

Organizational Behavior

the concept of strategy

Tomáš Ondráček

ondracek.t@mail.muni.cz

Faculty of Economics and Administration, Masaryk University

2020

What is strategy?

examples

- sport
- games
- speeches
- ...

characteristics

- direction
- complexity
- length
- action
- flexibility

examples of definitions

The determination of the basic, long-term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for these goals.

(Chandler, 1962: 13)

Strategy is regarded as a unifying idea which links purpose and action.

(White, 2004: 5)

a cohesive response to an important challenge

(Rumelt, 2011: 6)

Why Do Firms Need Strategy?

goals

- long-term
- complex
- coordinated
- ...

functions

- decision support
- coordinative device
- ...

From Corporate Planning to Strategic Management

history of changing environment

- great depression
- WWII
- undoing of colonialism
- cold war
- cognitive revolution
- computers
- oil crisis
- ...

focus

- corporate planning
 - systematic approaches to long-term development
 - setting goals and objectives
 - forecasting key economic trends
 - establishing priorities for different products and business areas
 - allocating capital expenditures
- the decline of belief in the ability to foresee distant future
- external vs. internal sources
- new ways for predictions
- less plans more options
- sustainability
- justice
- ...

focus

- finances
- plans
- positions
- competitive advantage
- adaptability
- ...

(Grant, 2016: 15)

Where Do We Find Strategy?

documents

- Mission Statement
- Statement of values (principles)
- Vision Statement
- Strategy Statement

(Collis & Rukstad, 2008)

Basic Framework for Strategy Analysis

basic framework



(Grant, 2016: 10)

Corporate and Business Strategy

corporate strategy

Corporate strategy defines the markets and industries in which the firm wishes to compete. It is concerned with vertical integration, diversification, new ventures, acquisitions, and resource allocation between the firm's different businesses.

business strategy

Business strategy determines how the firm competes within a particular industry or market. Thus, it is highly focused on defining and establishing a competitive advantage over market rivals to prosper within an industry.

(Grant, 2016: 10)

Strategic Fit

strategic fit

The critical concept of strategic fit represents the internal consistency among the different elements of a firm's strategy. Effective strategies must be functional; an individual decision must be unified to create a consistent strategic position and direction of development

(Ansoff, 1957)

Design versus Emergence

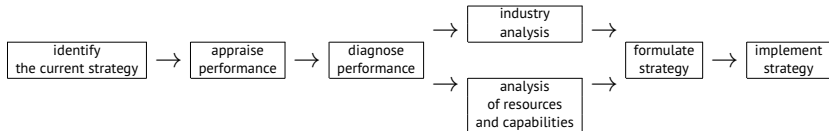
types

- Intended
- Emergent
- Realized

(Mintzberg, 1994; Mintzberg & Waters, 1985)

Applying Strategy Analysis

process



(Grant, 2016: 25)

Sources

- Ansoff, H. I. (1957). Strategies for diversification. *Harvard business review*, 35(5).
- Chandler, A. D. (1962). *Strategy and structure: Chapters in the American industrial enterprise*. Beard Books. ISBN: .
- Collis, D. J., & Rukstad, M. G. (2008). Can you say what your strategy is? *Harvard business review*, 86(4).
- Grant, R. M. (2016). *Contemporary strategy analysis: Text and cases edition*. John Wiley & Sons. ISBN: 978-1-119-12084-1.
- Mintzberg, H. (1994). The fall and rise of strategic planning. *Harvard business review*, 72(1).
- Mintzberg, H., & Waters, J. A. (1985). Of strategies, deliberate and emergent. *Strategic management journal*, 6(3). doi: 10.1007/978-1-349-20317-8_1
- Rumelt, R. P. (2011). *Good Strategy Bad Strategy: The difference and why it matters*. Crown Business.
- White, C. (2004). *Strategic Management*. PALGRAVE MACMILLAN.

**M A S A R Y K
U N I V E R S I T Y**