THE KEY ASPECTS OF THE STRATEGY

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Abstract

Cooperative strategy became a very fashionable area of intellectual debate in the 1990s, rather as competitive strategy was in the 1980s following the publication of works by Porter (1980,1985). Managers are responsible for health of their enterprises both in the present and in the future. Strategic management is the part of their job that relates to the future. Strategic management is about taking action today to achieve benefits in the future. The propose of this paper is to highlight the key aspects of the strategy that managers should take into account in the strategic planning process.

Keywords: strategy, strategic planning, cooperative strategy

Introduction

Cooperative strategy became a very fashionable area of intellectual debate in the 1990s, rather as competitive strategy was in the 1980s following the publication of works by Porter (1980,1985). The reasons for this have been far more profound than mere fashion. Markets have become increasingly global during this period, tastes have converged, technologies have shown a disturbing tendency not to endure for long before being replaced by others, and product life cycles have become ever shorter in a society driven by the restless energy of the advertiser. All this has meant the need for greater capital investment than one firm, however big, can regularly cope with, and the need for allies who span the major markets of the globe and have between them the necessary competencies to meet the demands of the global market (Murray and Mahon, 1993; Ohmae, 1989). Attesting to this proliferation of cooperative activity, Keith Glaister, Rumy Husan, and Peter Buckley (Chapter 2) provide an inventory of joint ventures between UK firms and firms located in the Triad (USA, Western Europe, and Japan) and in non-Triad countries over the 1990 to 1996 period.

The academic and popular business literature has followed suit, with a vast increase in publications on cooperative activity. Though the term 'alliances' may at some point have referred strictly to a particular type of relationship, it now serves as an 'umbrella' label for a host of cooperative relationships. Published studies have emphasized the varied facets of this phenomenon, including antecedent conditions (e.g. Forrest and Martin, 1992; Ingham, 1990; Lorange, Roos, and Bronn, 1992), formation patterns (e.g. Glaister, Husan, and Buckley, chap. 2, below; Gulati, 1995a), success factors (e.g. Mohr and Spekman, 1994), critical issues (Doz and Shuen, 1995; Killing, 1988), symmetry and dependency (e.g. Harrigan, 1988; Singh and Mitchell, 1996); outcomes (e.g. Bleeke and Ernst, 1995; Hamel, Doz, and Prahalad, 1989.)

Indeed, academics from divergent disciplines have come forward to tender explanations of, and prescriptions for, alliance formation, functioning, singular processes, and evolution, a good few of which are treated in this volume. Surveying the terrain from a wide-ranging perspective, this introductory chapter reviews the principal theories of cooperative strategy, and illustrates where and how the various contributions contained in this volume fit within the fast-growing literature.

The Rationale for Cooperation

Empirical studies of cooperative behavior are ordinarily framed within distinct theoretical perspectives, albeit not always explicitly, the most popular of which appear to be market power theory, transaction cost theory, agency theory, the resource-based view, and resource dependence theory, although game theory, real options theory, and social network theory appear to be growing in popularity. Each makes a singular contribution to our understanding of cooperative behavior, though a generally accepted and unifying theory is still largely absent (cf. Parkhe, 1993; Child and Faulkner, 1998; Koza and Lewin, 1998). Specific contributions include the identification of antecedent conditions that provide a strategic rationale for entering alliances, the anticipation of specific returns, and the selection of a governance structure (Gulati, 1998). Given particular affinities with either economics or organization theory, they exhibit distinct features. Indeed, a review and comparison of the most common theoretical frameworks may illustrate this.

The nature of strategy

Managers are responsible for health of their enterprises both in the present and in the future. Strategic management is the part of their job that relates to the future. Strategic management is about taking action today to achieve benefits in the future. The future is always uncertain so that strategic management decisions must be made with information that is always incomplete and often wrong. So it is necessary for managers to manage strategically. Mintzberg (1989) emphasized that managers has to work at an unrelenting place and their activities are characterized by brevity, variety and discontinuity. That is why, managers should manage strategically within this pattern of work. The objective of strategic management, in this context is to prepare a company for future success. Strategic management implies bought thinking and action. Thought on its own may be intellectually stimulating but it is not strategic management. There are some limits to the ability of managers to foresee the future, to understand the significance of change, to conceive strategies, and to implement strategies successfully.

In the specialized literature there are many definitions for the strategy concept. Different definitions are emphasizing different aspects and adopt different perspectives. For instance, Cummings (1993) considerate strategy as the business you propose to carry out. Kenneth (1971) defined strategy as the pattern of major objectives, purposes and essential policies for achieving those purposes, stated in such a way as to define what business the company is in or it to be in and the kind of company it is or is it to be. Ansoff (1987) offered another definition, stating that strategy is a rule for making decisions. In 1997, Kare-Silver (1997) suggested that strategy should have just two elements – future intent and source of advantage. As a conclusion, the definition of the strategy concept varies in the international strategic management literature, and this variation comes from the different perspectives of approaching: military thinking, political thinking, academic, and practitioner's point of view.

The key aspects of the strategy

Strategy should be seen from different perspectives:

Strategy as a statement of ends, purpose, and intent

The purpose has to be the driver of the future. The roll of strategy is to determine, clarify, or refine purpose. This means creating a new vision of the future to inspire the company to greater efforts or wider scope.

Strategy as a high level plan

Strategy is also concerned with the means by which purpose will be achieved. The strategy will define such means in broad and general terms. This means to find the correct answers to the following questions: who, when, where, how, and with what. Generally, strategy tend to be at a higher level and to take an overall view.

Strategy as the means of beating the competition

Many ideas about strategy drive from the analogy of war and games. An important aim of the strategy is to win and this means beating the competition in a game of the type – won or lost. As a consequence, strategies required to keep ahead of the competitors as a bunch.

Strategy as an element of leadership

Strategy has close association with leadership and setting strategy is one of the responsibilities of leaders. When leaders change, strategies tend to change. On the other hand, if the strategy needs to change, it may be necessary to appoint a new leader. A change of leader may be bought a symbol that a change in strategy has occurred and an opportunity to appoint an individual with a leadership style appropriate to a new strategy.

Strategy as positioning for the future

Strategy may be seen as preparation for the uncertainty of the future. Some trends may be appropriate but other changes may occur which may contradict the general direction of the trend. So another important aim of the strategy is to position the company for the future so as to be prepared for the uncertainty.

Strategy as building capability

Some capabilities may be seen as improving the chances of the future success so that the strategy may relate to building these capabilities. The capabilities of a company may be exceptional or event unique. The essence of any firm of any firm is partly defined by the unique set of skills and knowledge of its people and team. Strategic building of capabilities can exploit this uniqueness.

Strategy as fit between capabilities and opportunities

One aim of strategy is to achieve survival and future success. Successes results from a good match between the capabilities of the company and the opportunities to serve the needs of consumers better than competitors.

Strategy as a pattern of behavior resulting from the culture

Any company has its own culture. The culture can be easy observed but hard to change. The strategy of a company should be aligned with its culture and should generate a desirable behavior. Because, culture is hard to imitate, culture may be an important source of competitive advantage.

Strategy as an emerging pattern of successful behavior

Only a few strategies are implemented in their entirely in the form in which they were formulated. Part of the strategy may be in recognizing the patterns that seem to have led to success even if these patterns arose by chance rather than as a result of planned actions

Conclusions

These multiple aspects of the strategy are rather complementary than contradictory. In the strategic planning process, managers should project a future image of the company which is a desirable and realistic one and in the fundamental points is better then preset situation of the company. That is why, the future image should be project taking into account the company's resources, capabilities and competences and should reflects the future trends of the markets in which company operates. The strategy is the path that company will follow to meet the future image. The strategy should be aligned with the culture and to contribute in generating a desirable behavior.

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