

Week 1 & 2



STRATEGIC MANAGEMENT



Are we modern?

Organisation?

Strategy?

Strategic Organisation?

What can we make of it all?

AGENDA



WHAT IS STRATEGIC ORGANISATION?

We can distinguish between
Strategy
Organisation – and an
organisation that is...
Strategic -
Strategic organisation

ARE WE MODERN?

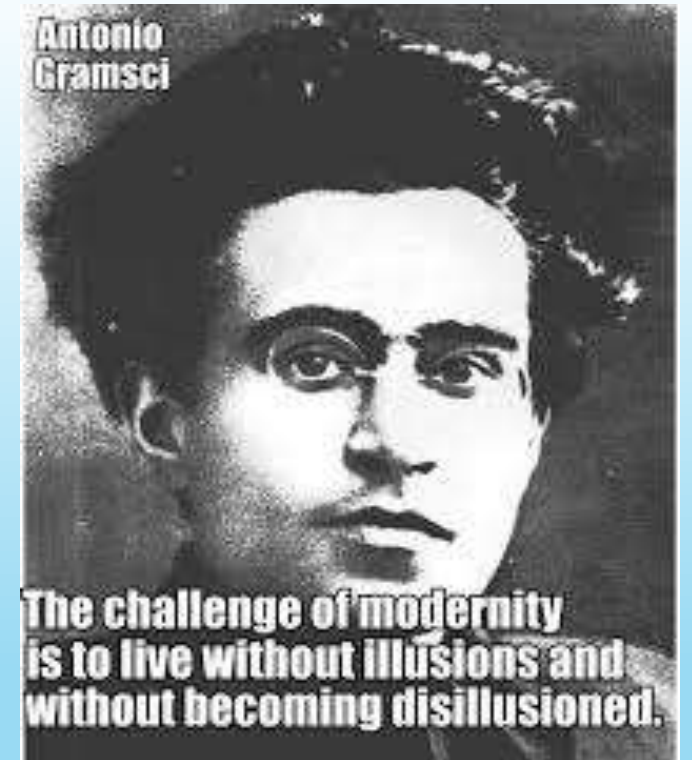
MODERNISM AND MODERNITY

The term 'modernism' is derived from the Latin 'modo', meaning "just now".

Modernity: historical period (started in the 15th century) that saw the evolution of capitalism and industrialization. It is divided into three distinct phases, to describe the emergence of capitalism, industrialization, and finally the modern world that shaped because of division of labor.

Modernist claims 'objective knowledge', 'rigorous analysis', independent scrutiny' as truths and promotes a belief in the essential capacity of humanity to perfect itself through the power of rational thought

This is what informs the prevailing definition of organisation and strategic planning as circumscribed administrative-economic functions with a formative role in the production of systems of rationality.



WILLIAM BLAKE

Presents a moving and prophetic critique of modernity in the early 1800s and it was a comprehensive critique, ranging from analysis of imperialistic government, to industry, to the social relations of everyday life (*Norton, 2005*).

William Blake is principally describing a very corrupted society dominated by the power of materialism and the contrast between upper and working-class sections of society. It is written from a very negative perspective where people who exist in a dark and oppressive world.



MODERNISM - THE TECHNOLOGICAL TRANSFORMATION OF THE WHOLE WORLD

The Suez Canal, 1869, was part realization of an early form of systems thinking, part of a plan for the universal association of the people of Europe and the Orient.

In 1869, the Suez Canal was opened, greatly reducing the distance between Britain and India by some 4,500 miles as ships no longer needed to travel round southern Africa. The Suez Canal together with the reliable service of steam-powered liners led to an increase in merchant and passenger shipping.

Systems thinking is a way of making sense of the complexity of the world by looking at it in terms of wholes and relationships rather than by splitting it down into its parts.



2020 HOSPITAL CONSTRUCTION IN WUHAN, CHINA

More than 4,000 workers and 1,000 vehicles

1,500-bed Leishenshan - or Thunder God - hospital



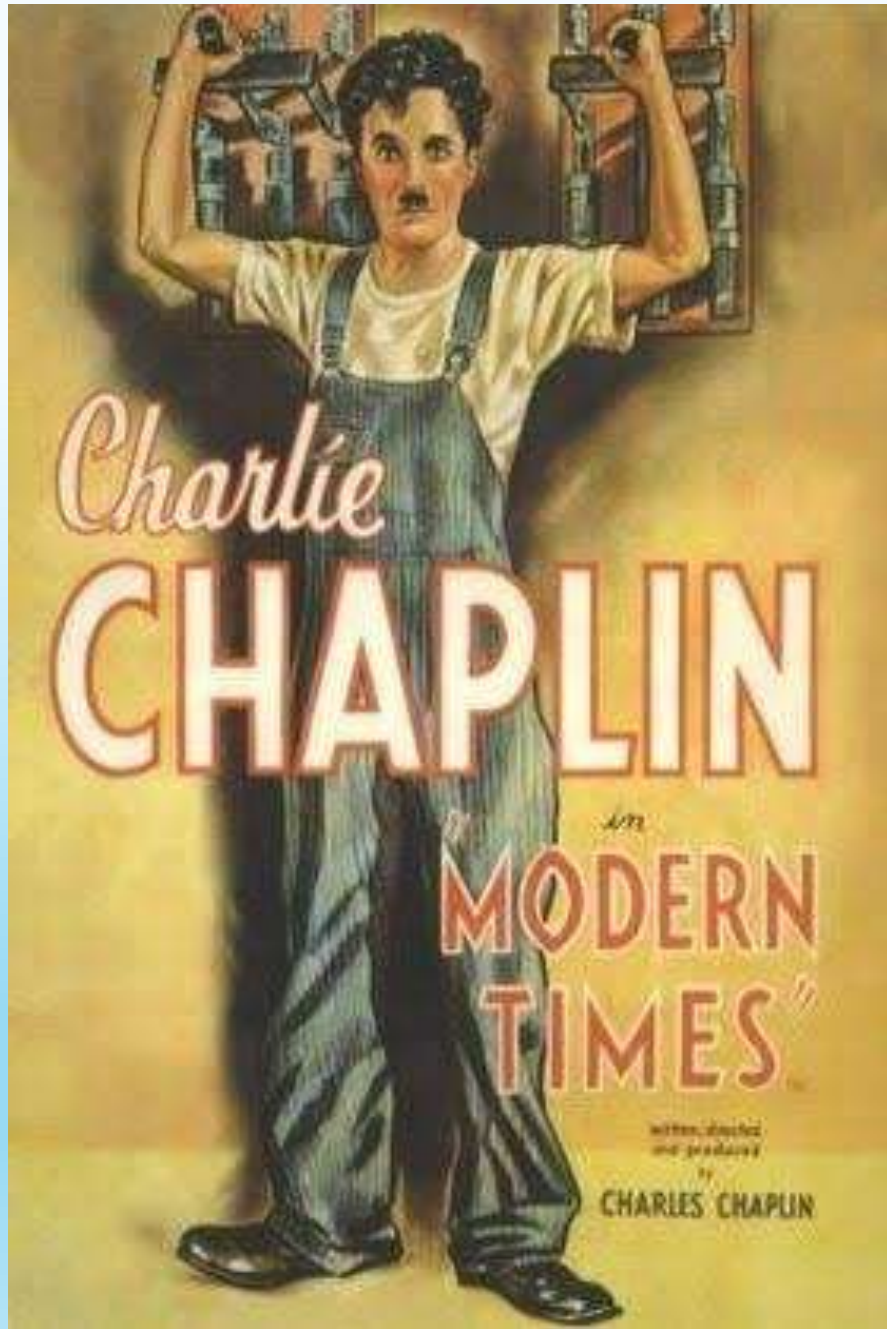
Modernist transformation of work and organisations



The focus of modernist is always for effectiveness and efficiency. The rational modern mind is trained for 'progress', both scientifically and productively. (Mills, Terry, Boylstein, Craig & Lorean, S 2001).

The modernists assume that workers have to have structure to be able to accomplish the goals of the organization (Hatch & Cunliffe, 2006).

Modernists assume that behavior of individual at work is significantly determined by values, or attitudes, or beliefs, that the worker holds, and that they can share it with others.



Bell (1974): modern (post-industrial) society differs from previous societies in relying on knowledge that is essentially theoretical.

A brilliant article. It's not on the reading list because it is quite difficult - but it is definitely worth a try!!! (Prof. Mike Zundel)

A post-industrial society has several major characteristics of which the most significant is the increasing substitution of "knowledge"—especially "theoretical" knowledge—for property as the basis of the social order.

MODERNISM

Post-industrial society is organized around knowledge for the purpose of social control and the directing of innovation and change ...' (Bell 1974: 20)

Theoretical knowledge offers a 'methodological promise' for the management of the complex, large-scale systems which distinguish the modern world.

Post-industrial society: Its focus is on the changing nature of work and work relationships, on the increasing role of scientists and technicians in the social order, and on the allegedly central role increasingly played by theoretical knowledge in social change and the making of societal decisions, a role epitomized by the rise of social and economic planning as a tool of public policy.





POST MODERN

The deconstruction of organization structures, the rejection of grand strategies, an emphasis on expressivism and a reconstruction of social and cultural values developed in an open discourse and resulting in collective reason — and morals.

Per Olof Berg, (1989) Postmodern management? From facts to fiction in theory and practice, Scandinavian Journal of Management, Volume 5, Issue 3, Pages 201-217.

Postmodern organizations are organizations that have broken with the traditional principles of organization as defined by modernist theory dominated by rationalism; they are also characterized by having developed new and original forms and practices in response to the changing environmental conditions of postmodern society. Such organizations can be identified by the extent to which they adopt and create new and different patterns of operation and regulation.

According to postmodern thinkers, the purpose of a postmodern discourse is to break down the assumptions that are taken for granted. In literature this component is manifest in concepts like paradox, instability, and difference (Derrida, 1973; Lyotard, 1984).

ORGANISATION

How do we define an Organization? To define it, don't we need to be able to determine its boundary?

Where does an organization start and end? Take the University of Liverpool – is it enough to include the lecture theatres, classrooms, and the offices of academics to sufficiently describe this Organization? Doesn't 'it' also extend to the alumni? The vast network of past students that include those who continue to make an active contribution to the University. Moreover, what about lecturers? Do we have to include their past experience (a key knowledge resource), and their future ambitions (entrepreneurial ability), their publications and so on? What about those on zero-hours contracts? What happens to their intellectual property? What about partner organizations, both for learning and teaching but also for the general running of the campus and on-line services? It is extremely difficult to draw a fixed 'boundary' around this phenomenon we call 'organisation'.

BEING ORGANISED?

To compound the problem - it is not entirely clear what we mean by an Organization being 'organized' – being organized assumes some sort of stability or at least some rhythm or pattern in the orchestration of things and events that we come to associate with an 'organisation'. But what is such Organization like? Is it about doing the same thing every day? For instance, can we really speak of the same Organization at two points in time, say the John Lewis Partnership in 1874 and the John Lewis Partnership today?

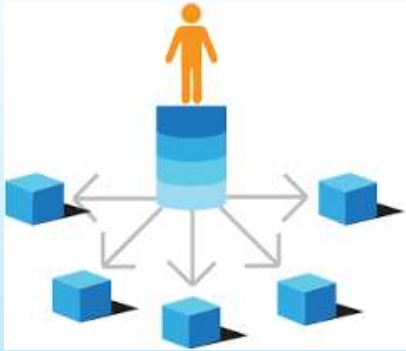
"All theories of organisation and management are based on *implicit* images or metaphors that persuade us to see, understand, and imagine situations in partial ways. Metaphors create insight. But they also distort. They have strengths. But they also have limitations. In creating ways of seeing, they create ways of *not* seeing. Hence there can be no single theory or metaphor that gives an all-purpose point of view. There can be no 'correct theory' for structuring everything we do."

Gareth Morgan – *'Images of Organisation'*, Sage, 1986, p348.

The central thesis of this book is that all theories of organisation and management are based on implicit metaphor, and that metaphors play a paradoxical role: they are vital to understanding and highlighting certain aspects of organisations, while at the same time they restrict understanding by backgrounding or ignoring others.

Take for example the the very common metaphor that an organisation is like a machine. We think in terms of 'inputs and outputs', maximising 'production' and making 'efficiency the driving force'. When things are going well we say the organisation is 'running like clockwork', When they are not, 'things need fixing'. In response we want intervene at the point of maximum 'leverage'. Gareth Morgan says, "One of the most basic problems of modern management is that the mechanical way of thinking is so ingrained in our everyday conception of organisations that it is often difficult to organise in any other way".

ORGANISATION AS A 'MACHINE'



Is this an organisation ?

This has been perhaps the most dominant way of thinking about organisations. Any geometrically structuralist approach also falls into this category, e.g. top down (occurs when goals, projects, and tasks are determined among your company's senior leaders – usually independently of their teams), bottom-up (the whole organization participates in the process of leading the organization), centralized (business decisions are made at the top of the business or in a head office and distributed down the chain of command), decentralized (mid-level and lower-level managers make most of the decisions, rather than the senior management team) and so forth. According to Gareth Morgan the entire mainstream economist view of business is within this metaphor.

But what is a machine?

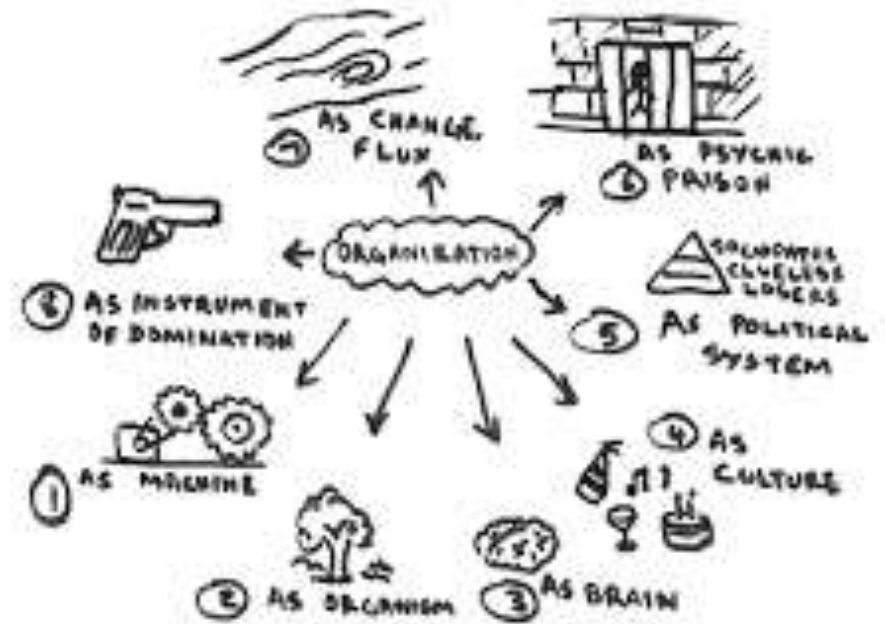
A complex device, consisting of a number of interrelated parts, each having a definite function, together applying, using, or generating mechanical or (later) electrical power to perform a certain kind of work.

Jean Tinguely (1925 – 1991) was a Swiss painter and sculptor. He is best known for his sculptural machines or kinetic art, in the Dada tradition. Tinguely's art satirized the mindless overproduction of material goods in advanced industrial society.



Images of Organization

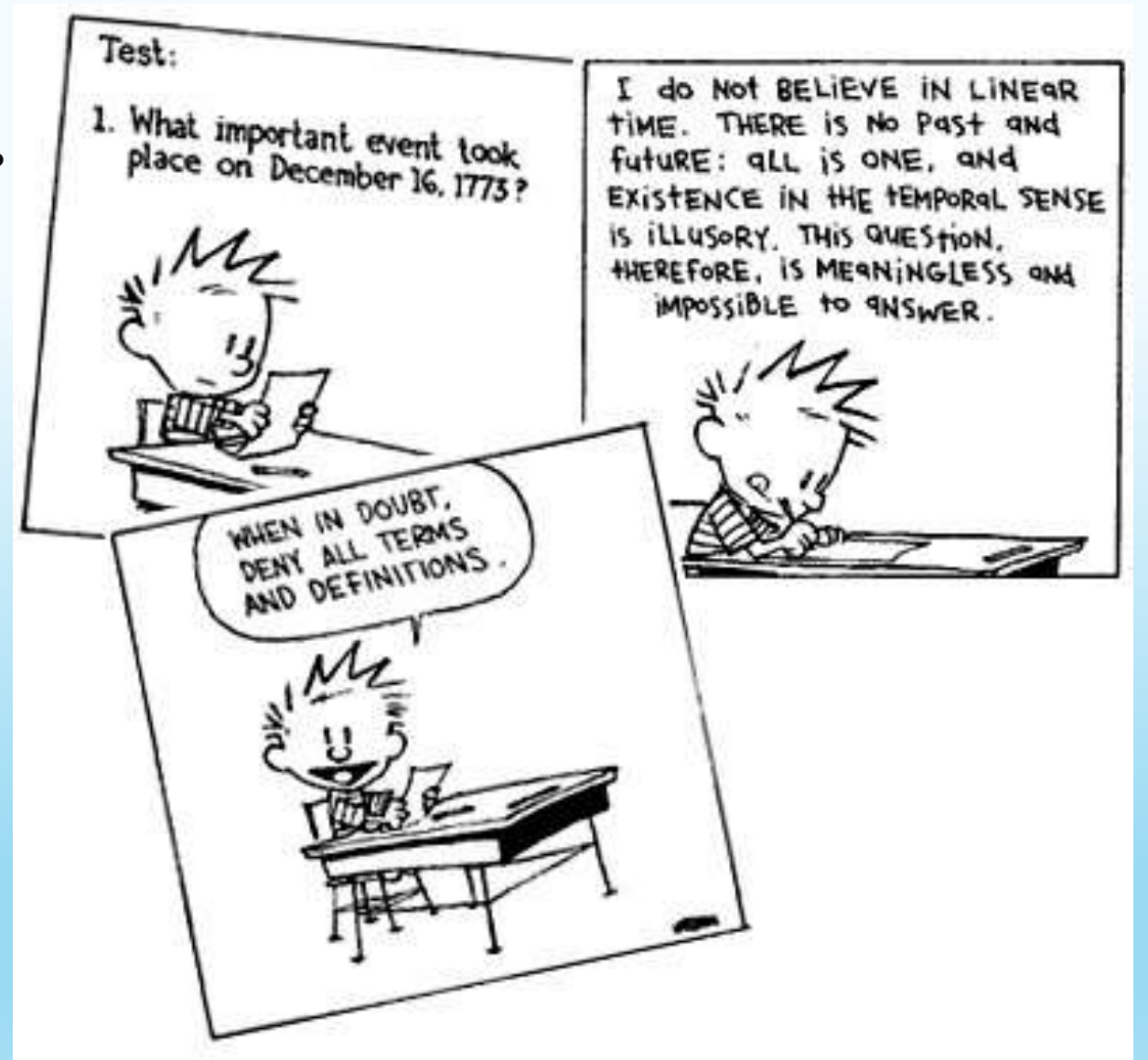
1. Change and flux: an organization is an ever-changing system indivisible from its environment
2. Instrument of domination: an organization is a means to impose one's will on others and exploit resources for personal gains
3. Machine: an organization is a series of connected parts arranged in a logical order in order to produce a repeatable output
4. Organism: an organization is a collective response to its environment and, to survive, must adapt as the environment changes
5. Brain: an organization is a set of functions designed to process information and learn over time
6. Culture: an organization is a mini-society, with its own culture and subcultures defined by their values, norms, beliefs, and rituals
7. Political System: an organization is a game of gaining, influencing, and coordinating power
8. Psychic Prison: an organization is a collection of myths and stories that restrict people's thoughts, ideas, and actions



The 8 Metaphors of Organization
From Gareth Morgan's *Images of Organization*

THINK, THINK, THINK ...

It is important to bear in mind that the concept of 'organisation' is not straightforward and that whatever perspective is taken, there are different assumptions about what one is dealing with and what (strategic or tactical) courses of action may be suitable.





STRATEGY?

WHAT IS STRATEGY?



Aspiration, success and advantage



Values and relationships



Complexity



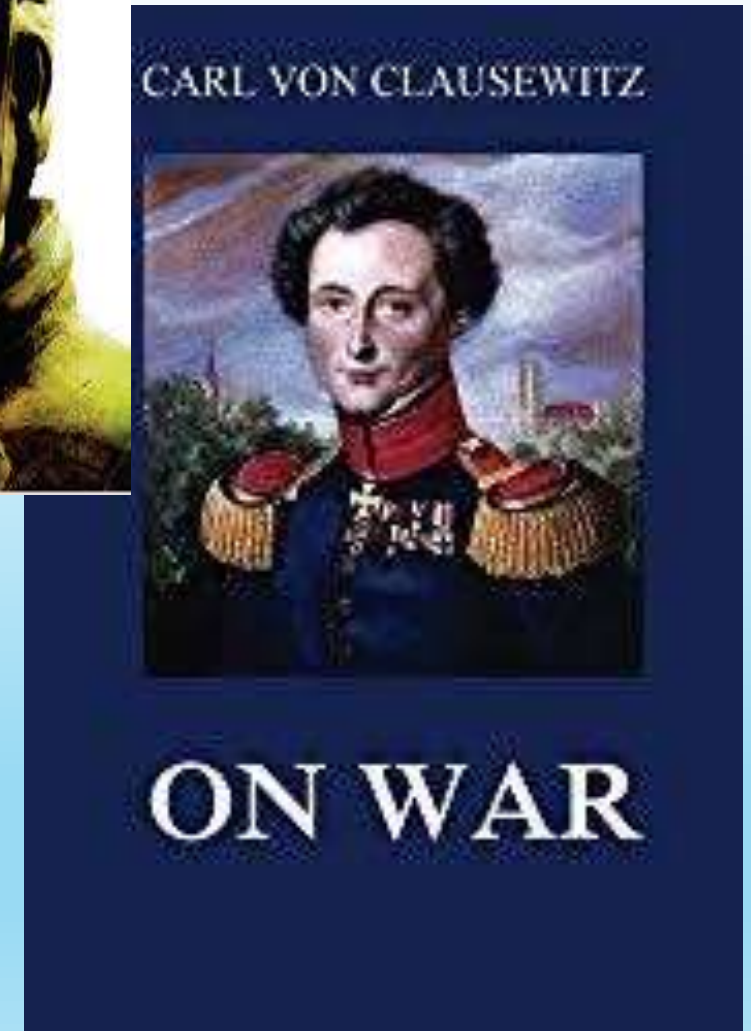
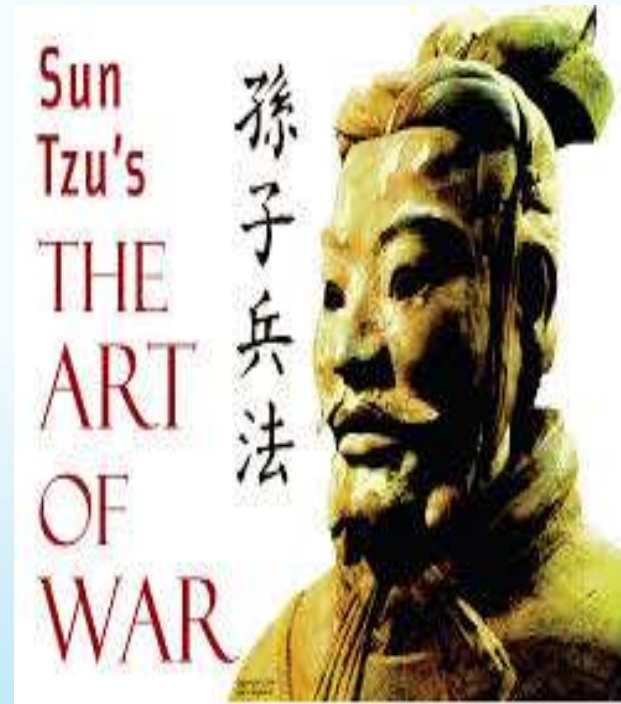
Social processes and practices

WHAT IS STRATEGY?



WHAT IS STRATEGY?

The influence of military planning on strategy is undeniable. The modus operandi of strategy as planning, is reflective of military planning processes: the analysis of the landscape and the assessment of the organization in order to plan particular strategic moves and campaigns, to fight for positions, defend them, as if the marketplace behaved in the same way as a landscape filled with enemies...



FROM THE GREEKS TO THE ROMANS TO MICHAEL PORTER

An entwinement of strategy with military contexts (conflicts) and language (war)

- Price war
- Competitive battles
- Bargaining power
- Threats from new enemies
- Penetrating competitor lines
- Battle for market share
- Stealing market share
- Encroaching on markets
- Counterattacking competitors
- Outflanking competitors
- Ambushing competitors
- Competitive battles against alliances
- Retreats from battles
- Cooperation is a prelude to conflict



STRATEGY AFTER MODERNISM (WHITTINGTON, 2004)

“Strategy's intellectual lock-in on modernist detachment and economic theory can now be relaxed. Strategy can...engage more directly with strategy as a social practice...a double agenda for strategy research after modernism: first, a sociological agenda concerned with understanding strategy's elites, its skills and its technologies, and their implications for society as a whole; second, a managerial agenda, turning this sociological understanding to **practical advantage in terms of how managers become strategists, how strategy skills are acquired and how strategy technologies can be better designed and used.**”

Strategy is something people do. From this perspective, strategy can be seen as a social practice like any other practice, whether domestic, political or educational...

Scientific knowledge has too often let practitioners down and, besides, is far less exclusive...

The way forward is to broaden the scientific concern for theoretical rationality to embrace practical reason as well...



STRATEGY

Strategy is a concept that is subject to a diverse and often coexisting set of world views.

Some of these views can be paradoxical, presenting definitions of strategy that can be the opposite of one another!

This can be very frustrating and confusing for you as a student of strategy

You may read a definition in one text book - 'strategy is a plan' (Lynch, 2015) and think you now know what strategy is –

...only to find a different and opposite definition in another equally respected text – 'strategy is order emerging from chaos' (Stacey, 2016); or perhaps worse...

...'strategic planning is an oxymoron' (Mintzberg, 1994) !!!!!???????

- The pattern of major objectives, purposes or goals and essential **policies or plans** for achieving those goals, stated in such a way as to define what business the company is in

- Drucker P, (1961), The Practice of Management, London



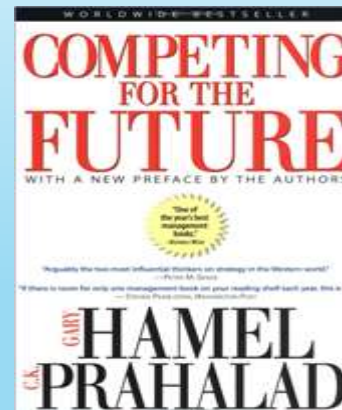
- A unified, comprehensive and integrated **plan** that relates the strategic advantage of the firm to the challenges of the **environment** and that is designed to ensure that the basic long term objectives of the enterprise are achieved

- Glueck W. & Jauch J., (1984), 'Strategic Management and Business Policy', McGraw Hill

- Strategy is the direction and scope of an organization over the long term ideally which matches its resources to its changing environment and its particular markets, customers and clients, so as to meet **stakeholder expectations**
- Johnson G, & Scholes K, (1997), Exploring Corporate Strategy, Prentice Hall, Third Edition



- Strategy is stretching aspirations, leveraging resources to **encircle rather than to compete** with competitors
- Hamel G, & Prahalad C. K., (1993), Strategy as Stretch and Leverage, Harvard Business Review, March/April



- Creating the chaos that flows from challenging existing perceptions, and promoting the conditions in which **spontaneous self organization** can occur, that make it possible for innovations and new strategic direction to emerge

- Stacey, R, (1993), 'Strategy as Order Emerging from Chaos', Long range Planning, Vol 25, No1

Glazing firm, Everest, refused to refund the deposit on a cancelled patio door contract. The disgruntled customer happened to be the editor of the Sun newspaper.



- Traditional wisdom has overstated the power of the generic approach and underplayed the role of innovation, strategy is about rejecting conventional orthodoxy and emphasizing aspects of competition hitherto neglected by industry leaders'

- Baden-Fuller C & Stopford J, (1992), 'Rejuvenating the Mature Business', Routledge, 12992, pp 13-34



- Competing is more a matter of positioning one's firm in a **network** than attacking the environment

- Jarillo C., (1988), On Strategic Networks, Strategic Management Journal, June/July



- **A pattern in a stream of decisions**



- Mintzberg H., (1985), 'Strategic Management Journal, July/September

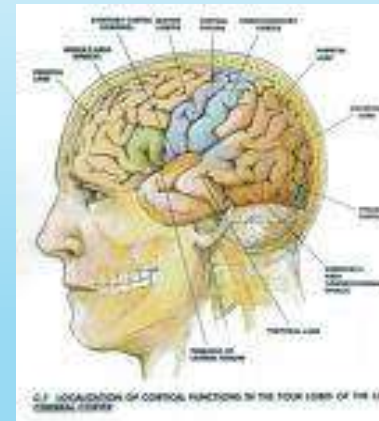
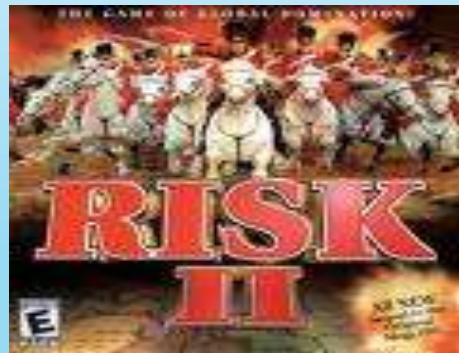
- Strategy is a mechanism of **power** (a way to exert managerial control)

- Carter, Chris, Stewart R Clegg, and Martin Kornberger. A Very Short, Fairly Interesting and Reasonably Cheap Book About Studying Strategy. Sage, 2008.



- Strategy is “a firm’s **best bet** about how competition is going to evolve, and how that evolution can be exploited for competitive advantage”

- Barney and Hesterly (2008)



“...success may inadvertently emerge from the everyday coping actions of a multitude of individuals, none of whom intended to contribute to any preconceived design. A consequence of this claim is that a paradox exists in strategic interventions, one that no strategist can afford to ignore. The more single-mindedly a strategic goal is sought, the more likely such calculated instrumental action eventually works to undermine its own initial success.”

Strategy Without Design, Chia and Holt (2009)

WHAT IS STRATEGY?

Strategic Planning is an OXYMORON!

Strategy making needs to function beyond the boxes (diagrams, frameworks), to encourage the informal learning that produces new perspectives and new combinations. As the saying goes, life is larger than our categories. The problem is that planning represents a calculating style of management, not a committing style. Managers with a committing style engage people in a journey. The very purpose of those who promote conventional *strategic planning is to reduce the power of management over strategy making*.

Henry Mintzberg (1994)

The perspective this module adopts is 'strategy as practice' - reclaiming strategy making

Strategy is a plan - some sort of consciously intended course of action, a guideline (or set of guidelines) to deal with a situation.

Strategy as practice on the other hand focuses on strategists and strategizing, rather than organizations and strategies.



Challenging the conventional view



Unifying, coherent, integrating?



Concerned with the long term?



Relating organizational activities with demand/challenges of the environment?



Objectives, purpose, intentions?



Linking activities to resources?

WHAT IS STRATEGY?



Aspiration, success and advantage



Values and relationships



Complexity



Social processes and practices



CHRIS CARTER ON STRATEGY...

"That strategy is, perhaps, the master concept of contemporary times is beyond dispute. Governments, corporations, public sector organizations and the third sector all strategize; those working within them very often work as strategists. The organizational world is saturated with highly intensive images and discourses of strategy. Strategizing has become such a commonplace activity that it seems unremarkable; analytically, it is all too easy to be inured to the age of strategy. If one were not to examine strategy more critically, it would be very easy to view strategy as a trans-historical concept."

-Carter, Chris. "The Age of Strategy: Strategy, Organizations and Society." *Business History* 55, no. 7 (October 01, 2013): 1047–1057. Quote from page 1047.

CY TWOMBLY

“...the art lies not so much in the finesse of the individual mark, but in the orchestration of a previously uncodified set of personal "rules" about where to act and where not, how far to go and when to stop, in such a way as the cumulative courtship of seeming chaos defines an original, hybrid kind of order, which in turn illuminates a complex sense of human experience not voiced or left marginal ...”

Varnedoe (1994)



STRATEGIC ORGANISATION

The concept strategic seems to be a teleology (**explanation of phenomena in terms of the purpose they serve rather than of the cause by which they arise**), i.e. to be strategic is to be purposeful, having a generative force for action and for change.

This module takes a very contemporary view of the domain. Traditionally 'strategy' and 'organization' have been treated as separate. Strategy is an offshoot of economics and organization is most often embedded in sociology.

More recent journals like '*Strategic organization*' bring both areas together.

Researchers of strategy practice, for instance, make a conscious leap from the economic foundation of strategy towards sociological understandings of how human agents operate within strategic contexts.

So what we have may be said to be an indeterminate, embedded structure that has a purpose – a Strategic Organisation!



A STUDENT COMMENTS... ..

“I don’t like this module. It is very confusing. I still don’t know what it is about. *She won’t even tell us what strategy is!*”



MY REACTION... ..



...well almost, there is still an assumption that there is a singular and correct definition

HOW TO COPE... ..

Microsoft, for example, specify dealing with ambiguity and uncertainty as an essential characteristic that they seek when recruiting new employees. They ask for people who can:

- Use ingenuity in dealing with ambiguous information, and guide others to cope effectively
- Tolerate risk and uncertainty
- Handle uncertainty comfortably
- Rise to the challenge, accept risk and uncertainly
- Thrive on situations involving risk and uncertainty

This is a big ask, I know. But embrace the idea that uncertainty is a product of embracing the paradoxical and multifaceted views expressed in the strategy literature – NOT A WEAKNESS

'At once it struck me, what quality went to form a Man of Achievement...I mean Negative Capability, that is when man is capable of being in uncertainties. Mysteries, doubts, without any irritable reaching after fact and reason.'

John Keats. English Romantic poet
1795 - 1821



Work together and SHARE the burden

Be conscientious in reviewing your peers

Use formative feedback and critically reflect on your group's work

Remember everything you do in seminars is building a portfolio of work that you can use in your assessed presentation and to prepare for part a) of the exam – keep good records!

Relax into it, trust your abilities and ENJOY!

- without any irritable reaching after fact and reason!



NEXT TIME...

What is the source of success?

- The industry vs the firm?

Next week we will be looking at the notion that success arises from positioning the firm in an attractive industry – the ‘Positioning School’ of strategy

