formed in adhocratic organisations (Mintzberg and McHugh 1985). This study is based on an extensive study of an organisation that falls into the category of an adhocracy. The findings of this study are meant to be used as an abstraction which focused on the emergent nature of the adhocratic organisations strategies. The authors finally concluded with a grass roots model of strategy formation to be further developed, which puts to question the conventional beliefs about forming strategy.

A longitudinal approach is taken to the papers methodology, the paper defines two options, the first involves the researcher working with an organisation over a long period of time directly observing strategic decisions and conducting interviews with the decision makers. The alternate option for the study is the recreation of an organisation's behaviour. This recreation comprises of searching archives for evidence of decisions made within the organisation, documentation of external macro economic trends affecting them, and contemporary major world events.

A criticism for the methodology is that the problem with conducting the experiment in real time instead of retroactively is that strategies can be unchanged for extended periods of time, and in contrast with the alternative

option makes a recreation of their behaviour less time consuming. This study challenges the conventional notion of strategies in bureaucracy organisations, further empirical studies will be needed to expand on whether adhocracies perform better than bureaucratic organisations.

This next literature moves on from Mintzberg's work and takes an increased international view on strategy formation. Integrating the Strategy Formation Process: An international Perspective explores and tests the theory of decentralised strategic emergence associated with the decision autonomy of managers, from these findings, the author theorises on the positive interaction between dispersed managerial actions and central planning activities (Anderson 2004). This study emphasises the importance of these theories in an integrative strategy formation process particularly business entities trading in turbulent environments, in which products and services, their demand and their profitability have changed in the past five years. The study's findings contradicts conventional views in relation to the two strategy making modes as alternatives dependent on the environmental turbulence.

This study examined one hundred and twelve manufacturing firms which were chosen to represent various levels of economic turbulence. Data was gathered from annual reports, questionnaires and interviews with company directors. Researchers analysed the mission statements, strategic goals and action plans. The study's sample provided a good mix of industries from food processing to electronic measurement equipment. Questionnaires and interviews with company directives have given the study a solid

understanding of the companies strategy, their decision making process and how they were formed.

Findings show that there are missing strategic management capabilities that are required to maximise on the European market. The study's findings shows implications in how organisations position themselves to take advantage of economic benefits from global market opportunities.

This next study sets the foundation for further empirical study on the subject of strategy formation in relation to planning. ' Does Planning Pay? The Effect of Planning on Success of Acquisitions in American Firms' provides quantitative evidence that growth through acquisition is more profitable than growth through internal development (Ansoff et al 1970). The goal of this study was to investigate the relationship between performance and methods of growth. The authors sent out an extensive questionnaire to a four hundred and twelve manufacturing companies in the United States of America which questioned the companies past twenty year history to be completed by those employees directly involved in their company's strategic operations.

Ansoff et al (1970) analysed their data in two ways, a subjective evaluation of their questionnaire answers and a quantitative evaluation of financial data sourced from Standard and Poor.

However, the study's methodology may have fundamental problems, out of the four hundred and twelve questionnaires sent out only ninety three of those sent back were unusable. A number of the questionnaires could not be used because of inconsistency and lack of evidence for the reasons behind their strategic decisions. This could show a problem in the design of their  
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questionnaire. Another problem with this study was that the interviewees were unhappy about the lack of confidentiality shown by the study which reflects poorly on the researchers ethics.

This empirical study further explores the Ansoff et al (1970) study on planning. 'Seven Aspects of Strategy Formation: Exploring the Value of Planning' explored two different perspectives to strategy formation with their association to company growth, the study further defines seven constituents of planning and emergent approaches (Fletcher and Harris 2002). The findings of this research claimed that graduates used emergent approaches to strategy rather than planned approaches. The authors concluded that their findings showed that the nature of strategy formation was and still is 'subtle, complex and multifaceted'. These findings agree with another study based in Hong Kong that states that in small businesses, recognition of strategic need is reactive and not proactive in nature (Chan and Foster 2001). This empirical study gathered data from twenty five graduates of an enterprise business start up program that had since graduated seven to twelve years prior to the study. The authors conducted in depth qualitative interviews, the data from these were used to investigate the association between high and low growth firm businesses and their approach to planning.

The study's sample was exclusively based on entrepreneurs in Scotland and did not interview the graduates with failed business that could have used one of the two forms of planning, therefore their study may only be showing the specific type of planning if it succeeds. The study uses a very small sample size of just twenty five graduates, which may question the validity of <https://assignbuster.com/corporate-and-global-strategy-assignment-business-essays/>

their findings because the data may not be reliable. The Authors claim that further research is required to expand on the extent of which the value of planning can be reflected on entrepreneurship education programs.

The first study defined strategy formation so that it could be given a broad description and explored Mintzberg continued with the second study which examined an alternative way strategy is formed in an adhocracy. The Third study deviated from Mintzberg and took an international perspective to examine how organisations take advantage of global economic opportunities. The fourth and fifth study explored the value of planning and took into account planned and emergent strategies. A common problem with these studies was the effectiveness of their methodology, sample sizes seemed to small and questionnaires had to be discounted in some studies. Future research could be made to provide further empirical data to support the seminal studies with larger sample sizes.