AN INVESTIGATION AND IDENTIFICATION OF GENERIC STRATEGIES AND THE DIFFERENTIAL MANAGERIAL ROLES ASSOCIATED WITH THEIR IMPLEMENTATION

Helen Deresky

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ABSTRACT

An Investigation and Identification of Generic Strategies and the Differential Managerial Roles Associated With Their Implementation

Helen Deresky
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Many variables affect the nature and process of strategic implementation. One important variable is the manager who controls and is responsible for the implementation. Existing literature tends to focus on the managerial role and the factors of effective management as universal, that is, essentially the same regardless of differences in the situations managed. It is argued here that situations are important contingencies for managers, and strategy an important component of the managerial situation. As strategies vary, it is proposed here, so do the managerial roles required for their implementation. The basis for the present research is a contingency approach to strategic implementation, the approach focusing on the match between the managerial role and the strategy implemented.

A typology of generic strategies was developed from an extensive literature review and tested in 24 companies/strategic business units. The validity of three of the four proposed strategic types was confirmed through multiple sources of description and identification. The

fourth was not part of the sample. Thus the existence of strategic clusters, as described here as "Develop", "Stabilize", and "Turnaround", was empirically confirmed. The roles of the key managers implementing such strategies were investigated. Managerial roles were operationalized as sets of activities, backgrounds/skills, and orientations, the variables of which were derived and induced from the literature. The results rest on comprehensive theoretical grounds with which the data were compared and confirmed item by item. Managerial roles were found to be differentially associated with each strategic type. Such role patterns were found to be influenced predominantly by strategy rather than by industry type or organization size. In addition it was found that the strategic managerial role comprises two dimensions working together - that consisting of strategy-contingent elements, and that of "universal" elements.

The findings in this research are based on convergent results obtained from quantitative and qualitative data gathered by the researcher through a carefully controlled interviewing process.

Based on the findings, a typology of role descriptions matching manager and strategy is proposed. Implications for the practice of strategic management are discussed in terms of using such findings for linking strategic planning and human resource planning for increasing the potential for organizational effectiveness.

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CHAPTER I

Strategy and Its Implementation

Strategies have been suggested to require an appropriate manager. Proposed here is an approach by which the matching of manager and strategy may be pursued. Such an approach requires investigation of its two major components, that of strategic management and that of the managerial role in strategic management. The first two chapters address each of these components in turn.

This chapter describes the overall context within which this research is placed, in recognition of the complex, interrelated nature of organizations. The concept of strategic management and its relationship to organizational effectiveness is discussed, specifically in terms of the variables involved in the implementation of strategy. A working model of "strategy" is then developed by review of the literature regarding strategic typologies and their characteristics. Through synthesis of these typologies and categorization of their central overlapping components, a typology is developed for the purpose of this research which provides a more complete model and greater validity since it is based on common variables of strategic types and their characteristics found in the literature.

The Strategic Management Concept - Development and Definition

"Strategy", from the Greek word "strategos", means to "plan the destruction of one's enemies through effective use of resources" (Bracker, 1980). The concept of strategy in a military or political context has remained prominent throughout history, but did not really become operationalized in business terms until after World War II. At that time, due to rapid environmental change and organizational expansion, a greater need arose for a concept of strategy related to business. This led to the need for some system of methods by which the firm might identify future consequences of present decisions in order to counter those anticipated consequences. Such long-range planning emphasized the projection of economic and competitive trends and their likely effects. Given the accelerated rate of change within firms and the accelerated application of science and technology to the process of management (Ansoff, 1965), broader parameters to the management issues derived from long-range planning led to new perspectives on, and applications of, strategy. Thus, there was an increasing need for managers to anticipate change and take advantage of new opportunities, which required strategic planning.

Since this time, many concepts of business strategy have been developed. Figure 1 shows some definitions of strategy by various authors. In spite of the lack of uniformity of definitions, which has led writers such as Hatten and Schendel (1975-76) to point out that it is still not clear "what strategy is", two streams (Gram, 1980) of literature regarding the concept of strategy can be identified: 1) the prescriptive, or "planning mode" (Mintzberg, 1973),

Figure 1

Definitions of Strategy

Author	Definition
Ackoff (1974, p. 29)	Strategy is concerned with long-range objectives and ways of pursuing them that affect the system as a whole.
Ansoff (1965, p. 108-121)	Strategy is a rule for making decisions determined by product/market scope, growth vector, competitive advantage and synergy.
Chandler (1962, p. 13)	Strategy is the determinator of the basic long-term goals of an enterprise and the adoption of courses of action and allocation of resources necessary for carrying out these goals.
Drucker, (1954, p. 17)	Strategy is analyzing the present situation and changing it if necessary. Incorporated in this is finding out what one's resources are or what they should be.
Glueck (1980, p. 9)	A strategy is a unified, comprehensive, and integrated plan relating the strategic advantage of the firm to the challenges of the environment. It is designed to ensure that the basic objectives of the enterprise are achieved.
Gram, Brink & Smola (1980, p. 6)	Strategy may be defined, generally, as those decisions which define the organization's objectives and goals, direct and decide upon the most effective utilization of resources, and seek to assure the effectiveness of the organization within its environment.
Miles & Snow (in Jelinek, et al., eds, 1981, p. 58)	(Strategy is) how an organization defines its product-market domain.
Mintzberg, (1979, p. 25)	Strategy may be viewed as a mediating force between the organization and its environment. (It)... therefore involves the interpretation of the environment and the development of consistent patterns in streams of organizational decisions ("strategies") to deal with it.
Porter (1980, p. xvi Intro.)	Strategy is a broad formula for how a business is going to compete, what its goals should be, and what policies will be needed to carry out those goals.

Figure 1—continued

Author	Definition
Schendel & Hatten, (1972, p. 4)	Strategy is defined as the basic goals and objectives of the organization, the major programs of action chosen to reach these goals and objectives, and the major pattern of ressource allocation used to relate the organization to its environment.
Schendel & Hofer (1979, p. 516)	The purpose of strategy is to provide directional cues to the organization that permit it to achieve its objectives, while responding to the opportunities and threats in its environment.
Steiner & Miner, (1977, p. 19)	Strategy is the forging of company missions, setting objectives for the organization in light of external and internal forces, formulating specific policies and strategies to achieve objectives, and ensuring their proper implementation so that the basic purposes and objectives of the organization will be achieved.
Von Neumann & Morgenstern (1947, p. 79-84)	Strategy is a series of actions by a firm that are decided on according to the particular situation.

comprising formal analysis and deliberate plans conceived in advance of making specific decisions, once commonly termed "business policy," (Learned, Christensen, Andrews and Guth, 1969; Ansoff, 1965). Representative of this stream is Andrews[1] (1971) definition, "strategy is the basic pattern of major objectives and goals and essential policies and plans for achieving those goals, stated in such a way as to define what business the company is in or is to be in and the kind of company it is or is to be" (p. 25); 2) the descriptive literature viewing strategy in an "adaptive mode" (Mintzberg, 1973), in which the organization adapts in small, disjointed steps to a difficult, complex environment (Lindblom, 1963; Cyert & March, 1963), characterized by a lack of clear goals and a bargaining, reactive and incremental emergent strategy, or a "pattern in a stream of decisions" (Mintzberg, 1979).

Regardless of the manner of development of strategy, it evolves as the basic way in which the company competes, taking into account individual industry conditions, position in the marketplace, and the goals of its top management.

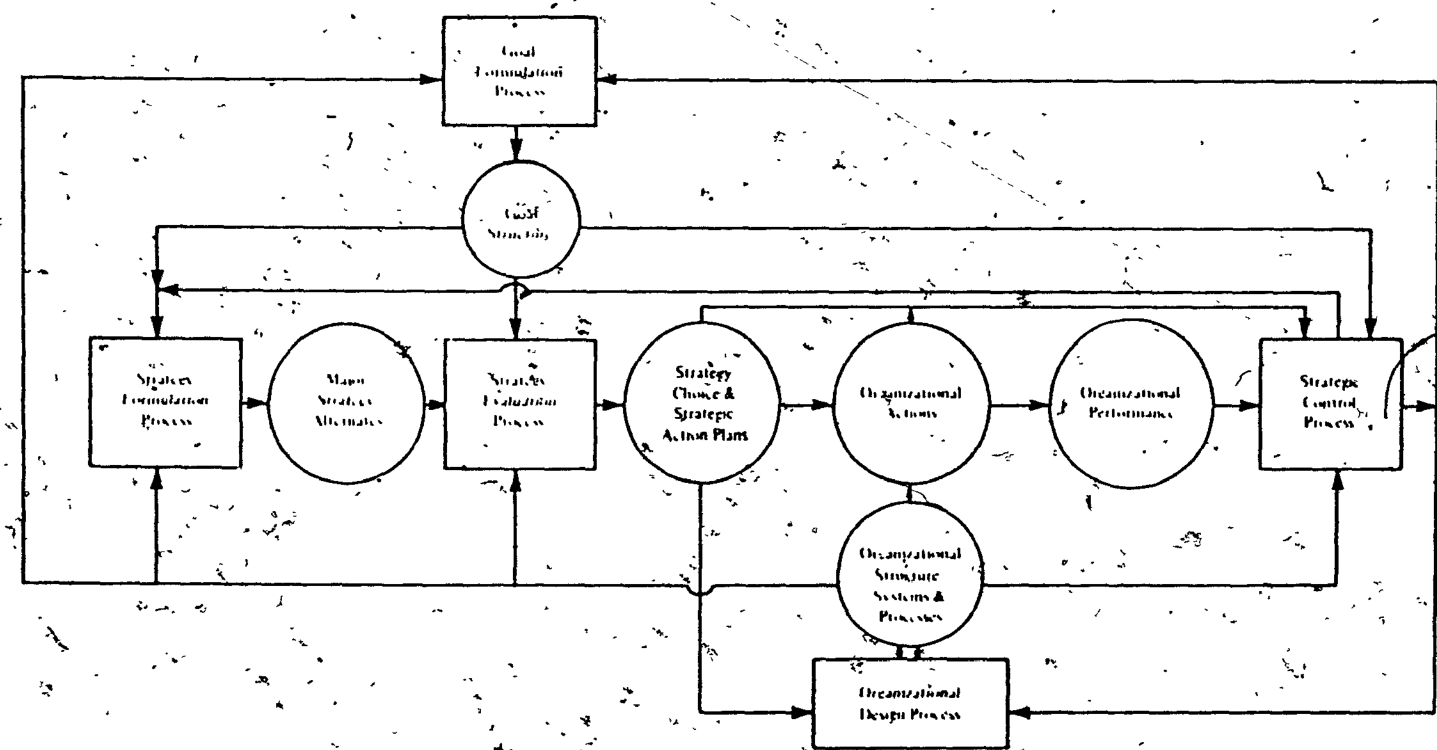
Strategy as so described is a component of strategic management, which is that set of managerial activities that is instrumental to the formulation, evaluation, implementation and control of organizational strategies and strategic plans, and the goals and objectives they are designed to achieve (Hofer, Murray, Charan, and Pitts, 1980.) ~~The~~ strategic management process, the interrelationships of which are shown in Figure 2, entails the two broad areas of strategic formulation and strategic implementation. As such, the designation of the specific requirements of strategic implementation both follows from (Chandler, 1962), and in turn influences (Miles and Snow, 1978 Bower, 1970) the strategic choices arrived at through the formulation process, as shown in Figure 3. The formulation process is typically described as including the following steps: Determination of objectives and goals of the organization or unit; appraisal of the relevant environment to determine the threats and opportunities faced by the company; appraisal of the organizational strengths and weaknesses relative to the industry, competitor and societal analysis; development of strategic alternatives deemed feasible in light of these analyses; choice of strategy which best relates the company's advantages in its particular environment; and implementation of strategy (Gram, 1980).

The situational intricacies of the decision-making stages of strategy formulation are not the focus of this paper, however. Rather, the focus is on the final stage, that of implementation.

Implementation - the design of the organizational structure, systems and processes to reach organization purpose - is a crucial aspect of the strategic management process (Hofer, Murray, Charan, and Pitts, 1981). Only by successful conversion of purpose into concrete activities can

Figure 2

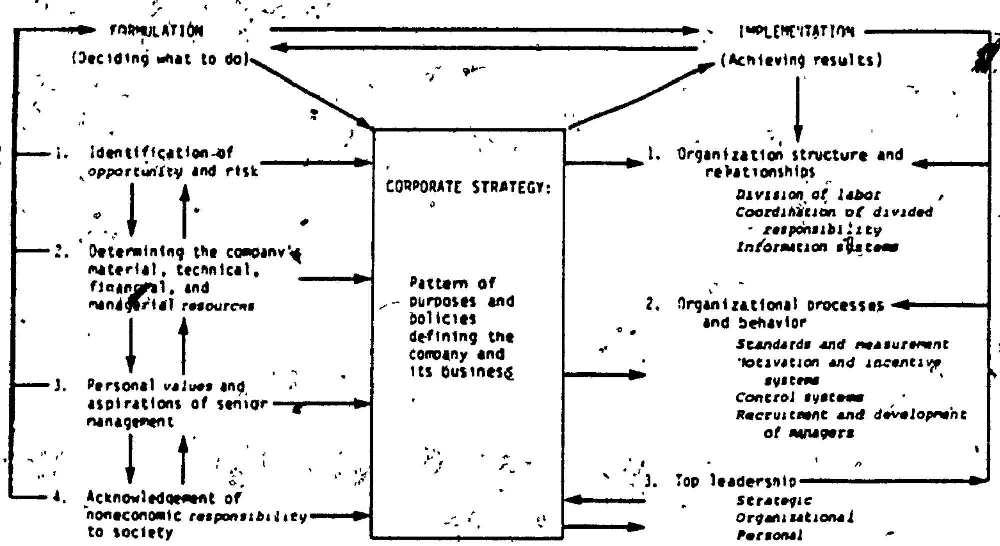
The Strategic Management Process



Source: C.W. Hofer, Murray E.A., R. Charan, R.A. Pitts, 1980.

Figure 3

The Relationship between Strategic Formulation and Implementation



Source: C.R, Christensen, K.R. Andrews; J.C. Bower, 1978.

the resources of a company be mobilized to accomplish strategic choice (Christensen, Andrews and Bower, 1978). The manner in which these resources become mobilized comprises the major considerations in implementing strategy: structure, systems and process, including the role of people in managing implementation (Steiner and Miner, 1977). These variables will be discussed separately here for purposes of exposition, but it should be noted that they form a dynamic, complicated interplay. Even the processes of formulation and implementation themselves are considered to be intertwined processes - emerging as an integrative pattern of decisions and events over time (Lindblom, 1950; Mintzberg, 1979; Quinn, 1980; Wrapp, 1967).

Variables Affecting Implementation of Strategy

The situational specifics of strategic implementation involve a large number of contingencies, of which the major categories, as discussed, are those of structure, systems and processes, and the role of people in implementation.

The main conclusion from the widely examined contingency of structure is that there is no one best way to organize (Chandler, 1962; Lawrence and Lorsch, 1967; Thompson, 1967; Woodward, 1965). The key issue in relating structural design to strategy is that the organization structure facilitate (or "fit") the desired strategy. One of the main conclusions from Chandler's research, for example, was that "a new strategy required a new or refashioned structure if the enlarged organization was to be operated efficiently" (Chandler, 1962).

In creating fits between the strategy and the organization's systems and processes, the top leaders in the organization must consider many variables in order to facilitate strategic implementation. For example, the relative allocation of resources must reflect the relative emphasis of the strategic direction (Jelinek, Litterer and Miles, 1981); the relative fit with the culture of the organization must be taken into consideration (Allaire and Firsirotu, 1981); and the information system must be adjusted to the strategic environment. This was found by Galbraith (1973), when he concluded that the adaptation must be to the internal design of the decision-making structure and the methods of processing information.

The role of people in organizations provides a separate but also all-encompassing focus on the variables affecting strategic implementation. Creating a fit between the organization and the strategy in terms of the human component of implementation requirements needs to be considered. Some of the components involved are the type of leadership style needed, the specific activities required of these leaders in line with the strategy, the talents and skills necessary for implementation (Christensen, Andrews and Bower, 1978; Thompson, 1983; Yavitz and Newman, 1982). Key recurring issues concerning this contingency, then, are that of what leadership actions need to be taken in implementing strategy, how to staff positions with the right talent and expertise, and how to link the reward structure to strategic performance (Thompson, 1983).

This leadership contingency is generally attributed to have originated with Fiedler (1965):

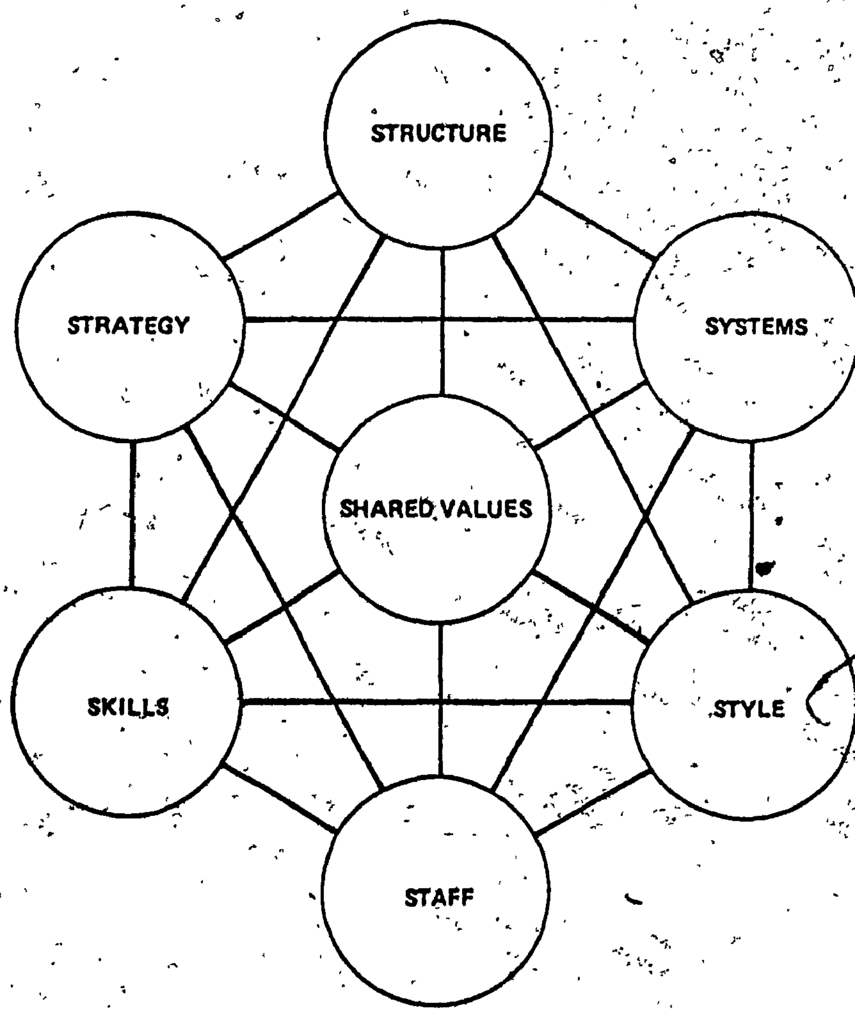
> It is surely easier to change almost anything in a job situation than a man's personality and his leadership style. Why not try then to fit the leadership job to the man? (p. 115).

These, then, are the major categories of variables of implementation. Their interdependent nature, and the process of implementation itself in creating the necessary fits with the desired strategy throughout the organization - in gaining commitment and awareness for implementation - was found by Quinn (1980) to necessitate incremental processes to integrate the psychological, political and informational needs of the organization.

The desirability of creating an entire organizational fit between the desired strategy and the many organizational variables affecting implementation was also found by Peters and Waterman (1982) in their analysis of "excellent" organizations, to comprise seven interdependent variables: structure, strategy, people, management style, systems and procedures, guiding concepts and shared values (i.e. culture), and the present and hoped for corporate strengths and skills. This is now known as the McKinsey 7s framework. This is shown in Figure 4, which serves to illustrate the

Figure 4

McKinsey 7-s Framework



Source: Peters & Waterman 1982

complexity of the interrelationships of these seven variables.

The specific mix and relevance of variables affecting implementation is, of course, highly situational, and, therefore, yields an infinite number of combinations. (Hofer, (1975) in fact found that there are 18,000,000,000,000,000 possible combinations of circumstances from the many potential variables identified in the literature.)

To attempt to be less situational, therefore, and to be able to define implementation variables and requirements in more specific terms, requires categorization. This can be done on two levels: first, by categorizing strategies according to the level of strategy - corporate, business or functional; and then by developing a set of generic approaches to strategic implementation at the level with which one is concerned.

Corporate level strategy entails defining the segment of the environment in which the organization will operate (Ansoff, 1965; Hofer, 1975; Hofer and Schendel, 1978; Lenz, 1978; Vancil, 1976; Vancil and Lorange, 1975), and comprises inter-industry strategy. Business level strategy provides plans as to how to use the firm's resources to attain desired strategic end results within this defined niche, and comprises intra-industry variations in strategies (Hofer and Schendel, 1978). Functional area strategy, proposed by Hofer and Schendel (1978), is that level at which the proposed focus is on the maximization of resource productivity.

Breaking "strategy" down into levels in this manner provides implications for determining relevant "generic" strategies within these levels. A generic strategy is a broad categorization of strategic choice which would apply generally regardless of industry, organization type or size, etc. Such a generalization is at the broadest level - a "grand strategy" within which variation will occur according to contingencies, choice and situational developments. As discussed, categorization in this manner is necessary since, by definition, strategy could have infinite variations and therefore preclude compilation and research.

The major variables affecting implementation, in terms of the central administrative tasks, the fits that need to be created, and the implementation modes, are shown in Figure 5. This figure illustrates the strategic framework within which the role of this research may be placed, by enabling consideration of more specific categories of implementation needs according to the level and generic strategy.

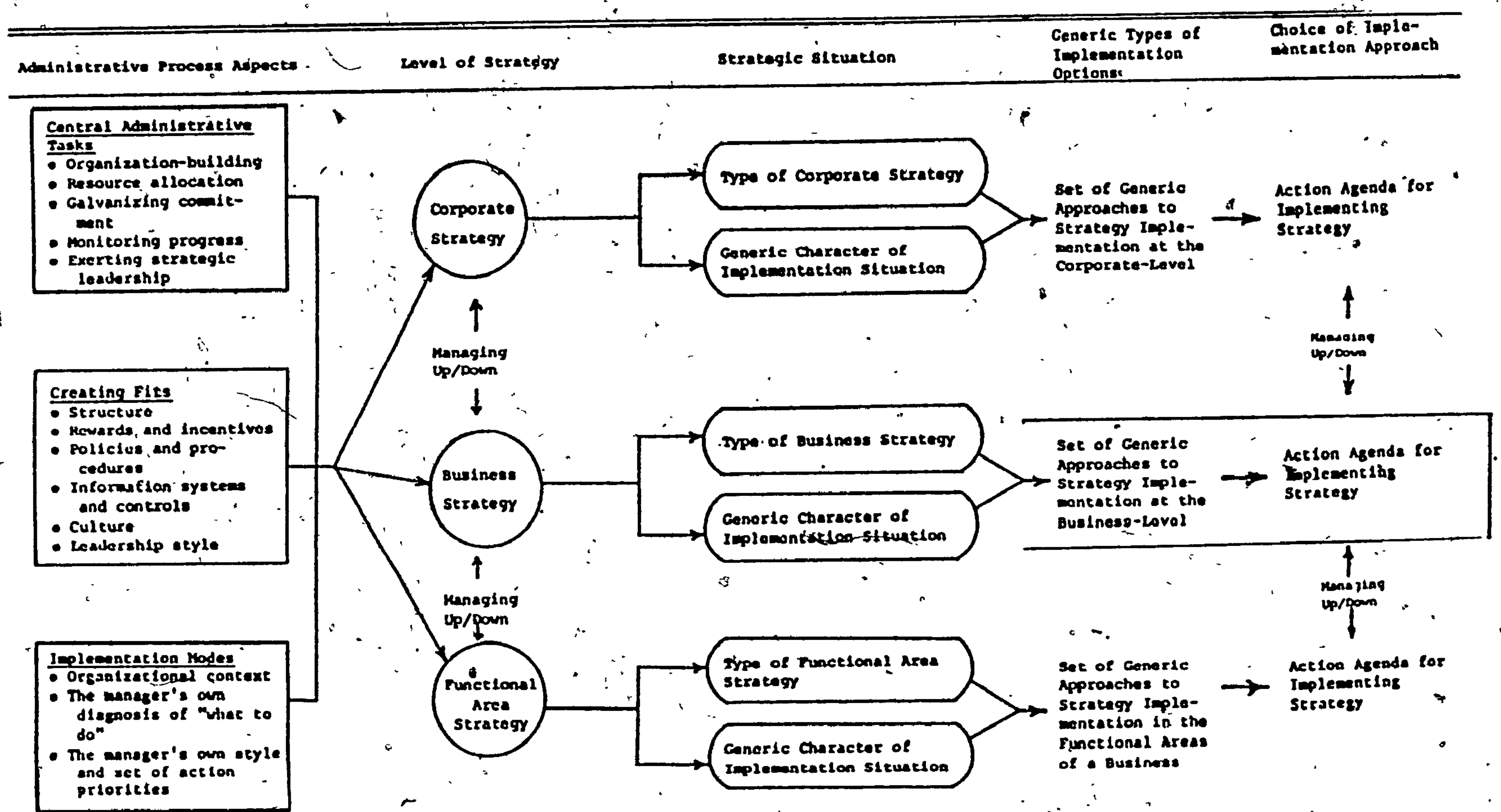
Within this implementation framework, this research deals with business level strategy, using a set of generic approaches as developed and described at the end of this chapter, and focuses on the manager's action agenda required for strategic implementation.

Organizational Effectiveness

Organizational effectiveness has been viewed in the literature in many ways. It is a concept which is relative to which interest group is being considered and

Figure 5

A Conceptual Framework for Strategy Implementation



Source: A. Thompson 1983

at what point in time; the dependent frame of reference is whether the organization is being considered as a system in itself or as a subsystem as part of a larger system (Katz and Kahn, 1966).

Effectiveness is viewed on a broad level as "an external evaluation of what the organization is doing" (Pfeffer and Salancik, 1978, p. 37), and its effects on the relevant society (Colignon and Cray, 1980), which, over the long term, evolves as the ability of "the organization" to adapt to its environment, and achieve an organization/environment "fit". This may be viewed as deterministic, such as Hannan and Freeman's natural selection model (1974), or in terms of strategic choice involved in choosing which subenvironments in which to operate and how to proactively "manage" the environment (Child, 1972, Aldrich and Pfeffer, 1976; Galbraith, 1973; Pfeffer and Salancik, 1978).

Using the organization itself as the frame of reference, long-term effectiveness is regarded as the maximization of return to the organization by all means - storage of energy, organizational growth, organizational endurance, survival, control over the environment (Katz and Kahn, 1966). Such views of effectiveness implicitly subsume the natural selection model because, over the long term, effectiveness can only be achieved by satisfying society's needs. Such an organization/environment "fit", therefore, must be a function of the strategic management of the organization, and the effectiveness of the organization, therefore, a function of the effectiveness with which the two major components of strategic management - strategic formulation and implementation - are carried out.

The first criterion of effectiveness, therefore, is the appropriateness of the firm's strategic choice. In a Strategic Planning Institute study of 620 businesses in the PIMS data base (Profit Impact of Market Strategies, ongoing study by the Marketing Science Institute), an empirical test of the relationship of various factors to profitability was conducted. This resulted in construction of an equation from which as much as 80% of the variation in the level of a firm's profitability was found to be determined by the various strategic choices the firm makes (Hofer, Murray, Charan and Pitts, 1980; Schoeffler, Buzzell and Heany, 1974). The particular strategic choice is influenced by many factors in the relevant industry and business environment, and in the company's organizational structure. Industry structure characteristics include factors such as the number of buyers and sellers, industry growth rate, the existence of substitutes, cost structure, product differentiation, and entry barriers (Bain, 1956; Scherer, 1970). The firm's position in its business is affected by such factors as relative market share, product quality, technological position (Porter, 1980). Structural considerations include size and composition, degree of centralization, extent and variety of diversification, etc.; structure both affects strategy (Bower, 1970, 1972), and is affected by strategy (Chandler, 1962). For example, an industrial goods firm, in diversifying to final consumer markets, will add a consumer products division, and possibly consumer field sales people, demonstrating how strategic changes may require structural changes.

In addition, choice of strategy is affected by non-economic and non-competitive variables. Human perception processes mediate the nature of the uncertainties in the task environment and the action necessary to deal with them (Herbert and Deresky, 1983); cognitive constraints and personal motives of strategic decision-makers also operate (Child, 1972; Downey and Slocum, 1975; Duncan, 1972; Galbraith, 1973; Lawrence and Lorsch, 1967; March and Simon, 1958).

These many variables are dynamic; that is, the natures of environmental and competitive factors are constantly changing and interdependent. In addition, there is substantial opportunity for variability in interpretation by human actors. Finally, the political processes, through which these variables eventually become embedded in the strategic choices of the dominant coalition, may be highly uncertain. Considering these complexities, choosing the optimal competitive strategy at any particular time in a company may be improbable; the lack of appropriate and certain information for strategic decision-making and the possibility of human misperception and error combine to diminish the accuracy of the strategy-choice process.

Yet there still is likely to exist an appropriate strategy, that, is, a strategy which can provide for the organization's best adaptation to its environment and, hence, optimum successful business performance. Such a strategy still would be only a plan, an abstract set of decisions; too often strategic planning ends at this point, under the assumption that implementation effectiveness follows formulation and choice processes automatically. But strategy cannot affect business performance until it is enacted or implemented. (Learned, Christensen, Andrews and Guth, 1969.)

The second criterion of effectiveness, therefore, lies in implementing those organizational goals (Guion, 1976). Effectiveness cannot be universally defined; attempts to measure effectiveness should be made with reference to the operative goals an organization is pursuing; that is, the criterion specification should be flexible enough to account for diversity in goal preferences (i.e. different strategies) (Steers, 1975; Hall, 1972).

The effectiveness of the implementation component of strategic management, therefore, is dependent upon a number of situational variables as previously discussed, notably whether the resources, financial and human, are available, able, and committed to the strategic direction, and whether the other components of structure, systems and processes are conducive to the required strategic implementation (Christensen, Andrews and Bower, 1978; Hofer, Murray, Charan and Pitts, 1980; Peters and Waterman, 1982; Steiner and Miner, 1977).

The conditions for, or constraints on, business performance may be directly influenced by factors in the particular industry environment, business position and organization structure (Pfeffer and Salancik, 1978). Within an industry, business performance is influenced by the effectiveness of the strategic choice processes, which proactively mediate industry and competitive factors and organizational potential (Child, 1972). For example, companies within an industry all face the same entry and exit barriers, bargaining power of suppliers and buyers, potential competitive moves and substitute products, etc. However, the differentiation of those companies is brought about by the different strategic choices made which exert controls over those competitive forces (Porter, 1980). Even the resource dependence model of Pfeffer and Salancik (1978) in fact supports strategic choice, in an apparent self-contradiction, by portraying "the organization" as active, capable of changing, as well as responding to, the environment, by "managing" the variables which create constraints on organizational actions. They portray organizations as "quasi-markets for influence and control" (p. 37), able to loosen dependencies through such strategies as diversification, growth, merger, etc. (pp. 261, 262). Thus, strategy is the selective control over the influence of industry and business characteristics. This is shown in Figure 6, which

Figure 6

Influence of Industry and Business Characteristics on Strategic Choice

Criteria

- Size
- Market Growth, Pricing
- Market Diversity
- Competitive Structure
- Industry Profitability
- Technical Role
- Social
- Environmental
- Legal
- Human

INDUSTRY ATTRACTIVENESS

BUSINESS UNIT POSITION	High	Medium	Low
HIGH	1	1	2
MEDIUM	1	2	3
LOW	2	3	3

Criteria

- Size
- Growth
- Share
- Position
- Profitability
- Margins
- Technological Position
- Strengths/Weaknesses
- Image
- Pollution
- People

1 - Build
2 - Hold
3 - Harvest

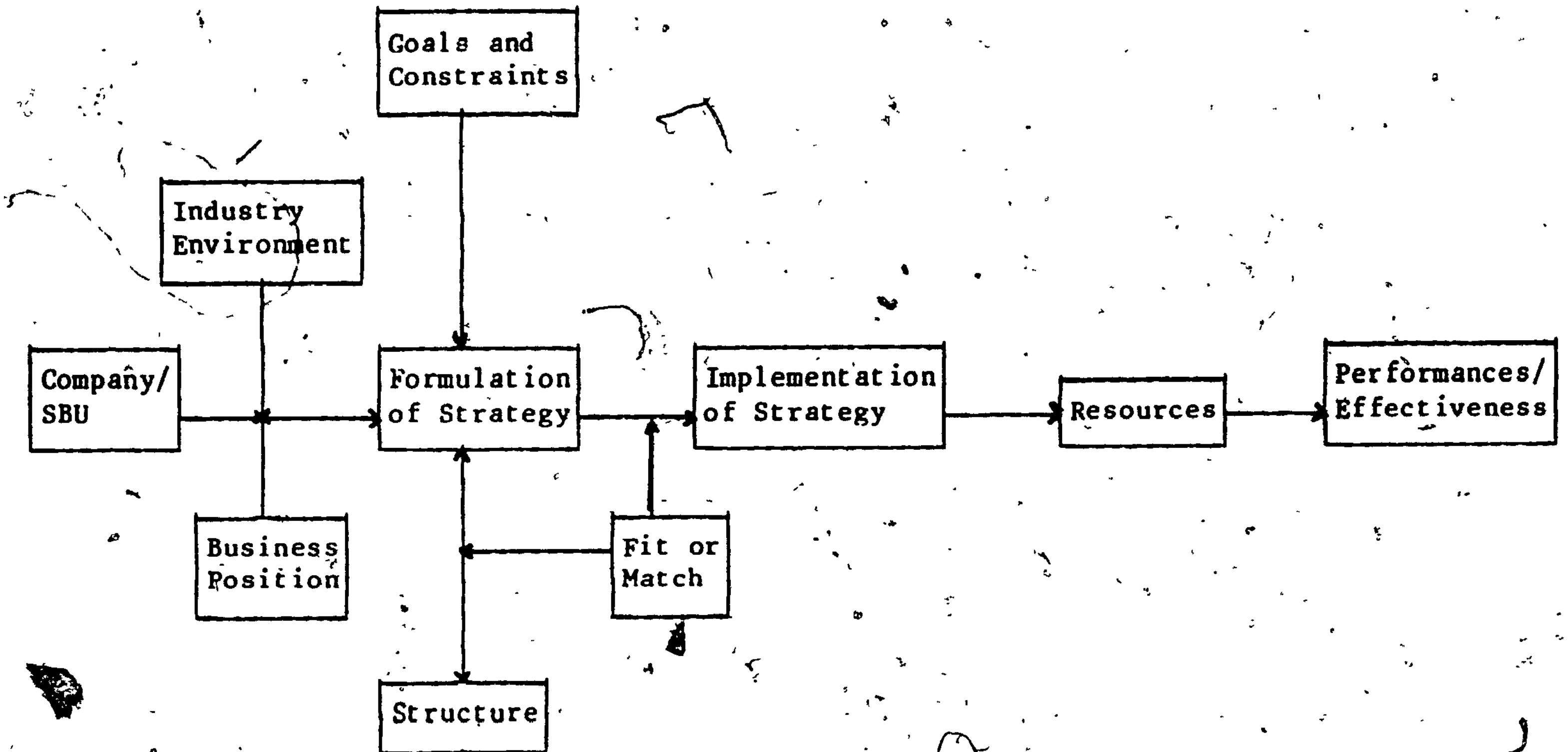
Source: Porter, 1980, p. 365.

illustrates the likely strategic moves in response to the relative forces experienced by the company/unit as a result of its comparative position in terms of industry and competitive factors. Typical strategic choices as shown here are to "Build" market share, to "Hold" competitive position by balancing cash generation and cash use, or to "Harvest", or divest, market share (Porter, 1980). The ability of the strategic choice to affect business performance, however, is dependent on the effectiveness of the implementation process.

A model is proposed (Figure 7), which shows the relationship between the environmental influences on strategic choice as a result of the characteristics of the relevant industry and business position, the potential two-way influence between structure and strategy, the role of implementation of the chosen strategy, the role of the availability of necessary resources, for example money and manpower to implement that strategy, and the resultant business performance experienced by the company or Strategic Business Unit (SBU: a distinct, independently managed business). The model postulates that strategy is, or may be, directly influenced by environmental and structural characteristics, and that such strategic choice, as a result of top management's interpretation of its environment, directly influences business performance. However, since "strategy" is abstract - a set of goals, decisions, plans - its influence on business performance can only be realized through its enactment.

Figure 7

The Role of Strategy and Its Enactment in Environmental Adaptation



As discussed previously, the situational nature of the variables affecting such enactment necessitates some categorization in order to attempt to define and study specific implementation requirements. Toward this end, therefore, the following is the development of a typology of generic business level strategies.

Literature Review -
Strategy Classifications

There are many classifications of broad strategies. Their bases are the stages of development of the company, the business unit, or the product/market life cycle. They also may simply reflect the choice of strategic direction of the organization regardless of such stages. Some of these stages are discussed below. Given the large number of typologies of strategy, the purpose of this review is to lay the foundation for the consideration of the commonalities, differences, and apparent gaps across typologies in order to develop a parsimonious typology which retains the best features and most important insights from scattered previous work. The descriptions, and in particular the figures, in this section, are intended to provide a basis for comparison of the varying facets of these typologies in order to clarify their relationship to the proposed typology.

Strategy according to the stages of growth of the corporation was first described by Alfred Chandler (1962) in his research on the development of four giant firms (General

Motors, Du Pont, Standard Oil of New Jersey, and Sears Roebuck). Building on Chandler's stages-of-growth concept, Scott (1973), Wrigley (1970), and Rumelt (1974), among others, categorized strategies, and their resultant necessary structures, in terms of the developmental stage of the organization, as shown in Figure 8. An organization does not necessarily progress through these stages. It may remain at any stage indefinitely. The basic theory of the corporate life cycle which affects selection of strategy is that as companies grow they progress from single product to integrated or multi-business companies, change the number of their products, their organizational structures, and their strategies (Gram, 1980, p. 166). A fourth possible stage is the multi-divisional or multi-national corporation. The corporate life cycle precipitates or dictates strategic direction. James (1974) developed a different concept of the corporate life cycle, which focuses on the problems faced in each phase of the evolution. He identified five stages, as shown in Figure 9, which emphasize the problems related to each stage.

Working within these stages of growth, and the three levels of strategy - corporate, business, functional - certain similar means of classifying generic strategies can be identified in the literature.

In this manner, corporate level strategy at an advanced growth stage may follow that of portfolio management for its different subsidiaries, businesses, divisions or products

Figure 8

Comparison of Strategies and Structures in Terms of Developmental Stage of Organization

Growth Steps	Chandler	Scott	Wrigley	Rumelt
1	Volume - unrationalized functional	Single product - one-man show	Single product - functional	Single business - functional
2	Geographic expansion - functional	Single product line - functional	Dominant product - functional	Dominant business - functional with subsidiaries
3	Vertical integration - functional	Multiproduct lines - multiproduct	Related products - divisional	Related businesses - divisional
4	Diversification - multidivisional		Unrelated products - divisional	Unrelated businesses - divisional

Source: Leontiades, 1980, p. 34

Figure 9

Stages of the Corporate Life Cycle

1. **Emergence:** There is a shortage of liquid cash, a need to create consumer demand, and a need to expand production. Administrative processes are loose.

2. **Growth:** Major financing becomes necessary, the product line is expanded, formal policies are instituted.

3. **Maturity:** Conservative policies are applied and conformity rewarded. Unit production costs and overhead are high.

4. **Regeneration:** The company's activities include divestiture of unprofitable subsidiaries, selling off assets, rigid cost cutting, reduced labor costs, attempts to introduce new products and cut out old products. Externally, the company may give up controlling interests, seek mergers, or look for government assistance.

5. **Decline:** Equipment is obsolete, production costs increase, product acceptance is very poor, external financing is difficult, key personnel leave, and labor unions become militant.

Source: James (1974), pp. 49-57.

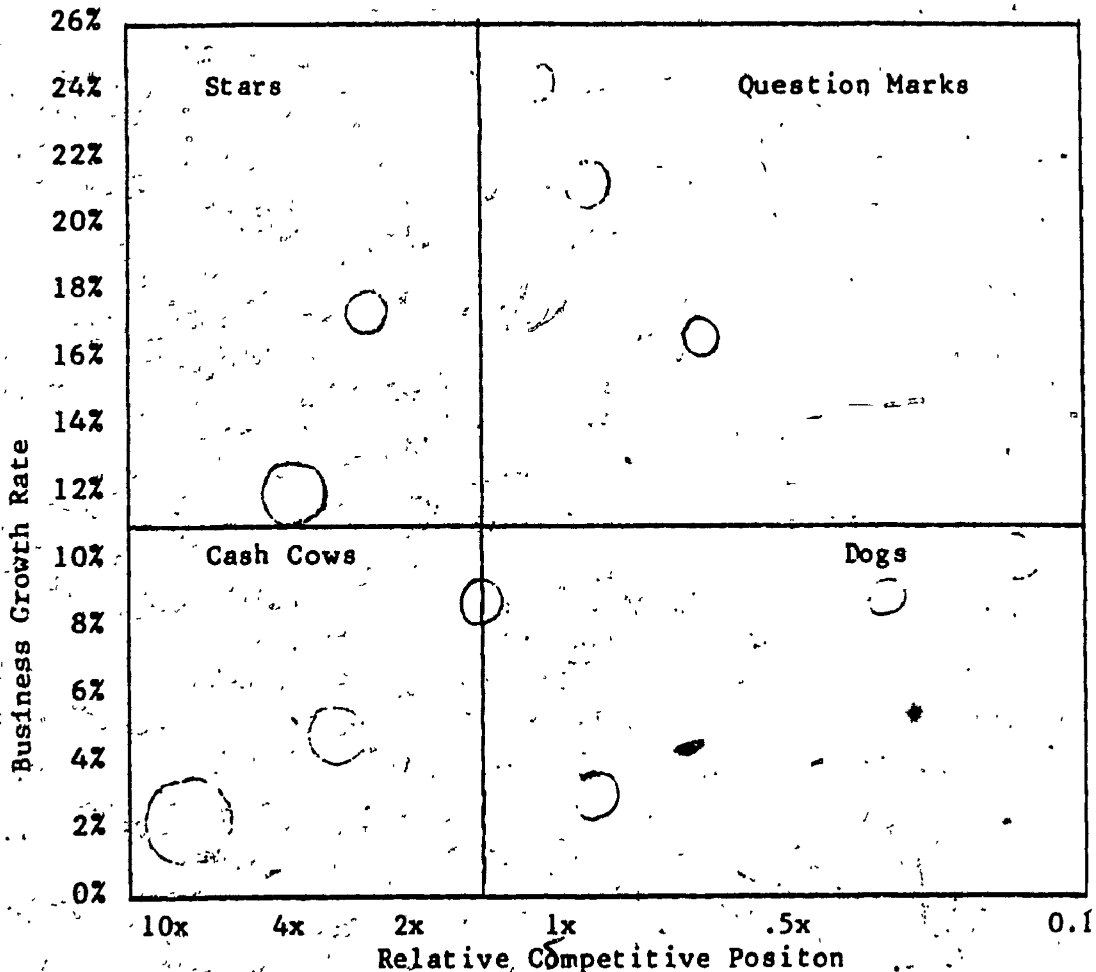
(strategic business units -- "SBUs"). Portfolio strategy specifies how the firm will deploy and manage its limited strategic resources in a market to develop differential advantages that will permit it to achieve its objectives (Hofer and Schendel, 1978). An example of this is the Boston Consulting Group's (BCG) classification. Based on a simple four-square grid, each of the company's businesses is plotted according to the growth rates of the industry in which it competes and its relative competitive position in that industry, with the size of each circle being proportional to the size of the business involved. As shown in Figure 10, implications for a "balanced portfolio" once the businesses have been plotted on this matrix, are for investment and development of the rapidly growing "stars"; to "maintain" the low-growth, high-market share "cash cows" which provide the funds to reinvest elsewhere; to liquidate the low-share, low-growth "dogs"; and to either heavily invest in and develop the "question marks" (or "wildcats"), or to divest them.

While the Boston Consulting Group approach has been criticized as simplistic and over-generalizing, it has become the basis for portfolio and for individual business or product-market strategy classifications.

Within this portfolio of corporate strategies for individual divisions or businesses, or simply on the basis of individual total company strategies, fall the alternative ways in which organizations define their product market

Figure 10

The BCG Business Portfolio Matrix



(figure approximate, for illustration)

Source: B.Hedley (1977), p. 12.

domain as described by Miles and Snow (1978) as "Prospectors," "Defenders", and "Analyzers". The "Prospector" strategy, or organization type, is that of finding and exploiting new product and market opportunities. Innovation is the cornerstone of this strategy, in a dynamic and continually developing domain. Flexibility in coordinating diverse operations and in responding to rapid domain changes are more central to this strategy than the technological efficiency which typifies the "Defender", whose success comes primarily from efficiency in serving a stable domain. Strict control in maintaining efficiency in its niche in the industry produces successful returns only if the environment and domain remains unchanged.

Combining characteristics of the "Prospector" and "Defender", the "Analyzer" strategy consists of locating and exploiting new product and market opportunities while simultaneously maintaining a firm core of traditional products and customers (Miles and Snow, 1978). The "Analyzer" is a follower of demonstrated success in new products and markets, and therefore needs to be able to respond quickly, but at the same time maintain operating efficiency in its stable market and product areas. The challenge in such a strategy lies in the ability to structure and coordinate processes to accommodate these seemingly opposite strategies.

Thus, Miles and Snow's classification of "Prospectors", "Defenders", and "Analyzers" can be used to describe companies, strategies, and the type of "strategic manager" necessary to implement such domain strategies, and to maintain the relevant "distinctive competence".

Similar to Miles and Snow's "Prospectors" and "Defenders", are Burns and Stalker's (1961) strategic descriptions of "Organic" and "Mechanistic" organizations, respectively. The organic, as appropriate to changing technology and market conditions, comprises flexibility, adaptability, informality, openness and situational expertise; the mechanistic, appropriate to stable conditions, comprises bureaucratic values and methods of operation.

The same categories may also be applied to Leontiades' (1980) terms of "Evolutionary" and "Steady State" management, which they then use in a matrix with the four stages of corporate growth (single business, dominant business (size), related business, unrelated businesses (diversification)), which may then be used to indicate appropriate management planning styles of Traditionalist, Specialist, or Generalist.

A similar corporate level portfolio approach to that of the Boston Consulting Group is that variously attributed to General Electric, McKinsey and Company, and Shell. Based on a matrix of industry attractiveness and business unit competitive position, as was shown in Figure 6, the resultant strategic mandates are categorized as "Build" position, "Hold" by balancing cash generation and selective cash use, or "Harvest" or divest (Porter, 1980).

Also based on the dimensions of the industry situation and the business competitive situation, and on the phases of the product life cycle of introduction, growth, saturation, and possibly decline, Wissema <u>et al</u>. (1980) devised a grid (Figure 11) of various product-market combinations, and from this, six kinds of objectives which they call product-market strategies. These are as follows:

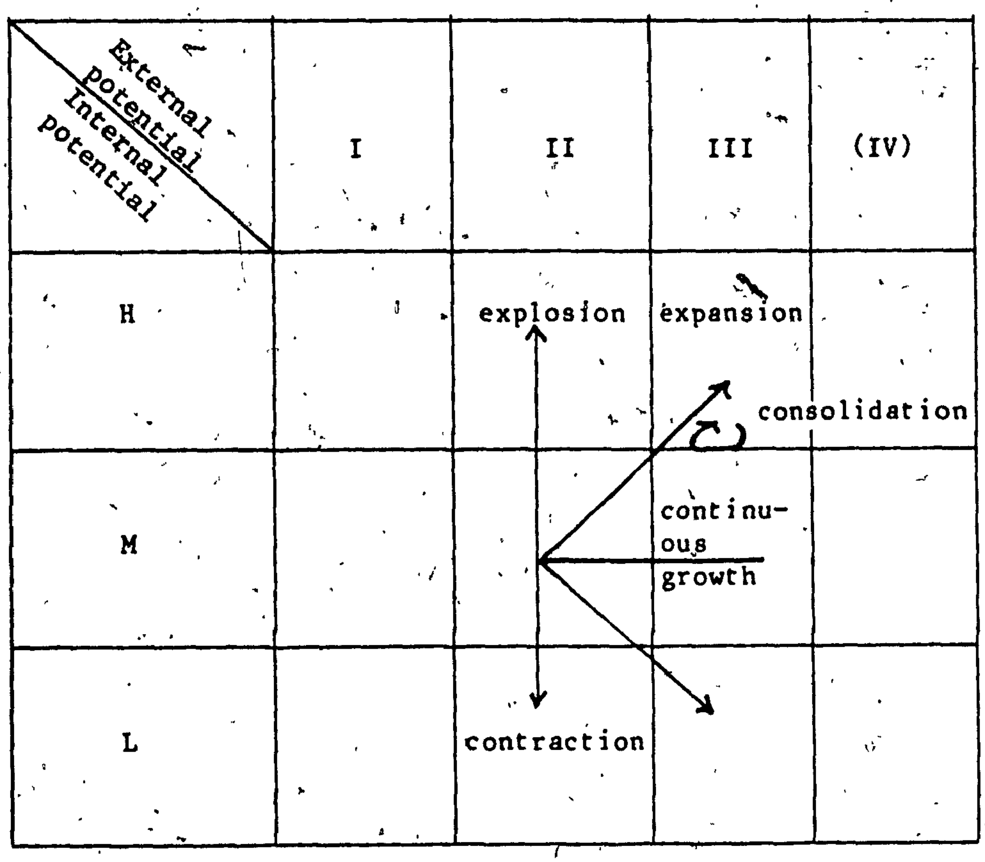
1. The explosion strategy, in which effort is devoted to improving the competitive position strongly over a very short period. In the case of new products, this takes place by the breaking open of the market, in the case of other products by takeovers or dumping from production capacity elsewhere.

2. The expansion strategy also envisages an improvement in the competitive position in which consolidation of position over a longer period is rather the aim. This can be achieved by the construction of temporary over-capacity, by the purchase of a foreign license, or in other ways. This strategy requires good planning capabilities and the ability to dare to accept considerable risks.

3. The continuous growth strategy envisages maintenance of the competitive position. This implies that there must be added investment in good time in a growing market, but in such a way that substantial over-capacity is avoided. This requires still more accurate judgement and timing than in the case of the expansion strategy. The continuous growth strategy is less spectacular than the strategies mentioned above, but no less demanding.

Figure 11

Product-Market Strategies according to Wissema, van der Pol, and Messer



Source: Wissema, van der Pol and Messer, (1980, p. 40).

4. The slip strategy, also well named "nil-growth in a growing market" is abandonment of maintenance of market share, probably because the product is not strong and the resources could be better employed elsewhere in the company. Application of the slip strategy implies: no expansion of capacity, no promotional activities, at the most some price campaigns, no further investment. Activity is only continued as long as it is profitable.

5. The consolidation strategy is only applicable in a saturated market or in a diminishing but not wholly extinct market. A certain amount of growth parallel with growth in population or prosperity is allowed, but substantial growth through continuing to open up new markets is excluded.

6. The contraction strategy, in the case of negative growth, is when activity is considerably reduced or ended (closure or sale) (p. 41-42).

Such strategy classifications are of course based on the familiar marketing product life cycle stages, with strategies as follows:

<u>Introduction</u>: Persuade early adopters to try the product; establish market. Most important function is <u>Research and Development</u>.

<u>Growth</u>: Persuade mass market to prefer brand over others; market penetration. Key function is <u>Marketing</u>.

<u>Maturity</u>: Maintain market position against competition; importance of <u>cost control</u> and <u>Marketing</u>.

<u>Decline</u>: Milk the brand of all possible benefits; <u>Cost</u>

Control essential. (Dhalla and Yuspeh, 1976; Patton, 1959; Staudt, Taylor and Bowersox, 1976).

Glueck (1980) proposed four similar generic strategy categories - stability, growth, retrenchment, and combination. Figure 12 shows these along with their sub-strategies and uses.

Hofer and Schendel (1978), also based on stages of market evolution, developed six generic business strategies by combining three investment strategy options - invest, maintain, and harvest - with three types of changes which they state that a business can make in its competitive position objectives. The characteristics of these strategies are shown in Figure 13. The six generic strategies are:

1. Share-increasing strategies, which usually require very heavy investments and strong competitive advantages;

2. Growth strategies, which usually require heavy investment and the development of new competitive advantages;

3. Profit strategies, which usually require maintaining existing investment levels and sharpening existing competitive advantages;

4. Market concentration and asset reduction strategies, which usually require substantial reductions or redeployments of assets and corresponding modifications in competitive advantages;

5. Turnaround strategies, which use existing competitive advantages, if any, and which may be self-financing or

Figure 12

Strategic Alternatives

Grand Strategy	Variations Grand Strategy/Substrategies	Effectiveness
Stable Growth	1. Incremental growth	1. Successful when environment is slowly changing and firm is successful.
	2. Profit	2. Successful when industry is mature.
	3. Stable growth as a pause	3. Successful if environment is slowly changing.
	4. Sustainable growth	4. Successful if resources are depleting.
Growth	1. Internal growth a. Single product/service or product/service line b. Diversification	1. Successful if early in life cycle.
	2. External Growth (merger) a. Single product/service or product/service line b. Diversification	2. Mixed success.
	3. External growth (joint vertures)	3. Mixed success.
	4. Vertical integration	4. Usually not very successful.
	5. Growth-to-sell-out	5. Mixed success.
Retrenchment/ Turnaround	1. Turnaround	1. Mixed success.
	2. Divestment	2. Mixed success.
	3. Liquidation or sell-out	3. Last-resort strategy.
	4. Captive company	4. Mixed success.
Combination	1. Combine two or more grand strategies simultaneously (used mainly by large firms)	1. Successful in periods of economic transition (recession, recovery).
	2. Combine two or more grand strategies in sequence	2. Successful in periods of change in main product/service life cycle.

Source: Glueck (1980, p. 203).

Figure 13

Characteristics of Six Generic Strategies

Type of Generic Strategy	Competitive Position Objective	Investment Strategy
Share-increasing strategies:	Increase position	Moderate investment
Development stage	Increase position	Moderate investment
Shake-out stage	Increase position	High investment
Other stages	Increase position	Very high investment
Growth Strategies	Maintain position	High investment
Profit Strategies	Maintain position	Moderate investment
Market concentration and asset reduction strategies	Reduce (shift) position to smaller defensible level (niche)	Moderate to negative investment
Turnaround strategies	Improve positions	Little to moderate investment
Liquidation or divestiture strategies	Decrease position to zero	Negative investment

Source: Hofer and Schendel (1978, p. 160).

may require some moderate levels of investment;

6. Liquidation and divestiture strategies, which involve a more or less orderly withdrawal from the business (p. 160).

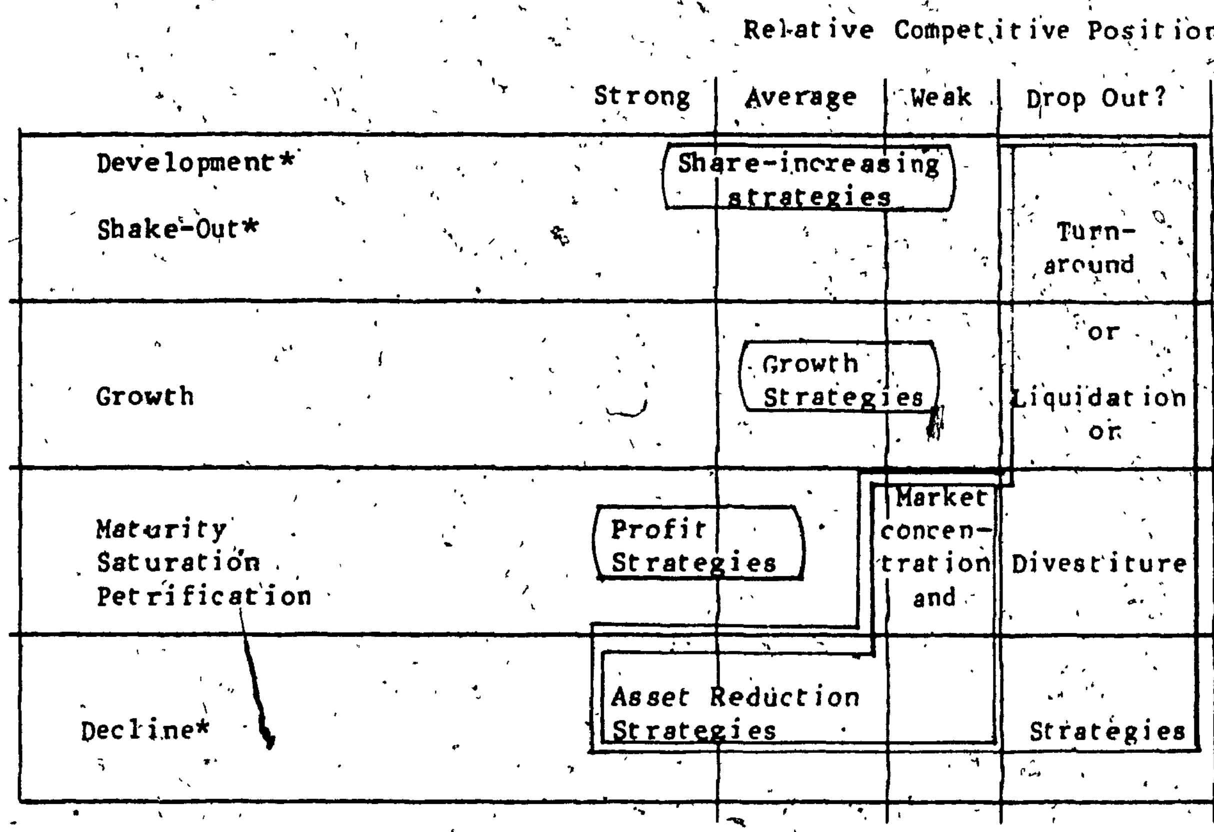
Their market evolution stages on which these strategies are based are shown in Figure 14.

As it can be seen, therefore, the stages of the product life cycle dictate major changes in strategy. The resultant strategy then dictates various functional area policies and emphases, as hypothesized by Fox (1973), and shown in Figure 15.

Within these similar sets of strategies based on product/market evolution stages and organization development stages, is a set of three generic marketing strategies proposed by Porter (1980), which, although more commonly identified with or used within certain evolutionary stages, may be used singly or in combination at any stage. He states that at the broadest level these three internally consistent generic strategies can be identified which can be used singly or in combination for creating a defendable position in the long run and outperforming competitors in an industry. These are (1) "Overall cost leadership" - making units of a fairly standardized product and underpricing everybody else; (2) "Differentiation" - producing a product uniquely perceived on the basis of its quality, design, brand name or service reputation, which will command higher prices; (3) "Focus" - concentrating on a particular group of

Figure 14

Investment Strategies based on Stage of Market Evolution



*These are stages in which major changes in competitive position can occur most easily.

Source: Hofer and Schendel (1978, p. 104).

Figure 15

Fox's Hypotheses about Appropriate Functional Area Policies at Different Stages of Product/Market Evolution

	Functional Focus	R&D	Production	Marketing	Physical Distribution	Personnel	Finance	Management Accounting	Other	Customers	Competition
Precommercialization	Coordination of R&D and other functions	Reliability tests Release blueprints	Production design Process planning Purchasing dept. lines up vendors & subcontractors	Test marketing Detailed marketing plan	Plan shipping schedules, mixed carloads Rent warehouse space, trucks	Recruit for new activities Negotiate operational changes with unions	LC plan for cash flows, profits, investments, subsidiaries	Payout planning: full costs/revenues Determine optimum lengths of LC stages through present value method	Final legal clearances (regulatory hurdles, patents) Appoint LC coordinator	Panels and other test respondents	Neglects opportunity or is working on similar idea
Introduction	Engineering: debugging in R&D production and field	Technical corrections (engineering changes)	Subcontracting Centralize pilot plants; test various processes; develop standards	Induce trial; fill pipelines; sales agents or commissioned salesmen; publicity	Plan a logistics system	Staff and train middle management Stock options for executives	Accounting deficit; high net cash outflow Authorize large production facilities	Help develop production and distribution standards Prepare sales aids like sales management portfolio		Innovators and some early adopters	(Monopoly) Disparagement of innovation Legal and extralegal interference
Growth	Production	Start successor product	Centralize production Phase out subcontractors Expedite vendors output; long runs	Channel commitment Brand emphasis Salaried sales force Reduce price if necessary	Expedite deliveries Shift to owned facilities	Add suitable personnel for plant Many grievances Heavy overtime	Very high profits, net cash outflow still rising Sell equities	Short-term analyses based on return per scarce resource		Early adopters and early majority	(Oligopoly) A few imitate, improve, or cut prices

Figure 15 (continued)

	Functional Focus	R&D	Production	Marketing	Physical Distribution	Personnel	Finance	Management Accounting	Other	Customers	Competition
Maturity	Marketing and logistics	Develop minor variants Reduce costs through value analysis Originate major adaptations to start new cycle	Many short runs Decentralize Import parts, low-priced models Routinization Cost reduction	Short-term promotions Salaried salesmen Cooperative advertising Forward integration Routine marketing research; panels, audits	Reduce costs and raise customer service level Control finished goods inventory	Transfers, advancements; incentives for efficiency, safety, and so on Suggestion system	Declining profit rate but increasing net cash inflow	Analyze differential costs/revenue Spearhead cost reduction, value analysis, and efficiency drives	Pressure for resale price maintenance Price cuts bring price wars; possible price collusion	Early adopters, early and late majority, some laggards; first discontinued by late majority	(Monopoly competition) First shake-out yet many rivals
Decline	Finance	Withdraw all R&D from initial version	Revert to subcontracting; simplify production line Careful inventory control; buy foreign or competitive goods; stock spare parts	Revert to commission basis; withdraw most promotional support Raise price Selective distribution Careful phase-out, considering entire channel	Reduce inventory and services	Find new slots Encourage early retirement	Administer system retrenchment Sell unneeded equipment Export the machinery	Analyze escapable costs Pinpoint remaining outlays	Accurate sales forecast very important	Mainly laggards	(Oligopoly) After second shakeout, only few rivals

SOURCE: H. Fox, "A Framework for Functional Coordination," Atlanta Economic Review, November/December 1973, pp. 10, 11.

customers, geographic market, channel of distribution, or distinct segment of the product line. Porter proposes that these three strategies encompass "game plans" that work in any industry and explain success. These strategies and their characteristic organizational requirements and skill and resource requirements are shown in Figure 16.

Thus, while "overall cost leadership" is a strategy more commonly used in industry maturity, it could be used at any stage of product/market evolution or company development. The same applies to "differentiation", although this might be more often used in the introduction and growth stages, and to "focus", although this might be more likely to be used in decline.

Proposed Generic Strategies

Figure 17 shows a comparison of some sets of generic strategies identified in the literature and also those identified "types of organizations" which imply generic strategies (Miles and Snow, 1978; Burns and Stalker, 1961). It can be seen that most strategies directly follow the stages of product-market evolution and/or the corporate life cycle stages, and the others follow these stages indirectly or in an overlapping or alternative manner. From this comparison, it is proposed that there is a set of four broad generic strategies (shown in Figure 17) which encompass and reflect the organizational development stages, the product/-market evolution stages and the operating environment which

Figure 16

Porter's Generic Strategies

Generic Strategy	Commonly Required Skills and Resources	Common Organizational Requirements
Overall Cost Leadership	Sustained capital investment and access to capital	Tight cost control.
	Process engineering skills	Frequent, detailed control reports.
	Intense supervision of labor	Structured organization and responsibilities.
	Products designed for ease in manufacture	Incentives based on meeting strict quantitative targets
	Low-cost distribution system	
Differentiation	Strong marketing abilities	Strong coordination among functions in R&D, product development, and marketing.
	Product engineering	
	Creative flair	Subjective measurement and incentives instead of quantitative measures
	Strong capability in basic research	
	Corporate reputation for quality or technological leadership	Amenities to attract highly skilled labor, scientists, or creative people.
	Long tradition in the industry or unique combination of skills drawn from other businesses	
	Strong cooperation from channels	
Focus	Combination of the above policies directed at the particular strategic target	Combination of the above policies directed at the particular strategic target.

Source: Porter (1980, p. 40).

Figure 17

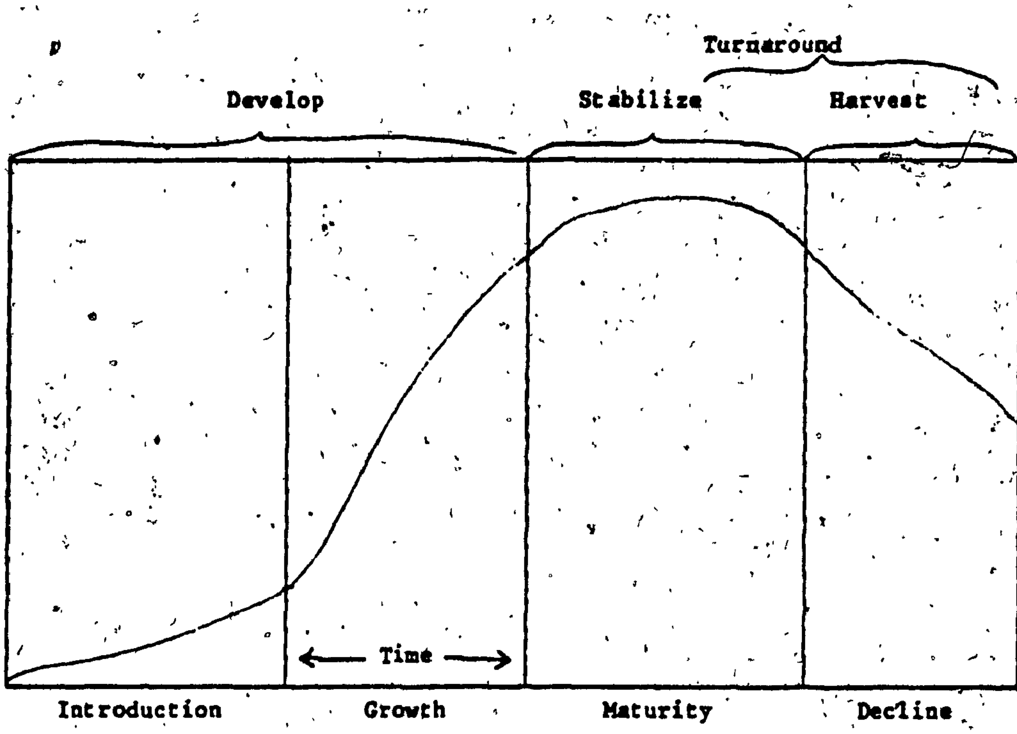
Comparison of Generic Strategies

Corp. Life Cycle (James)	Product/Market Evolution	Glueck	Hofer & Schendel	BCG	GE/Shell McKinsey	Wissema	Miles & Snow	Burns & Stalker	Proposed
Emergence	Introduction		Share Inc.			Explosion	Prospector	Organic	
		Growth		"Stars"	Build				DEVELOP
Growth	Growth		Growth Inc.			Expansion			
Maturity	Maturity	Stability	Profit	"Cash Cows"		Contd.	Defender		
					Hold	Growth		Mechanistic	
		(Combination)					(Analyzer)		STABILIZE
			Mark. Con/			Consolid.			
			Asset/Red.						
Regeneration			Turnaround						TURNAROUND
		Retrench.	Liquidate		Harvest	Slip			
Decline	Decline		or Divest	"Dogs"		Contraction			HARVEST

includes industry and business unit characteristics, technological aspects, complexity and rate of change of environment, etc.) Figure 18 shows the proposed generic strategies as applied to the likely product/market stages. These strategies may be used in reference to the total or prevailing organization type/strategy or that of one of its units or product line, or in the context of portfolio management. These proposed generic strategies are "Develop", "Stabilize", "Turnaround", and "Harvest". These types are among those empirically confirmed by Galbraith and Schendel (1983). Specifically, they identified six strategic types for consumer products: harvest, builder, cash-out, niche or specialization, climber, and continuity; and four for industrial products: low commitment, growth, maintenance, and niche or specialization. These categories subsume lower level sub-strategies used to implement these overall strategies, such as those of Porter (cost leadership, differentiation, focus), and also individual strategies such as acquisition, integration, merger, diversification, divestment, etc., which may become necessary for overall implementation of these strategies. As such, therefore, these four generic definitions may be viewed as business level missions within which the substrategies combine as a total set or grand strategy to achieve the mission. The titles, "Develop", "Stabilize", "Turnaround", "Harvest", represent strategies when viewed at the corporate level, and missions, or strategic missions, when viewed at the business level. For purpo-

Figure 18

Proposed Generic Strategies as Applied to the Likely Product/Market Stages



Stages of product/market life cycle.

ses of simplicity, in this paper they are called strategies, which consist of a portfolio of sub-strategies through which to attain the strategic mission (Leontiades, 1980).

The typology proposed above is not a new one. It is, in fact, quite consistent with others that are well-established and commonly used. The typology used here differs from the others in two ways: (1) it is not the same as any one typology, but is based on many similar categorizations which indicate overlapping variables. As such, considerable convergent validity is indicated to support this typology; (2) any single typology tends to reflect only a part of the overall spectrum of strategic types or the coverage of essential variables within each category. The proposed typology, however, has its categorical base common to several of these theories, and reflects a more complete description of the strategies by combining variables such as marketing, investment, product policy, structure, etc. This rationale is based on a review of strategic classifications, as presented in this chapter, and is summarized below.

A variety of partial theories of business strategy have been developed (Hofer, Murray, Charan and Pitts, 1980). Many of these have been described in this chapter, both to show their incompleteness and, therefore, the need for development of a typology more broadly descriptive of the generic strategies. The portfolio models (BCG; GE/McKinsey/Shell), for example, deal with strategy in terms of the relative investment the firm should make in each of its businesses, dependent on its relative position in the industry and the industry attractiveness. Hofer and Schendel's typology, (1978), also deals primarily with the investment variable, dependent on market position. These typologies are well-established in the literature and widely used by consultants. They contribute greatly to the common basis upon which the typology proposed in this research is developed. However, business strategy deals with two parts to the overall question of how a firm should compete in a given business/industry. The first part involves such investment decisions among its businesses. The second involves <u>how</u> the firm should integrate its activities in order to optimize these resources (Hofer, <u>et al</u>, 1980). The above mentioned models do not deal sufficiently with the latter issue of the specifics of the strategy.

Other typologies, also showing the same basis for broad categorization, are based on the product-market evolution stages; these typologies include those of Wissema, <u>et al</u>. (1980), Fox (1973), and Glueck (1980). These show some marketing considerations, in addition to some of the same variables as other typologies. In addition, Porter's three generic strategies give more detailed marketing and product policy information as sub-strategies to the proposed typology.

Structural aspects are the central focus of Burn's and Stalker's (1961) typology, as also with the life cycle theories of Chandler (1962), Scott (1973), Wrigley (1970), Rumelt (1974), James (1974), etc. Again, these provide a similar categorization basis to the others, and add to the variables necessary to be considered in order to develop a full strategic mission description, although alone each is insufficient.

A more comprehensive typology, one which has been empirically tested, is that of Miles and Snow (1978). This typology provided considerable information for the basis of the proposed typology. However, it deals only with the first two categories proposed, "Develop" and "Stabilize", as based on their "Prospectors" and "Defenders". Their "Analyzers" is a combination of both.

Thus, this typology is based on a substantial literature background, but provides a more valid and complete typology for purposes of research. Such grounding and richness is necessary in this research in order to (1) provide strategy descriptions sufficiently comprehensive and recognizable to facilitate accurate strategy identification, and (2) to provide a basis for developing detailed role descriptions hypothesized to be necessary for implementation of the strategy components. A limited description of the strategy types would not have permitted these two objectives. In addition, the use of any one typology would not have provided a sufficiently valid basis for research purposes and conclusions.

It should be noted that each proposed generic strategy is potentially independent. This means that, because of the variable of strategic choice, a strategic path may be undertaken independently of the other strategies or the forces of organizational or product development stages. Such a choice, for example, may be to "Harvest" in the midst of a rapidly "Developing" business. The "Turnaround" strategy, in particular, may be contrary to developmental stages. Regardless of their likelihood, such possibilities exist because strategy is subject to human judgment; therefore, there is a need to consider each strategy independently. Thus, it is not proposed that these strategies are necessarily related to any specific organizational life cycle stage or product life cycle stage, or related to each other in any particular sequence. The basis of this typology is, in fact, the literature synthesis, as described, showing findings linking such strategic types with certain stages of the organization (Chandler, 1962; James, 1974; Rumelt, 1974; Scott, 1973; Wrigley, 1970), and the product/market cycle (Dhalla and Yuspeh, 1976; Fox, 1973; Glueck, 1980; Hofer and Schendel, 1978; Patton, 1959; Porter, 1980; Staudt, Taylor and Bowersox, 1976), as described in this paper, along with their commonly associated strategic characteristics. However, it is, of course, clear that neither companies nor products necessarily follow such sequences, because of differences in rates of development, environmental factors, competitive factors, and, in particular, strategic choice, which can proactively change such directions at any stage. Some of the factors leading to variation in the development of the organization, as noted in Kimberly <u>et al</u>., (1981), are the constraining effects of early decisions and initial organization choices on subsequent organizational behaviors, outcomes, and developmental patterns (Simon, 1963; Sarason, 1972; Kimberly, 1975, 1979; Miles and Randolph, 1979; Stinchcombe, 1965); the effects of differential planning processes on the subsequent initiation, development and performance of new organizations (Van der ven, in Kimberly <u>et al</u>., 1981); and, of course, premature decline brought about by poor management, political vulnerability, or environmental entropy (Pfeffer and Salancik, 1978), or decline postponed by external influences such as government intervention. In addition, the organizational life cycle reflects the developmental stages of its products, which, again, is primarily a matter of strategic choice.

Any one of the proposed generic strategies, therefore, may be considered necessary at any stage. Strategic actions depend on the strategic objective after consideration of the environmental outlook and competitive posture, so that, in spite of the common patterns as discussed, there is in fact no unique strategy necessarily associated with each stage. Following is a comprehensive description of each of the four strategies in the proposed typology.

Description of Generic Strategies

The following descriptions of the four proposed generic strategies represent an interpretation and combination of factors suggested by the literature, in order to propose a comprehensive description of each proposed strategy in terms of its characteristics.

"Develop"

This "entrepreneurial" strategy is one of developing and introducing new products and markets, penetrating the market and building up market share. For a small business this may mean developing a new company or an expansion and diversification program.

This category would cover companies or units most likely in the corporate life cycle stages of emergence and growth, and products in the introduction and growth stages of product/market evolution. This strategy includes those identified in the literature as "growth" (Glueck, 1976); "Share Increasing" and "Growth" (Hofer and Schendel, 1978); "Expansion" (Wissema, 1980); "Build" (McKinsey, GE, Shell); "Prospector" (Miles and Snow, 1978); "Stars" (Boston Consulting Group); and Burns and Stalker's (1961) "Organic" organizations. Of Porter's three generic strategies, it would most likely include that of "differentiation", and possibly "focus". This classification also coincides with the descriptions and interpretation of Buzzell, Gale and Sultan's (1975) "building strategy", and Vesper's (1979) "multiplication strategy". In addition, this type was empirically confirmed by Gabraith and Schendel (1983) as their "builder strategy".

Characteristics of "Develop" Strategy

- "Entrepreneurial" emphasis on product, market and technical innovation; locating and exploiting new product and market opportunities, (Channon, 1979; Miles and Snow, 1978; Snow and Hrebeniak, 1980).
- All operations geared to developing and launching new products, market development, and intensive pursuit of market share, (Channon, 1979; Geller, 1980).
- High investment, (Buzzell, Gale and Sultan, 1975; Hofer and Schendel, 1978).
- Emphasis on change, requiring flexibility of operations and technological processes and coordination of diverse operations, (Burns and Stalker, 1961; Miles and Snow, 1978).
- Continual monitoring of environment. (Miles and Snow, 1978).
- Aggressive, risk-taking, competitive pursuit of new opportunities.
- "Proactive", "change-creating" (Miles and Snow, 1978).

- Emphasis on generation of earnings and long term results rather than short term profitability and cost efficiency, (Abell and Hammond, 1979; Channon, 1979).
- Emphasis on Research and Development and Marketing expertise, (Patton, 1959; Staudt, Taylor and Bowersox, 1976).
- Emphasis on product design, product quality, and product positioning, (Hofer and Schendel, 1978).
- Breaking open of the market may include acquisition or merger, or broad program of diversification and expansion, (Hofer, Schendel, 1978; Wissema _et_ _al_., 1980).
- Development of market share may include construction of temporary over-capacity and dropping production capacity elsewhere, or divestment of other units, (Wissema _et_ _al_. 1980).
- Emphasis on the uncertainties of the scientific and market sectors of the environment rather than the techno-economic (Lawrence and Lorsch, 1967).
- Growth will require the acquisition of the resources needed to grow with the market acquisition of new financing for capacity expansion - possibly new plants, new facilities, additional personnel, etc., (Hofer and Schendel, 1978).

"Stabilize"

This strategy is typically that of companies in the mature stage of business development, or of product/market evolution stage of maturity. This strategy classification tends to include those identified in the literature as "stability" (Glueck, 1976); Hofer and Schendel's (1978) "Profit increasing strategies" and probably "market concentration or asset reduction strategies"; Miles and Snow's (1978) "Defender" organizations; Wissema's (1980) "Continued Growth" and possibly "Consolidation" strategies; Burns and Stalker's "Hold"; and those identified products or units as "Cash cows" by the Boston Consulting Group. Also Porter's (1980) "overall cost leadership" is in fact a succinct description of a typical major aspect of this strategy. His "focus" strategy may also be used in conjunction with this. This categorization comprises those confirmed by Galbraith and Schendel (1983) as "continuity" (47% of the sample); "niche" for consumer goods and "maintenance" for industrial goods (49% of sample). This type also parallels Utterback and Abernathy's (1975) "cost minimizing" strategies, Vesper's (1979) "specialization", and Buzzell, et al. (1975) "holding". This is typical of the organization or unit in the phase of single product or product line, or dominant product. The overall strategy is one of market segmentation probably some form of product differentiation, and asset utilization. It entails "getting the product out of the door as cheaply as possible" - i.e., producing and distributing goods or services as efficiently as possible to a stable market in order to maximize earnings in a mature market with many rivals, in which no one competitor is likely to achieve advantageous market share. For a small company this strategy may frequently be used to maintain a comfortable market and profit position or to attempt to bring control to a company which has been experiencing wide swings in performance.

Characteristics of "Stabilize" Strategy

- Maintenance of competitive position - defense of brand, (Abell and Hammond, 1979; Hofer and Schendel, 1978; Galbraith and Schendel, 1983; Wissema et al., 1980.
- Manufacturing efficiency, (Miles and Snow, 1978; Porter, 1980; Wasson, 1974).
- Carve out and maintain a niche within the industry which is difficult for competitors to penetrate (Hofer and Schendel, 1978; Galbraith and Schendel, 1983; Miles and Snow, 1978).

Market segmentation and asset utilization, (following Hofer and Schendel, 1978; Porter, 1980).

- Produce only a limited set of products and pursue earnings through strict cost control and efficiency of standardized operations; i.e., cost efficient, single-core technology; production and cost-control specialization, (Miles and Snow, 1978; Porter, 1980).
- "Bureaucratic" procedures - centralization, formal communication channels through hierarchical levels, (Burns and Stalker, 1961).
- Possible vertical integration to gain cost efficiency, (Miles and Snow, 1978).
- Predictability in environment of little change or uncertainty - i.e., stable technical and market conditions, (Burns and Stalker, 1961).
- Cost oriented planning and analysis, (Channon, 1979; Galbraith and Schendel, 1983).
- Continual product improvement, (Wasson, 1974).
- Drop marginal accounts.
- Gain market advantage through distinctive service, delivery, warranties, etc., or product differentiation/high quality product, (Galbraith and Schendel, 1983).
- Moderate investment, (Buzzell et al., 1975; Hofer and Schendel, 1978).
- Capital reinvestment for plant rationalization, (Porter, 1980; Hofer and Schendel, 1978).

- Possible asset reduction in weak competitive position, (Hofer and Schendel, 1978).
- May include acquisition of smaller firms to increase market share, (Hofer and Schendel, 1978).

"Turnaround"

This strategy uses one or a combination of several sub-strategies to arrest and reverse the declining fortunes of the business involved as quickly as possible. It is used during the decline stage of the business but when it is considered that the business can be profitable over the long run - i.e., that its long-run, going-concern value is greater than its liquidation value (Hofer and Schendel, 1978). This "regeneration" (James, 1974) phase in the corporate life cycle is an attempt to reverse what seems to be a premature decline phase, brought on perhaps by unusual economic forces, or, more likely, mismanagement. Glueck, (1976) referred to this as "retrenchment", and Hofer and Schendel (1978) as "turnaround". Dependent on the cause and extent of decline, some combination of the following strategies may be appropriate:

Characteristics of the "Turnaround" Strategy

- Emphasis on near-term cash generation to preclude bankruptcy, (Hofer and Schendel, 1978).
- Divestiture of unprofitable subsidiaries/divisions, (James, 1974; Schendel, Patton and Riggs, 1975).
- Selling off assets, (James, 1974; Hofer and Schendel, 1978).

- Rigid cost cutting, (James 1974; Schendel et al., 1975).
- Reduced labor costs, (James, 1974; Chang, 1980).
- New budgeting and control systems, (Chang, 1980; Schendel et al., 1975).
- Changes in management (transfers, terminations, new personnel, training programs, etc., as applicable, (Chang, 1980; Schendel et al., 1975).
- Enlisting government assistance, (James, 1974).
- Introduce new products and cut out old products (James, 1974).
- Major plant construction or expansion/modernization, (Schendel et al., 1975).
- Integration (Hofer and Schendel, 1978).
- Mergers, (James, 1974).
- Acquisition, (Schendel et al., 1975).
- Diversification, (Schendel et al., 1975).

"Harvest"

This strategy is used in the period of decline of the company or strategic business unit or of the product/market evolutionary stages. Incorporating the strategic terminology in the literature of "Liquidation or Divestment" (Hofer and Schendel 1978); "Retrenchment" (Glueck, 1976); "Slip" and "Contraction" (Wissema, 1980); "Harvest" (CE, McKinsey and Shell); and "Dogs" (BCG), this decline phase of a business is characterized as one of "shrinking margins, pruning product lines, failing R & D and advertising, and a dwindling number of competitors. This category is confirmed by Gabraith and Schendel's (1983) "harvest" for consumer goods, and "low commitment" for industrial products, and parallels Buzzell, et al.'s (1975) "harvesting", and Vesper's "liquidation" types. The accepted strategic prescription for decline is a "Harvest" strategy, that is, eliminating investment and generating maximum cash flow from the business, followed by eventual divestment .... (in other words) .. do not invest in slow or negative-growth, unfavorable markets, but pull cash out (Porter, 1980 p. 254).

Characteristics of "Harvest" Strategy

- Controlled disinvestment, capitalizing on strengths (presupposes some advantages which justify continuance) and eventually - or immediately, (Hofer and Schendel, 1978).
- Liquidate investment, (Hofer and Schendel, 1978; Vesper, 1979).
- Intensive pursuit of maximum positive cash flow (Channon, 1979; Hofer and Schendel, 1978) - i.e., milk the brand or business of all remaining benefits.
- Sell market share to maximize profitability (Channon, 1979).
- Intensive pruning of less profitable products/segments (Channon, 1979; Hofer and Schendel, 1978; Geller, 1980; Wasson, 1974).
- Emphasis only on short term (Channon, 1979; Geller 1980).

- Abandonment of maintenance of market share, (Buzzell <u>et al</u>. 1975; Vesper, 1979; Wissema <u>et</u> <u>al</u>. 1980).
- No promotional activity, no expansion of capacity; every penny is saved; continuing only as long as the proceeds exceed the costs (Wissema, 1980).
- Expense and cost reduction, asset reduction, product pruning, (Hofer and Schendel, 1978).
- Early market withdrawal (divestiture) where applicable, (Hofer and Schendel, 1978).

It is proposed that these four individual generic strategies - "Develop", "Stabilize", "Turnaround", "Harvest" - define distinct major types of classification by which to identify strategic operations. Such a categorization is a broad generalization reflecting strategic goals and plans applicable across all organizations.

Use of such a typology of business level strategies and consideration of their component variables as identified in the literature provides a means for identifying and examining implementation needs and issues for each generic strategy type. This then facilitates research regarding the action agenda required for implementation of these strategic types, and thus the implications for strategy enactment and business performance in terms of the human element involved in strategy implementation.

The following chapter will further investigate this human variable in terms of the managerial role, both in general and in regard to linkages between role variations and strategy variations.

CHAPTER II

The Manager's Role in Strategic Management

The conceptual foundation of this research was described in Chapter I, in which was developed the nature and role of strategic implementation in strategic management. There too was developed a strategic typology by which to study such implementation variables.

In this chapter, the manager's job is discussed, followed by an examination of the variables of the managerial role. The contingencies of differing strategic contexts on these role variables are identified, resulting in a specification of managerial role variables directly associated with strategic implementation.

As discussed in Chapter I, the strategic management process is instrumental in determining the level of business performance attainable by an organization, specifically in terms of the strategic choices made within the organization and the effectiveness with which they are implemented.

The role of people in the strategic management process mediates the environment and business performance during the strategic formulation process and the strategic implementation process (Child, 1972; Perrow, 1970; Weick, 1969). Child, for example, noted that environmental conditions cannot by themselves influence the organization's performance. Rather, the organization's decision-makers, through their strategic choices and the action they consequently take, have the power proactively to reshape the environment and act on their understanding of the environment in operating on the organization.

The enactment of that strategic choice is the action agenda for implementing that strategy. Such enactment is accomplished through the actions of the particular manager (or coalition of managers) whose responsibility it is to carry out the programs of the strategy. Managerial programs play an important role in strategic implementation and business performance. Understanding the managerial role is necessary in order to identify its variables and their potential differential application to the strategic types proposed in Chapter I.

Variables of the Manager's Job

A manager is the person who has the authority and responsibility for the activities, output, and performance of a formal organization, or one of its subunits. The activities (s)he performs, and decisions (s)he makes, in order to fulfill this responsibility will be greatly influenced by the prevailing strategy for that unit. If a manager understands and desires to implement a certain strategy and has the necessary company resources (such as capital, manpower, technology, capacity, etc.) and the authority to allocate them, as well as the skills and experience to do so, everything (s)he does is geared towards achieving that strategic goal. Different strategies - determined as a result of top management's interpretation of the action necessary for the organizational unit to adapt to its environment and to fulfill goals - will presumably dictate different behaviors - different on-the-job activities, responsibilities, skills, necessary to implement the strategy. In other words, job content and characteristics are considered to vary under the dictates of different strategic conditions.

It is necessary, therefore, to examine the nature of managerial behavior in order to understand the variations dictated by strategy. Before we can identify what managers do under certain strategic conditions, therefore, we must be able to define in general terms what managers do under any conditions and what contingencies produce variations in those activities. What, then, does the manager's job comprise? What are the patterns of managerial activity - the commonalities and the differences - and what are the contingencies in these patterns which account for these differences and by which we can anticipate the variations which will occur between strategic action agenda within broad strategy classifications?

To answer these questions the manager's job will be analyzed by comparison and summary of studies dealing with the "work activity" view of management - i.e., consideration of specific on-the-job behaviors. Those studies reviewed (Figure 19a) were based on direct methods of data collection - observation, diaries, surveys - and where possible studies reporting quantitative data.

Figure 19a

Work Activities Studies (Sample)

Author	Method	Sample	Summary of Findings
Carlson, 1951	Diary & Observ.	10 Chief Executives	Common behavior patterns; fragmented day; little control over time.
Burns, 1954	Diary	4 Mid-level Managers	
Burns, 1957	Diary	76 Senior & Middle Managers	Much time in informal, verbal communication when high rate of change
Guest & Jasinski, 1956	Observation	56 Foremen	Constant pressure and fragmentation of work; 2 hrs/day on lateral relns.
Ponder, 1957	Observation	24 Foremen	Discontinuity of foreman's job; more effective foremen had less discontinuity; more time on personnel issues
Hemphill, 1959	Questionnaire	93 Executives (low/mid)	Classified job elements into 10 factors
Copeman, 1963	Diary	58 Middle and Senior Managers	Compared work of CEOs and department heads - CEOs spend more time on job; more on writing & planning; less on reports; more with colleagues
Dubin & Spray, 1964	Diary	8 Jr. & Senior Execs.	The higher the managerial level, the less time on single activities; more on outside contacts.
Kelly, 1964	Observation (activity sampling)	4 Foremen	Task, not personal style, is principal determinant of mgrl. behavior
Sayles, 1964	Observation	75 low and Middle Managers	Importance of different kinds lateral relationships to required roles.
Horne & Lupton, 1965	Diary	66 Mid-level managers	Most information exchange spent in informal direct contact.
Stewart, 1967	Diary	106 Middle and Senior Managers	Similarities and differences in managerial jobs based on allocation of time according to 25 variables.
Katzell et al. 1968	Questionnaire	194 Middle Managers (Army)	Managers' activities vary according to organizational characteristics.
Mintzberg, 1973 (a)	Observation	5 Chief Executives	Characteristics and variations of managerial jobs. Ten managerial roles.

Figure 19a--continued

Author	Method	Sample	Summary of Findings
Dahl & Lewis, 1975	Diary	12 Mid-High Managers	Managers' estimate of their time allocation far from reality.
Tornow & Pinto, 1976	Questionnaire	433 Low-Middle Managers	Classified activities into 13 position description factors.
Alexander, 1979	Questionnaire	225 Managers	Level & Function influences extent to which Mintzberg's managerial roles are required
McCall & Segrist, 1980	Questionnaire	2609 Low-High Managers	Supported Mintzberg's contention that managers' job are essentially alike.

Concepts from the "process" view of management, however, are the basis of management theory and research and constitute the classical description of the basic commonalities of management functions. Thus process theorists (Fayol, 1949; Davis, 1951; Koontz and O'Donnell, 1955; Newman, 1950; Terry, 1953, etc.) established the management functions (planning, organizing, directing and controlling) as a recurring, interdependent process or cycle of activity which led to the accomplishment of organizational goals (Wren, 1972). Management was perceived as an universal process irrespective of industry, organization, or level within the organization. Fayol's (1916) five basic managerial functions were those of planning, organizing, coordinating, commanding and controlling. Fayol's functions give managers the acronym POSDCORB, comprising the initial letters of Planning, Organizing, Staffing, Directing, Coordinating, Reporting and Budgeting.

The process approach became accepted in the mid-1950s; since then,many studies have built upon the management functions (Stieglitz, 1969; Shartle, 1949; Mahoney, 1961). In addition, other studies have underlined the importance of the function of leadership/supervision (Mahoney, 1961; Mahoney, Jerdee and Carroll, 1965; Solem, Onachilla and Heller, 1961).

McCall, Morrison and Hannan (1978) note that such process dimensions have been criticized, however, for providing little direct information about the actual activities in which managers engage or the behaviors they display, and because they lack empirical support (Mintzberg, 1973; Carlson, 1951). On the other hand, observational methods have been criticized for being incapable of assessing the non-observational activities such as planning, thinking, etc. (Carroll and Taylor, 1968; Hemphill, 1959; Kelly, 1969; O'Neill and Kubany, 1959; Penfield, 1974; Stewart, 1965; Stogdill and Shartle, 1956). Obviously both process and action views should ideally be combined when considering the manager's job. As typified by such diary studies as those by Sune Carlson (1951) and Rosemary Stewart (1967) and by observational studies such as Henry Mintzberg's (1973), the work activity view more recently has received increasing attention due to its empirical basis and attempts towards incorporation of findings.

The bases of studies of managerial activities have been determined primarily by difficulties in research methodology by which to collect empirical data regarding the manager's job. Studies have shown that managers are poor estimators when faced with interviews or questionnaires in which they are asked to identify their functions or activities, in comparison with observation results (Burns, 1954, 1957; Hinrichs, 1964; Dahl and Lewis, 1975). As a result, researchers have been obliged to utilize such tools as diaries, resulting in activities being broken down mostly in terms of time (e.g., Carlson, 1951; Stewart, 1967; Burns, 1954, 1957; Horne and Lupton, 1965); and observation (Mintzberg, 1973;

Cohen and March, 1974), with categories being developed by the researcher during and after observation. Significant findings from this method have been Mintzberg's, with managerial activities broken down in terms of time and, more notably, in terms of managerial roles. Where questionnaires have been used (Hemphill, 1959; Tornow and Pinto, 1976), significant categorizations have evolved in terms of job factors. For ease of compilation and comparison, the research on managerial work activity results can be classified in terms of time allocation, managerial roles and managerial job factors. This then enables us to draw a composite picture of the manager's job, from which can be seen both the commonalities - the things which all managers do - and the differences - how these activities vary, and why. Such a picture is composed of the following findings:

1. The manner in which managers spend their time, classified by activities, contacts, purpose, media, etc., indicates the common characteristics of managerial jobs. However, the wide ranges of time allocation indicate the differences attributable not only to function, but to other contingencies, even when the job title is the same, such as job level within the organizational hierarchy, size and type of organization, relevant task environment factors, etc. Some of the major findings based on time allocation studies were:

- Managers spend an average of two-thirds of their working time interacting with other people, both inside and outside the organization, predominantly in the informal, verbal mode. There is great variation, however, in the actual time spent, ~~the~~ types of contacts and relationships, the nature, purpose and location of contacts, etc. Much of this contact time is spent with subordinates. Other contacts are with superiors, peers, clients, customers, suppliers, business associates, government and trade organization officials, etc. (Burns, 1957; Dubin and Spray, 1964; Guest, 1956; Horne and Lupton, 1965; Kelly, 1964; Mahoney, Jerdee and Carrol, 1963; Mintzberg, 1973(a); Sayles, 1964; Stewart, 1967).

- Managers spend more time ~~in communication~~, especially laterally, and these communications are more direct and informal, when there is a high rate of change and uncertainty (Burns, 1957; Burns and Stalker, 1961).
- Managers' allocations of time among activities differ according to technologies (Woodward, 1965).
- Managers' jobs are varied, fast-paced, and fragmented. Their jobs are characterized by many interruptions and changes in activities instigated by others or the manager himself/herself (Carlson, 1951; Mintzberg, 1973(a); Sayles, 1964; Stewart, 1967).

- As rank increases, a larger proportion of the manager's time is spent on fewer problems, but problems of a broader scope [i.e., less specialized (Brewer and Tomlinson, 1964; Burns, 1957; Hinrichs, 1976; Horne and Lupton, 1965; Marples, 1968; Thomason, 1967)].

2. There is a set of roles present in all managerial jobs, the extent to which they are present affected by the relative importance of each role within different functions and at different levels of management. Mintzberg (1973(a)) concluded from his study of five Chief Executive Officers that these roles are those of figurehead, leader, liaison, monitor, disseminator, spokesperson, entrepreneur, disturbance handler, resource allocator, and negotiator. Follow-up studies have shown that the job level and function supervised influence the extent to which Mintzberg's managerial roles are required (Alexander, 1979; Paolillo, 1981; McCall and Segrist, 1980).

3. There are sets of managerial job factors or clusters which have been identified (Hemphill, 1959; Tornow and Pinto, 1976), which can be used to describe a specific manager's job on the basis of responsibilities, activities, concerns, demands, restrictions, contacts, etc. These variables and dimensions incorporate and reflect different functions, levels and organizations.

4. Within the relevant strategy, there is variation in activities, responsibilities, roles and skills utilized in

managerial jobs, such variation is attributable mostly to differences in the level in the organizational hierarchy and the function supervised, although there are some differences due to the size of the organization (Alexander, 1979; Chapple and Sayles, 1961; Hemphill, 1959; Katz, 1974; Mahoney, Jerdee and Carroll, 1965; Mintzberg, 1973(a); Paolillo, 1981; Sayles, 1964; Stewart, 1967). Other sources of variation include those variables which may be peculiar to the particular industry, organization, product or service, and also to the manager's individual working "style" (Katz, 1974; Khandwalla, 1976/77; McGregor, 1960; Miller, Kets de Vries, and Toulouse, 1982; Mintzberg, 1973(b); Wissema, Vander Pol, and Messer, 1980) - i.e., his/her personal action choices (Stewart, 1982). Such choices also effect the relative degree of success attained. The managerial "style" itself, in turn, is subject to the other variables in the task environment (Bass, 1976; Fiedler, 1967; Heller, 1969; Reddin, 1970; Stogdill and Shartle, 1948; Vroom and Yetton, 1974).

5. Certain activities have been identified which are more commonly associated with managerial effectiveness. These activities can be used to differentiate between the success likely for different incumbents in the same job (Brooks, 1955; Morse and Wagner, 1978; Skinner and Sasser, 1977).

As shown above, therefore, a comprehensive view of the manager's job from the work activity viewpoint can be developed by compiling the research findings, most of which have been categorized in terms of the amount of time spent on different aspects of the job or in contact with different people; the roles which describe the content and responsibilities of various behaviors; the clusters of job factors and dimensions. These classifications can be descriptive of both the similarities and the differences in managerial jobs. Figure 19b shows some selected studies considered to be particularly comprehensive and significant; taken together, these provide a broad profile of the manager's job based on various aspects of managerial work activity, along which a job may be differentiated. These studies are also considered more relevant to the purposes of this paper because their subjects are middle and upper level managers, those managers most likely to be in a position to implement strategy.

Contingencies of Managerial Activities

The contingencies which may affect the actual composition of a manager's job were noted in these and other studies, in particular those of level and function. Such variations can also be deduced by comparison of findings between different studies as a result of different levels or functions of subjects in the samples.

Such contingencies may affect the relative emphasis of certain activities, skills, etc., necessary for strategic implementation in a specific situation. Illustrative of such contingencies may be industry type, ownership (public

Figure 19b

Findings of Selected Studies on the Content and characteristics of Managerial Jobs

Author	Sample	Methodology	Findings
Time Allocation			
Stewart (1967)	160 Senior & Mid-Managers 9 different organizations of varying sizes and widely varying industries.	Diary - 4 weeks (Total 3200 days)	Similarities and differences in managerial jobs based on allocation of time according to 25 variables. Classification of jobs into five job types/groups based on variations in time allocation to activities and contacts, not job title.
Carlson (1951)	9 Senior Managers (Swedish company presidents)	Diary, 216 days	Common behavior patterns (Particularly noted was fragmentation in working time). Managing directors rarely alone and had little time to think; litle control over work-day.
Burns, (1954) (1957)	4 Mid-level Managers 76 Senior & Mid-Managers (8 British companies - 500-900 employees)	Diary, 103 days Diary, 1520 days	Much time (42-80%) spent in verbal communication, especially laterally, and especially within a small group of 3/4 co-managers. Communication time and informality (i.e. not through formal organization channels) increases as rate of change increases.
Horne & Lupton (1965)	60 Mid-Level Managers (British); 10 companies, varying sizes; different industries (170-40,000 employees)	Diary, 330 days	Middle managers spend most of their time exchanging information, advice and instructions through informal face-to-face contact. Need more technical than analytical and decision-making abilities.

Figure 1b—continued

Author	Sample	Methodology	Findings
Actor			
Mintzberg (1973 a.)	5 experienced CEOs (medium-large size organizations; various industries; various types (public, consumer goods, etc.)	Observation 5 weeks (total 25 days)	Characteristics of and variations in managerial work. Unrelenting pace, brevity, variety, fragmentation. Prefer verbal media for live action and current information. Extensive network of contacts.
Roles			
Mintzberg (1973 a.)	5 experienced CEOs (medium-large size organizations; various industries; various types (public, consumer goods, etc.)	Observation 5 weeks (total 25 days)	Basic content of managerial work can be described in terms of ten roles. Classified activities into ten roles which are present in all jobs but extent and importance vary with function and level.
Sayles, 19[illegible]	75 Low & Middle Managers	Observation	Three main roles - as participant in external work flows; as leader; as monitor. Importance centers around different relationships.
Job Factors			
Hemphill, 1959	93 Executives - 5 large companies; 3 management levels; 5 functional areas	Questionnaire	Classified elements reflecting activities, concerns, responsibilities, demands, restrictions, into 10 dimensions along which jobs differ.
Tornow & Pinto, 1976	433 Managers of 6 diverse companies, 28 functions, three ~~management~~ levels	Questionnaire	Based on Hemphill's factors classified elements of activities into 13 independent position description factors along which jobs differ.

or private), size of the company, diversification strategy/ development stage (single product, dominant product, related products, unrelated products, etc.), or whether the company provides a service, as opposed to manufacturing products.

In addition, it has already been noted that variations in managerial activities and contacts occur as a result of differences in hierarchical level in the organization and the function supervised (Alexander, 1979; Hemphill, 1959; Katz, 1974; Mintzberg, 1973; Paolillo, 1981; Stewart, 1967). Some differences noted as a result of level, for example, were that, in general, the higher the organizational level, the less concern there is with technical, operational, "real-time" work flow aspects, and more concern with broad, strategy-making decisions, requiring conceptual skills, as noted by Katz (1974) and supported by comparison of studies by Mintzberg (1973), Sayles (1964) and Chapple and Sayles (1961); and that the roles (Mintzberg, 1973) of figurehead, liaison, monitor, disseminator, supervisor, entrepreneur, and negotiator, are required to a greater extent at higher levels in the managerial hierarchy (Alexander, 1979). Hemphill found that the higher the level in the organization the more the emphasis on those job dimensions of planning, broad power, human affairs, preservation of assets, personal demand, while the reverse was true for those dimensions of staff services, supervision, products and markets.

Stewart noted the increased emphasis on external company contact and negotiation at higher managerial levels. This is noted also by comparison of study findings, on the basis of the level of their subjects, of Stewart (1967), Horne and Lupton (1965), Mintzberg (1973), Dubin and Spray (1964), and Carlson (1951).

Mahoney, Jerdee and Carroll (1965) found that there was a higher distribution of the planning, evaluation, and generalist job type assignments at higher levels. Also, as previously discussed, the higher the organizational level, the broader the scope of job content - i.e., less specialized (Brewer and Tomlinson, 1964; Burns, 1957; Hinrichs, 1976; Horne and Lupton, 1965; Marples, 1968; Thomason, 1967).

The research suggests there to be common activity patterns in managerial jobs, subject to certain contingent factors. What patterns can be hypothesized to be present and necessary in managerial jobs under different strategic conditions? In order to identify such patterns, those specific linkages between managerial behavior and strategies which can be identified in the literature are discussed in the following section.

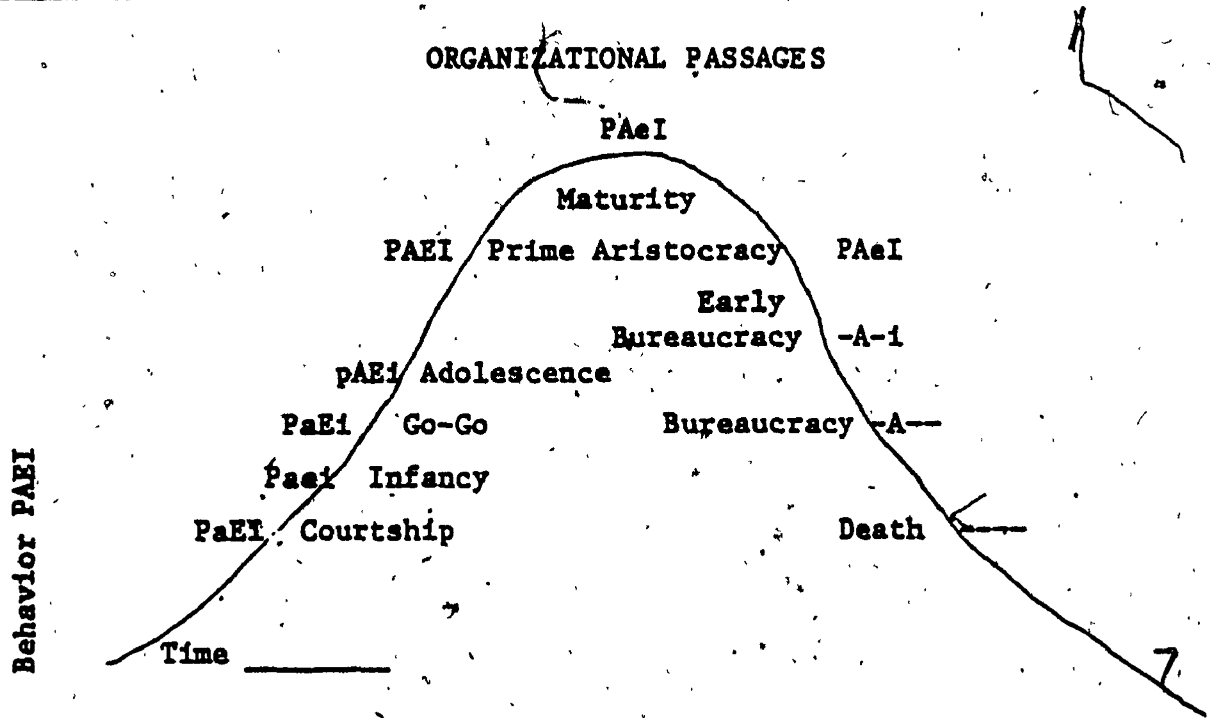
Literature Review - Linkages Between Strategy and Manager

One of the factors influencing strategic choice is the organizational life cycle. The life cycle stages, themselves, are common sources of variation in managerial requirements reflecting differential emphasis of focus, skills, and personality. Adizes (1979) discussed the requirements of management team capabilities in terms of skills and activities according to the organizational life cycle stages. As illustrated in Figure 20, he states that varying proportions of the following kinds of abilities will be needed: P - technical ability to produce the service or product; A- administrative skill to plan, organize and control group activity; E - entrepreneurial flair to adapt to turbulent conditions, create new services, and accept risks; and I - integration talent to reconcile, balance, and unify group activities and goals. Following Adizes (1979), then, it would seem that the "Develop" strategy, relevant to the initial building stages of the organizational life cycle, would require strong entrepreneurial and technical production abilities, developing into an increased need for administrative skill and integrative talent during maturation (requiring a "Stabilize" strategy), rather than the entrepreneurial, while still emphasizing technical ability. As the decline phase progresses, requiring a "Harvest" strategy, the need for administrative skill is emphasized over all others, unless a "Turnaround" strategy is undertaken, which would require a combination of skills, depending on the specific components of the strategy undertaken.

Several studies link strategy and manager through the fit between strategic requirements and personalistic attributes. Wissema, van der Pol, and Messer (1980) developed a typology of managers based upon possible business strat-

Figure 20

Managerial Capabilities Needed at Various Stages in Company Life Cycle



- Capital letters indicate strong emphasis.
- Small letters indicate secondary emphasis.

Source: Adizes (1979).

Needs: P = Technical Ability
A = Administrative Skill
E = Entrepreneurial Flair
I = Integrative Talent

egies. Their product-market strategies are shown in Figure 11 and were discussed in the section on strategic typologies in Chapter I. They propose a typology of strategic management archetypes - specific sets of managerial characteristics deemed necessary for each strategy - along the dimensions of conformity, sociability, activity, pressure to achieve, and style of thinking. These are shown in Figure 21. Following Wissema et al.'s typology, the "Develop" strategy, considered here to be applicable to their "explosive growth" and "expansion" stages, requires a "pioneering"/"conquering" managerial personality, comprising flexibility, creativity, extroversion, challenge-seeking and risk-taking propensity. The "Stabilize" strategy, as pertains to their "continued growth" and "consolidation" requires a "level-headed administrator" - a manager who is a structured, systematic specialist. The "Harvest" strategy, considered relevant to Wissema et al.'s "slip" and "contraction" product-market strategies, is indicated to require the characteristics of an "economiser" and an "insistent diplomat" - one who is rigid, decisive, and legalistic, but also considerate, etc.

Also dealing with personal managerial characteristics, primarily of the chief executive officer, Channon (1979) proposed a classification of organization structures and management styles for different portfolio positions. His classification is shown in Figure 22, in which are described the strategic characteristics, organization characteristics

Figure 21

Strategic Management Archetypes

Table 1

Strategic direction	Type of Manager
Explosive growth	Pioneer
Expansion	Conqueror
Continuous growth	Level-headed
Consolidation	Administrator
Slip strategy	Economiser
Contraction	Insistent diplomat

Table 2. Pioneer

Behavioural characteristics	Characteristics of a 'pioneer'
Conformity	Very flexible, very creative, divergent
Sociability	Very extrovert, much flair and glamour but driven by circumstances and solitary, mistrustful
Activity	Hyperactive, restless, anticipatory, uncontrolled
Pressure to achieve	Stormy, daredevil, seeking challenges, motivated by anything unique
Style of thinking	Intuitive-irrational, thinking disconnectedly, original, divergent

Table 3. Conqueror

Behavioural characteristics	Characteristics of a 'conqueror'
Conformity	Appropriately non-conformist, creatively structured towards anything new
Sociability	Selectively extrovert, forms small groups of chosen individuals
Activity	Energetic, reacts to 'weak signals', nervous with great self-control
Pressure to achieve	Increasing sphere of influence, calculated risks
Style of thinking	Capable of seeing beyond limits, generalist, rational

Figure 21—cont'd

Table 4. Level-headed ruler

Behavioural characteristics	Characteristics of a 'level-headed ruler'
Conformity	Strongly structured, 'according to the time-table' security
Sociability	Amicable, team-worker, maintains grip, well-regarded
Activity	Directed to objective, stable, according to agreement
Pressure to achieve	Level-headed growth, satisfaction through control of the situation
Style of thinking	Solid, systematic, penetrating, specialist

Table 5. Administrator

Behavioural characteristics	Characteristics of an 'administrator'
Conformity	Reproducible, routine, docile
Sociability	Introvert, training
Activity	Stable-static, via procedures, waits and sees, 'yes, but'
Pressure to achieve	Maintaining of **status quo**, defending of territory
Style of thinking	Solid and conformist vision, connection with earlier situations

Table 6. Economiser

Behavioural characteristics	Characteristics of an 'economiser'
Conformity	Bureaucratic, dogmatic, rigid
Sociability	Procedural-dirigistic
Activity	**Laissez-faire,** doing what has to be done, little initiative
Pressure to achieve	Reactive behaviour, stimuli from outside
Style of thinking	Legalistic, everything according to precedent

Figure 21—cont'd

Table 7. Insistent diplomat

Behavioural characteristics	Characteristics of an 'insistent diplomat'
Conformity	Maximal flexibility within a fixed objective, accepted restrictions
Sociability	Considerate/human, takes others into account, decisive/inspiring confidence, allays emotion
Activity	Steady, retentive but flexible
Pressure to achieve	More strategic/directed towards the long term than tactical/directed towards the short term, directed towards objectives but also carefully measured input
Style of thinking	Broad, relativistic, manysided

Source: Wissema, J.G., Van der Pol, H.W., Messer, H.M., "Strategic Management Archetypes", Strategic Management Journal, Vol. 1, 1980, pp. 43-44.

Figure 22 - **Alternative Organization Structures and Management Styles for Different Portfolio Positions**

Strategy	Invest/Grow	Selectivity/Earnings	Harvest/Divest
Objective	Growth	Earnings	Cash flow
Strategy characteristics	- Intensive pursuit of market share - Earnings generation subordinate to building dominant position - Focus predominantly on long term results and payout - Emphasis on technical innovation and market development	- Intensive pursuit of maximum earnings - Focus balanced between long and short term - Emphasis on complex analysis and clear plans - Emphasis on increased productivity, cost improvement, strategic pricing	- Intensive pursuit of maximum positive cash flow - Sell market share to maximize profitability - Intensive pruning of less profitable products/segments - Emphasis only on short term
Organization characteristics	- Must enable future growth - Product or venture operations - Separate "futures" from operations - Build technical competence - Strong international focus - Highly competent staff functions	- Must provide flexibility at moderate cost - Matrix organization (balance cost & people development) - Centralized product planning - Overseas sourcing operations - Pooled sales & distribution utilization - Centralized finance.	- Must be low cost/no frills - Functional structure (lowest cost) - Collapse product departments into functionally organized division - Reduc/eliminate R&D labs and forwarding engineering - Maximum pooling where cost effective - Combine manufacturing/engineering operations
Management characteristics	- Emphasis on entrepreneurs - Young, ambitious, aggressive - Strong development & growth potential - High risk tolerance - Highly competitive by nature	- Emphasis on "solid Businessman" - Tolerates risk, but doesn't seek it - Comfortable with variety and flexibility - Careful, but not conservative - Trades off short term, long term risk/reward	- Emphasis on "hard nosed" operators - Seasoned and experienced - Seeks high efficiency - Low change tolerance - Wants instant results, doesn't look ahead

Source Channon, D.F., "Commentary", in Strategic Management, D.E. Schendell and C.W. Hofer, editors, 1979, pp. 122-133.

and management characteristics for the three strategic positions of Invest/Grow, Selectivity/Earnings, and Harvest/Divest. Thus, for the Invest/Grow ("Develop") strategy, Channon indicates a need for young, ambitious, aggressive, competitive entrepreneurs, with high risk tolerance. For the Selectivity/Earnings portfolio position, considered here to require the "Stabilize" strategy, he emphasizes a "solid businessman" - a careful person who tolerates risk but does not seek it. For the "Harvest" strategy, he emphasizes the need for an experienced, "hard-nosed" manager, with efficiency and immediate results in mind.

In addition, Channon's organizational and structural characteristics may be considered as indications of managerial action agenda necessary under these three portfolio positions. For example, the "Develop" strategy (Invest/Grow) would require managerial focus on long-term earnings by building technical competence and pursuing market share, while the "Stabilize" (Selectivity/Earnings) strategy indicates managerial emphasis on product and cost improvement, analysis and planning, etc. The "Harvest" characteristics, following Channon, imply managerial action and focus on generating short-term cash flow, pruning segments, selling market share, etc.

Again dealing with personal style, but building on an empirical foundation, Khandwalla (1976/77) used data from 103 Canadian firms to show the relationship between managerial styles and their effectiveness in different environments. He noted seven managerial styles, Entrepreneurial, Neo-Scientific Management, Quasi-Scientific, Muddling-Through, Conservative, Democratic, and Middle-of-the-Road. Each had differential impact on five dimensions, those of risk-taking, technocracy, organicity, participation and coercion (see Figure 23).

Company performance was compared with managerial style, leading to the general conclusions that

> the neo-scientific and the entrepreneurial are generally highly desirable and the muddling through, quasi-scientific, and middle-of-the-road are generally rather undesirable styles, with the conservative and the democrative styles yielding average results. (pp. 29, 31)

Thus, while these are not directly related to specific strategy types, they show that there is a relationship between managerial styles and effectiveness in different situations. In addition, this shows a specific relationship between entrepreneurial style and high risk-taking, and conservative style and low risk-taking, as indirect support for the characteristics of these styles indicated by other authors.

The relationship between top executive locus of control and corporate strategy was the focus of Miller, Kets de Vries, and Toulouse (1982) in their study of 33 firms of varying sizes and industries in Montreal, Canada. Specifically, they found that firms run by "internal" executives (i.e., managers who are more "proactive" because they believe their destiny lies in their own hands rather than

Figure 23

Seven Styles of Top Management

	Risk taking	Technocracy	Organicity	Participation	Coercion
1. Entrepreneurial style	High	Moderate to low	Moderate to high	Moderate to low	Variable (high in innovation resisting organization; low otherwise)
2. Neo-scientific management style	Variable	High	Moderate to low	High	Moderate to low
3. Quasi-scientific style	Variable	High	Moderate to low	Moderate to low	Moderate to high
4. Muddling-through style	Moderate to low	Low	Moderate to high	Moderate to low	Moderate to high
5. Conservative style	Low	Moderate to low	Moderate to low	Moderate to low	Variable
6. Democratic style	Moderate to low	Moderate to low	Moderate to high	High	Variable (high if there are factions, low otherwise)
7. Middle-of-the-road style	Moderate	Moderate	Moderate	Moderate to low	Moderate to low

Source: Khandwalla, P., 1976/77.

"the environment") performed more innovations in production and/or service methods (i.e. more "entrepreneurial") than did firms run by "external" executives, who are likely to be more passive because they believe events to be beyond their control (p. 244). These findings imply that, if the locus of control of an executive determines certain strategy-making behavior, then the successful implementation of different strategies would require managers with the relevant locus of control. This would seem to imply that a "Develop" strategy would require a "proactive", aggressive manager, and the "Stabilize" and "Harvest" strategies a more conservative manager.

Along similar lines and based on data from 58 SBUs, Gupta and Govindarajan (1982) concluded (1) that "build" SBUs, when compared with "harvest" SBUs, tend to be headed by general managers with greater risk propensity and tolerance for ambiguity, and (2) that a stronger strategy-manager fit is associated with greater performance.

Katz (1955, 1974) discussed style in terms of roles, based on his three basic observable skills - technical, human and conceptual. He related these roles to organizational needs (strategy), stating that:

> ...the remedial role (saving the organization when it is in great difficulty) calls for drastic human action and emphasizes conceptual and technical skills; the maintaining role (sustaining the organization in its present posture) emphasizes human skills and requires only modest technical or strategic changes; the innovative role (developing

> and expanding the organization) demands high competence in both conceptual and intergroup skills, with the technical contribution provided primarily by subordinates. (1974, p. 102)

This again indicates the differential managerial skills necessary for different situations. The remedial role is applicable to the "Turnaround" strategy, the maintaining role to the "Stabilize" strategy, and the innovative role to the "Develop" strategy.

Porter (1980) also moved away from personality characteristics, dealing more with skills and capabilities as associated with his three generic strategies of cost leadership, differentiation, and focus. He identified different commonly required skills and resources for strategy implementation, as discussed in the previous section and shown in Figure 16. Porter indicates, for example, that cost leadership, considered here to be an important component of the "Stabilize" strategy, requires process engineering skills, supervision of labor, and control through frequent reports and quantitative orientation.

Using a product-market analysis grid similar to Porter's (Figure 6) as a strategic basis, Hofer and Davoust (1977) proposed corresponding managerial types, as shown in Figure 24. This grid indicates that an entrepreneur is needed to manage a "Develop" strategy (Invest/Grow), and a "Protect Planner"/"Professional Manager" for the Earn/Protect position ("Stabilize"). An experienced "Turnaround" manager is needed in a weak competitive position with a

Figure 24

The Types of General Managers Needed to Strategically Manage Different Types of Businesses

Industry Attractiveness	Competitive Position: Strong	Average	Weak
High	Invest/Grow Strongly Mature Entre-preneur	Invest/Grow Selectively Planner Entre-preneur	Dominate/Delay/Divest Turn-around Entre-preneur
Medium	Invest/Grow Selectively So-phisti-cated planner	Earn/Protect Protect Planner	Harvest/Divest Turn-around Special-ist
Low	Earn/Protect Profes-sional Manager	Harvest/Divest Experi-enced Cost-Cutter	Harvest/Divest Profes-sional Liqui-dator

Source: Adapted from C.W. Hofer and M.J. Davoust, Successful Strategic Management, (Chicago, Ill.; A.T. Kearney, Inc., 1977), pp. 45

high/medium industry potential, and a "Professional Cost-Cutter"/"Liquidator" for the "Harvest" stage.

With emphasis on skills and personality variables, Gerstein and Reisman (1983) developed a set of seven strategic situations on the basis of the literature, discussions with executives and cases. They then developed a set of matching characteristics of ideal candidates on the basis of executive selections (see Figure 25). Thus, the ideal candidate for the "Develop" strategy, as considered by the writer to equate to Gerstein and Reisman's situations of "start up" and "dynamic growth in existing business", would possess, for example, team-building capabilities, high energy level, vision of future, long-term planning skills, ability to manage rapid change and build market share, etc. The "Stabilize" strategy, equivalent to their "extract profit/rationalize existing business", requires strong administrative skills and technical knowledge, "systems" and "relationship" orientation, and orientation towards efficiency rather than growth. The "Turnaround" strategy requires a manager with strong analytical, diagnostic, financial and leadership skills, and one who is able to handle crises and take risks. The "liquidate/divest" ("Harvest") strategy requires a manager able to make tough decisions in order to make the best deal for the company, one who is analytical, risk-taking, and commands respect. Gerstein and Reisman's contention is that executive selection should be linked to strategy. They quote (1983, p. 33)

Figure 25

Table 2	General Management Requirements for Various Strategic Situations	
Situation	**Major Job Thrusts**	**Specific Characteristics of Ideal Candidates**
I. Start-up	- Creating Vision of Business; - Establishing Core Technical & Marketing Expertise; - Building Management Team.	- Vision of Finished Business; - Hands-on Orientation: A "Doer"; - In-depth Knowledge in Critical Technical Areas; - Organizing Ability; - Staffing Skills; - Team-Building Capabilities; - High-Energy Level and Stamina; - Personal Magnetism: Charisma; - Broad Knowledge of All Key Functions.
II. Turnaround	- Rapid, Accurate Problem Diagnosis; - Fixing Short-Term and, Ultimately, Long-Term Problems.	- "Take Charge" Orientation: Strong Leader; - Strong Analytical and Diagnostic Skills, Especially Financial; - Excellent Business Strategist; - High-Energy Level; - Risk Taker; - Handles Pressure Well; - Good Crisis Management Skills; - Good Negotiator.
III. Extract Profit/Rationalize Existing Business	- Efficiency; - Stability; - Succession; - Sensing Signs of Change.	- Technically Knowledgeable: "Knows the Business"; - Sensitive to Changes: "Ear-to-the-Ground"; - Anticipates Problems: "Problem-Ground"; - Strong Administrative Skills; - Oriented to "Systems"; - Strong "Relationship Orientation"; - Recognizes Need for Management Succession & Development; - Oriented to Getting Out the Most: Efficiency, Not Growth
IV. Dynamic Growth in Existing Business	- Increasing Market Share in Key Sectors; - Managing Rapid Change; - Building Long-Term Health toward Clear Vision of the Future.	- Excellent Strategic & Financial Planning Skills; - Clear Vision of the Future; - Ability to Balance Priorities, i.e., Stability vs.Growth; - Organizational & Team-Building Skills; - Good Crisis Management Skills; - Moderate-High Risk Taker; - High-Energy Level; - Excellent Staffing Skills.
V. Redeployment of Efforts in Existing Business	- Establishing Effectiveness in Limited Business Sphere; - Managing Change; - Supporting the "Dispossessed."	- Good Politician/Manager of Change; - Highly Persuasive: High "Interpersonal Influence"; - Moderate Risk Taker; - Highly Supportive, Sensitive to People: Not "Bull in a China Shop"; - Excellent "Systems Thinker": Understands How Complex Systems Work; - Good Organizing & Executive Staffing Skills.

Figure 25 Cont'd.

VI. Liquidation/Divestiture of Poorly Performing Business	- Cutting Losses; - Making Tough Decisions; - Making Best Deal.	- "Callousness": Tough-Minded, Determined - Willing to Be the Bad Guy; - Highly Analytical re: Cost/Benefits - Does Not Easily Accept Current Ways of Doing Things; - Risk Taker; - Low-Glory Seeking: Willing to Do Dirty Jobs - Does Not Want Glamour; - Wants to be Respected, Not Necessarily Liked.
VII. New Acquisitions	- Integration; - Establishing Sources of Information & Control.	- Analytical Ability; - Relationship Building Skills; - Interpersonal Influence; - Good Communication Skills; - Personal Magnetism - Some Basis to Establish "Instant Credibility."

Source: Gerstein and Reisman, 1983

a senior manager who was making personnel changes for "strategic" reasons:

> Some people are better at starting things up, some are better at squeezing the most out of them once they are running, and some are better at fixing them when they go wrong. Right now, the start-up is completed, and it's time for a new man. (p. 33)

Miller (1981, p. 7) discusses the importance of the link between human resource planning and strategic planning, noting that:

> The president and his inner group may well recognize the need for strategic adaptations but the details and plans enacting the adaptation will wait and depend on the presence of senior managers at the divisional level whose abilities, preference and leadership are coherent with the desired thrusts.

Also supporting the importance of planning human resources for implementation of desired strategy, Allaire (1981) discussed this in terms of the necessity to foster supportive cultural norms.

There have been relatively few studies showing specific linkages between strategies and their managerial requirements for implementation. Even more rare are those with empirical foundation. Many of the managerial requirements for strategic implementation, therefore, must be deduced from the literature descriptions of the strategies, their characteristics and focus.

Strategic Manager
Role Descriptions

The description of strategies, product-market stages, and corporate life cycle stages presented in this paper were integrated; a typology of four generic strategies was proposed (see Figure 17). In addition, a review of the literature highlighted specific linkages between strategy and manager. The following strategic manager role descriptions for the four proposed generic strategies, therefore, represent an interpretation and combination of factors suggested by the literature, in order to propose a comprehensive description of each proposed role in terms of the activities, background and orientations necessary to implement the strategy, (Adizes, 1979; Burns and Stalker, 1961; Buzzell, Gale and Sultan, 1975; Channon, 1979; Dhalla and Yuspeh, 1976; Fox, 1973; Galbraith and Schendel (1983); Gerstein and Reisman (1983) Glueck, 1980; Gupta and Govindarajan (1982) Hofer and Davoust, 1977; Hofer and Schendel, 1978; James, 1974; Katz, 1974; Khandwalla, 1976/77; Leontiades, 1980; Miles and Snow, 1978; Miller, Kets de Vries and Toulouse, 1982; Patton, 1959; Porter, 1980; Staudt, Taylor and Bowersox, 1976; Schendel and Hofer, 1979; Wissema, et al., 1980).

"Develop" Managerial Requirements

The following activities, skills and general orientations would most likely produce success in the implementation of the "Develop" strategy:

Activities

- Long-range planning for development of products/services and/or markets for long-term growth and profitability, (following Abell and Hammond, 1979; and Channon, 1979).

- Development and coordination of management group of marketing and research and development experts, (following Miles and Snow, 1978; Gerstein and Reisman, 1983).
- Build technical, marketing competence, (Channon, 1979; Gerstein and Reisman, 1983).
- Develop network to scan and constantly monitor environment for conditions, trends and opportunities, (following Miles and Snow, 1978).
- Information monitoring and dissemination, (following Miles and Snow, 1978).
- Seek out and exploit new product and market opportunities, (following Buzzell, et al., 1975, and Miles and Snow, 1978).
- Develop and maintain reputation as "leader" in innovation and product and market development, (following Miles and Snow, 1978).
- Secure capital for introduction and development stage, (Hofer and Schendel, 1978).
- Activities to expand capacity - e.g., add new plants, new facilities, add personnel; committment of company resources, (following Channon, 1979; Hofer and Schendel, 1978; Miles and Snow 1978).
- Activities concerned with development of new businesses, monitoring activities of competitors, feedback from customers, (following Miles and Snow, 1978).

- Decisions "committing organization to bold courses of action" (Mintzberg, 1973b).
- Planning and coordination of diverse operations, (following Gernstein and Reisman, 1983; and Miles and Snow, 1978).
- Activities involving close and direct communication, integration and conflict resolution, to facilitate rapid change in operations and objectives across organiztional lines, rather than by bureaucratic procedures, (Burns and Stalker, 1961; following Miles and Snow, 1978 and Lawrence and Lorsch, 1967).
- Operate under conditions of autonomy and personal committment of ~~bold~~ decisions and company financial resources, (following Mintzberg 1973).

Skills/Background

- Strong marketing and/or research and development background and skills, (following Galbraith and Schendel, 1983; Miles and Snow, 1978; Patton, 1959).
- General management background, (Adizes, 1979; and following Snow and Hrebeniak, 1980).
- Planning capabilities (following Miles and Snow, 1978; and Wissema , et al., 1980).
- Leadership skills - communication, integration, (Katz, 1955).
- Engineering background, (following Fox, 1973; Snow and Hrebeniak, 1980).

- Ability to build technical and marketing competence, (Gernstein and Reisman, 1983).

Orientations

- "Entrepreneurial" style, (Adizes, 1979; Channon 1979; Hofer and Davoust, 1977).
- Ambitious, (Channon, 1979).
- Agressive, (Channon, 1979).
- Tolerance for high risk, (Channon, 1979; Gupta and Govindarajan, 1982; Wissema, *et al*. 1980).
- Competitive; enjoys new challenges; motivated by achievement, (Channon, 1979; Wissema, *et al*., 1980).
- Creative, (Geller, 1980; Wissema, *et al*., 1980).
- Flexible, (following Miles and Snow 1978; Wissema, *et al*., 1980).
- Divergent, (Wissema, *et al*., 1980).
- Extrovert, (Wissema, *et al*., 1980).
- Ability to operate under pressure of complexity and uncertainty, and occasional failure, (following Channon, 1979, and Gupta and Govindarajan, 1982).

"Stabilize" Managerial Requirements

The following activities, skills and general orientations of the "Strategic Manager" would most likely produce success in the implementation of the "Stabilize" strategy:

Activities

- Responsible for overall planning, organizing and controlling of operations, (following Channon, 1979).

- Activities to increase productivity, (Channon, 1979).
- Detailed systematic planning and formal analysis, (Channon, 1979).
- Any activities required to implement tight cost control, inventory control, (following Porter, 1980; Channon, 1979; Fox, 1973; Galbraith and Schendel, 1983).
- Review of reports, budgets, etc., (following Porter, 1980).
- Coordinate, motivate and communicate to provide continuity and efficiency, (following Channon, 1979; Porter, 1980).
- Maintain consumer and trade loyalties (Wasson, 1974).
- Close control of budgets and capital expenditures, (following Channon, 1979).
- Marketing management activities when necessary to "focus" on a market segment, (following Porter, 1980).
- Maintain market share through product/service differentiation, (following Galbraith and Schendel, 1983; and Porter, 1980).

Skills/Background

- Strong background in production, (Adizes 1979; following Miles and Snow, 1978; following Snow and Hrebiniak, 1980).
- Background in financial management.
- Background in general management, (following Miles and Snow, 1978).

- Strong administrative control background, (Adizes, Gerstein and Reisman, 1983).
- Skills in analysis and planning for operational efficiency ("scientific management" techniques), (Gerstein and Reisman, 1983).
- Marketing skills, (following Fox, 1973).

Orientations

- Conservative and careful focus, (Geller, 1980).
- "Maintenance" management style, satisfied with proven techniques and small growth, (Wissema, et al., 1980).
- Quantitative orientation - "systematic attainment of goals stated in precise quantitative terms (Mintzberg, 1973b "planning mode").
- Content with routinization and following profit strategies rather than growth or share-increasing strategies, (Wissema, et al., 1980).
- Strong administrative control, (Wissema, et al., 1980).

"Turnaround" Managerial Requirements

The following activities, skills and general orientations would most likely produce success in the implementation of the "Turnaround" strategy (in some combination - very unlikely to be all):

Activities

- Analyze cause of decline, (Hofer and Schendel, 1978; Gernstein and Reisman, 1983).
- Evaluate and determine appropriate reversal strategies, (Hofer and Schendel, 1978, Gernstein and Reisman 1983; Schendel, et al., 1976).

- "Nail down" all the cash, (following Hofer and Schendel, 1978).
- Improve efficiency and effectiveness of existing strategic implementation, (Hofer and Schendel, 1978; Schendel, et al., 1976).
- Install new budgeting and control system, cost cutting programs, (Schendel, et al., 1976).
- Institute changes in management where appropriate (transfers, terminations, hiring new personnel, training programs, etc.), (following Schendel, et al., 1975).
- Liquidate unprofitable subsidiaries/divisions (following James, 1974; and Schendel, et al., 1975).
- Sell off assets, (following James, 1974, and Hofer and Schendel, 1978).
- Evaluate and implement diversification programs, (following Schendel, et al., 1975).
- Evaluate and implement appropriate merger and/or integration activities, (following James, 1974).
- Negotiate acquisitions or divestitures, (following Schendel, et al., 1975).
- Maintain close relationships outside the company, (following Schendel, et al., 1975).
- Utilize contacts in attaining financing, etc, (following James, 1974).
- Oversee major plant and expansion construction, (Schendel, et al., 1976).

- Introduce new products and marketing plans, and/or cut out old products/markets, (following James, 1974).
- Implement layoffs where necessary when cutting back units or capacity, and/or reorganize staff and provide retraining, (following James, 1974, and Schendel, et al., 1975).
- Constant watch on the "bottom line", (Chang, 1980).
- Negotiate with creditors, (following Chang, 1980, and Gerstein and Reisman, 1983).
- Motivate and lead to gain cooperation in crisis situation, (following Gerstein and Reisman, 1983, and Hofer and Schendel, 1978).

Skills/Background

- General management and finance skills, (following Chang, 1980).
- Experience and reputation for "rescuing companies", (following Chang, 1980).
- Wide range of "useful" contacts in the business and financial markets, (following Chang, 1980).
- Ability to handle crises and make tough decisions, (following Chang, 1980; Gerstein and Reisman, 1983).
- Ability to evaluate and plan new directions, (following Gerstein and Reisman, 1983; Hofer and Schendel, 1978; and Schendel, et al., 1976).
- Human relations/leadership skills - to "rally the troops"; to work well with creditors, to make personnel changes, etc.

Orientations

- Enjoys a challenge/achievement motivated (following Gerstein and Reisman, 1983).
- Analytical, "hard-nosed" businessmen (following Gerstein and Reisman, 1983).
- Willing to work long hours and make many tough decisions in a crisis (following Gerstein and Reisman, 1983).
- Tolerance for high risk.

"Harvest" Managerial Requirements

The following activities, skills and general orientations would most likely produce success in the implementation of the "Harvest" strategy:

Activities

- Analyze and implement asset reductions, (following Gerstein and Reisman, 1983; and Hofer and Schendel, 1978).
- Select and prune less profitable products/segments, (following Channon, 1979; and Wasson, 1974).
- Institute extreme cost reduction, (following Buzzell, _et al_. 1975, and Hofer and Schendel, 1983).
- Select assets for divestment and stick to "hard-nosed" decisions, (Gerstein and Reisman, 1983).
- Set up industrial and human relations programs to enable personnel adjustment, (following Geller, 1980; Wasson, 1974).

- Negotiate divestment "deals" for best company returns, (following Hofer and Schendel, 1978).

Skills/Background

- Strong background in Finance, (Fox, 1973).
- "Hard-nosed" business experience. (following Gerstein and Reisman, 1983).
- Negotiating skills, (following Hofer and Schendel, 1978).
- Contacts and background to implement liquidation, (Hofer and Davoust, 1977).
- Legal background (following Hofer and Schendel, 1978).

Orientations

- Ability to accept situation and deal with it with least revenue loss to the company, (Gerstein and Reisman, 1983; Wissema, _et al._, 1982).
- "Bureaucratic", dogmatic, rigid, (Geller, 1980; Wissema, _et al._, 1982).
- "Hard-nosed" businessman, (Channon, 1979).
- Conservative (Geller, 1980).
- Risk aversive (Geller, 1980; Gupta and Govindarajan, 1982).

In this manner, then, the requirements for generic strategy implementation can be interpreted in terms of hypothesized managerial action agenda. Associated with each generic strategy, such strategy-contingent requirements suggest the actions instrumental for increased potential for improved business performance. As a broad categorization, however, it should be remembered that some variation is likely to be due to situational contingencies.

In spite of variations due to such contingencies, a typology of managerial programs associated with strategic implementation provides an opportunity for identifying and testing a vital and all-encompassing area of desired fit between strategy and its implementation requirements; these issues were discussed in Chapter I and identified in the framework in Figure 5. Such action agenda highlight the importance of "fit" concerning specifics of the human element in strategy formulation and implementation, such as skills, background, personality, orientations, leadership style, etc.; they also relate to the importance of this strategic managerial role in creating the other structural and process matches in the organization which are considered necessary for strategy implementation. In other words, these action agenda affect the entire manner in which the strategy becomes operationalized, as discussed in Chapter I and shown in Figure 5.

It thus becomes evident that creating a fit between the organization's management and its strategic direction is an important contingency of business level strategy implementation. Strategy cannot affect business performance until it is enacted, and that enactment can only be realized through the actions of those particular managers in the organization in a position to be able to implement the strategy.

More than one manager may be involved in strategic implementation; usually, however, there is a single crucial person "holding the reins" for the implementation of a particular strategy. Typically there is but one in the position to be able to "make or break" that strategy, and one who is perhaps formulating the components of that strategic thrust in an incremental formulation/implementation mode. For this research, this person is called the "strategic manager".

The actual position of the strategic manager may differ from company to company. His or her position may depend, for example, on whether the strategy in the same for the entire organization, or whether there are different generic strategies for different divisions or other "strategic business units" (SBUs). The strategic manager, therefore, may be the president, the general manager, or perhaps a key marketing or operational manager. The key criterion is that that person is in the crucial position to be able to operationalize the strategy.

For purposes of simplicity, therefore, in this paper it will be assumed a single manager is responsible for strategy implementation, hence the use of the term "strategic manager". This manager may or may not have also been involved in strategy formulation. In addition s(he) may or may not also be involved in a continuing process of involvement in strategy formulation as well as implementation (Mintzberg, 1979; Quinn, 1980). In any case, it is the strategic manager, frequently referred to in the literature as the General Manager (Kotter, 1982), who delegates and coordinates the specific operational procedures necessary for implementation of the chosen strategy throughout the organization (Bowman, 1974; Learned, et al. 1969; Patz, 1981). The relative success of the organization's business performance, therefore, depends on the effectiveness with which the strategic manager implements the chosen strategy (Fiedler, 1965; Gram, 1980; Kotter, 1982; Learned, et al., 1969; Patz, 1981).

The incumbent in the strategic manager's position, or a person to be selected (perhaps on the basis of experience in a position with the same title or at the same organizational level) may be felt to be the "right" person for the job; the assumption may be that managerial performance or skill is applicable equally to various assignments. The argument presented here, however, is that such an assumption may not be valid, and, indeed, may serve as the basis of a breakdown in the vital link to successful implementation of strategy. As shown in several studies (Hemphill, 1959; Stewart, 1967), there are often wide variations in the behaviors different managers use to perform jobs which would seem otherwise to be very similar. It has also been shown that different strategies emphasize the need for different actions, functional skills, personality and working styles (Adizes, 1979; Channon, 1979; Fox, 1973; Gupta and Govindarajan, 1982; Hofer & Davoust, 1977; Hofer & Schendel, 1978; Porter, 1980; Schein, 1980; Wissema, Van der Pol and Messer, 1980; Yavitz and Newman, 1982). In addition, managers differ in their on-the-job behaviors and, therefore, in the relative degree of success attained, due to differences in preferences and working style (Fiedler, 1967; Heller, 1969; Reddin, 1970; Stewart, 1982; Vroom and Yetton, 1974). As a result, possible differences in managerial behavior due to differences in such orientations should be taken into account when considering a manager for a strategy-related assignment. Different activities, elements and styles have been shown to be more closely associated with managerial effectiveness (Brooks, 1955; Kotter, 1982; Morse and Wagner, 1978).

One may conclude from this argument that different strategies require different sets of actions, skills, experience, and managerial style for successful implementation. Unless the manager has a flexible style and a wide range of skills and experience, it is likely that expecting the manager to "be a different person" - that is, to change to fit the strategy - is unrealistic for the company and unrewarding for the manager. Success is more likely to be achieved by attempting to fit the manager to the strategy by shifting people around in the organization or by selecting a person from outside the organization. Otherwise, all too often the result may be that of fitting the strategy to the manager; the manager's behaviors will result in making changes in the chosen strategy to fit his/her own working style and skills, whether consciously or subconsciously.

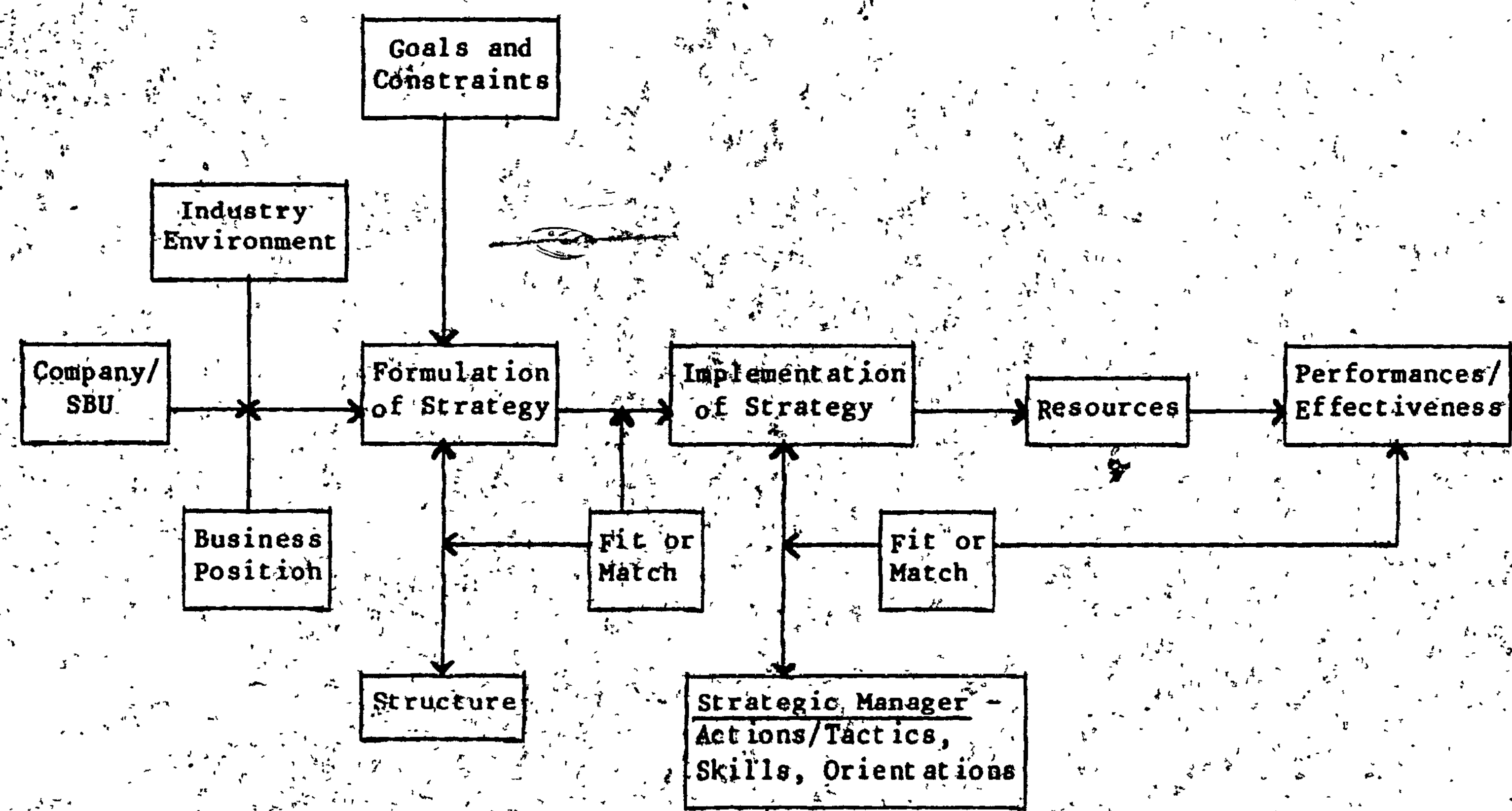
There is a need, then, for the widely recognized importance of strategic planning to be supported by the recognition of the importance of combining it with human resource planning. In this manner, the organization's most valuable resource - its employees - will be more effectively utilized and result in the greater likelihood of successful strategic implementation and improved business performance; they are also more likely to be motivated and to be retained longer in the organization because their talents and orientations are being appropriately utilized (Bass, Burger, et al., 1979; Herzberg, et al., 1957; Maslow, 1954; McClelland, 1961; Porter and Lawler, 1968).

The proposed model of strategy implementation (Figure 7), is now adapted (see Figure 26). The expanded model reflects the role of the strategic manager in the implementation process. It also suggests the importance of creating a fit within the organization between the strategic manager and the strategic direction of the company in order proactively to affect business performance.

The role of the manager in strategy implementation has been discussed; those components of the manager's role which

Figure 26

The Role of the Strategic Manager



are associated with different strategic types were identified in the literature. Together with the descriptions of the components of the proposed generic strategies as identified through the literature review, these have provided the bases for the tentatively identified descriptions of the requirements of the strategic manager associated with implementation of those strategic types.

The next chapter will detail the research methodology used to explore systematic relationships between generic strategies and the programs of their strategic managers.

CHAPTER III

The Research Area

The theoretical basis for this research was described in Chapters I and II. Described here is the research methodology used to explore the relationship between generic strategies and the implementation activities of their strategic managers. The research problem is discussed, as are the proposed relationships among the variables involved. Based on these proposed relationships, hypotheses are presented. The literature is then reviewed to identify those methodological variables which are considered to be relevant to the research design, and which are pertinent to test these hypotheses and further explore the manager/strategy relationship. The research methodology is then described in terms of the subjects, procedures and measures used. Details of the sample obtained are then given.

The strategic management process is instrumental in determining a company's business performance. Once a competitive strategic choice has been made, its relative effectiveness depends on the ability of the organization to successfully implement that strategic choice. Such enactment occurs through certain key managers[1] - "strategic managers"[2]. It follows, therefore, that the suitability of the strategic manager's action agenda to the implementation needs of such strategic choices is a key component of the ability of a company to successfully operationalize its goals and plans.

Historically, however, executive selection and placement practices have not taken into account the need to create such a fit between the characteristics of the strategy and the requirements for its implementation. Belief in the "universal manager" may have obviated such a concern, for this is the assumption that a good manager is a good manager in any situation; managerial performance or skill is felt to be applicable equally to various assignments. While some managers may be able to successfully "manage" different strategic situations, the argument presented here is that such an assumption may not be valid, and, indeed, may serve as the basis of a breakdown in the vital link to successful implementation of strategy. Several studies (Hemphill, 1959; Stewart, 1967) have demonstrated that there are often wide variations in the behaviors different managers use to perform jobs which would seem otherwise to be very similar. It has also been shown that different strategies emphasize the need for different actions, functional skills, personality and working styles (Adizes, 1979; Channon, 1979; Fox, 1973; Gupta and Govindarajan, 1983; Hofer and Davouster 1977; Hofer and Schendel, 1978; Porter, 1980; Schein, 1980; Wissema, Van der Pol and Messer, 1980; Yavitz and Newman, 1982). In addition, managers differ in their on-the-job behaviors and in the relative degree of success attained, due to differences in preferences and working style (Fiedler, 1967; Heller, 1969; Reddin, 1970; Stewart, 1982; Vroom and Yetton, 1974).

As a result, possible differences in managerial behavior due to differences in such orientations should be taken into account when considering a manager for a strategy-related assignment. One may extrapolate from this argument that different strategies, too, require different sets of actions, skills, experience, and managerial style for successful implementation.

Certain activities, elements and styles have been shown to be more closely associated with managerial effectiveness (Brooks, 1955; Kotter, 1982; Morse and Wagner, 1978). The bulk of research dealing with managerial effectiveness for selection and placement purposes, however, has been in terms of such individual-difference factors as intelligence, education, aptitudes, etc.; in terms of personal traits of effective managers (Campbell, Dunnette, Lawler and Weick, 1970; Kotter 1980); and in terms of leadership dimensions such as "initiating structure" and "consideration" or "task-oriented" and "interpersonal-relationships oriented" (Lewin, Lippitt and White, 1939; McGregor, 1960; Fiedler, 1967; Likert, 1967; Shartle, 1956; Stogdill, 1981).

Indeed, managerial effectiveness has been found to be so highly contingent and results so inconclusive that the literature may be summarized as being that such effectiveness is situational. It is necessary, therefore, to be able to identify the managerial requirements of the strategic situation. Such a task is simplified by categorizing such strategic situations into generic strategies ("Develop", "Stabilize", "Turnaround", "Harvest"). It follows that effective strategic implementation behavior must be identifiable and measurable in terms of what the manager does on the job in order to obtain the desired results (Campbell, Dunnette, Lawler and Weick, 1970).

There have been very few empirical studies relating manager to strategy; those few have dealt with the personality variables of the manager, as noted in Chapter II. Gupta and Govindarajan (1983), for example, collected data from 58 SBU general managers using Likert-type scale questionnaire items. They concluded that SBU managers have greater needs for marketing/sales experience, willingness to take risks, and tolerance for ambiguity in "build" SBUs when compared with "harvest" SBUs. They note a limitation of their study as having focused only on a few variables among the many managerial characteristics possible (1983, p. 22).

Khandwalla (1976/77) collected data on the relationship between overall firm management style and variables of company context and environment, both sets of variables being measured through rating scales filled out by top executives. Findings on various styles and environmental variables included, for example, risk-taking style being associated with a fluctuating, risky environment, and a conservative style with a stable, predictable environment.

There may be practical constraints in attempting to determine the optimum match between manager and strategy on the basis of personality alone. Assessing personality is likely to be a highly subjective undertaking; too, it is possible that the specific requirements of the strategy will either not be identified or not taken into proper account. In assessing the executive's suitability to undertake a specific assignment, required behaviors would seem to be more observable, objective, and practical than intangible personality factors (Andrews, 1971; Campbell, Dunnette, Lawler and Weick, 1970; Sayles, 1979). A more precise and practical profile of the required strategic manager may be attained by identifying first the specific actions, skills, etc., necessary for implementing the relevant strategy, supplemented by such personality variables as appropriate. Such "behavior-specific" dimensions have been identified as superior to those of personality or trait approaches (Barrett, 1966; Campbell, Dunnette, Lawler, and Weick, 1970). Schwab, Heneman and DeCotiis (1975, p. 550), point out that:

> The major advantage of such measures is that the evaluator has to make fewer inferences about the employee. The evaluator is cast more in the role of observer and less in the role of judge. As a consequence, one would expect that evaluations from instruments employing specific behaviors would show higher reliability and validity than evaluations from general trait-based measures.

Such behavior-specific dimensions should highlight required performance outcomes rather than focusing only on less specific and practical input dimensions such as personality. As a result, such an instrument may prove capable of providing input by which to formulate objective criteria for a manager who would match these specifications as closely as possible.

An approach is needed by which to bridge the crucial gap between strategy formulation and strategy implementation by focusing on the role of the manager as the operational link between these stages; the manager, then, is an important determining factor in the relative success of the organizational strategy. The problem is to define accurately the requirements by which the strategic manager is to correspond to the implementation requirements of the particular strategy. This requires determining the existence and characteristics of the common strategic types and their managerial requirements for implementation, and hence determining which variables of the manager's job are particularly applicable to each strategic type.

The research problem, therefore, is to explore the relationships between strategy types and the hypothesized managerial requirements necessary for implementation. This relationship may be tested in an exploratory field study by operationalizing the variables of strategic type, and of managerial elements considered necessary for implementation in terms of tactics, skills and orientations. The extent that this relationship exhibits a consistent pattern of overlap between these variables, as shown through statistical and qualitative analyses, will determine the strength of the relationship - that is, <u>the "fit"</u> - between the manager and the strategy.

<u>Manager/Strategy Variables Relationship</u>

It is emphasized that the relationship between the organization or SBU strategy and the managerial activities and skills associated with the implementation of that strategy is being explored. The two sets of variables are regarded as interdependent and no attempt is made to classify either as independent or dependent.

Whether the components of the strategic direction are defined initially, or the strategic manager takes some part in its formulation, is not considered relevant in order to establish the relationships suggested in this research, nor to the potential utility of such results for human resource planning. It is considered that the same relationships and the same importance and utility of recognizing those relationships would accrue, whether the strategy in an organization is typically formulated and "dictated from on high", as viewed in the prescriptive literature (Ansoff, 1965; Learned, Christensen, Andrews and Guth, 1969, for example), or whether only a general direction is indicated and the CEO or other level strategic manager develops the strategy himself/herself in an evolving formulation-implementation mode (Lindblom, 1963; Mintzberg, 1979; Quinn, 1980). In fact, in the latter case, it is likely to be more vital to have prior awareness of the type of strategy likely to be developed by different persons. People in key positions significantly influence the development as well as the implementation of strategy. Placing people with known preferences (e.g., managerial habits, capabilities, etc.) in these positions, therefore, is one way to shape the strategy that is likely to be executed (Yavitz and Newman, 1982). It is recognized, therefore, that the sample will probably reflect both situations, or some combination, and, in fact, that further understanding of the dynamics of such situations may be gained from this research.

In addition, there are many other variables involved in the organization as an open, dynamic system which affect strategic implementation. While the "manager-strategy fit" is considered to be a major and unique contingency for effective strategic implementation, the model assumes that the rest of the organization structure is supportive of the strategy and that all the required resources are available to the strategic manager. Thus, while the potential effects of industrial and organizational structure variables is acknowledged, they are beyond the scope of this research, and therefore are treated as "held equal".

Figure 27 summarizes the variables involved in the proposed approach, and the relationships between the business

Figure 27 - Summary of Variables and Relationships Involved in Strategic Implementation

Mandate	Issues, Characteristics	Actions, Behaviors Needed	Characteristics Needed to Act
"Develop" Develop, Expand Results expected: Change	New business or need to diversify. Information re product and market opportunities, technology, competitors. R & D and Marketing Innovation. Availability of Capital. Uncertainty, and Financial Risk. Product design, quality, positioning. Flexibility of operations, technology. Expansion capability.	Plan and invest for long-term growth. Seek out/exploit/develop new products/market/market share. Expand capacity/commit resources/ coordinate diverse operations. Monitor environment/markets, technology, competitors/for trends, opportunities. Develop and coordinate management group of marketing and R & D experts.	Background/skills: Strong Marketing and/or R & D; General Management; Planning; Leadership. Personal: "Entrepreneurial", risk-taking; innovative; venturesome; autonomous; creative; flexible; competitive; divergent.
"Stabilize" Maintain, Specialize, Administer Results expected: Interim	Mature Business, Stable environment. Need to maintain competitive position, profitability. Asset utilization; efficiency of standardized operations; single/limited technology. Need market advantage Market "niche" effective-ness.	Coordination and control of operations for manufacturing efficiency and "cost leadership"; Close control of budgets, costs, capital expenditure. Marketing activities to maintain market share by market segmenta-tion, product differentiation, distinctive service, etc.	Background/skills: Administrative; Production/operations; Financial Management; Marketing. Personal: Conservative; oriented to efficiency, not growth; "maintenance style"; "quantitative".

Figure 27- continued

Mandate	Issues, Characteristics	Actions, Behaviors Needed	Characteristics Needed to Act
"Turnaround" Turnaround problem-solve Results expected: Change	Weak, declining, competitive positions, but long-run potential. Liquidity problems; poor management; strained relations with "publics". Low morale. Need for rapid assessment and action. Availability/generation of capital. Short-term cash generation; "Rally the troops".	Analyze cause of decline and take some combination of following action to reverse: Introduce new products/marketing plans and/or cut out old products/markets. Institute changes - in personnel, budgeting, cost control, operations, capacity, etc. Negotiate acquisition or divestment. Expand manufacturing and marketing capacity. Evaluate and implement merger and/or integration activities; diversification programs.	Background/skills: General management; finance; analytical; experience in "rescuing companies"; business contacts; ability to handle crises and make "tough decisions"; pan new directions; strong leadership skills. Personal: "Risk-taking"; "Hard-nosed"; enjoys challenge.
"Harvest" Exploit, "Kill" Results expected: Change	Weak, declining, competitive positions, and poor potential for improvement. Controlled disinvestment; maximize cash flow/short-term profitability/ROI. Withdrawal/severance problems with personnel/publics; low morale.	Select and prune products/markets/units. Analyze and implement asset reductions. Institute extreme cost reduction programs; Negotiate divestments; Set up programs for personnel outplacement.	Background/skills: Finance; Human Relations; negotiation; legal; business contacts. Personal: Conservative; Risk-aversive; "tough-minded"; ability to accept decline situations.

situation and implied strategic direction, the issues and characteristics involved, the managerial behaviors needed, and the capabilities suggested by those behaviors. The theoretical basis for this relationship was laid out in Chapters I and II and is summarized as follows.

Consideration was first given to the nature and role of strategy and the many variables affecting its implementation. A typology of strategic activity was developed for the purposes of this study. Consideration was then given to the managerial role in the implementation of such strategic types. From a synthesis of the research on managerial work activity (Deresky, 1982), a composite picture of the nature of the manager's job was developed, showing the variables by which it may be described and measured and the contingencies which may produce variations in individual jobs.

Next, those variables of the manager's job which related directly to strategy were reviewed (Adizes, 1979; Channon, 1979; Gupta and Govindarajan, 1982; Gerstein and Reisman, 1983; Hofer and Davoust, 1977; Katz, 1955, 1977; Khandwalla, 1976/77; Miller, Kets de Vries and Toulouse, 1982; Porter, 1980; Wissema, <u>et al</u>., 1980). In light of the review of these variables and those strategic variables which were identified in the literature and categorized into the four generic strategies, distinct specific operational tactics and distinctive competencies, required for implementation of each strategy, were found. Specific managerial requirements were identified which correspond to each strategy.

A review of the literature thus revealed common linkages between each strategic type and certain variables pertinent to the manager and the manager's job, framed in terms of behaviors, skills and personality factors. Some of these elements are specifically defined in the literature in terms of the managerial requirements, while others can be implied from the strategic descriptions and their stated emphases of elements and competencies required for implementation.

A synthesis of such variables, sometimes common to more than one of the proposed generic strategies but differing in relative emphasis, produced unique clusters, or profiles, of managerial requirements relevant to each of the proposed generic strategies, as detailed in Chapter II, and summarized below. Miller and Mintzberg argue strongly (1983) that such configurations are richer and more powerful than what they consider oversimplified and cross-sectional bivariate relationships.

Synthesis of the literature relevant to the "Develop" strategy (Adizes, 1979; Burns and Stalker, 1961; Channon, 1979; Fox, 1973; Glueck, 1976; Hofer and Davoust, 1977; Hofer and Schendel, 1978; Katz, 1977; Miles and Snow, 1978; Porter, 1980; Snow and Hrebiniak, 1980; Wissema, et al., 1980) implies such managerial requirements as generally described in terms of the "entrepreneurial" style. Such a style is associated with someone who will be prepared to take risks and generally pursue such activities as necessary to seek out and exploit new product and market opportunities, build market share, and work towards the long term growth of the company or unit. Required are strong marketing and/or Research-and-Development skills.

Similarly, through literature synthesis, the managerial requirements of the "Stabilize" strategy would seem to be those of efficient, close administrative control. This requires a conservative and careful focus and skills in production, financial and general management and marketing effectiveness (Adizes, 1979; Burns and Stalker, 1961; Channon, 1979; Fox, 1973; Glueck, 1976; Hofer and Davoust, 1977; Hofer and Schendel, 1978; Katz, 1977; Miles and Snow, 1978; Porter, 1980; Snow and Hrebiniak, 1980; Wissema, et al., 1980).

The "Turnaround" strategy would seem to call for activities of financial analysis and "hard-nosed" decisions, strict control institution and radical action. Required in this situation is a manager who enjoys a challenge and has the ability to evaluate and plan new directions, and the contacts, financial management skills, and general management skills to carry them out. In addition, strong leadership skills are required to "rally the troops" (Adizes, 1979; Glueck, 1976; Hofer and Davoust, 1977; Hofer and Schendel, 1978; Katz, 1977; Schendel, Patton and Riggs, 1980).

The "Harvest" strategy is essentially "opposite" to the innovative, risk-taking "Develop" strategy. The "Harvest" category would require a risk-aversive, highly conservative manager whose activities are aimed toward short-term profitability; required would be a strong background in finance and ability to accept decline situations. In addition, the activities, skills and contacts needed to negotiate and implement liquidation are required (Adizes, 1979; Channon, 1979; Fox, 1973; Glueck, 1976; Hofer and Davoust, 1977; Hofer and Schendel, 1978; Wissema, et al., 1980).

It is concluded, therefore, that implementing these strategies calls for unique and distinct configurations of managerial action, skills/background, orientations, etc. The major features of the managerial requirements of each strategy are summarized in Figure 28.

Examination of the generic strategies and their characteristics suggested certain variables of tactics and managerial skills and orientations. A continuum of relative importance (from none to high) of each variable to each generic strategy (see Figure 29) suggested differential patterns of managerial attributes, characteristics and behaviors to be associated with each strategy.

From this process, four "Strategic Manager Descriptions", or profiles, were developed, one for each strategy. Each of these profiles, as shown in Figure 30, represents a particular "Generic Strategic Manager", either a "Developer", "Stabilizer", "Turnaround Person", or "Harvester".

Figure 28 - Managerial Requirements Suitable to Generic Strategies - Summary

Strategy	Activities	Skills/Background	Orientations/Style
"Develop"	Plan and invest for long-term growth Develop new products/markets/market share Expand capacity Monitor environment - markets, technology, competitors - for trends and opportunities Develop and coordinate management group of marketing and research & development experts	Marketing Research & Development General Management Planning Leadership	"Entrepreneurial" Risk-Taking Innovative Venturesome Autonomous Creative, Flexible Divergent Competitive
"Stabilize"	Coordination and control of operations for manufacturing efficiency and "cost leadership" Close control of budgets, costs, capital expenditure Marketing activities to maintain market share by market segmentation, product differentiation distinctive service, etc.	Production Administrative Control General Management Financial Management Marketing	Efficient Conservative "Quantitative" "Maintenance style"
"Turnaround"	Analyze cause of decline and take some combination of following action to reverse Introduce new products/marketing plans, and/or cut out old products/markets Institute changes - in personnel, budgeting, cost control Negotiate acquisition or divestment Expand manufacturing and marketing capacity Evaluate and implement merger and/or integration activities; diversification programs	General Management Finance Experience in "rescuing companies" Business contacts Ability handle crises, make "tough" decisions, plan new directions Leadership skills	Analytical Enjoys challenge Strong leader "Hard-nosed"
"Harvest"	Select and prune products/markets/units Analyze and implement asset reductions Institute extreme cost reduction programs Negotiate divestments Set up programs for personnel outplacement	Finance Negotiation Law Business Contacts Human Relations	Ability to accept decline situation Conservative "Hard-nosed" Risk-aversive

Source: Deresky, 1982

Figure 29

Strategic Manager Variables and their Relative Importance

To Implementation of Generic Strategy (As Hypothesized)

Generic Tactics	D	S	T	H
1. Long-range planning	H	M	H	L
2. Analysis & planning for operational effic.	L	H	H	N
3. Financial Analysis	L	L	H	H
4. Monitor Environment	H	M	M	M
5. Seek out new products	H	L	N-H	N
6. Seek out new markets	H	L	N-H	N
7. Prune products/markets	L	L-H	H	H
8. Secure new capital	H	L	H	N
9. Resource commitment	H	L	M-H	N
10. Expand capacity	H	L	N-H	N
11. Cost control	L	H	H	H
12. Coord. diverse opns.	H	L	L-H	M
13. Develop new business/diversify	H	L	N-H	N
14. Make "risky" decisions	H	L	H	M
15. Direct communication	H	L	M	M
16. Motivate/lead coord. personnel	H	M	H	M
17. Flexible actions	H	L	H	L
18. Autonomous actions	H	L	H	L
19. Institute personnel changes	M	L	H	H
20. Implement divestment	N	N	N-H	H
21. Implement acquisition/merger/integrate, etc.	H	L	L-H	N
22. Negotiate with creditors	L	L	H	H
23. Maintain outside contacts	H	L	H	M
24. Marketing activities to focus on differentiation or niche	M	H	L-H	L

Skills/Backgrounds	D	S	T	H
A. Marketing	H	M	H	L
B. Finance	M	H	H	H
C. Research & Development	H	M	N-H	N
D. Production	L	H	H	N
E. Legal	L	L	M	H
F. Gen. Mgt/Admin. Control	M	H	H	M
G. Analysis: i) Financial	M	M	H	H
ii) Operations	L	H	H	L
H. Planning	H	M	H	H
I. Leadership	H	M	H	N
J. "Entrepreneurial"	H	L	H	N
K. Negotiation	L	L	H	H

Orientations	D	S	T	H
i. "Risk-Taking"	H	L	H	M
ii. Competitive	H	L	H	N
iii. Flexible	H	L	L	L
iv. Creative	H	L	H	L
v. Ability operate under uncertainty/handle crises	H	L	H	H
vi. Ability to make and implement "hard-nosed" financial decisions	M	M	H	H
vii. Conservative	L	H	L	H
viii. Outside contacts for strategic implementation				
ix. Efficient	M	H	H	M

Key

Generic Strategies: D - Develop
S - Stabilize
T - Turnaround
H - Harvest

Emphasis: L - Low
M - Medium
H - High
N - None

Figure 30 - Hypothesized Generic Strategic Manager Descriptions

Generic Strategy		Generic Strategic Manager Description		
DEVELOP		"Developer"		
		High	Medium	Low
	Tactics	1,4,5,6,8,9 10,12,13,14, 15,16,17,18, 21,23	19,24	2,3,7,11,22
	Skills/ Background	A,C,H,I,J	B,F,G	D,E,G,K
	Orientations	i,ii,iii,iv, v, viii	vi,ix	vii
STABILIZE		"Stabilizer"		
	Tactics	2,(7),11,24	1,4,16	3,5,6,(7),8, 9,10,12,13, 14,15,17,18, 19,21,22,23
	Skills/ Background	B,D,F,G	A,C,G,H,I	E,J,K
	Orientations	vii,ix	vi	i,ii,iii,iv, v,viii
TURNAROUND		"Turnaround Person"		
	Tactics	1,2,3,(5),(6) 7,8,(9),(10), 11,(12),(13), 14,16,17,18, 19,(20),(21), 22,23,(24)	4,(9),15, (24)	(12),(21), (24)
	Skills/ Background	A,B,(C),D,F, Gi,Gii,H,I, J,K	E	-
	Orientations	i,ii,iv,v,vi viii,ix	-	iii,vii
HARVEST		"Harvester"		
	Tactics	3,7,11,19,20 22	4,12,14,15, 16,23	1,17,18,24
	Skills/ Background	B,E,Gi,H,K	F,I	A,Gii
	Orientations	v,vi,vii,viii	i,ix	iii,iv

Note: Numbers and letters refer to variables in Figure 29.

Thus, specific patterns of managerial behavior and skills associated with successful implementation of the proposed generic strategies were tentatively identified from the variables of the manager's job in general. From these, hypotheses are able to be developed regarding the criteria necessary to provide a successful mesh between manager and strategy. Such relationships, it should be noted, are likely to be subject to contingencies of industry and organization which may produce some variation within these generic profiles.

The variables shown in Figures 29 and 30 were considered to be underlying job dimensions. These were subsequently more specifically defined in strategy-contingent terms. Thus, the items in Figures 29 and 30 are illustrative of the dimensions and patterns anticipated, but are not always directly comparable to the items or the item numbers finally developed; that is, the items were subsequently rephrased, expanded, re-numbered, etc., for the actual questionnaire.

Nature of Research and Hypotheses

The above conclusions and proposed model suggested the appropriateness of an exploratory field study to test the relationship between patterns of managerial profiles and generic strategies. Specifically, the research objectives were:

1) to establish whether or not the four proposed generic strategies as described exist;

2) to establish whether or not there exist systematic relationships between those strategic types and the managerial action agenda associated with their implementation (such agenda comprising managerial activities, personal orientations, skills/background, etc.).

3) to establish whether or not strategy is a major and unique source of variation of managerial roles;

This research is exploratory. The purpose is to investigate relationships between generic strategy types and managerial requirements for implementation. Hypotheses suggested by the model are presented below.

Based on the proposed model of the manager/strategy fit as described, the first hypothesis is based on the need to identify each subject's organizational or unit strategy as one of the four proposed generic strategies - "Develop", "Stabilize", "Turnaround", "Harvest". Following Galbraith and Schendel's (1983) concept that "recurring patterns of activity" (p. 156) establish typologies, the following is hypothesized:

H_1 There will be consistent and recurring patterns of strategic competitive activity which can be classified into the proposed four major types of strategies.

Based on the model of the manager/strategy fit as described, the second hypothesis is based on the need to identify the job elements of each identified strategic manager, from which each job may be differentiated according to the strategy of the organization or unit for which (s)he is responsible. The following is hypothesized:

> H_2 There will be significant differences in the managerial profile characteristics (activities, skills/background, orientations) associated with each of the four generic strategies.

The third hypothesis is based on the consideration that strategy type is a major and unique source of variation of managerial roles. Specifically, the following finding is hypothesized:

> H_3 Variations in managerial activities, backgrounds, and orientations will be more strongly associated with strategy type than such organizational characteristics as industry type or firm size.

The purpose here is to develop a taxonomy of management job profiles ("Strategic Manager Descriptions"), based on the model described in this paper, across industry and organizational types. An array of profiles and prevailing or desired strategy of the organization or strategic business unit (SBU) is derived. This taxonomy may then permit a definition of the requirements of the strategic manager for each proposed generic strategy; the requirements could be assessed in terms of the activities (s)he needs to perform, the skills/background (s)he needs to possess, and the personal orientations or "style" (s)he needs in order to be able to implement the relevant generic strategy desired by top management.

The steps needed to provide a taxonomy of strategies and their corresponding strategic manager descriptions, are to:

- Identify the strategy of the organization or sub-unit;
- Establish that the strategic manager is considered to be successfully implementing the strategy before inclusion in the sample; that is, a manager too new to the position to be familiar with its requirements, or performing poorly its requirements would not provide information consistent with the objectives of this research, and would be excluded;
- Identify "Strategic Manager Descriptions" - that is, profiles of activities, skills, orientations - associated with implementation of each identified generic strategy.

The methodological considerations taken into account in the development of the research design are discussed below.

Methodological Considerations

Identification of Strategy

Difficulties arise when attempting to operationalize the concept of strategy. No generally accepted approach has been developed for measuring or identifying business level strategy. This has more typically been described rather than measured (Hambrick, 1980).

Empirical operationalizations of strategy in terms of typologies were conducted by Miles and Snow (1978), concluding with a classification of strategy types which they called "Defenders", "Prospectors", "Analyzers", and "Reactors", on the primary basis of rate of product-market change; Miller and Friesen (1977) analyzed 81 published business cases and classified factor-analyzed profiles into ten strategic archetypes, ranging from "impulsive firms" to "stagnant bureaucracies".

In considering methodological options for identifying and measuring strategies, Snow and Hambrick (1980) employed four different approaches in their six studies of the strategic behaviors of nearly 200 organizations in ten industries. These approaches were: Investigator inference, self-typing, external assessment, and objective indicators. Their assessment of the strengths and weaknesses of each method, as reproduced in Figure 31, is relative to the theoretical issues of "strategic change and adjustment" (i.e., determining whether the measurement is of a past strategy, new strategy, period of strategic adjustment, or conception of future strategy); whether the strategy is "intended and realized", or an emergent process (as noted by Mintzberg, 1978, that strategy is frequently an apparent "pattern in the stream of decisions"); and "the relativity of strategy" across organizations and industries.

Figure 31 - Four Approaches to Measuring Organizational Strategy

Theoretical Issues	Advantages and Disadvantages	Investigator Inference	Self-Typing	External Assessment	Objective Indicators
Strategic Change and Adjustment	Advantage	Because the investigator has a somewhat detached view, this may be a sound method for distinguishing between strategic changes and adjustments.	This method is ideal in its currency. The organization's executives are most up-to-date on the organization's directions.	Outsiders may have comparative view that allow them to differentiate between strategic change and adjustment for a given organization.	If data are available for a sufficient time period (usually five years or longer), this method allows differentiation between strategic changes and strategic adjustments.
	Disadvantage	Generally, the researcher will not have the in-depth comparative (i.e., longitudinal or industry-wide) view to allow identification of strategic changes and adjustments. Also, the investigator may not be granted access to planned strategic changes or adjustments.	Executives may have difficulty distinguishing between strategic changes and adjustments.	Outsiders may not be knowledgeable or current concerning recent strategic changes and adjustments.	This method may not reflect recent or current changes in strategy.
Intended and Realized Strategies	Advantage	This method may be more useful for identifying intended than realized strategies.	This is a sound method for identifying intended strategies.	This method is relatively well suited for identifying realized strategies.	This method is relatively well suited for identifying realized strategies. It controls for perceptual and, to a lesser extent, interpretive bias.

Figure 31 - continued

Theoretical Issues	Advantages and Disadvantages	Investigator Inference	Self-Typing	External Assessment	Objective Indicators
Intended and Realized Strategies (cont'd)	Disadvantage	Generally, the researcher will not have the perspective for assessing the gap between intended and realized strategies.	This is a questionable method for identifying realized strategies, because executives appear to generally express strategies in terms of intentions. And, they may express intentions beyond those which in fact exist.	This method is relatively ill suited for identifying intended strategies.	This method rarely relies on data that will allow identification of intended strategies.
The Relativity of Strategy	Advantage	If the researcher is familiar with a broad array of organizations within the industry, this method may allow excellent subjective assessment of relative strategies.	This method allows large sample sizes and thus a broad view of the relative context of strategies.	This method allows large sample sizes. Each expert has a broad view, allowing informed rating of relative strategies.	This method allows large, heterogeneous samples. Therefore, assessment of relative strategic properties is generally possible.
	Disadvantage	Generally, this method will allow only small sample sizes, thus diminishing the opportunity for examination of relative strategies.	Each executive's assessment of strategy may have only limited reference to the array of strategies existing within or among industries. Also, executives tend to perceive their own organizations as unique.	In order to ensure the experts' familiarity with an array of organizations, only a relatively homogeneous universe can be drawn from.	Data sources may report only on a limited subset of organizations, thus presenting an unrepresentative sample.

Source: Snow, C.C., & Hambrick, D.C., "Measuring Organizational Strategies: Some Theoretical and Method Problems," <u>Academy of Management Review</u>, Vol. 5, 1980.

Snow and Hambrick (1980) conclude that the first approach, investigator inference, in which the researcher assesses the organization's strategy, is a relatively weak and inaccurate measurement approach, applicable only to relatively small samples of organizations. They evaluated self-typing, which consisted of requesting the organization's top managers to characterize the organization's strategy on the basis of a forced choice between strategic descriptions. Using the Miles and Snow typology, Snow and Hambrick (1980) found this method more accurate and current, and applicable for a large sample, but, among other drawbacks, that "there was enough variance in perceptions to indicate that this measuring approach is not infallible" (1980, p. 533). This approach was also used by Coleman (March and Simon, 1978, Ch. 12) during interviews, and by Snow and Hrebiniak (1980) as part of a lengthy mailed questionnaire.

Another option was that of obtaining "external assessment" of an organization's strategy by competitors, consultants, industry analysts, expert panels, etc. The conclusion was that there was only general agreement between parties concerning strategy identification (Snow and Hambrick, 1980).

The fourth common approach (used by Hatten and Schendel, 1977; Hambrick, 1979; Lenz, 1978; Miller and Friesen, 1978; Snow and Hambrick, 1980) relies on "objective indicators" of strategy, such as published product-market data. While much subjectivity may be eliminated through this approach, disadvantages are the frequent unavailability of sufficient data, lack of comparable data across companies by which to establish baselines, and information's being less current than perceptions of managers.

The conclusions from Hambrick (1979) and Snow and Hambrick (1980) regarding these methods for measuring organizational strategies, is that multiple sources of information enhance the validity of strategic measures (p. 537). These approaches for identifying the strategy of an organization can take the form of unstructured or structured observation, interviews, questionnaires, and gathering of external information.

Given the nature of the research, one or more forms of self-typing were felt to be appropriate, particularly when supplemented with objective indicators or data when possible. In these ways, the identification of the enacted (as opposed to intended or emergent) strategy would be facilitated.

Identification of Managerial Requirements to Implement Strategy

Research methodology regarding managerial job behaviors and style can take many forms, each with its own advantages and disadvantages. The three main methods are as follows:

1. The diary method has had significant results in terms of managerial work characteristics, especially on the

basis of time (Burns, 1954; Carlson, 1951; Horne and Lupton, ~~1965;~~ Stewart, 1967). This has provided little information in terms of work content, however (McCall, Morrison and Hannan, 1978). There are also methodological problems such as "variations in accuracy between diary-keepers, the omission of many brief activities, the difficulty of defining subject categories unambiguously" (Stewart, 1972, p. 32). Unreliability in recording can mean the exclusion of some diaries and result in probable invalidation of conclusions based on small percentage differences (Stewart, 1972). Carlson (1951) also noted reliability problems, and Mintzberg (1973, p. 271), noted that "the manager is far too busy to record properly...." A further limitation, noted by Weick (1968), is that habitual or culturally patterned activities are often unnoticed by a person performing them, whereas these might be more apparent to a detached observer.

When compared with observational methods, however, the diary method has the advantages of increasing the ability to study larger numbers and different types of managers, over wider geographical and industrial distribution, and for a longer period of time; classification is made by the person who knows what (s)he is doing; and all time can be recorded, whereas an observer may be excluded from confidential discussions (Stewart, 1965).

2. Observational methods yield a variety of useful data. Unstructured observation (Dalton, 1959; Sayles,

1964), in which the researcher acts as part of the system or as an independent observer, allows him/her to record any action regardless of categoric restrictions. However, the findings are regarded as subjective interpretations needing validation (Mintzberg, 1973).

Structured observation (Guest, 1956; Jasinski, 1956; Mintzberg, 1973; Ponder, 1957) entails the researcher's recording activities in predetermined categories. Thus, more accurate recording and information is obtained than by other methods for the price of a greater time investment (Mintzberg, 1973).

The main limitation of observation methods is that they are feasible only for small studies, in which case the external validity becomes questionable. In addition, unlike diaries, this method is incapable of assessing the non-observable activities such as planning, thinking, etc. (Hemphill, 1959; Kelly, 1969; Stewart, 1965; Stogdill and Shartle, 1956). Also, complex activities are difficult to record and classify by the observer (McCall, _et al._, 1978).

The advantages of this method are those of in-depth, longitudinal observation; noting and recording elements of which the manager may be unaware or too busy to record; and the reduced subjectivity to errors of bias or of interpretation of classification.

3. Questionnaire and interview methods require the manager to estimate the characteristics and content of his/

her job, and these have provided useful findings in terms of classifications of elements of the manager's job (Hemphill, 1959; Tornow and Pinto, 1976; Mahoney, 1961; Shartle, 1949; Stieglitz, 1969). These have the advantages of simplicity in gaining cooperation, surveying a large sample in a short time, and ease of compilation of analysis. Some disadvantages have been noted, however, in that managers tend to have misperceptions of the amount of time they spend on various activities (Dahl and Lewis, 1975; Hinrichs, 1964).

It was concluded from this review that the choice of methodology is determined primarily by the objectives of the research. These methodological choices are discussed below.

Method

Subjects

There were two sets of people needed in this research. The first set was required to identify the strategy of each organization/unit studied. These were informants from the top level of each company or group, such as chairmen, presidents, vice-presidents, etc., and/or from people in a staff capacity who were also in a position to provide the necessary information, typically vice-presidents for strategic planning. These are all referred herein to as "top managers". Frequently more than one informant was involved for each case.

The second set of people comprised the actual subjects of the research. These were the "strategic managers" needed for research on the components of their role. The organizational position or function was not predetermined. Rather, the subjects were identified by the first set of informants, on the basis of the criterion that the strategic manager was that person in the position responsible for implementing the strategy for the organization/unit as identified. The positions of the strategic managers typically were general managers or vice-presidents for units within a company, or presidents of companies within a group.

The nature and specifics of the final sample which comprised the data base results from the nature of the procedure and measures and is described at the end of this chapter.

Procedure

The actual data collection process involved introductory letters through the University and other professional institution contacts. Meetings were then arranged with those executives who agreed to participate. Typically, the first meeting was with the CEO and/or an executive in charge of strategic planning. This interview usually lasted at least an hour; during that time, either the first stage of the research was conducted in terms of identification of strategy, or, where this person was a coordinator, discussion of the nature of the research facilitated introductions to those people in the organization who would be able to provide the necessary information. In many cases, more than one executive was interviewed, providing opportunity for convergence on strategy identification.

The first stage of the data collection itself involved asking the first informant to fill in the questionnaire (Appendix I), requesting a free description of the strategy of the organization or units identified. This was done as soon as possible in the interview so as to avoid any possibility of contamination from discussion about the nature of the research. Further, the concept of "strategy" was not defined in the questionnaire or otherwise. This was left open to interpretation in order to gather all possible information in this exploratory research. Only after this stage was the executive asked to complete the second questionnaire (Appendix II) requesting a forced-choice between the four strategic types, and other demographic information. Further discussion regarding strategy usually ensued, general information regarding the company and its environment and operations, clarification and elaboration of strategy, and the applicability of the descriptions of the strategic types. Objective data regarding the company, such as annual reports, were also collected at this stage in order to provide additional information by which to corroborate the strategy identification for each company. These data were to be submitted subsequently to an expert panel to validate independently the executives' selections.

The interview then progressed to identification of the strategic manager on the questionnaire (Appendix II), which also requested indication of how long the strategic manager had been in that position, and whether (s)he was successfully implementing that strategy. This information was needed because the research design necessitated exclusion from the sample any manager who was not evaluated as successfully implementing that strategy, or who had not been in the position long enough to permit such an evaluation. In addition, where interview time permitted, the researcher attempted to gather descriptive information regarding (a) the strategic manager, and (b) the experience and opinion of the interviewee regarding the desirability and practicality of attempting to create a fit between manager and strategy. The interviews at this stage were extremely well received, with much cooperation and interest in the research. The only obstacle encountered was a suspected reluctance in a couple of cases to admit to any units possibly operating under a "Harvest" strategy, possibly out of pride or confidentiality. Except for reassurances of confidentiality this issue was not pursued.

For the second stage of the data collection process, those strategic managers identified were then either (a) approached for a brief interview and requested to fill in the Strategic Manager Position Description Questionnaire (Appendix III), returning it direct to the researcher in an envelope provided, or (b) where this person was in another location (three of the final 24 subjects), the questionnaire was forwarded with a request from the initial contact that it be completed and returned to the researcher in an envelope provided. In three cases, however, the "strategic manager" was in fact the initial contact (as in the case of a president of a small company or one which was operating under the same strategy throughout). In such cases, other sources were sought within the company to corroborate the identification of strategy. The responses of these three managers were reviewed in order to determine if such a lack of independence of response influenced their responses. Each manager was executing a different generic strategy, so that any different responses would be diluted by the other cases in the strategy set. The responses of each manager were then compared with the overall pattern of responses by the managers of each strategy. In no case were there deviations sufficient to suggest a systematic bias induced by the respondent's occupying both the initial contact role and the strategic manager role.

The interviews at this stage were well received. No noticeable obstacles were encountered. Potential social desirability effects were minimized by assurances that responses would be handled with confidentiality, personally waited for and collected, or directly routed to the researcher, and used only in the aggregate with other responses. A summary of the data collection process is shown in Figure 32.

Measures

Three questionnaires were the primary measures used in the research, two for the identification of strategy and one for the exploration of the role of the strategic manager. The purpose, properties, development and design of these questionnaires are described below, including the stage of pilot study which contributed to the further development and finalization of instruments.

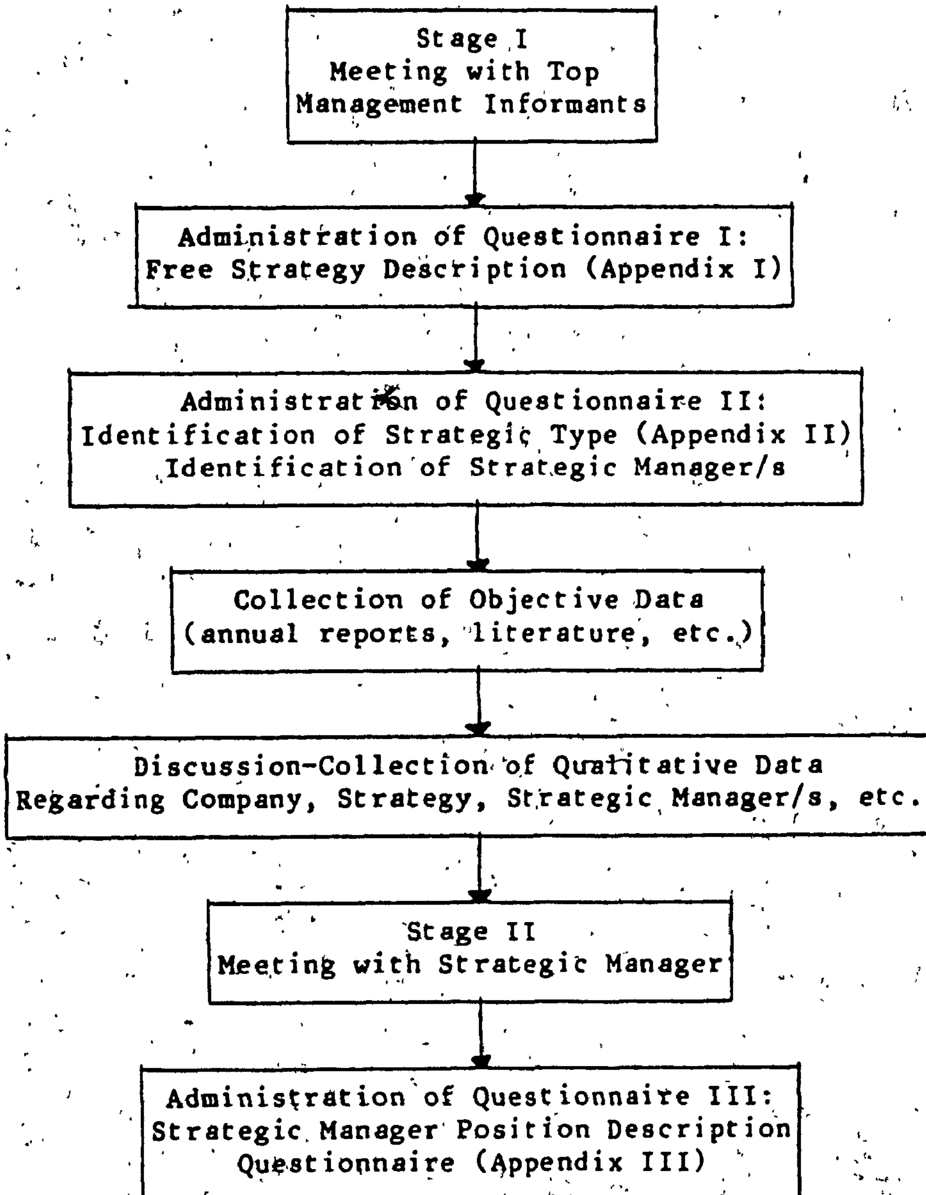
Development of Instruments

Instrument to Identify Strategy: Following Snow and Hambrick's (1980) recommendation for using multiple sources of information to enhance the validity of strategic measures, several methods of identification of strategy were developed for the study. The first questionnaire, shown in Appendix I, was designed in order to enable the top manager to write a short description of the current strategy of the organization/subunit. This format was intended to enable a response free of any preconditioned ideas from the second questionnaire containing the descriptions. In addition, "strategy" was not defined in the questionnaire in order to leave open to research whatever concepts would be considered to comprise "strategy".

In light of the favorable conclusions from Snow and Hambrick (1980) and Snow and Hrebiniak (1980) regarding the

Figure 32

Data Collection Process



use of a self-typing questionnaire requiring a forced-choice between strategic descriptions, such a questionnaire was developed to be used as the second instrument for identifying the strategy of each organization/unit. The instrument was developed as follows:

The first step in the development of an instrument with which to classify and identify each organization or unit strategy was to identify strategic classifications from the literature. These were then synthesized on the basis of their common origins and characteristics, yielding the classification of four generic strategies. Those studies taken into consideration were Burns and Stalker (1961); Buzzell, Gale and Sultan (1975); Channon (1979); Dhalla and Yuspeh (1976); Fox (1973); Galbraith and Schendel (1983); Glueck (1980); Hofer and Schendel (1978); Miles and Snow (1978); Patton (1959); Porter (1980); Staudt, Taylor and Bowersox (1976); Schendel and Hofer (1979); and Wissema, et al. (1980), among others.

The synthesis and interpretation of factors then yielded a comprehensive description of each proposed generic strategy. These descriptions were presented in Chapter II. A questionnaire (Appendix II) was then developed comprising these strategic elements in a description of each generic strategy, from which top managers could be requested to identify the generic strategy that best described the strategy of the organization or subunit identified.

In addition, this questionnaire was designed to solicit data on industry and organizational characteristics, and to request identification of the strategic manager for each identified strategic unit, along with an indication of whether the strategic manager was successfully implementing that strategy.

These instruments, therefore, were designed to enable tapping the knowledge of top managers as they:

- Provided a broad description of the competitive strategy under which the company or each unit was operating;
- Identified which of the four generic strategies the organization or unit was currently pursuing;
- Identified the manager responsible for the implementation of that strategy;
- Indicated whether that manager was successfully implementing that strategy;
- Provided various demographic and organizational data.

Overall, top managers were considered the people most appropriate for identifying the organization or unit strategy; such executives are in a position to have first-hand information on the total system and on the strategy currently being utilized or planned. Also, top managers are "responsible for monitoring the environment and formulating appropriate organizational responses; therefore, their perceptions of the organization's strategic orientation and its current distinctive competences are most critical to organizational performance" (Snow and Hrebeniak, 1980). For these reasons also, a section of the questionnaire requested top managers to identify the "Strategic Manager" for each identified strategy, and to indicate whether that manager was effectively implementing such strategy.

<u>Instrument to explore strategic manager roles:</u> In the literature review of methodological considerations, it was concluded that the choice of methodology to explore the manager's job is primarily determined by the objectives of the research, with a trade-off of the advantages and disadvantages of each method. In this research, the objective was to validate hypothesized profiles, based on a synthesis of many significant studies covering managerial work activity and strategies, rather than gathering preliminary information regarding what managers do in general. It was concluded, therefore, that the use of a questionnaire based on these studies would be appropriate. A structured questionnaire, based on these elements, enables gathering much useful and valid information on the many dimensions of the job. The questionnaire method would also provide a sample of pre-classified information across different industries, organization size, etc., in a length of time impractical by such other methods as direct observation. In addition, this method also provides for gathering data on the managerial process dimensions, such as planning,

and on the manager's personal factors, such as background/ skills and orientations, which are not "observable".

A questionnaire was designed for which the informant would be the incumbent as identified by the organization's top management as the "Strategic Manager". The incumbent was considered to be in the best position and be the most qualified to describe his/her own job. In addition, research by Hemphill (1959) and Tornow and Pinto (1976) indicates that incumbents represent a reliable source for obtaining valid position descriptions.

In order to develop such an instrument by which to classify managerial profiles according to the strategy, managerial job elements were generated from studies of managerial work activities and from the literature regarding strategy classifications and their managerial requirements for implementation as discussed. From these were developed the proposed Strategic Manager Descriptions comprising relative degrees of emphasis of importance and time on various job elements concerning activities, responsibilities, decisions, skills, background, and personality and choice orientations ("Style"). From these descriptions common position elements were identified with the objective of describing the content of managerial jobs, regardless of industry or organizational characteristics or of position characteristics such as title, level or function, in accordance with the strategy which top management desires to be implemented by that organization or unit. The criteria for job elements, therefore, were:

- that the item content domain be heterogeneous so as to apply to a variety of positions in different industries, companies, functions and management levels, etc;
- that they should not be so general as to apply equally to all management positions, yet not so specific as to be unique to only a particular job, function or company (Tornow and Pinto, 1976), but that they should be applicable for purposes of differentiation on the basis of strategy;
- that items should be able to discriminate among positions which a priori are known to be different;
- that position descriptions should come from incumbents' descriptions of their positions in terms of the degree to which each position element is a part of that position, using a standardized, quantifiable response format;
- that the response format should be defined in such a way as to cover both the case in which an element is a part of the position because of the frequency with which it occurs and its importance to successfully meeting the objectives of the position (Tornow and Pinto, 1976).

An initial draft questionnaire was developed, using the elements derived from the variables identified in the literature review of strategy types as discussed, comprising the characteristics included in each category of strategy. Some variables are ccharacteristic to some degree of more than one of the proposed generic strategies, and some variables are unique to a particular strategic type. In spite of the existence of commonalities, however, it was considered that the overall pattern of elements and their relative emphasis would be unique to each of the four proposed generic strategies.

Appendix III shows the final 86 item questionnaire which was developed, the purpose of which was to secure incumbents' descriptions of the content of their present positions in terms of a list of elements in a Likert-type rating scale on which to indicate the relative significance of each element to their jobs, based on consideration of such factors as importance, frequency of occurrence, and proportion of time consumed. Each item was to be rated on a 0-4 Likert scale, from "0: Not an aspect of my job" to "4: A most significant aspect of my job." Further development of this questionnaire included:

1. Conversion of elements to behaviorally defined format; expression of elements in a manner likely to tap the strategic issues and also likely to elicit standardized interpretations;

2. Revision of questionnaire elements as a result of preliminary interviews in a pilot study to gather data

regarding these elements and investigation of likely interpretations and responses compared with the strategy.

3. Further development and refinement as necessary after pretest and consultation with experts on questionnaire preparation.

This questionnaire also included a section at the end, in which the strategic manager was asked to provide a brief description of the type of strategy (s)he was implementing. This was considered desirable since there are frequently low levels of awareness of strategy even among key managers (Hambrick, 1981), and therefore the aspect of alignment of perception and communication of strategy between top management and the strategic manager could not be taken for granted.

Careful instructions and personal explanations of its purpose and confidential handling were given on the strategic manager position description questionnaires, in order to:

1. facilitate focus on the specific current role;

2. take account of differences in organizational level of those managers by emphasizing the managerial aspects of many elements even when they may not involve direct enactment on the part of the respondent; and

3. minimize the danger of social desirability bias of the strategic manager's response because of possible feelings of evaluation or self-evaluation.

<u>Pilot Study</u>: A pilot study was conducted during the latter stages of instrument development. It was felt that feedback regarding the questionnaires and the methodology from those types of persons who would be asked to provide the data, would provide much meaningful input to enhance the content validity of the instruments (following Allen, 1979), and thus provide a greater chance of success during final data collection.

To this end, interviews were conducted with five top level executives, contacts with whom were made through the University Center for Management Studies' Executive Board. Feedback was obtained regarding the strategic descriptions. This feedback confirmed the content validity of the descriptions, by their applicability in the respective strategic situations "straight from the horse's mouth". This confirmed the reality of the literature concepts used in the questionnaire development. In addition, there was some experimentation and consultation in attaining an initial free-response description of strategies. Tape recordings were utilized, which met in some instances with negative responses regarding their use, and hesitancy during discussions. In addition, they were long and proved difficult to analyse. Verbal questions regarding strategy also met with rather lengthy and tangential discussions; left open to question were the possibility of the researcher's direction of the discussion and also the interpretation of the discussion and notes.

The third method of attaining free response identification of strategy was found to avoid these problems and was adopted. This was a one-page open-ended questionnaire (shown in Appendix I and discussed earlier), in which was the CEO or other initial contact was requested to write a brief description of the current strategy being implemented in the organization or unit identified.

The second phase of the pilot study consisted of interviews with strategic managers. The first stage of these interviews entailed a discussion designed to gather general information regarding the content of their jobs. Asking them to consult their calendar and describe a typical workday provided useful information for elements of the Strategic Manager Position Description Questionnaire (SMPDQ). The second stage entailed getting their feedback on the elements of the questionnaire and clarifying their interpretation of the elements.

Information gathered during these interviews was used to make minor adjustments to the SMPDQ.

The research procedure was described above. Following is a description of the resulting final sample which provided the data base for this research.

Sample

As described above, the research design required direct interviewing, personal involvement in determining the correct sources of company information, and coordinating the research phases. Because personal contact and direct coordination of this two-stage research were inherent in the research design, the option of a mailed questionnaire was eliminated. Such a design necessitated a sample convenient both in terms of geographic location (Montreal) and in terms of providing a high probability of cooperation from companies able to be approached through university and other professional contacts. These media did in fact provide a high level of cooperation and interest.

Operational constraints were imposed by the need to obtain a more-or-less even distribution over the strategic types; further, very small businesses were avoided assuming that their executives would lack familiarity with strategic issues. As a result of all these factors, the final sample was non-random.

A variety of companies was approached, as provided by available contacts, consisting of a range of industry types and company sizes. Such a variety was desired in order to be able to generalize the research results across types of industry, company size, etc., rather than finding relationships unique to a given industry or size of firm. Of those executives available during the time of the research, 100 percent agreed to cooperate. The high level of cooperation was attributed to the relationships between local area institutions and contacts, endorsement of senior management, guarantee of confidentiality, and a high level of current interest in the subject matter.

After the initial stage of exploration, a few companies or divisions had to be eliminated from the sample due to non-applicability of the organization structure to the SBU concept. These were, for example, of a matrix, geographic, or high level functionally differentiated organization structure; such structural arrangements were inappropriate for isolating strategic managerial job elements for multiple responsibilities and roles involved in "managing" more than one strategic type at once.

Data were collected from 32 companies/units. Of these, two failed to respond at the final strategic manager questionnaire stage. Because of the high response rate, therefore, no tests for non-response bias were considered necessary. Of those questionnaires received, two were eliminated because they were concurrently operating under more than one of the strategic types.

Three were excluded because of non-convergence of strategic identity between informants. Two of these were identified by top management informants as being "harvest" situations; the strategic manager was either unaware of such a strategic situation, was unprepared to admit to a harvest strategy, or was determined to operate otherwise. Such non-convergence necessitated exclusion of such cases because they would not be consistent with a research design to study managerial role factors if the particular role could not be objectively identified. In addition, one response was excluded because of the recent appointment of the strategic manager, such that his effectiveness could not be confirmed.

The data base, therefore, comprised 24 companies/units based on the questionnaires received complying with all the research criteria for inclusion in the sample. The sample therefore, comprised 24 strategic managers of companies/units ranging in size from 10-28,000 employees. These were in a variety of firms dealing with the manufacture of industrial products and raw materials, the manufacture and sale of consumer products, and services. These included pulp and paper products, packaging, etc., glass and china products, plastic packaging and containers, metals, chemicals, industrial textiles and consumer apparel and commodities, sugar, health products, banking, investing and financial holding operations, pharmaceuticals, machinery manufacturer, and retail chain stores (see Figure 33).

As discussed, the sample is not random. However, given the broad representation of types and sizes of businesses, there is no prima-facie reason to expect any systematic bias in the findings from business units within these firms. The findings, therefore, are considered to possess a reasonably high degree of generality.

Presented here were the research problem, the hypotheses for the study, the methodology used, and the resulting sample. The next chapter presents the results of this research.

Figure 33

Sample Strategy Types

Company/unit product type	Size: # Employees	Strategy
Plastic containers/packaging	1,000	Develop
Pharmaceuticals	110	Develop
Specialty newsprint	1,200	Develop
Merchant banking	300	Develop
Chemicals	10	Develop
Retail chain	2,500	Develop
Real estate	178	Develop
Health diagnostic	80	Develop
Newsprint and pulp	6,000	Stabilize
Yarn	1,200	Stabilize
Chemicals	12,600	Stabilize
Glass products	3,750	Stabilize
Consumer apparel	3,200	Stabilize
Newsprint products	2,935	Stabilize
Sugar	400	Stabilize
Retail banking	28,000	Stabilize
Glass products	2,935	Stabilize
Publishing	1,050	Turnaround
Forest products	12,500	Turnaround
Industrial textiles	150	Turnaround
Machinery manufacturer	425	Turnaround
Financial holdings	50	Turnaround
Distillery	500	Turnaround
Packaging	3,800	Turnaround

CHAPTER IV

Results

The present chapter reports the results of the research methodology outlined in Chapter III. The evidence pertaining to each hypothesis is presented, followed by the conclusion reached regarding acceptance or rejection of each hypothesis. Item analysis permits these results to be interpreted in terms of role descriptions. The stages of analysis are summarized in Figure 53 at the end of this chapter.

Instruments and Properties

The 86 variables (questions) in the Strategic Manager questionnaire were derived and deduced from the literature, with some changes made as a result of a preliminary interviewing process with managers in similar positions. For these reasons, the questionnaire was considered to have a high degree of content validity. Consistent with his recommendations (Allen, 1979) for a rational analysis, four reviewers knowledgeable about the project independently reviewed the contents of the questionnaire, through the several stages of its development. Face validity was indicated since the questionnaire items had been generated or reviewed by subjects (the executives in the pilot study) who were members of the same population. Process validity was indicated, since the preliminary interviewing process determined that respondents interpreted the questionnaire items as intended.

The indentification of strategy questionnaire (Appendix II) was similarly derived from an extensive literature review, with feedback and input from executives in the trial interviews being incorporated into the final instrument. Thus there were the same supports for validity as for the Strategic Manager questionnaire.

In addition to the extensive theory base and the input from the pretest, every effort was made to safeguard the validity and reliability of the results from these questionnaires in the two stages of the research. One method of assuring the data and reducing measurement error was the personal involvement and control of process at every step by the researcher. At the first stage there was careful investigation of the company and the required informants, and control of the sequencing of information gathered in the interviewing process. As detailed later in this chapter, convergent validity and inter-rater reliability were assured by attaining multiple sources of identification of strategy. These included the free description of strategy (Appendix I) from one or more informants within the company and/or the group head office; the strategy identification from the questionnaire describing the four types (Appendix II), the collected objective data such as annual reports, and the identification confirmations by the expert panel upon analysing the content of the free descriptions and the objective data available.

At the second stage, steps were taken to safeguard validity and ensure reliability of data by minimizing the potential for measurement error wherever possible. The researcher's presence wherever possible ensured that 1) the correct subject filled out the questionnaire and did not pass it on to an assistant for response; 2) ambiguity, and thus measurement error, was reduced by clarification of instructions or interpretation of items; 3) qualitative data about the manager, his/her job, additional insight into questionnaire items, etc., were attained by discussion following the questionnaire response.

Thus, the conservative approach and the system of information checks throughout the research provided built-in safeguards to the validity and reliability of the results.

The external validity of the research findings must be interpreted with caution due to the small sample size, its non-random nature, and its geographical confinement. However, there is in this sample broad representation of types and sizes of businesses, as well as different positions and levels of the respondents. The heterogeneity of subjects suggests that the conclusions should be able to be generalized outside the sample, not having been derived from a narrow sample in which attributes common to the subjects make the conclusions relevant only to the specific situation within which the study was conducted. The analysis of variance studies, discussed later, support this conclusion.

In the following sections, the results are interpreted in terms of the three hypotheses.

Hypotheses

It is considered that, on a broad level, there exists a commonality of strategic activity/organization types which can be classified in the proposed four generic strategic types, and that variations in managerial roles can be attributed to the differences in those strategic types. It is proposed therefore that strategy is a major and unique source of variation of the managerial role.

Identification of Strategy (H_1)

The first hypothesis is:

H_1 Consistent and recurring patterns of strategic competitive activity can be classified into the proposed major types of strategies.

Consideration of common strategic variables and their bases in the organizational life cycle and product life cycle, led to the proposed typology of four generic strategies as shown in Figure 17. These strategic types, "Develop", "Stabilize", "Turnaround", "Harvest", and their characteristics, were fully described in Chapter I. A condensed description of each type as used in the research is shown in Appendix II.

Industry Sample

The research methodology used to ascertain the strategic activity of the companies in the sample was in two stages. First the interviewee/s, typically the CEO and/or a top manager in charge of strategic planning, was requested to write a brief description of the current strategy on the first questionnaire (Appendix I). Some of these, which were later submitted to the expert panel, are shown in Appendix IV. There was no discussion regarding the four strategic types prior to requesting this free-response. These descriptions were then submitted for expert panel analysis, described below. In the second stage of identification, this person was requested to evaluate and identify which of the four descriptions given above was most applicable to the organization or unit (Appendix II). Additional data such as annual reports, newsletters, etc., which may indicate strategic activity were also gathered, and submitted to the expert panel. Examples of these are included in Appendix IV. In addition, the Strategic Manager Position Description Questionnaire (Appendix III) requested a description of strategy from the strategic manager, also submitted to the panel.

Expert Panel

The research data from the 14 firms which had been collected at that time were used to determine the appropriateness of continuing the study and its methodology, as well as to establish the validity of the strategy-identification process. The free response strategic descriptions from multiple sources within each company/unit, along with the objective data, were presented to an expert panel for classification into one of the four proposed strategic types. No indication of which strategic types had been identified by company personnel was given to the panel members. Such an expert panel should consist of people familiar with strategic contexts and typologies. Faculty members in the field of Business Policy/Strategic Management were felt to be appropriate for purposes that included non-involvement in an ongoing business managerial environment; thus, they were to give evaluations relatively uncontaminated by work processes, terminology and values similar to those from whom the information had been obtained. In addition, some homogeneity of background and preparation was deemed useful in order not to introduce uncontrollable sources of variation into the strategic evaluations. Such an expert panel, thus, should be able independently to identify and categorize the strategic descriptions and issues submitted to them, providing convergence of classification by chosing among the four generic strategies.

Each set of strategy-identification decisions made by each member of the expert panel was made independently from that of the other members. Within each set, too, each member's decisions were made independently; that is, a particular strategy-identification was independent of any other decision that may have been made.

The inter-rater reliability of the decisions made by the three expert panel members was considered. Using the binomial test, all comparisons of the decisions of pairs of judges showed significant agreement at the .01 level. Similarly, the relative accuracy of the expert panel members' decisions, as compared with the strategy-identification decisions from sources within the companies, was tested. All comparisons were significant at the .01 level.

Thus, high inter-rater reliability was indicated, both within the expert panel and between panel and company sources concerning agreement of strategy identification.

Appendix V shows the identification results for the 14 companies/units which were presented to the expert panel.

The results of the expert panel analysis and the strategy identification processes supported the hypothesis for the three types: "Develop", "Stabilize", "Turnaround". There were no "Harvest" situations identified in the sample. The breakdown of the sample findings by type of company/unit identified as "Develop", "Stabilize", or "Turnaround", were shown in Figure 33.

The approximately equal number of each generic strategic type was more the result of the researcher's attempts to provide such equality for research purposes, than a natural proportion in the population.

Strategic Characteristics

Some of the predominant components of strategic activity of each type were noted from the data, by the typical terms managers used to describe their strategy. These terms were accumulated from the free-response strategy descriptions given in the first questionnaire (Appendix I). They were then grouped by strategy type and by decreasing order of frequency of occurrence. Following are the frequently noted strategic descriptors used by those managers, for each strategic group, and subsequent comparison with those characteristics as described in Chapter I. Figure 34 shows those descriptors used for Strategy type I, "Develop". Comments which were the same were not repeated, but somewhat

Figure 34: Findings: Strategic Characteristics (Typical Terms Used by Respondents)

"Develop"

1. Introduction of new products and processes
2. Growth
3. Diversification
4. Rapid moving
5. Challenge to be leader
6. New technology development and applications
7. Entrepreneurial
8. Stay ahead of competition
9. Find new technology and patent opportunities
10. Acquisition of new businesses
11. Innovative
12. Diversify into logical extensions of company strengths
13. Look to high growth environments
14. Become largest
15. Build profitable and viable business
16. Short average product life; therefore need new products
17. Emphasis on marketing and technology people to seek and appraise opportunities
18. Build on processing know-how
19. Searching for opportunities through information-gathering and process of analysis
20. Move into new markets/foreign markets
21. Flexibility; rolling with the ball; adapt to new markets
22. Rapid reaction to business opportunities
23. Investment and skill-building to create new businesses
24. Risk management for new opportunities.

similar items were kept separate. The terminology encountered was retained. These were then numbered to allow a system of comparison and confirmation/disconfirmation with those characteristics derived from the literature and considered by the researcher to be descriptive of the proposed generic strategy. Figure 35 shows the literature descriptions for Strategy I, along with the item number/s of the comment/s by managers which seem to confirm the characteristics. Similarly, Figures 36 and 37 show this comparison for Strategy II and Figures 38 and 39 for Strategy type III.

Comparison of the data descriptions with the characteristics derived from the literature, for the "Develop" strategy, showed confirmation of all characteristics except one. This was:

> Development of market share may include construction of temporary over-capacity and dropping production capacity elsewhere, or divestment of other units. (Wissema, et al., 1980)

In addition all 24 of the descriptors used by managers (for "Develop") were referred to in the original list of characteristics.

For the "Stabilize" strategy, all except four of the characteristics were mentioned by respondents. These were:

> Bureaucratic procedures - centralization, formal communication channels through hierarchical levels (Burns and Stalker, 1961).

> Possible vertical integration to gain cost efficiency (Miles and Snow, 1978).

Figure 35: Comparison of Research Findings with Predicted Characteristics of "Develop" Strategy

	Confirming Comments
. "Entrepreneurial" emphasis on product, market and technical innovation; locating and exploiting new product and market opportunities (Channon, 1979; Miles and Snow, 1978; Snow and Hrebeniak, 1980).	1, 6, 7, 16
. All operations geared to developing and launching new products, market development, and intensive pursuit of market share (Channon, 1979; Geller, 1980).	2, 6, 9, 13
. High investment (Buzzell, Gale and Sultan, 1975; Hofer and Schendel, 1978).	23
. Emphasis on change, requiring flexibility of operations and technological processes and coordination of diverse operations (Burns and Stalker, 1961; Miles and Snow, 1978).	4, 16, 21, 22
. Continual monitoring of environment (Miles and Snow, 1978).	19
. Aggressive, risk-taking, competitive pursuit of new opportunities.	5, 7, 8, 24
. "Proactive", "change-creating" (Miles and Snow, 1978).	11
. Emphasis on generation of earnings and long term results rather than short term profitability and cost efficiency (Abell and Hammond, 1979; Channon, 1979).	2, 14, 15
. Emphasis on Research and Development and Marketing expertise (Patton, 1959; Staudt, Taylor and Bowersox, 1976).	17, 18, 20, 23
. Emphasis on product design, product quality, and product positioning (Hofer and Schendel, 1978).	18, 20, 9, 6
. Breaking open of the market may include acquisition or merger, or broad program of diversification and expansion (Hofer, Schendel, 1978; Wissema et. al., 1980).	10, 3, 12
. Development of market share may include construction of temporary over-capacity and dropping production capacity elsewhere, or divestment of other units, (Wissema *et al*. 1980).	

Figure 36 - Findings: Strategic Characteristics

"Stabilize"

25. Our "bread and butter" operation

26. Maintain market-share/market maintenance and development

27. Improve profits

28. Cost efficiency; cost leadership; reduce costs per unit

29. Product and process innovation

30. Redesign of product

31. Plant rationalization

32. Product improvement

33. Technical leaders; technical innovation of machinery for efficient production/process; manufacturing innovation

34. Automation to reduce labor, increase profits

35. Use of computers for efficiency/quality control

36. People productivity

37. Technical productivity

38. Ensure unit most efficient in industry with highest rate of productivity

39. Close down facility and improve others rather than invest in new facilities

40. Price squeezing

41. Production efficiency

42. Strict budget control

43. Capital investment for modernization of production equipment and process control to remain competitive

44. Highest capacity utilization

45. Specialization, and trying to carve out market niche

46. Reliable quality and supply reputation

47. Remain competitive through style design, packaging, etc.

Figure 36 (continued)

48. Give ultra service and top consistent quality because of number of competitors

49. Close contact with customers

50. Competitive service to existing customers

51. Price is the key

52. Quality of service only influence other than price

53. Niches - place volume at better prices

54. Market segmentation

55. Produce streamlining

56. Maximum penetration of most lucrative niches through delivery of quality products and service; defend reputation of quality product; capitalize on quality strengths

57. Maintain strong marketing and manufacturing teams

58. Seek contracts; promotions

59. Give pricing concessions

60. Give promotional allowances

61. Generation of new customers/new deals (service organization)

Figure 37

Comparison of Research Findings with Predicted Characteristics of "Stabilize" Strategy

	Confirming Comment/s
. Maintenance of competitive position - defense of brand (Abell and Hammond, 1979; Hofer and Schendel, 1978; Galbraith and Schendel, 1983; Wissema et al., 1980).	26, 47
. Manufacturing efficiency (Miles and Snow, 1978; Porter, 1980; Wasson, 1974).	31, 33, 34, 35, 36, 37, 38, 41
. Carve out and maintain a niche within the industry which is difficult for competitors to penetrate (Hofer and Schendel, 1978; Galbraith and Schendel, 1983; Miles and Snow, 1978).	45, 53, 56, 58
. Market segmentation and asset utilization (following Hofer and Schendel, 1978; Porter, 1980).	54, 31, 44
. Produce only a limited set of products and pursue earnings through strict cost control and efficiency of standardized operations; i.e., cost efficient, single-core technology; production and cost-control specialization (Miles and Snow, 1978; Porter, 1980).	55, 27, 28, 33, 34, 38, 41
. "Bureaucratic" procedures - centralization, formal communication channels through hierarchical levels (Burns and Stalker, 1961).	-
. Possible vertical integration to gain cost efficiency (Miles and Snow, 1978).	-
. Predictability in environment of little change or uncertainty - i.e., stable technical and market conditions (Burns and Stalker, 1961).	25
. Cost oriented planning and analysis (Channon, 1979; Galbraith and Schendel, 1983).	42
. Continual product improvement (Wasson, 1974).	32, 30
. Drop marginal accounts.	
. Gain market advantage through distinctive service, delivery, warranties, etc., or product differentiation/high quality product (Galbraith and Schendel, 1983).	45, 46, 47, 48, 49, 50, 52, 56, 58, 59, 60

Figure 37 (continued)

	Confirming Comment/s
. Moderate investment (Buzzell *et al.*, 1975; Hofer and Schendel, 1978).	43
. Capital reinvestment for plant rationalization (Porter, 1980; Hofer and Schendel, 1978).	31, 43
. Possible asset reduction in weak competitive position (Hofer and Schendel, 1978).	-
. May include acquisition of smaller firms to increase market share (Hofer and Schendel, 1978).	-

Figure 38—Findings: Strategic Characteristics

"Turnaround"

62. Survival

63. Trying to "hang in" till demand picks up, then use different strategies of expansion, etc.; trying to improve bad situation

64. Get every ton to market

65. Hold on to prices

66. Every effort to control costs; no unnecessary spending

67. Cut production costs

68. New costing systems to get more control

69. Cash flow name of game; cash generation immediate concern in order to gain support for loans for new directions

70. Reduce working capital

71. Changes in management

72. Reduction of personnel; trim marginal people

73. Close coordination of personnel

74. Cooperation and hard work from everyone

75. Running "tight ship"

76. Calculated risks

77. Stop hemorrhage

78. Rebuild; keep ship going while "fixing holes"

79. Management by results

80. Prune product lines; trimming down the line; let some lines take their (declining) course and don't bother with them

81. Replace old lines with new/national/international lines

82. Rationalize product line

83. Automation

Figure 38 (continued)

84. Reorganization

85. Explore new markets

86. Acquisitions

87. Mergers

88. Joint ventures

89. Divestment of unprofitable businesses

Figure 39

Comparison of Research Findings with Predicted Characteristics of the "Turnaround" Strategy

	Confirming Comment/s
. Emphasis on near-term cash generation to preclude bankruptcy (Hofer and Schendel, 1978).	62, 69, 70, 77
. Divestiture of unprofitable subsidiaries/divisions (James, 1974; Schendel, Patton and Riggs, 1975).	89
. Selling off assets (James, 1974; Hofer and Schendel, 1978).	89
. Rigid cost cutting (James, 1974; Schendel <u>et al</u>., 1975).	66, 67, 70, 75
. Reduced labor costs (James, 1974; Chang, 1980).	66, 67, 72, 73
. New budgeting and control systems (Chang, 1980; Schendel <u>et al</u>., 1975).	68, 75
. Changes in management (transfers, terminations, new personnel, training programs, etc., as applicable (Chang, 1980; Schendel <u>et al</u>., 1975).	71, 84
. Enlisting government assistance (James, 1974).	-
. Introduce new products and cut out old products (James, 1974).	80, 81, 82
. Major plant construction or expansion/modernization (Schendel <u>et al</u>., 1975).	63
. Integration (Hofer and Schendel, 1978).	-
. Mergers (James, 1974).	87
. Acquisition (Schendel <u>et al</u>., 1975).	86
. Diversification (Schendel <u>et al</u>., 1975).	85

Possible asset reduction in weak competitive position (Hofer and Schendel, 1978).

May include acquisition of smaller firms to increase market share (Hofer and Schendel, 1978).

Of the 37 descriptions used by managers, four were not previously noted from the literature. These were:

Close down facility and improve others rather than invest in new facilities

Price squeezing

Maintain strong marketing and manufacturing teams

Generation of new customers/new deals.

For the "Turnaround" strategy, all except two characteristics were mentioned. These were:

Enlisting government assistance (James, 1974).

Major plant construction or expansion/modernization (Schendel, _et al_., 1975).

Of the 28 descriptors, five were not previously noted. These were:

Get every ton to market.

Hold on to prices.

Close coordination of personnel.

Cooperation and hard work from everyone.

Joint ventures.

Convergent results were obtained from the identification of strategy through multiple sources, including the expert panel, and the item comparison as shown in Figures 34 - 39. It is concluded that these descriptions have convergent validity and interrater reliability and that, indeed, there are patterned regularities in business-level strategies that are able to be described generically; this conclusion pertains at least for three of the four strategy types, since no "Harvest" firms were part of the sample. The first hypothesis is accepted.

Implementation of Strategy (H_2)

The second hypothesis questioned whether or not these generic strategies were implemented differentially; that is, do managers exhibit different activities, skills and managerial styles depending on which strategy is to be implemented? Specifically, the hypothesis was:

> H_2 There are significant differences in managerial activities, skills/background, and orientations associated with generic strategies.

The research methodology used to test this hypothesis and to provide the means by which to explore further this relationship, was the application of the "Strategic Manager Position Description Questionnaire" (Appendix III) to the 24 managers identified as operating under one of the three strategic types.

Two stages of analysis were used to interpret the findings from the data collected from these 24 responses. First the responses to the SMPD questionnaire were analyzed for significant differences in the individual items across the three groups and for each set of strategies taken two at a time. Second, the patterns of item relationships in the SMPDQ questionnaire responses were examined to consider the differences in managerial dimensions and overall roles related to each strategic type. These analyses also were used to evaluate whether the managerial items were associated with strategy types, as predicted in Chapter II.

Strategy-Differentiating Items

The first stage in investigating the second hypothesis of strategy-contingent activities is that of testing whether there are significant differences in the managerial elements across the three strategies. The Kruskal-Wallis H test was applied to the responses for each item. The Kruskal-Wallis one-way analysis of variance by ranks tests whether k independent samples are from different populations. This test was chosen as appropriate to the data due to its small sample nature and the lack of evidence to enable assumption of normal distribution as required by the parametric "F" test.

> The Kruskal-Wallis test seems to be the most efficient of the non-parametic test for k independent samples. It has power-efficiency of $3/\pi = 95.5$ percent, when compared with the F test, the most powerful parametric test. (Siegel, 1956, p. 194).

Using a 90% confidence interval, 24 of the 86 items were found to be significantly different, as shown in Figure 40. Of these, 20 were significant at the 0.05 level or lower.

Having identified these items as coming from different populations, it was desirable to identify for each item precisely where the differences lie among the three groups.

Accordingly the Mann-Whitney U-test was applied to the responses for each item. This is one of the most powerful of the non parametric tests, useful as an alternative to the "t" test when there is lack of evidence for the assumption of normal distribution (Siegel, 1956, p. 116). The comparison was made for the responses for two of the three strategy categories at a time. Thus, for item n, the responses for Strategy I and II, then I and III, then II and III respondents were tested. Using the same confidence interval Figure 41 summarizes only the differences found significant at the 0.05 level or lower, giving the exact 2-tailed p, corrected for ties.

Thirty-five separate comparisons were found significantly different; chance (at the .05 level) alone would be expected to account for only 12.9 significant differences, so the pattern of differences is not able to be attributed to chance alone. Ten of the 35 significant differences crossed strategy types; for example, item 15 was significantly different for Strategy II and Strategy I as well as

Figure 40

Kruskal-Wallis H One-Way Analysis of Variance of Strategic Groups I, II and III Significant Difference Results

Item	Exact 1-Tailed p Corrected for Ties	Level of Significance
6	0.026	0.050
10	0.004	0.005
15	0.033	0.050
19	0.025	0.050
22	0.079	0.100
24	0.010	0.050
25	0.060	0.100
28	0.006	0.010
29	0.062	0.010
31	0.037	0.050
32	0.097	0.100
34	0.006	0.010
37	0.038	0.050
42	0.076	0.100
44	0.039	0.050
51	0.005	0.005
56	0.004	0.005
57	0.040	0.050
61	0.049	0.050
70	0.001	0.005
75	0.002	0.005
81	0.030	0.050
82	0.011	0.050
83	0.049	0.050

Figure 41

Mann-Whitney U Significant Difference Results

Response Comparisons Between Strategies

	I and II		I and III		II and III	
Item No.	Exact 2-tailed p, corrected for ties	Sig. Level	Exact 2-tailed p, corrected for ties	Sig. Level	Exact 2-tailed p, corrected for ties	Sig. Level
6	0.0078	0.010				
10	0.0026	0.005	0.0281	0.050	0.0451	0.050
15	0.0334	0.050			0.0247	0.050
19	0.0180	0.050	0.0187	0.050		
20	0.0355	0.050				
22					0.0414	0.050
24	0.0132	0.050	0.0072	0.010		
25			0.0249	0.050		
28	0.0090	0.010	0.0053	0.010		
29	0.0345	0.050	0.0602	0.050		
30	0.0348	0.050				
31	0.0118	0.050				
34	0.0030	0.005	0.0243	0.050		
37					0.0138	0.050
42	0.0308	0.050				
44					0.0133	0.050
51	0.0024	0.000	0.0235	0.050		
56	0.0015	0.050				
57	0.0104	0.050				
61	0.0260	0.050				
70	0.0113	0.050	0.0025	0.005	0.0203	0.050
75	0.0014	0.005				
81	0.0108	0.050				
82	0.0059	0.010				
83	0.0194	0.050			0.0349	0.050

for Strategies II and III. Figure 42 identifies the content of these significantly different items. Two items (numbers 20 and 30) were found significantly different under the Mann-Whitney test but not the Kruskal-Wallis test. One item (no. 32) was found significant under the Kruskal-Wallis but not the Mann-Whitney.

This analysis of differences among groups, based on individual items, shows that there are significant differences in managerial elements associated with each of the strategic types as suggested in the second hypothesis. What is more meaningful, however, is the concept of configuration analysis - that is, that there may exist patterns of relationships among the separate items which are differentially associated with strategies; in other words, separate strategies are characterized by configurations or clusters of individual managerial elements, the whole of which explain more than the separate elements independently (following Mintzberg, 1975). Such patterns are capable of allowing more richness of insight, introducing parsimony to the separate results. Many individual items would of necessity differentiate across roles, whereas what characterises and differentiates any particular role is the set of elements; this rationale is consistent with arguments put forth by Miller and Mintzberg (1983) that such configurations are richer and more powerful than what they consider over-simplified, cross-sectional bivariate relationships. Too often, as noted by Miller (1981):

Figure 42

Attributes and Content of Strategy-Contingent SMPDQ Items

Item	Strategy	M	S.D.	Job Content
6	I	2.750	1.035	Controlling Costs
	II	3.889	0.333	
10	I	1.000	0.926	Instituting technical changes
	II	3.220	1.093	for increased productivity
15	I	0.875	0.991	Strictly controlling
	II	2.111	1.167	expenditures
	II	2.111	1.167	
	III	0.857	0.690	
19	I	0.500	0.756	Orientation:
	II	2.333	1.581	Administrative, routine style
	I	0.500	0.756	
	III	2.286	1.496	
20	I	0.375	0.744	Reducing capacity and
	II	1.556	1.333	winding down operations
22	II	2.333	1.000	Orientation: risk-taking
	III	3.429	1.134	
24	I	1.875	0.835	Doing financial review,
	II	3.222	1.302	analysis, and control
	I	1.875	0.835	
	III	3.429	0.787	
25	I	1.750	1.669	Activities to expand
	III	3.429	1.134	capacity
28	I	0.875	1.126	Planning for immediate
	II	2.667	1.118	reversal of cash-flow problem
	II	2.667	1.118	
	III	3.143	1.069	
29	I	1.125	1.458	Creating personnel programs
	II	2.667	1.225	for increased productivity
	I	1.125	1.458	
	III	2.429	1.134	
30	I	1.125	1.126	Redesigning product to gain
	II	2.333	0.860	specialized edge in homogeneous industry

Figure 42 (continued)

Item	Strategy	M	S.D.	Job Content
31	I	1.250	1.035	Planning for near-term
	II	2.778	0.972	cash generation
34	I	1.000	1.309	Creating and implementing
	II	3.333	0.866	programs to reduce unit cost
	I	1.000	1.309	
	III	2.714	1.113	
37	II	1.778	0.833	Activities to diversify into
	III	3.286	1.113	new areas of business
42	I	1.250	1.488	Instituting personnel
	II	2.778	1.093	reduction programs
44	II	3.333	0.707	Orientation: careful,
	III	2.000	1.000	conservative
51	I	1.750	1.035	Closely controlling budgets,
	II	3.556	0.726	capital expenditures, inventories
	I	1.750	1.035	
	III	3.143	1.069	
56	I	0.875	1.126	Instituting standardization and
	II	3.222	0.667	cost leadership procedures
57	I	1.000	1.309	Instituting personnel
	II	2.556	1.014	reorganization programs
61	I	1.500	1.512	Developing and optimizing
	II	3.111	0.782	use of capital equipment
70	I	0.750	1.035	Analysing decline of organi-
	II	2.111	0.928	zational/unit viability.
	I	0.750	1.035	
	III	3.286	0.756	
	II	2.111	0.928	
	III	3.286	0.756	
75	I	0.875	0.835	Evaluating cost/volume
	II	3.222	0.972	relationships and implementing any necessary change to maintain most profitable capacity level

Figure 42 (continued)

Item	Strategy	M	S.D.	Job Content
81	I	0.500	0.756	Background: Engineering
	II	2.000	1.118	
82	I	1.125	1.126	Background: Production/Operations Management
	II	3.000	1.000	
83	I	3.125	0.991	Background: General management/ administration
	II	4.000	0.000	
	II	4.000	0.000	
	III	3.571	0.535	

> There is a tacit assumption that the same relationship between the variables will hold in different contexts. Relationships are usually treated as linear, and no attempt is made to segment the sample to find if the nature of relationships varies from one part of the sample to another. (Miller, 1981, p. 4)

Accordingly, analysis of strategy-contingent clusters of elements was undertaken in order to examine the underlying dimensions and role patterns by which each strategic role may be differentiated.

Analysis of Role Patterns

In order to explore the underlying strategy-contingent dimensions of each role, cluster analysis was performed on the SMPDQ responses within each of three strategic types, independently, using a hierarchical clustering technique. This technique compares a series of score profiles over a series of variables and progressively associates them into groupings in such a way as to minimize an overall estimate of variance within clusters, based on the sum of squares of differences between correlated scores (Veldman, 1967).

Upon inspection of the cluster items so derived, some clusters were found inappropriate for further consideration because of their low average response means, restricted range, and nature of items; these factors indicated that the intercorrelation of those clusters was based on a negative rather than a positive identification with the role; that is, that the correlations were based on their similarity of low scores and their non-applicability to that strategy.

Exclusion of these clusters left reduced sets of interrelated items differentially and positively associated with each role. Thus unique, internally homogeneous clusters of variables were found for each strategic type. These cluster sets, or differential role patterns, may be used to provide a rich description of the manner in which the variables uniquely interact for each strategic job. For each of these clusters, the Cronbach Alpha statistic was computed. This statistic was used to determine the reliability of each cluster of intercorrelated items and thus the strength of each underlying dimension and its unique applicability to that strategic role.

In addition, because of the differential strategy relationship indicated by the cluster analysis, the Cronbach Alpha statistic was calculated for each cluster under each of the three strategy types. This was undertaken to assess the extent to which cluster reliability was affected by the type of strategy, since each cluster was considered "naturally" to fit a particular strategy and not others. The clusters related to each strategic type, along with the reliability coefficient for all three types, are shown in Figures 43, 44 and 45. Inspection of the reliability coefficients confirms the differential strength of the association of those underlying dimensions with the strategy under which they clustered, and under which they were expected to cluster in accordance with their theoretical basis.

Figure 43

Type I ("Develop") Clusters

Item
1. Coordinating activities to research,develop and launch new products.
7. Investing company resources.
52. Developing and coordinating a group of marketing and Research and Development experts.
54. Hiring, developing, training new personnel (or overseeing these programs).
78. Experience: Research and Development.
79. Experience: Finance.

Cronbach Alpha Reliability Coefficients

Type I	Type II	Type III
0.89634	0.24817	0.32097

Cluster dimension: Research and Development.

****

17. "Entrepreneurial" experience and contacts.
47. Taking on the challenge of creating and developing new business ventures.

Correlation:

Type I	Type II	Type III
0.80539	0.22613	0.50875

Cluster dimension: Entrepreneurship.

****

14. Acquiring and evaluating information regarding new potential markets/products.
41. Motivating/leading/coordinating personnel to gain cooperation.
45. Developing and maintaining network of external contacts to investigate and get feedback regarding business trends and opportunities.
59. Gaining support for and implementing highly competitive plans for new product ideas.
73. Maintaining close contacts internally and externally to provide for rapid reaction to market or technological changes.
77. Experiente: Marketing
80. Experience: Marketing Research.

Type I	Type II	Type III
0.90173	0.62907	0.44271

Cluster Dimension: Marketing Research Environment Network.

****

35. Aggressively pursuing new market opportunities.
72. Evaluating and determining appropriate strategic changes.
86. Strong leadership.

Type I	Type II	Type III
0.91099	-0.35455	-0.03750

Cluster Dimension: Leadership, regarding new opportunities.

Figure 44

Type II ("Stabilize") Clusters

Item

6. Controlling Costs.
40. Maintaining external relationships and strong cooperation from suppliers, distributors, customers, etc.
51. Closely controlling budgets, capital expenditures, inventory.
81. Experience: Engineering.
84. Experience: Applied engineering.

Cronbach Alpha Reliability Coefficients

Type I	Type II	Type III
-0.43137	0.83333	0.71856

Cluster Dimension: Control: Financial; Costs/margin.

****

3. Securing new capital, externally or internally.
44. Maintaining operations through conservative and careful control.

	Type II	Type II	Type III
Correlation:			
	-0.25608	0.61872	-0.32733

Cluster Dimension: Maintaining Operational Competitiveness.

****

10. Encouraging and supervising technical innovation for for increasing productivity (i.e., new equipment/automation for production).
23. Analyzing and planning for high efficiency of operations.
33. Refining quality of product to meet customer specifications.
34. Considering and implementing new programs to reduce unit costs.
45. Developing and maintaining network of external contacts to investigate and get feedback regarding business trends and opportunities.
49. Supervising employees to provide for cost efficiency through continuity and coordination, motivation and communication.
69. Instituting "quantitative" operations techniques.
78. Experience: Research and Development.
82. Experience: Production/Operations management.

Type I	Type II	Type III
0.79494	0.90928	0.62364

Cluster Dimension: Production Efficiency; Quality Niche.

****

7. Invest company resources.
42. Instituting personnel reduction programs.
79. Experience: Finance.
86. Experience: Leadership.

Type I	Type II	Type III
0.43029	0.73278	0.48889

Figure 45

Type III ("Turnaround") Clusters

Item

46. Making and rigidly implementing decisions that involve loss and failure to company and personnel.
66. Utilizing previous contacts and experience to change the direction of declining operations.
67. Offering high price/high quality products, or some form of special warranties, service or distribution system, etc.

70. Analysing decline of organizational/unit viability.

Cronbach Alpha Reliability Coefficients

Type I	Type II	Type III
0.40244	0.57748	0.91508

Cluster Dimension: Analysing Decline→Decisions

****

25. Expanding capacity (i.e. acquiring new plants, facilities, personnel).
31. Planning for near-term cash generation.
37. Diversifying into new areas of business.
38. Maintaining outside contacts and relationships necessary for financial aid to company.
39. Evaluating and implementing acquisition of new businesses/ mergers, etc.
41. Motivating/leading/coordinating personnel to gain cooperation.
45. Developing and maintaining network of external contacts to investigate and get feedback regarding business trends and opportunities.
48. Meeting the challenge of "backing a loser" by strong, decisive action against all odds.
72. Evaluating and determining appropriate strategic changes.

Type I	Type II	Type III
0.47333	0.72642	0.86345

Cluster Dimension: Reversal/New Directions.

****

Item

3. Securing new capital, externally or internally.
7. Investing company resources.
22. Making decisions regarding actions involving high risk.
36. Operating under crisis situation.
43. Operating under pressure of uncertainty, complexity, and occasional failure.
47. Taking on the challenge of creating and developing new business ventures.
50. Evaluating and implementing acquisitions, mergers, integration, diversification programs, etc.
61. Developing and optimizing use of capital equipment (plant rationalization).
79. Experience: Finance.
83. Experience: General Management.

Type I	Type II	Type III
0.49828	0.57054	0.92462

Cluster Dimension: Crisis/Risk/Challenge.

****

4. Phasing out unprofitable markets.
6. Controlling costs.
11. Engaging in independent decisions and actions.
21. Engaging in activities to increase market share.
24. Doing financial review, analysis, and control.
29. Designing and implementing personnel programs for increasing productivity.
34. Considering and implementing new programs to reduce unit costs.
51. Closely controlling budgets, capital expenditures, inventory.
73. Maintaining close contacts internally and externally to provide for rapid reaction to market or technological changes.

Type I	Type II	Type III
0.42508	0.68808	0.94549

Cluster Dimension: Financial and Cost control; Rationalizing product line.

****

1. Coordinating activities to research, develop and launch new products.
16. Concentrating on large customers and weeding out marginal, low-volume accounts.
62. Communicating closely with personnel at all levels to resolve conflicts and coordinate rapid change.
82. Experience: Production/Operations Management.

86. Experience: Strong Leadership.

Type I	Type II	Type III
0.34185	-0.45759	0.89854

Cluster Dimension: Production/customer change.

The original number of managerial dimensions was thus reduced to a small set of dense, internally homogeneous clusters, or role pattern dimensions, associated with each strategic type. Shown also in Figures 44, 45 and 46 is a logical attempt by the researcher to "name" these dimensions. However, since this is subjective, these might better be left as unnamed factors. These clusters may be summarized as follows.

For the "Develop" strategic manager, one response cluster comprised those elements necessary to seek out, research and develop new products; these elements included investment, coordinating specialists, and skills of Research and Development and of Finance. This dimension deals overall with research and development. A second cluster deals with the market research environment/information network. This entails developing and maintaining networks both externally and internally in order to provide the information and support necessary to exploit opportunities, and communication to facilitate rapid reaction to change in the marketplace. Personal factors of Marketing and Marketing Research skills and competitiveness, innovation and flexibility are part of this dimension. A third cluster apparently relates to an entrepreneurial dimension of experience, contacts and creativity related to new business ventures; and a fourth relates to leadership and aggressiveness toward new opportunities.

The "Stabilize" strategic manager elements clustered as follows. One dimension deals with production efficiency, including implementing techniques for increasing technical and personnel efficiency and productivity, and personal factors of "quantitative" orientation and Production/Operations Management background. This also emphasized a product quality specialization. A second cluster apparently relates to control factors - financial and cost/margin control activities, and included skills of Engineering and Applied Engineering; a third relates to maintenance; and a fourth included Finance and Legal background, and activities of investment and personnel reduction programs. As it can be seen from the reliability coefficients, whenever production efficiency and cost control elements are involved, the "gap" between Type II and Type III is narrowed. This is because these are strong components of the Type III strategic role, although they do not alone represent that role. The efficiency dimension, in fact, seems fairly important across all roles but only "clustered" for the Type II.

For the "Turnaround" strategic manager there were more clusters. This is expected, since this strategy usually includes substrategies similar to the other two types in some unique combination, along with elements peculiar to the strategy itself. One cluster apparently deals with the initial stages of analysis of decline, experience, contacts, decision-making, etc. A second dimension seems to be that of crisis/risk/challenge; a third is viewed here as one of reversal/new directions in terms of financial aid and contacts, to generate investment for expansion, diversification, etc. The other two seem to deal with tightening up existing operations, one through financial and cost control activities and rationalizing the product line, with much managerial autonomy indicated; the other through co-ordinating change, concentrating on large customers, with skills of strong leadership and Production/Operations management.

Individual item differences show only the variability of each item regardless of its relationship to the total system (role). As shown by the analysis, however, the analysis of how those individual items differentially combine and relate to one another across strategies shows the importance of recognizing that it is the nature of the interrelationships of sets of items, or "Gestalts" (Khandwalla, 1982; Miller, 1981; Miller and Mintzberg, 1983), which defines role patterns, or unique configurations of items for each strategic type. This is highlighted by some examples where the same item occurs in clusters for two different strategies, but the nature of their different meaning becomes apparent because of the different configurations. Item 78, Research and Development experience, for example, occurs in strategies I and II. However, the way they cluster makes apparent the differential nature of the application of Research and Development experience in the relative context. For Type I, "Develop", this item clusters with others relating to research and development of new products, whereas for Type II , "Stabilize", it clusters with items relating primarily to manufacturing processes for increased efficiency (as noted from inspection of the correlation matrix). This, in fact, was expected from information gained during interview discussions. Item number 3, securing new capital, occurs in a cluster for "Stabilize" with operational maintenance. As recalled also from interviews, this relates to capital reinvestment for maintaining competitive advantage - that is technological updating. For the "Turnaround" manager, however, the attainment of new capital is linked mostly with new business ventures, acquisitions, etc. as shown by those items with which item 3 most highly correlates in this Type III cluster (numbers 47 and 50). Item number 6, controlling costs, would seem to mean the same for Types II and III, but represent more of a central focus for Type II, whereas for Type III it is more part of a larger total rationalization program. Thus, it is more important to understand the total role patterns and how they differentiate, than to examine individual item differences. Such individual job variables do not operate in isolation, but as a complex set of interrelated variables which make up and differentiate the strategic managerial role, as shown by the unique sets of clusters derived from the cluster analysis.

Of the 86 SMPDQ items, a total of 12 items failed to be differentiated by a strategy-related cluster or individual item difference, after discounting those related specifically to the "Harvest" situations not represented in the data. These are shown in Figure 46. Of these, four were present in strategy-related patterns for each group. These were no. 7., investing company resources; 45, developing and maintaining network of external contacts; 79, Finance experience, and 86, strong leadership. As noted above, however, while these items are universal on one level, the manner in which they differentially cluster reveals more specifically their relationships and application to the particular strategic role. The remaining items were apparently not sufficiently differentiable to be associated with any of the strategy contingent dimensions. Interpretation of these items reveals that they are in fact related to commonly known universal managerial functions. Items 26, 27, 53 relate to Planning; 12 to Organizing; 13 to Directing; and 60, 65, and 68 to Controlling, (following Koontz and O'Donnell, 1955).

In Chapter II, managerial role elements had been predicted to be associated differentially with strategies. Comparing the data findings and these variables shows which strategy-contingent associations are confirmed. Figure 47 shows the predicted variables and the questionnaire item numbers for those confirmed.

For strategy type I ("Develop"), the items of managerial activities, background/skills, and orientations were identified for which the cluster-group data showed differential patterns by strategy. Those items predicted for this strategy in Chapter II were compared with the cluster items. All predicted items were confirmed except those of long-range planning, coordinating diverse operations, general ma-

Figure 46

Non-Differentiating Items Across Strategies

Items present in patterns for all groups:

7. Investing company resources.

45. Developing and maintaining network of external contacts to investigate and get feedback regarding business trends and opportunities.

79. Finance experience.

86. Strong leadership experience.

Items not differentiated by pattern or item analysis:

12. Instituting systematic, standardized procedures.

13. Coordinating diverse operations.

26. Planning based on maintenance of current earnings.

27. Long-range planning for development of products and/or markets for long-term growth and profitability, even at expense of short-term returns.

53. Detailed, systematic planning and analysis of operations - reviewing reports, budgets, inventory control, etc.

60. Evaluating long-run potential for profitability of organization or unit.

65. Overseeing negotiations with suppliers, distributors, customers, to provide for continuity of earnings margin.

68. Disseminating information within the organization regarding potential business opportunities and competitors' actions.

Figure 47

Comparison of Research Findings with Predicted Managerial Requirements

Strategy Type I ("Develop")

Activities	Confirming Item
. Long-range planning for development of products/services and/or markets for long-term growth and profitability (following Abell and Hammond, 1979; and Channon, 1979).	-
. Development and coordination of management group of marketing and research and development experts (following Miles and Snow, 1978; Gernstein and Reisman, 1983).	52
. Build technical, marketing competence (Channon, 1979; Gernstein and Reisman, 1983).	52
. Develop network to scan and constantly monitor environment for conditions, trends and opportunities (following Miles and Snow, 1978).	14 45,73
. Information monitoring and dissemination (following Miles and Snow, 1978).	14
. Seek out and exploit new product and market opportunities (following Buzzell, et al., 1975, and Miles and Snow, 1978).	35, 5[illegible]
. Develop and maintain reputation as "leader" in innovation and product and market development (following Miles and Snow, 1978).	Not Tested
. Secure capital for introduction and development stage (Hofer and Schendel, 1978).	7
. Activities to expand capacity - e.g., add new plants, new facilities, add personnel; committment of company resources (following Channon, 1979; Hofer and Schendel, 1978; Miles and Snow, 1978).	54
. Activities concerned with development of new businesses, monitoring activities of competitors, feedback from customers (following Miles and Snow, 1978).	14, 45
. Decisions "committing organization to bold courses of action" (Mintzberg, 1973b).	39, 47
. Planning and coordination of diverse operations (following Gernstein and Reisman, 1983; and Miles and Snow, 1978).	-

Activities (Cont'd.)	Confirming Item
. Activities involving close and direct communication, integration and conflict resolution, to facilitate rapid change in operations and objectives across organizational lines, rather than by bureaucratic procedures (Burns and Stalker, 1961; following Miles and Snow, 1978; and Lawrence and Lorsch, 1967).	73
. Operate under conditions of autonomy and personal commitment of bold decisions and company financial resources (following Mintzberg, 1973).	7
Skills/Background	
. Strong marketing and/or research and development background and skills (following Galbraith and Schendel, 1983; Miles and Snow, 1978; Patton, 1959).	77
. General management background (Adizes, 1979; and following Snow and Hrebeniak, 1980).	—
. Planning capabilities (following Miles and Snow, 1978; and Wisseman, *et al*., 1980).	72
. Leadership skills - communication, integration (Katz, 1955).	86 73
. Engineering background (following Fox, 1973; Snow and Hrebeniak, 1980).	81
. Ability to build technical and marketing competence (Gernstein and Reisman, 1983).	52
Orientations	
. "Entrepreneurial" style (Adizes, 1979; Channon, 1979; Hofer and Davoust, 1977).	17
. Ambitious (Channon, 1979).	59
. Aggressive (Channon, 1979).	35
. Tolerance for high risk (Channon, 1979; Gupta and Govindarajan, 1982; Wissema, *et al*. 1980).	—
. Competitive; enjoys new challenges; motivated by achievement (Channon, 1979; Wissema, *et al*., 1980).	59 47
. Creative (Geller, 1980; Wissema, *et al*., 1980).	47

Orientations (cont'd.)	Confirming Item
. Flexible (following Miles and Snow, 1978; Wissema, et al., 1980).	73
. Divergent (Wissema, et al., 1980).	-
. Extrovert (Wissema, et al., 1980).	73
. Ability to operate under pressure of complexity and uncertainty, and occasional failure (following Channon, 1979, and Gupta and Govindarajan, 1982).	-

Strategy Type 2 ("Stabilize")

Activities	
. Responsible for overall planning, organizing and controlling of operations (following Channon, 1979).	Not Tested
. Activities to increase productivity (Channon, 1979).	10, 23, 49
. Detailed systematic planning and formal analysis (Channon, 1979).	23
. Any activities required to implement tight cost control, inventory control (following Porter, 1980; Channon, 1979; Fox, 1973; Galbraith and Schendel, 1983).	6, 34, 51
. Review of reports, budgets, etc. (following Porter, 1980).	51
. Coordinate, motivate and communicate to provide continuity and efficiency (following Channon, 1979; Porter, 1980).	49
. Maintain consumer and trade loyalties (Wasson, 1974).	40
. Close control of budgets and capital expenditures (following Channon, 1979).	51
. Marketing management activities when necessary to "focus" on a market segment (following Porter, 1980).	Not Tested
. Maintain market share through product/service differentiation (following Galbraith and Schendel, 1983; and Porter, 1980).	10, 83

Skills/Background	Confirming Item
. Strong background in production (Adizes, 1979; following Miles and Snow, 1978; following Snow and Hrebiniak, 1980).	82
. Background in financial management.	79
. Background in general management (following Miles and Snow, 1978).	83
. Strong administrative control background (Adizes, 1979; Gerstein and Reisman, 1983).	86
. Skills in analysis and planning for operational efficiency ("scientific management" techniques) (Gerstein and Reisman, 1983).	23
. Marketing skills (following Fox, 1973).	-
Orientations	
. Conservative and careful focus (Geller, 1980).	44
. "Maintenance" management style, satisfied with proven techniques and small growth (Wissema, et al., 1980).	44
. Quantitative orientation - "systematic attainment of goals stated in precise quantitative terms" (Mintzberg, 1973b, "planning mode").	69
. Content with routinization and following profit strategies rather than growth or share-increasing strategies (Wissema, et al., 1980).	-
. Strong administrative control (Wissema et al., 1980).	86

Strategy Type 3 ("Turnaround")

Activities	
. Analyze cause of decline (Hofer and Schendel, 1978; Gernstein and Reisman, 1983).	70
. Evaluate and determine appropriate reversal strategies (Hofer and Schendel, 1978; Gernstein and Reisman, 1983; Schendel, et al., 1976).	72
. "Nail down" all the cash (following Hofer and Schendel, 1978).	31

Activities (cont'd.)	Confirming Item
. Improve efficiency and effectiveness of existing strategic implementation (Hofer and Schendel, 1978; Schendel, et al., 1976).	24,29, 51,61
. Install new budgeting and control system, cost cutting programs (Schendel, et al., 1976).	6,24, 34,51
. Institute changes in management where appropriate (transfers, terminations, hiring new personnel, training programs, etc.) (following Schendel, et al., 1975).	29
. Liquidate unprofitable subsidiaries/divisions (following James, 1974; and Schendel, et al., 1975).	4
. Sell off assets (following James, 1974; and Hofer and Schendel, 1978).	4
. Evaluate and implement diversification programs (following Schendel, et al., 1975).	37
. Evaluate and implement appropriate merger and/or integration activities (following James, 1974).	39 ,50
. Negotiate acquisitions or divestitures (following Schendel, et al., 1975).	39 50
. Maintain close relationships outside the company (following Schendel, et al., 1975).	45
. Utilize contacts in attaining financing, etc. (following James, 1974).	3, 38
. Oversee major plant and expansion construction (Schendel, et al., 1976).	7, 25
. Introduce new products and marketing plans, and/or cut out old products/markets (following James, 1974).	1, 4, 21
. Implement layoffs where necessary when cutting back units or capacity, and/or reorganize staff and provide retraining (following James, 1974, and Schendel, et al., 1975).	29 , 46
. Constant watch on the "bottom line" (Chang, 1980).	6,24, 51

Activities (cont'd.)	Confirming Item
. Negotiate with creditors (following Chang, 1980, and Gerstein and Reisman, 1983).	-
. Motivate and lead to gain cooperation in crisis situation (following Gerstein and Reisman, 1983, and Hofer and Schendel, 1978).	36, 41, 62, 73
Skills/Background	
. General management and finance skills (following Chang, 1980).	83, 79
. Experience and reputation for "rescuing companies" (following Chang, 1980).	66
. Wide range of "useful" contacts in the business and financial markets (following Chang, 1980).	38, 66
. Ability to handle crises and make tough decisions (following Chang, 1980; Gerstein and Reisman, 1983).	11 36
. Ability to evaluate and plan new directions (following Gerstein and Reisman, 1983; Hofer and Schendel, 1978; and Schendel, *et al.*, 1976).	72
. Human relations/leadership skills - to "rally the troops"; to work well with creditors, to make personnel changes, etc.	86
Orientations	
. Enjoys a challenge/achievement motivated	36, 47
. Analytical, "hard-nosed" businessmen	51
. Willing to work long hours and make many tough decisions in a crisis	11, 22, 36
. Tolerance for high risk	22 43

nagement background and high risk tolerance.

Similarly, for strategy Type II ("Stabilize"), comparison shows confirmation of all predicted relationships, except Marketing skills, and "being content with routinization".

For strategy Type III ("Turnaround"), comparison shows confirmation of all predicted items, except that of "negotiating with creditors".

As summarized in Figure 47, therefore, almost all of the variables predicted and tested in the research were confirmed by the data.

Clearly, the data show confirming links between the implementation characteristics of the manager and his/her job, and the abstract, conceptual strategy descriptions found in the literature. That is, managers do enact certain generic strategic missions as perceived in the literature and by their own top managers, and they do enact them differentially, depending on the strategy under which they operate.

In addition to information regarding managerial characteristics and skills revealed by the data from the questionnaire, comments regarding the strategic managers, both by themselves and by others, were noted during the interviewing process. These are noted in Figure 48.

For the "Developer", therefore, an entrepreneurial, competitive, risk-taking manager, with a marketing background and skills, etc., is portrayed by these comments. This supports the profile developed from the configuration analysis in Figure 43, except for the risk-taking, although, for the most part these were not found to be significant differences in the Mann-Whitney test.

Of the few comments noted for the "Stabilizer", those of "conservative", "careful", and "numbers-oriented", confirm the patterns in Figure 44. These were also found to be significantly different from Type I in the Mann-Whitney U test.

For the "Turnaround" artist, such factors as risk-propensity, strong leadership skills, liking challenge, taking bold action, making tough decisions, etc., supported the role patterns shown in Figure 45. Only risk propensity was found to be a significantly different item in the Mann Whitney U test.

Figure 48

Descriptions Regarding Strategic Managers Made During the Interviewing Process

Type 1 - "Develop"

- "Entrepreneurial" background
- Successfully building business both for self and for company
- Good communication and leadership skills
- Likes taking risks
- Able to use experience to predict future trends - knows what customer wants
- Creates sales as well as process
- Market/sales driven
- Builds on company strengths
- Willingness to experiment
- Drive/motive
- Self-made entrepreneur (built own business)
- Knows business thoroughly
- Associated with people
- Enjoys risk
- Reputation for successful developer
- Likes challenge, risk and excitement
- Sense of humour
- Understanding of organization
- Can convince (superior) what needs to be done
- Ability to deal with people; everyone likes him, although (he is) sharp operator
- Control of detail

Figure 48 (continued)

Type II - "Stabilize"

- "Solid"
- Conservative
- Well-rounded
- Careful
- Numbers-oriented
- "Hard-nosed"
- "Seasoned pro"

Type III - "Turnaround"

- Experience in Turnaround situations
- Likes risk taking and challenge - have to like it otherwise don't survive
- "Participative" management style
- Mechanical engineering and management background
- Strong manufacturing background and expertise
- Thrives on new challenge - the meaner and tougher, the better
- Reputation and background in Turnaround situations
- Knows business inside and out
- Takes bold action
- Strong leader - creates "Patton" quality - sense of "savior"
- Communicates strength and confidence
- Commands people's respect and following
- Confident; serene
- Strong corporate training

Strategy-Induced Variation (H_3)

The third hypothesis is:

H_3 Variations in managerial activities, backgrounds and orientations will be more strongly associated with strategy type than such organizational characteristics as industry type or firm size.

To test this hypothesis, the differential effects of strategy and of organizational characteristics on the responses were investigated. Separate effects of these two treatments, and their joint effects, on the executives' responses were to be considered. Two-way analyses of variance were run on each questionnaire response item for the entire sample, using the regression approach to take into account the unequal cell frequences, (Nie, Hull, Jenkins, Steinbrenner and Bent, 1975). Main effects investigated were strategy type, industry type (manufacturing/non-manufacturing), and company size (large/small, with firms categorized by the median number of employees in the sample). Two-way interaction effects considered were strategy type-industry type, and strategy type-company size. Figure 49 details the significant effects by response item, and shows the relative sources of variance from the different effects studied. A detailed discussion of the

Figure 49

Analysis of Variance: Items Found Significant*

Item	Total Main Effect	Strategy Type	Co. Type Man/non-Man	2-way Interaction	Total Var. Explained
10	0.008	0.005	-	-	0.015
19	0.046	-	-	-	-
24	-	0.039	-	-	0.043
26	-	-	0.045	-	0.046
28	0.010	0.005	-	-	0.010
30	-	-	-	0.019	0.021
31	-	0.033	-	-	-
34	0.003	0.005	-	0.023	0.023
40	-	-	0.012	-	-
51	0.002	0.027	-	0.007	0.001
56	0.001	0.012	0.003	-	0.001
61	0.045	-	-	0.017	-
62	-	-	-	-	-
63	-	-	-	0.020	0.042
65	-	-	0.030	-	-
68	-	-	-	0.014	-
70	0.001	0.001	-	0.011	0.001
75	0.001	0.002	-	-	0.003
81	0.031	-	0.043	-	0.028
82	0.035	0.036	-	-	-
83	0.017	0.035	-	0.014	0.005
			Co. Size Large/Small		
6	0.029	-	-	-	-
10	0.021	0.023	-	-	0.012
19	-	0.035	-	-	-
24	0.029	0.024	-	-	-
28	0.009	0.004	-	-	0.008
30	0.043	-	0.043	-	-
31	-	-	-	0.047	0.019
33	0.041	-	-	-	0.049
34	0.011	0.010	-	-	0.020
37	0.009	0.038	-	-	0.023
42	0.026	-	0.041	-	0.044
43	-	0.033	-	-	-
51	0.014	0.013	-	-	0.016
56	0.005	0.003	-	-	0.007
57	0.037	-	-	-	-
70	0.001	0.001	-	-	0.003
75	0.001	0.001	-	-	0.001
82	0.033	0.037	-	-	-
86	0.012	-	-	0.001	0.029

*p 0.05.

implications of the ANOVA results is reserved for the next chapter. At this stage, it is appropriate to note that nine of the 11 items for which the strategy effect was significant in the first ANOVA, and all 12 in the second ANOVA, were singular in their effects; that is, for those items, significant amounts of response variance was explained by strategy type alone. Separately, four of the five items for which the strategy effect was significant in the first ANOVA, and both items in the second ANOVA, were singular in being company characteristics specific. Finally, four of the eight interaction effect items in the first ANOVA, and both interaction effect items in the second ANOVA, had significant amounts of variance explained only under the joint effect of the particular type (or size) of company employing particular strategies. Thus, for the most part, strategy type (operating alone or in combination with organizational characteristics) is a significant influence on reported managerial activities, skills, or backgrounds deemed appropriate. The first analysis of variance used strategy and industry as main effects and strategy type-industry type as the interaction effect. Twenty-one items were significant at p .05. Eleven items were significant for strategy, only five for industry. Those significant for strategy effects were various and without apparent pattern; they included the items of analysing decline of organization viability, production/operations background, general management background, doing review, analysis and control, and several items, for cost-leadership type activities. Those items significant for industry type included planning the maintenance of current earnings, engineering background, as well as those involving activities with external parties to negotiate cooperation, etc. For the interaction effect, eight items were significant. Interaction effect is the variance attributed to the two factors of strategy type and industry type operating jointly, beyond the separate influence of each of those independent variables.

The second analysis of variance used strategy and size as main effects. Sixteen items were significant for strategy, only three for size. Those significant for strategy effects were again a mixture, including diversification activities, operating under uncertainty, "careful", reversing cash-flow problems production/operations background. Those two significant for company size were activities to redesign product, and instituting personnel reduction programs. Two interaction effects, the additional variance due to strategy type and firm size jointly, were significant.

Figure 50 summarizes these relationships. The obvious conclusion is that item response patterns are influenced disproportionately by strategy over the influences of industry type or company size. The third hypothesis (H_3) is therefore accepted.

Figure 50

Analysis of Variance Results, Generic Strategy Validity

1. Main effects

Strategy type significant	:	11 items
Company type significant	:	5 items
Total main effect significant	:	12 items

Interaction effect

Strategy type x company type significant	:	8 items

2. Main effects

Strategy type significant	:	16 items
Company size significant	:	3 items
Total main effect significant	:	16 items

Interaction effect

Strategy type x company size significant	:	2 items

It should be noted that, while it was desired to test this hypothesis using analyses of variance, the use of such a parametric test would seem inconsistent with the prior use of the non-parametric tests of significance, the Mann-Whitney U and the Kruskal -Wallis H tests. These non-parametric tests had been used because of the lack of information regarding the distribution of the data; the wish and intent was to remain conservative rather than risk the violation of assumptions of parametric distribution. In order to assess the extent to which the parametric assumptions of the analysis of variance were violated, and hence whether ANOVA could be used, the Kruskal -Wallis and the Mann-Whitney calculations were compared with their parametric equivalents, the "F" test and the "t" tests, respectively. If a pattern of non-convergence of significance were observed, it could be concluded that the parametric distribution assumptions were invalid and thus that ANOVA could not be used. This comparison showed the following. For the Kruskal -Wallis H and the "F" test comparison, agreement on item significance was obtained in 21 out of 24 instances. For the Mann-Whitney U and "t" test comparison, agreement on item significance was obtained in 64 out of 75 instances. This analysis shows that the results of the parametric and non-parametric techniques agree sufficiently to conclude that the parametric assumptions of ANOVA are not violated radically by the data. Hence, the conclusions drawn from the analyses of variance may be regarded as derived appropriately. In addition, such tests as the ANOVA are considered to be robust (Nie, _et al._, 1975).

The data presented in this chapter have shown:

1) The existence and commonality of the three generic strategic types - "Develop", "Stabilize", "Turnaround", as described. The results have an extensive theoretical basis empirically confirmed through multiple sources of description and identification. Hypothesis one is accepted.

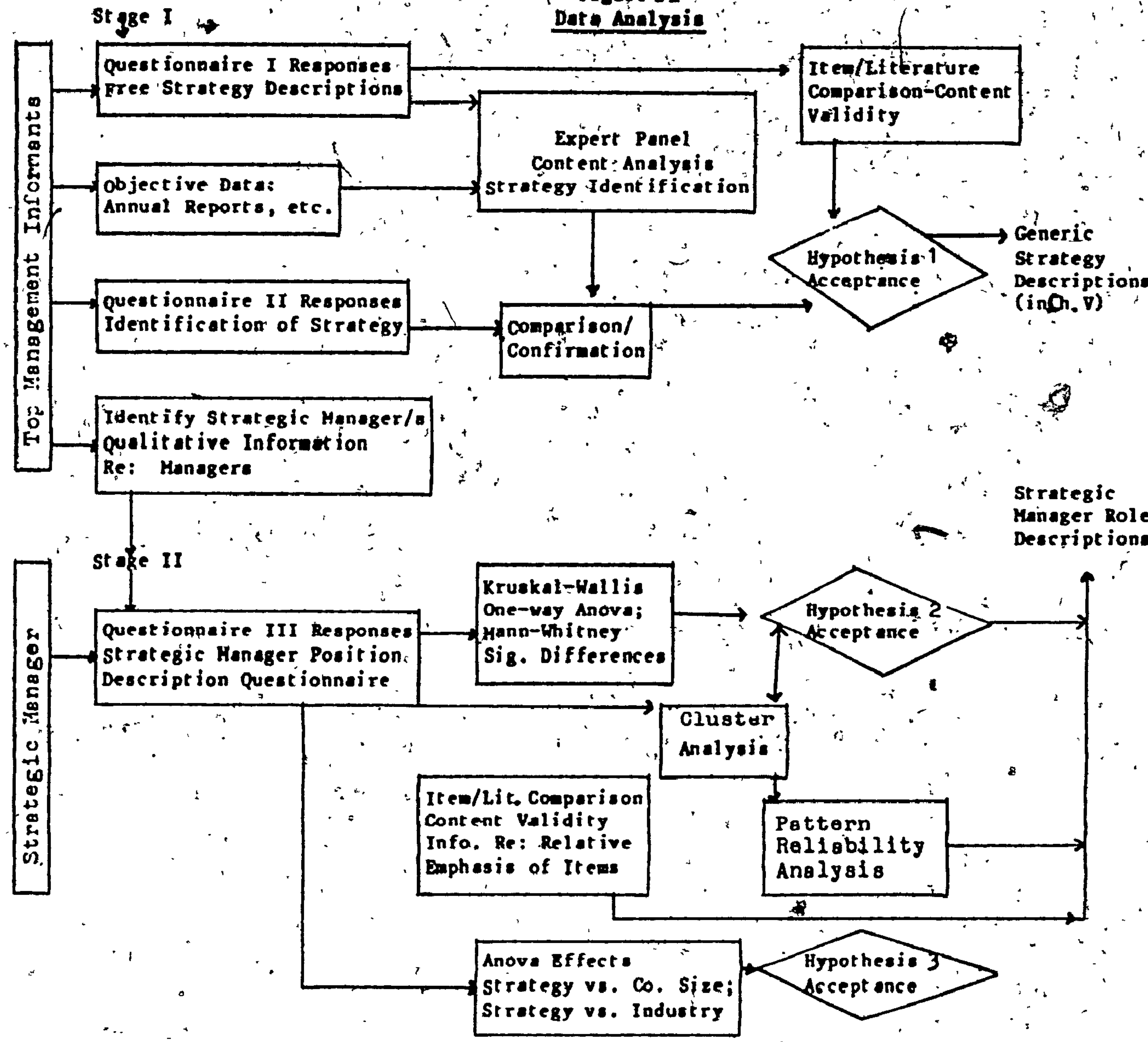
2) The differential nature of the implementation of these strategic types, in terms of differential patterns of managerial role elements associated with each strategic type. Certain elements were predicted from an extensive literature basis to be present in each strategic role. All except two elements were empirically confirmed, as reported by the respondents, to be parts of the interrelated patterns unique to each role. In addition, approximately one third of all items was found to be statistically significant across three strategic types when using the very conservative small sample tests. Fourteen items were found to be common to the three strategies, providing information regarding the two-tier (universal/contingent) nature of the strategic manager's role. Some of the remaining items can be discounted due to the lack of "Harvest" situations in the sample. Hypothesis two is accepted.

3) That strategy is a major and unique source of variation of the manager's role; far more so than the factors of company size or type. Hypothesis three is accepted.

The process of analysis of the data, acceptance of hypotheses, and development of descriptions of generic strategies and strategic manager role descriptions, is summarized in Figure 51.

The next chapter will present conclusions drawn from the findings, and the implications from these conclusions for the field of policy.

Figure 51
Data Analysis



CHAPTER V

Conclusions

The research results pertaining to each hypothesis were presented in Chapter IV. These hypotheses were accepted and additional findings were presented. This chapter reports the conclusions drawn from the results of this study as they relate to the issues and relationships between strategies and their implementors, and to their implications for the field of business policy.

Generic Strategies

It was proposed in this study that the many situational variables of strategic choice and activity would be found to be categorizable, on a broad level, regardless of industry, organization type or size. Distinct patterns were found in the data. It was concluded that the three independent generic strategies, "Develop", "Stabilize", and "Turn-around", define major types of classification by which to identify and research strategic operations. The existence and characteristics of generic strategic clusters were empirically confirmed. A lack of "Harvest" situations in the sample precluded this strategic type's being confirmed. The conclusions from the research results regarding each strategic type are as follows.

"Develop"

Those companies/units found to be operating under a "Develop" strategy were typically new, or "young" businesses (for example, a health diagnostic equipment manufacturer), those with a rapidly changing technology and product line (for example, a plastic packaging company and a merchant banking group), or those seeking to enter new fields in anticipation of increasingly stagnant or competitive existing markets (for example, an aluminum company).

The central strategic thrust found under the "Develop" category was that of long-term growth through finding and developing new product and market opportunities. This was met through constant communication with the relevant environments, in order to keep up with technological developments and to find opportunities in logical extensions of existing company strengths; required was the building of internal expertise of "marketing and technology people" to seek out and appraise opportunities. Innovation was emphasized. This took the form of the development of new technology and its application to new products, product innovation, and new processes, and by investing in contracts, patents, joint ventures, etc. Surprisingly, the emphasis on research and development was not always "in-house" but frequently "purchased" - i.e., contracted out.

The "challenge to be the leader" and "stay ahead of competition", was noted in the interviews of several CEOs. These requirements are expressed as market research experprise, needed to search for new markets in high-growth environments, including foreign markets.

Such product and market innovation was noted to require "investment and skill building to create new businesses", "risk management of new opportunities," and the flexibility of "rolling with the ball" and rapidly "adapting to new markets," as quoted by informants during the research. In addition, diversification sometimes took the form of new business acquisitions.

"Stabilize"

The "Stabilize" strategy was the most predominant strategic type in the sample. The sample companies/units operating under the "Stabilize" strategy were found in mature, stable industries; these industries included paper products, textiles, sugar, chemicals, glass products, and retail banking. The central strategic thrust for remaining viable in such homogeneous markets was through the price/cost margin. Such a strategy is to maintain both competitive position and earnings; the most predominant method was through a cost leadership approach, using efficient manufacturing processes and procedures. Cost control through "technical productivity" and "people productivity" was frequently noted by informants; as a result, capital reinvestment was required to remain competitive technologically on the basis of automation/production efficiency, and/or product innovation. Product streamlining, capacity utilization, and standardization were emphasized for this strategy.

The other part of this strategy by which to maintain competitive position was less predominant than the cost leadership component; this second aspect was that of defending a brand through some kind of market niche or specialization. Typically, this is through offering a high quality product and service, and through close contact with major customers to focus on their specific product, pricing, distribution needs, etc.

"Turnaround"

The essence of the "Turnaround" strategy was succinctly expressed by a CEO in the publishing industry, a person renown as a turnaround artist of very different types of organizations; this person said that a turnaround is a matter of "stopping the hemorrhage and rebuilding". The term "survival" frequently was used by respondents. Survival consisted of two main strategic components: urgent reversal of a cash flow problem and tightening up, and the redirection of the organization/unit if it is considered to be worth saving.

The first component, running a "tight ship" consists of cost and efficiency controls, as in the "Stabilize" strategy. It also includes rationalization of the product line -- i.e., phasing out unprofitable assets/units/products. For the second component, reorganization, diversification and expansion, acquisition, and mergers typically form the rebuilding stage of this strategy.

From the qualititative findings as well as the information gained in the confirmation of the strategic descriptions, the summary strategic descriptions may be expanded and refined to reflect the findings of the research. These are shown in Figure 51.

The Strategic Manager

It was proposed in this study that "strategic managers" - that is, managers in key positions who effect operationalization of desired strategic thrusts for the organization/unit - differentially implement those strategic choices. Further, they do so in terms of managerial activities, skills and styles, which combine to form a unique managerial role for each strategy.

The data showed that particular elements of the managerial role were associated with the implementation of specific and identifiable strategies. As such, this finding offers considerable insight into the role of "the strategic manager". The individual elements of the manager's role (activities, skills and orientations) were differentiated by strategic type as a result of the hypothesis testing; these elements were then considered in terms of the overall differentiation of role patterns related to each strategic type identified. Such a review is useful for determining the specific managerial implications for differential stra-

Figure 52

Findings: Revisions of Summary Strategy Descriptions

"Develop"

The basic strategy for this unit or organization is to grow through locating and exploiting new product and market opportunities. Research-and-Development and Marketing expertise are crucial in order to meet the objective of concentrating on product design, product quality, and product positioning. Such product and market emphasis is pursued through: continual monitoring of the external environment to keep pace with technological and market changes; high investment for developing and launching new products and processes, market development and intensive pursuit of market share; flexibility of operations and technology; risk-taking, competitive pursuit of new opportunities. Desire to generate long-term earnings (rather than short-term profitability and cost efficiency) may include acquisition or merger, or diversification and expansion.

"Stabilize"

The basic strategy for this organization or unit is that of maintaining its competitive position through efficient asset utilization and/or market segmentation. This is typically pursued by defending brand/s by (a) increasing earnings by producing a limited set of products with strict cost control, efficiency of standardized operations, and technical production leadership, and/or (b) focussing on a niche which is difficult for competitors to penetrate. In this way, profitability is maintained in a mature market with either a "cost leadership" approach to stable and technical market conditions, and/or pursuing market advantage through product specialization/high quality product/distinctive service, etc. Capital reinvestment is typically necessary to pursue this strategy by providing for updated equipment in order to compete technologically on the basis of product efficiency or product specialization.

"Turnaround"

The basic strategy for this organization or unit is to arrest and reverse the declining fortunes of the business as quickly as possible - that is, to "revive" the business when it is considered that its long-run going-concern value is greater than its liquidation value. Short-term cash generation maintain viability is of immediate and common concern, necessitating changes in management and budgeting and control systems, cost control, product streamlining, divestment of unprofitable units. Depending on the cause of decline, other methods to pursue this strategy may include: diversification, expansion, acquisition, integration, mergers. Some form of drastic change is typical under this strategy.

tegic enactment, as indicated by the individual items, and how such components combine differentially to facilitate a composite action agenda unique to each strategy.

The derivation and analysis of clusters of the managerial role elements, within and across the three strategic groups, revealed a reduced set of underlying dimensions. These statistically differentiable clusters indicated that highly interrelated sets of managerial items are measuring the same factor, or underlying managerial dimensions. These were comprised of various combinations of variables, each unique to a particular strategic type. For each type of strategy, the combination of item clusters represents a particular complex strategic managerial role. Each set of clusters is representative of an overall underlying factor - the strategic role.

The role patterns derived from this analysis are considered more indicative and descriptive of strategy-contingent role differences than individual item differences. This is because those individual items "act" not in isolation, but as part of a system of elements - that is, as a complex role. From the reduced sets of managerial elements, the clustered dimensions, a summary profile of each strategic manager is developed as follows.

"The Developer"

Activities highlighted by the data for the managers implementing the "Develop" strategy were those necessary to activate or facilitate what appears to be the central role factor, the pursuit and development of new product and market opportunities. The activities used by the strategic manager to operationalize such plans are those of coordinating activities and people for research and development of new products; investment for the introduction and development stage. In turn, this entails developing and maintaining networks both externally and internally in order to provide the information and support necessary to exploit opportunities. This also entails close and direct communication with employees to enable the necessary rapid reaction to market and technological changes.

The data suggest that the personal factors involved in implementing the "Develop" strategy are those of aggressiveness and competitiveness. These dimensions seem to comprise the characteristics of an ambitious entrepreneur, who is creative and flexible.

The strategy-contingent skills and background this manager possesses mostly emphasize strengths in the Marketing field, and also Research and Development and Finance skills. Thus, the personal dimensions of the "Developer" certainly seem to be those necessary to facilitate the activities needed to implement this strategy.

"The Stabilizer"

The activities shown by the data to be those of the managers implementing the "Stabilize" strategy were those involved with developing and implementing cost control programs, analysis, and planning and controlling for production and operational efficiency, developing and implementing technical and personnel programs for increased productivity, and refining product quality for customer specialization.

The primary personal factors related to the implementation of the "Stabilize" strategy are those of a conservative and careful focus. In addition, this manager tends to have a "quantitative" orientation, and a maintenance style.

The skills and background needed for the "Stabilize" strategy are those of Production, Engineering, Applied Engineering, strong leadership and general management, Research and Development, and Finance.

As before, these personal factors seem to be conducive to facilitation of the activities found necessary to implement the "Stabilize" strategy.

"The Turnaround Artist"

Another set of activities relate to the "Turnaround" manager. These items stem in part from the activities of analyzing decline of organizational/unit viability, and determining appropriate strategic changes. These would seem to provide the basis for bold decisions and further action. This takes the form, either alternatively or in combination, of securing and committing resources and expanding capital by acquisition of new plants, facilities, personnel, etc.; diversifying into or acquiring new business and markets; and/or some form of strictly controlling costs, rationalizing the product line, optimizing use of capital equipment, and increasing efficiency of operations. Thus, planning for reversal of cash flow problems was found to be a crucial item embodied in operations cost control activities, as with the "Stabilize" srrategy, but including some form of product and customer specialization, and activities toward new directions and "building" as with the "Develop" strategy. Despite similarity, the uniqueness of the "Turnaround" managerial role was established through the other differentiating activities, and a specific combination of some items similar to both the other two strategic roles.

The personal factors shown to be related to the "Turnaround strategic mission show this manager to be autonomous, able to operate under uncertainty and complexity, enjoy new challenge, and possess a risk-taking, entrepreneurial style. Particular emphasis was given to the quality of strong leadership during interviews with executives, who used such terms as "a Patton-like quality."

In addition, to strong leadership skills, general management and Finance,were the ability to handle crises, make "tough" decisions, and plan new directions, along with background and contacts for aid to the company. The skills/background elements seem to indicate specific managerial skills, experience and contacts. As with the "Developer" and "Stabilizer", these skills seem applicable to facilitating the activities necessary to implement the "Turnaround" strategy.

From this analysis of the findings of managerial role patterns unique to each strategic mission, within which significant differences of individual elements among strategic types were found, a summary role description of each strategic manager may be drawn. These are shown in Figure 53.

It is concluded from this study that the implementation requirements are associated with the profile configurations as identified, which include activities, background/skills and orientations. However, the study focussed on activities in order to determine objective and measurable role criteria, and, therefore, the results are primarily in terms of activities. Further, it would seem that activities are the most important role elements for determining strategic implementation because they are the media through which the strategic mission becomes operationalized. Certain managerial styles and skills seem to precipitate or facilitate such action; such a finding does not eliminate the possibility of such activities being performed by managers with different styles or skills. Thus, the role activities are the single most important managerial caeegory to strategic implementation. Personality and skills are possible to be adapted or learned, but activities cannot be a trade-off if strategic implementation is required.

Figure 53

Findings - Summary of Important Managerial Requirements Suitable to Generic Strategies

Strategy	Activities	Skills	Orientations
"Develop"	Seeking out and developing new products/markets. Investing company resources. Maintaining networks to monitor environment - markets, technology, competitors - for trends and opportunties. Closely communicating with employees to provide for reaction to market changes. Developing and coordinating management group of Marketing and R & D experts. Hiring, developing, training new personnel Evaluating and determining appropriate strategic changes. Motivating/leading/coordinating personnel to gain cooperation.	Marketing Marketing research Finance R & D Leadership	Aggressive Competitive Innovative Creative Venturesome Flexible Entrepreneurial
"Stabilize"	Developing and implementing cost control programs. Closely controlling budgets, capital expenditures, inventory. Analyzing and planning for high efficiency of operations. Developing and implementing technical and personnel programs for increased productivity/cost efficiency. Investing company resources. Securing new capital.	Production Engineering Applied Eng. R & D Finance General Mgt. Leadership	Conservative Careful "Quantitative" "Maintenance style"

Strategy	Activities	Skills	Orientations
"Stabilize" (continued)	Maintaining external network for feedback and cooperation. Refining quality of product to meet customer specifications.		
"Turnaround"	Analyzing cause of decline and planning for immediate reversal of cash flow problem by determining appropriate strategic changes in some combination of following action: Instituting changes -- in personnel, budgeting, cost control. Introducing new products/marketing plans, and/or cutting out old products/markets. Negotiating acquisitions/divestments Evaluating and implementing merger and/or integrations; diversification. Expanding manufacturing and marketing capacity. Securing and committing resources. Maintaining external network for trends and opportunities. Offering high price/quality products or some form of differentiation. Concentrating on large customers/weeding low volume accounts. Optimizing use of capital equipment. Designing and implementing personnel programs for increased productivity.	Ability to handle crises, make tough decisions, plan new directions. Ability operate under complex; uncertainty. Finance Leadership General Mgt. Experience and contacts for aid to company Production/	Autonomous Risk-taking Enjoys challenge Entrepreneurial

The "Universal" Manager

The implications for successful implementation of strategy are not limited to the stragegy-contingent items discussed here. Additional conclusions may be drawn from the findings regarding the non-differentiating managerial elements shown in Figure 46. Although they do not advance understanding of actions that vary with the strategic contingency, they are of interest for their suggestions of managerial commonalities across strategy types.

The data showed four role factors which did not differentiate between strategic types, to be associated strongly with strategic implementation. These were strong leadership, Finance, investing company resources, and external contacts regarding business trends/opportunities. More noteworthy, however, is the finding that some items are present to some degree across all three managerial roles, yet not sufficiently differentiable to be associated with any one of the strategy-contingent patterns. Moreover, these were clearly categorizable into the managerial functions of Planning, Organizing, Directing, and Controlling put forth by classical management theorists. This universal nature of many aspects of the manager's job has been recognized for some time (Fayol, 1916; Koontz and O'Donnell, 1955). This was discussed in Chapter II. It is valuable to note that, underlying those differences in the manager and his/her job which were found to be strategy-contingent, there is a level of commonality of the manager's job which is undifferentiated by strategy.

It would seem, therefore, that there are two "levels" of the manager's job, as shown by the research. One level comprises universal aspects, and the other comprises strategy-contingent aspects.

Comparative Effects of Strategy Versus Industry Type, Company Size

The results of the analyses of variance of the effects of strategy versus industry type (manufacturing/non-manufacturing), and of strategy versus company/unit size (large/small) were reported in Chapter IV. The overall conclusion was that the item response patterns were influenced far more by strategy than by industry type or company size. Examination of the individual items provides implications for which kinds of role elements seem to be uniquly attributable to strategy, which to organizational characteristics, and which are not attributable to either strategy or company characteristics alone, but only to the interaction effect of both variables working together. This provides insight into what managers do differentially under the separate or combined influence of these variables.

The data show a number of items to be attributable to the influence of strategy alone, regardless of industry type <u>or</u> size; those items seem to center around the financial issues of analysis, controlling budgets, cash flow, etc.; cost leadership issues of increasing productivity, instituting standardization, evaluating and instituting most profitable capacity level, etc.; that of analysis of decline of business viability, and the background/skill item of Production/Operations management. This finding has strong implications for universal (non-organizational-characteristic contingent) strategy-contingent role considerations in terms of job descriptions, communication of job requirements, training, placement, etc. The implication is that specific activities would seem to be transferrable across such variables as organization size and industry type. Consequently, it is more important to have a person who matches these role specifications than to select or place a person on the basis of experience in the same type of industry or organization size.

In addition to these items found independent of industry type or organizational characteristics, a set of items reflected the influence of strategy over industry type, but not size. These items were those of General Management background and generating near-term cash. Those reflecting influence of strategy over size but not industry type were those of "being content with administering a low growth situation", activities to diversify into new businesses, and ability to operate under uncertainty.

Those effects only attributable to whether the company/unit is manufacturing or non-manufacturing seem to center around the issue of continuing earnings margin through maintaining relationships and cooperation with external parties such as suppliers, distributors, customers, through standardization (also a strategy effect) and through Engineering background/skills. Such factors are presumably more important for manufacturing industries than for non-manufacturing or service industries.

Interaction effects resulted from the influence of both strategy and industry type operating together, in addition to the individual effects; the items for which interaction effects were significant were concerned with controlling budgets, inventory, etc.; reducing unit costs; General Management background; and analysing decline of organizational viability. These have additional implications for managerial role considerations as a result of the interaction of strategy and industry type.

Those items affected only by the interaction of strate- / and industry type were the separate items of overseeing redesign of the product for specialization, activities for plant rationalization, internal information dissemination, and "being conservative".

Fewer significant effects were noted as a result of company/unit size only. There were but two, and were concerned with activities for product redesign and personnel reduction programs. Only two interaction effects were noted, that of planning for near-term cash generation, and that of strong leadership experience. Thus, the effects of company size alone or the interaction of size with strategy on the managerial role set seem to be very minimal compared with those of strategy alone, or compared with the effect of industry type.

The conclusions for any decisions regarding managerial personnel are that the type of strategy should be the main consideration of role content and requirements; that type of industry alone, or in combination with strategy, should be taken into consideration for some elements as discussed; but that company size would seem to be a very minor consideration in strategy-related managerial personnel decisions.

The Manager-Strategy Relationship

The managerial role in the enactment of strategic choice has been the focus of this study. The enactment of strategic choice is the relevant action agenda by which a strategy is implemented. Components of such action agenda are the activities, skills and managerial styles of the key actors - the "strategic managers". The research question was whether and how those agenda differentially relate to strategic activity.

Three results from the data were necessary to establish conclusions regarding the manager-strategy relationship. The first was the empirical confirmation of the proposed generic strategies. The second was the establishment of differential roles associated with those strategies which were able to be confirmed to discriminate among the three groups, and to reveal the strategy-contingent elements of those roles as distinct from the universal dimensions. The third was the establishment that the majority of the variation of the managerial role is attributable to strategic type rather than to company type or size. This conclusion supports the contention that the manager-strategy relationship is applicable across all kinds and sizes of organizations/units.

These findings from the data show systematic relationships between different roles and empirically confirmed strategic types. They permit the conclusion that the quality of strategic implementation may be enhanced through a systematic analysis of the strategic situation and providing a fit between the established typologies of generic strategies and their relative strategic managers. Managerial role prescriptions then may be established in a manner better suited to the organization's strategic situation. The long-term implication of such a process, it is believed, is a greater likelihood of strategic success.

Summary of Findings

While there is much value in advancing theory attributable to the in-depth conceptual and empirical studies upon which this research was based, this research has further advanced our knowledge of the managerial role in strategic implementation in other ways considered to be original. This contribution has been made by (1) combining, and providing an empirical foundation for, the many "pieces" of the managerial role provided in the literature, and (2) focussing on aspects of activities, personality and skills which were expressed in a behavioral format, enabling a more objective basis for measurement and application. This research has filled a theoretical and practical "gap"; this work provides a comprehensive profile of the strategy-contingent managerial role in an interdependent manner, rather than through isolated characteristics. It also enables the development of a type of role description which emphasizes activities, enabling more objective assessment of managerial candidates. In addition, it is felt that this exploratory research has provided new insights to the managerial role above and beyond those in the literature. Finally, there has been confirmation of skills and personality styles suggested in the literature.

Such findings as are presented herein establish the empirical link between strategic plans and conceptualizations and the differential operationalization of those plans in terms of specific managerial action and leadership factors.

In only a few instances were the literature-based predictions not confirmed. Some items were present and apparently necessary to some degree to the complete role descriptions, yet were found also to be non-differentiating among strategies. This finding suggests there are some role elements universally necessary to strategic implementation.

In summary, the findings from this research are:

1. The existence of demonstrable strategic clusters identifiable in terms of three of the four proposed generic strategic missions, as described - "Develop", "Stabilize", "Turnaround" - and as refined and supplemented by additional findings regarding the elements comprising these strategies.

2. Clusters of managerial role elements differentially associated with the implementation of each of the generic strategies identified. These elements were predicted from the literature review and empirically confirmed; this contribution is believed to be the first time managerial role elements singly and in combination, and in behavioral terms have been related to strategic implementation.

3. The presence of role factors associated with strategic implementation but which were non-differentiating among strategies - that is, the importance of certain "universal" managerial role elements.

4. The managerial role being affected more strongly by strategic type than by industry type or company/unit size.

Limitations and Cautions

Interpretation of the results of this study should be made in recognition of the parameters of the research design. One of these is that this study was not longitudinal, and so did not allow exploration of the time phases of strategic managerial activities. In other words, in a cross-sectional study, the relative importance and the sequence of different activities at different times in the implementation process could not be explored.

An additional limitation inherent in the design was that there was no direct observation of managerial activities involved. The data is secondary and perceptual - reported by those managers. Thus, there is the possibility that method variance, due to the perceptual differences of managers, may be present. However, incumbents have been shown to represent a reliable source for obtaining valid information about position content (Hemphill, 1959; Tornow and Pinto, 1976). In addition, the questionnaire method, particularly when the instrument is based on previous research, tends to eliminate data noncomparabilities and more subtle biases inherent in such alternative methodologies as diary, observation, etc. (Stewart, 1972; McCall, et al., 1978). Finally, the use of the behavioral format reduces the potential for perceptual subjectivity (Schwab, Heneman and Decotiis, 1975).

Although the issue of the reliability of managers' perceptions constitutes a caution, the data do show consistent patterns within contingency groups. Apparently, managers operating under the same strategy tend to perceive similar patterns in what they do, those patterns being different from those reported by managers under different strategic contingencies. Any overall perceptual variances would seem, then, to have limited effects on the results.

The possible effects from the influence of an interviewer are considered very limited due to the objective nature of data collection and the careful sequencing of the data collection process, reserving qualitative discussions until after the questionnaires were completed. An additional problem which may arise out of lack of control of the sequencing of the data collection process is an overlap of information for each stage from the same person, creating a potential for lack of independence of information. This can be avoided by careful investigation of the organization structure to become familiar with who will be the probable respondents; this should be done before beginning the data collection process or any discussion of the nature of the research.

Possible flaws in the development of the instruments must also be acknowledged. These may have been problems of items missing in the strategic manager questionnaire, such that insufficient explanation of the strategic role was structured, too much emphasis made on certain dimensions, or inaccurate expression made of such dimensions to enable them to be accurately tapped. In addition, the set of items was apparently comprehensive as it reflected the literature; since the questionnaire did not provide for additional information on dimensions of the manager's job, however, the findings are limited to the set of questionnaire items.

The research design was a limiting factor, in that it restricted the strategy identification process to the typology comprising the four generic strategies. The instruments by which to identify strategy and the process by which those identifications were confirmed did not facilitate discovery of additional, or different, predominant strategic classifications. Neither did the overall design enable consideration of other structural variables which might impact on the managerial role.

In addition to the research design, the manner in which the sample was developed must be considered as a possible source of bias which could result in inappropriate conclusions from the patterns found. The small sample size, in particular, demands that careful interpretation be made of the quantitative findings. The method of selection of companies was non-random, due to the reliance on introductions from certain limited sources. As previously noted, however, the diverse nature of the sample indicates some generalizability. Also, the close personal control of the research process allowed for elimination of potential errors and biases in the findings which would not have been possible if using a mailed survey. The geographic confinement of the sample (Montreal) is also a potential source of bias to generalizability, because of the possibility of some differential effects on various organizations of adverse economic conditions or the government's role in the business environment.

Potential error and bias always are inherent in the statistical techniques used to analyze the data. Attempts were made to minimize the chances for inappropriate conclusions in this research by utilizing several analytical techniques. In addition, the close personal interaction between researcher and interviewees supported and enriched the quantitative findings.

Further research is needed, using a larger, random sample less constrained by geography. In addition, it is desirable to extend this research to address some of the limitations discussed above. In particular, there is a need to locate and study "Harvest" situations. Secondly, there is a need to establish and use more refined and objective criteria of strategic implementation effectiveness. This would enable a closer relationship to be established between managerial profiles and the relative success of such managers in implementing any particular strategy. Such a link was made in this research through systematic findings and by eliminating any responses for which an exception was indicated to a general standard of successful performance.

However, this research did not utilize specific objective evidence that the strategic managers in the sample were successfully implementing the relative strategy; the possibility thus exists that the "ideal strategic manager role spefications" found are not actually ideal, but rather, to some degree, typical role components.

A follow-up study would also usefully include information gathering regarding the human resource practices of the firm for subsequent comparison across the data. An extension of this research question might also follow and compare the business performance of companies which have developed programs to allocate managerial resources based on strategic plans - first, with similar companies which are using traditional personnel practices. This would, of course, be difficult to control from other performance variables, but may show some interesting relationships and insight into this research area.

Implications for Research

There are important implications for research in the confirmation of the existence of consistent and recurring patterns of strategic activity which can be classified generically. First, research and implications based on theoretical descriptions of strategic typologies have greater validity when empirically confirmed (Galbraith & Schendel, 1983). Secondly, the confirmation of "generic" strategies provides an important basis for research.

Much progress has been made toward the development of theories of strategic planning. The emphasis has been on normative and descriptive models. There has been little progress, however, towards the development of theories dealing with strategic content, mainly because of the lack of research tools able to reduce the number of variables involved and to enable development of general propositions (Hofer, 1975).

Many theorists have addressed the need for the development of contingency theories of business level strategy, to enable classification and study of strategies and their relationship with competitive environments and business performance (Galbraith and Schendel, 1983; Hofer, 1975). Towards this end, strategic typologies have been developed in the literature; these have been primarily conceptual. The validity of any typology is enhanced if empirical support can be provided (Galbraith and Schendel, 1983). This research has enabled the development of a typology of business strategy which has been confirmed empirically from the data.

It is recognized that strategy is not static. It is formulated and implemented over time. However, the data show that such generic strategies do exist. Regardless of how transient they may be, these generic strategies provide an important basis for research through which to develop contingency theories of business level strategy. One of these, as developed in this research, was the use of the typology of generic business strategies to develop a contingency theory of strategic implementation based on the manager-strategy fit.

Further research could utilize this typology, as concluded and described in Figure 5 2, to develop other contingencies related to the conditions under which each strategy is formulated, and the relationships with competitors' strategies and relative business performance. In addition, such a broad typology might usefully be broken down to develop subsets of the generic strategies in order to account for variations within them and allow for comparison of business performance.

The conclusion that strategy is a major and unique source of variation in the manager's job supports the contention that the proposed model of the manager-strategy fit is applicable across all kinds and sizes of organizations/units. In other words, if the manager's activities, style, background, etc., are more dependent on strategy than on other variables of company structure or industry, then selection and placement should take place on the basis of projected strategy requirements rather than on past positions or familiarity with similar companies.

Past research on "the" manager's job has greatly increased our understanding of managerial functions and performance, and has provided an invaluable basis for future research. Further research regarding management should center around the needs of the organization for successful business performance. In other words, research on managers and managerial jobs which fails to incorporate strategic contingencies, becomes subject to inaccuracies imposed by measuring factors that are inherently non-differentiable across strategies, and by losing the managerial factors that are important in specific situational circumstances only. Further research on the manager's job might prove more constructive and of more practical use if the strategic situation under which each manager is operating were recorded, along with the other variables under study; in this way researchers might well be able to accumulate data by which to specify the practices of effective management.

The data have shown confirming links between the implementation characteristics of the manager and his/her job, and the abstract, conceptual strategy descriptions found in the literature. That is, managers do enact certain generic strategies as perceived in the literature and by their own top managers, and they do enact them differentially.

Particular actions, "programs", or agenda items relate to the implementation of specific and identifiable strategies. This conclusion offers considerable insight into several theoretical and practical issues. The first of these is the strategic management process itself, which is comprised of the two major components of formulation and implementation. Through this research, an empirical link has been made between the conceptual constructs in the literature describing the content of strategic plans, and the specific behaviors through which such plans become implemented. In other words, strategic plans can and do become a reality in terms of the specific operationalization of those originally conceived constructs. Further research could usefully address the specifics of how strategic plans become operationalized, particularly in terms of the total structural context, rather than only leadership requirements.

The second issue relates to the specification of appropriate managers for strategic implementation. Lorange and Murphy (1983) note that the human resource issue is becoming a crucial issue in corporate strategic planning. Companies such as Chase Manhattan Bank, Corning Glass, Texas Instruments, and Honeywell have begun programs recognizing the need to integrate strategic planning and the selection and allocation of managerial talent. However, such systems still require much improvement and refinement. "As always, there is a necessary lag between the initial perception of a problem and its solution" (Lorange and Murphy, 1983, p. 1.). The model presented as a result of this research offers a step towards such a solution, providing as it does a set of role descriptions by which to relate executive placement and selection to the strategic objectives of the organization.

It is also important to recognize that the advancement of theory requires the integration of knowledge and research in disciplines such as Strategic Management, Human

Resources, and Organizational Behavior, in order to lead to practical solutions of this nature.

The third issue addressed by this research is that of the implications of the findings for appropriate curricular emphasis in Schools of Business Administration. From the results obtained in the present study, students may be more effectively prepared for executive careers by being exposed to the specifics of differential managerial implementation programs in different situations, providing insight into career planning relative to students' own orientations and skills.

Conclusion

By identifying the strategy-contingent variables of the manager's job, the managerial role is better able to be understood. The action agenda for implementing each strategy represents the enactment of that strategic choice. Assuming the appropriateness of a strategic choice, its enactment facilitates the opportunity for more successful business performance and therefore organizational effectiveness. Thus the role of the strategic manager in proactively effecting strategic choice can be more clearly and objectively defined.

Additional insight into the managerial role has resulted from the research. The strategic managerial role has been shown to consist of two separate but related dimensions. One set of role elements comprises a dimension related strongly to the prescriptions of the "universals" school of management, in which all managers perform the same functions no matter what are the specifics of their responsibilities. The second dimension is associated with the position of the "contingency" school. That the strategic managerial role consists of both universal and contingent elements, operating in conjunction and not in a mutually-exclusive fashion, is a finding potentially of great impact and interest.

In this chapter, conclusions have been drawn from the research data presented in Chapter IV and the three hypotheses, which were found to be tenable. These conclusions related to the research issues of generic strategies, the strategic managerial role, and the relative sources of variation of the managerial role. The implications for research from these conclusions were discussed.

In the following chapter the application of these findings to the practice of strategic management will be discussed.

CHAPTER VI

Application of Findings to Strategic Management Practice

What has been proposed here is a contingency approach to strategy implementation, which appears to be supported by the research findings. The rationale behind this proposition and the implications for management practice are as follows.

Organizational effectiveness is considered to be highly dependent on the ability of the organization to adapt to its environment. The organization's business performance which facilitates such effectiveness is primarily influenced by the strategic management of the organization. Through strategic choice - those choices of which environments in which to compete and how to compete within those environments - the organization's decision-makers are in a position to excercise a strong influence on management and therefore performance outcomes (Child, 1972; Pfeffer & Salancik, 1978).

Such performance, however, is a function not only of how well strategy is formulated, but also whether and how well such strategic choices are implemented. Implementation does not follow automatically from choice processes. As once noted by President Kennedy, "Our responsibility is not discharged by the announcement of virtuous ends" (Steiner and Miner, 1977, p. 607). Attention must be paid to the entire organizational context of strategic implementation in order to successfully operationalize such strategic choice.

Considerable advances have been made in theory and in practice regarding strategy formulation. Elaborate strategic planning systems have been set up in many organizations. Too frequently, however, they are reported as just that - plans unable to be successfully operationalized. Managing the implementation phase is far more difficult in practice than managing the planning phase, and there has been little specific guidance in the literature regarding this. There are two main reasons, in the opinion of the writer, that this has lagged behind. First is the complexity of the numerous situational variables involved in strategic activity (Hofer, 1975), such that any guidance regarding strategic implementation is either highly generalized, or extremely situational, leaving little opportunity for development of consistent guidelines. Second, is the complexity of the number of contextual factors impinging on the implementation process - those of the structure, systems and processes, and the role of people in implementation.

The model which has been proposed here attempts to deal with those two factors in order to facilitate the advancement of the practice of strategic management by providing more specific guidelines for strategic implementation. This has been accomplished in two ways. First, by reducing the complexity of strategic variation by coupling implementation issues to generic approaches to strategy. Secondly, by recognizing the central and pervasive role of key executives responsible for implementing the strategy. While this role cannot account for the entire set of variables in the structural context impinging on strategic implementation, it does account for a great deal, because that person typically is in a position to manage or change other factors of structure, systems and processes while implementing strategy, in order to create the desired system of "fits".

Manager-Strategy Fit Implementation Contingency

It has been proposed here that the link between strategic planning and human resource planning is a key variable in the potential for successful strategic implementation. That is, if strategy is a vital component in the process of organizational adaptation and effectiveness, then the selection and placement of key executives responsible for strategic choice and implementation must be equally vital. In this way there may be more control over the specific implementation requirements of desired strategic thrusts.

The contingency proposed is that successful strategic implementation is highly contingent upon linking managerial specialization with the strategic situation. Specifically, for different types of generic strategy, as developed in this paper, there exists a need for different types of "strategic managers", in terms of each manager's specific profile to facilitate control of the action agenda most likely to lead to successful implementation of that strategic situation. As such, human resource management is a crucial part of the overall strategic resource allocation process.

It becomes important, therefore, to define the strategic implementation requirements in terms of the managerial programs to "fit" that relevant strategic situation. This aspect of attention to control of the strategic implementation process seems important when considering the likely variation with which any uncontrolled set of managers might enact those programs in light of their differential background, qualifications, motivations and conception of the needs of the situation. If such alignment of strategic situation and strategic implementation is not accomplished, the strategy may be poorly understood and implemented, or tend to get changed in accordance with the goals, skills, work patterns, etc., of the incumbent.

This research has shown, as has been shown before, that there are certain universal managerial functions. More importantly for strategic management implication, however, it has shown, firstly, that strategic type accounts for considerably more variation in the strategic manager's job and personal qualifications than other factors in the structural context of the business environment, and, secondly, that managers do enact strategies differentially in terms of specific sets of managerial activities, application of skills, experience, contacts, and managerial styles.

There are also implications for the importance of these findings and the necessity for such a manager-strategy fit when considering the manner in which such enactment may become part of the strategy formulation, in terms of an incremental formulation/implementation mode adopted by some key managers, or on the basis of feedback from such enactment processes into the strategic planning system. In other words, if the manager's total action agenda becomes intertwined with the determination of the direction of strategic thrust, in addition to its enactment, then the manager/strategy fit becomes doubly important in terms of the potential impact on long-term business performance.

A recent example of this at a top level would seem to be Westinghouse's new CEO, Douglas Danforth, whose "operation turnaround", as reported in Business Week (1983), includes strategic objective setting and implementation. Thus, he is involved in "hands-on management" of his strategic tactics of divestment, diversification, and new financial controls. As observed by "insiders", Danforth seems to "be ideally suited to run Westinghouse right now, when implementing, not fashioning, a corporate strategy is the key" (p. 125).

Thus, as previously noted, it is apparent that the realization of strategy is very much dependent upon having a strategic manager who complements the desired strategy and whose perception of the objectives and manner of operationalizing them is aligned with that of top management. Organizational decisions, and thus performance, are reflections of the values and perceptions of its key actors (Herbert and Deresky, 1983).

With these considerations of strategy formulation and implementation in mind, it is advisable not to place too much confidence in the ability of key executives to adapt their programs and style to different strategic situations. While many may be capable of such adaptation in varying degrees, such an assumption, without investigation, may become the breakdown in the vital link to successful implementation of strategy, especially where there is a change in strategy. As noted by one informant in a holding company situation in this research, "Mr. [X] can do a marvellous job of turning around a company, but as soon as that's accomplished you'd better get him out of there or you'll have a mess on your hands".

Expecting the manager to "be a different person" - that is, to change to fit the strategy - is unrealistic and unrewarding for the manager (Fiedler and Chemers, 1974). Success is more likely to be attained by attempting to shift people around or by selecting a person externally in order to fit the manager to the situation. Otherwise the result is more likely to be that of fitting the strategy to the manager. In addition employees are more likely to be motivated and to be retained longer if their talents and orientations are being appropriately utilized (Herzberg, <u>et al</u>., 1957; Maslow, 1954). An example of such considerations is provided by the case of Best Western Hotels. As reported in Business Week (1981), Mr. Hazard and Mr. Petitt implemented a rapid and successful growth strategy with considerable autonomy. Subsequently, the board of directors decided to slow the growth of Best Western and interfered with its administration, stifling the strategic moves of its managers. Quality Inns then hired Mr. Hazard and Mr. Petitt, giving them free rein for their entrepreneurial efforts, where they are now successfully and happily implementing their "Develop" strategy.

Thus, the widely recognized importance of strategic planning needs to be supported by the recognition of the importance of combining this with human resource planning. In this manner, the organization's most valuable resource - its employee - will be more effectively utilized and result in greater likelihood of successful strategic implementation and improved business performance. Those managers also are more likely to be motivated and to be retained longer in the organization because their talents and orientations are being appropriately utilized. Normally, this would not apply to those positions which involve little decision-making or flexibility of action because they are procedurally defined and allow little variation of operation or style. However, consideration of the personnel needs of a particular strategy and identification of the variables in terms of the existing senior managers, provides much useful information even if strategic change is not immediately impending or if existing personnel changes are undesirable. In this manner, at least future personnel needs can be anticipated for any likely strategic shifts and new managers selected to complement existing personnel.

Uses of Strategic Manager Role Descriptions

It is recognized, therefore, that the research findings might be most usefully applied by linking strategic planning and human resource planning in terms of the development of a specific role description relevant to the generic strategy. Such a description would comprise several key variables necessary for such a manager/strategy fit. Those variables of managerial activities, background and skills, and orientations, were components of this research and highlighted by the data. They were also described by Gerstein & Reisman (1983, p. 38) in the form of a recommended role description comprising the following:

1. A basic function statement summarizing the job's overall purpose and thrust, which are conceived in the context of the strategic situation.
2. A description of the position's technical and managerial responsibilities; (a description of the key activities which the incumbent is expected to perform in order to fulfill the elements in the basic function).
3. A description of the key organizational and outside relationships that are necessary to support the above; and

4. Candidate requirements: a synthesis of the characteristics identified under strategy-related job requirements (i.e. personal managerial style, background, skills, experience, etc.).

It is proposed that each of the four generic strategic manager role descriptions, as presented in Chapter IV, reflects the composite or archetypal manager and managerial action necessary to successfully implement the relevant generic strategy. These profiles may be used to identify needs and facilitate selection and placement or rotation of managers to fit the type of strategy or organization and to communicate to the strategic manager the expectations of the job. In addition, this might be a valuable tool for establishing guidelines for a management by objectives type of performance appraisal system.

This approach provides the differentiation necessary to define the job and its requirements on the basis of strategy rather than less performance-directing generic factors such as industry type, company size, business function, job title, etc. Job/person profiles based on such differentiation help to overcome ~~the~~ weaknesses of current human resource practices. For example, where selectors tend to evaluate candidates based on their own perception of good universal managerial qualifications, or the degree of similarity with their own styles, for lack of specific direction regarding the requirements of the situation, such strategy-contingent role descriptions would aid the communication process for all concerned in terms of providing focus linked with the strategic direction of the organization/unit.

One drawback of this approach of matching the manager to the strategy is that, if the manager always operates within the same strategic context, it may prove to be dysfunctional by channelling managerial development too narrowly, disallowing the advantages of managerial development across a spectrum of experience in order to provide for top management generalist leadership. In cases where such general managerial development is desired, however, or where existing managers must be utilized because personnel changes are considered undesirable, use of the proposed role profiles may still be advantageous in terms of training and orientation of those managers to aid their readjustment and focus on different strategic action agenda requirements. Also in such cases where strategic managerial requirements may be lacking, either on a permanent or temporary basis, these could perhaps be complemented by a supporting staff.

Long-term managerial development may in fact be enhanced through such specific orientation to different strategic implementation needs by rotating managers across different strategic situations, or allowing them to manage relatively short life-cycle products from inception to harvest. However, the likelihood of a trade-off of a less effective strategic implementation, through not providing the person-strategy fit proposed by this study, may be made explicit. In instances where such considerations of managerial development are given priority, such a trade-off would be advantageous. Such an approach would familiarise the manager with the implementation considerations entailed in the different stages of products or desired strategic thrusts, perhaps by first managing the constrained and well-structured "Stabilize" or "Harvest" situation, then the less-constrained and more free-wheeling growth of a "Develop" situation, finally culminating with the complexities and crises involved in the "Turnaround" situation. (S)he would thus become familiar with life-cycle managerial and structural needs and corporate portfolio management by realizing the trade-offs and the requirements of different strategic situations, thus preparing him/her for top management integrative management capabilities. It should be recognized that it is less likely that present executives would be able to retool successfully for a change in strategic direction, however, than new managers designated on the basis of a specialized fit with the strategy.

Where a change is desired, this approach also communicates the desired direction to the entire organization. The "new broom" effect may be equally valid, whether this results from an internal reorganization, or from hiring an "outsider". With an "outsider", however, it is likely to be a more obvious and drastic signal of change. As noted by

Yavitz and Newman (1982), the outsider starts with a new slate, entirely and immediately committed to the new strategy for which (s)he has been hired, compared with an insider who has to "retool" and switch internalized commitment and relationships based on the present mission to the new mission. Also, bringing in an outsider makes it clear that drastic change is desired, even if this means replacing employees. The other side of this coin, of course, is the potential morale problem brought on by such changes, perhaps because of loyalty to the previous incumbent, or lack of confidence in internal promotion opportunities. In addition, time and expense is always involved in the hiring and orientation of new employees. The potential loss of good managers, whether through internal reorganization or hiring outsiders, is also an important consideration. This risk can be minimized by a continuous forward planning of human resource requirements to complement strategic requirements and career development consultation and advance communication with all concerned.

The trade-off of utilizing insiders versus outsiders, therefore, is one primarily of likely adaptability of existing executives compared with a closer potential "match" through outside recruiting. In order to maximize use of the proposed model while integrating internal personnel practices and considerations, the following steps are recommended. First, careful evaluation of the desired strategic situation should be conducted. Then, the human resources staff and the strategic planning staff should together utilize the strategic role description relevant to that strategic direction in order to determine whether existing managers may provide the necessary fit or potential adaptation. If this seems unlikely, some position realignments should be considered in order to "shuffle" people around to provide for close fit. If these means do not show sufficient potential for meeting objectives, outside recruitment should be undertaken to find out if a closer "fit" may be attained to the ideal strategic manager role profile which is sufficient to offset any disadvantages of disrupting internal personnel practices and morale.

Additional consideration for "fit" beyond those generic strategy requirements outlined in the particular role description are possession of relevant industry knowledge, and possession of strengths which would complement those of the entire top management team. Strategic direction is often largely a function of executives working together in a team, such that single "managermatch" considerations may be a short-sighted approach to operationalization of strategy compared to the need to provide a group of executives whose combined skills will provide effective strategic direction.

It is, of course, idealistic to assume that a precise fit, first with the generalized strategic situation, and then with the person/role profile, will be attained. In addition, although the research data indicated very little differentiation within strategic type, no doubt some changes or additional specifications on a situational basis may be necessary. As discussed, sudden personnel changes may be inadvisable from considerations of employee morale, retention and succession. However, the proposed approach is still a valuable forecasting tool in terms of coupling long-term strategic planning with long-term human resource planning for purposes of managerial development, executive replacement and gradual personnel changes.

Strategy-Contingent Organizational Contextual Factors for Implementation

Structure, Systems and Processes

Realistic evaluation of a proposed manager-strategy fit and its likely influence on strategic implementation must be made in consideration of the total systems concept of an organization. It is idealistic to assume that, even with a precise manager-strategy fit as proposed, highly successful strategic implementation would automatically follow. This will be true only to the extent that such strategic manager has control over the entire structural context within which (s)he is operating. The strategic manager cannot alone determine successful strategic implementation. There must be supportive structure and systems in place, or able to be changed by that manager, in order to facilitate strategic decisions and action. Strategic implementation is a complex problem, especially in large organizations. The relevant variables are in a complex interrelationship with one another and with conditions in the environment (Lawrence and Lorsch, 1967, p. 157).

In considering some of the key components of such necessary complementary structure, systems and processes, one of these is the relative alignment of resource allocation with strategic objectives. Capital, human resources, etc., for research and development and expansion programs, along with a flexible internal organization, would be crucial, for example, for a "Develop" strategy. For a "Stabilize" strategy, some capital reinvestment for technological alignment for increased productivity, together with a streamlined internal organization, would be necessary, along with strict control systems. Alternatively, the necessary supportive systems and capital required for the free-rein flexibility of a "Turnaround" strategist would be essential in order to allow for such drastic changes as diversification, expansion, unit divestment, etc.

Strategies are necessarily constrained within budgets and availability of other resources. An organization capable of carrying out specific strategic plans would, for example, have to include the relevant distinctive competencies in terms of managerial talent, technical expertise, physical and technological resources, etc.

Strategy-facilitating systems and processes are also crucial; for example, systems to enable strategic information gathering and dissemination and to provide flexibility to adapt to competitive moves in the marketplace.

Less obvious, but of noteworthy importance in the recent literature for its prevailing influence on organizational administration, is the aspect of culture. As noted in a recent Fortune article (Uttal, 1983), citing AT & T as a prime example, culture - the prevailing values, beliefs and norms in the organization - may be the biggest stumbling block to strategic implementation. Thus, whether the strategic manager can operate within, or change, a corporation's culture, or whether efforts on the behalf of other executives must be brought to bear in order to help mesh the culture with the desired strategic direction, must also be the subject of consideration in addition to more tangible structural issues.

Motivation, Evaluation and Reward Systems

The ability to gain organization-wide committment to the desired strategic direction will be largely a function of the strategy-relevant leadership capability of the strategic manager. However, it is also important to recognize the desirability of linking the motivation, evaluation and reward structure with the desired strategic results, in particular for the strategic manager himself/herself (Lorange and Murphy, 1983). This necessitates the recognition of differential criteria with which to assess different strategic activity, most of which are non-comparable across strategies. Different time perspectives of the proposed generic strategies necessitate different evaluation baselines. For example, those of the "Develop" strategy, in terms of long-term growth, profitability and market share considerations, will differ from those short-term considerations centered around productivity and efficiency for the "Stabilize" strategy, or from the concerns of bottom-line maximization and other non-quantitative considerations of company and personnel of the "Harvest" strategy.

If the evaluation and reward structure are made strategy-contingent in terms of the effectiveness criteria for the relevant time frame required to assess strategic competence, increased awareness of contribution to company portfolio objectives, along with motivation to achieve them, should be achieved. Without such recognition, pride, and reward, a "Harvest" manager, for example would have little incentive to follow such a strategic objective and might more likely be tempted to turnaround the company when this is in fact not appropriate. Some recognition and pride must be attached to the importance of different strategies, otherwise no-one, for example, would want to recognize or to be recognized as the manager of a "dog" business or one who was simply trying to maintain the status quo rather than manage a bright "star".

Thus, when considered from a systems view of the organization, the importance of supporting the manager-strategy fit approach as proposed here becomes evident. Successful strategic implementation depends on creating a series of "fits" within which the vital strategic planning/human resource planning fit may flourish. The synergies enabled in the organization by directing the total structure, systems and processes toward the chosen strategic path may then be realized. In addition, these effects are unlikely to be accomplished overnight. It takes time to develop the necessary complementary top management strengths and motivation and internal organizational competencies. It is especially important to recognize that the application of the model proposed in this paper will be largely a function of the ability and willingness of the strategic planning staff and the human resources staff to work together. Human resource planning has for too long been separated from the consideration of the strategic needs of the organization. There must be a blending of the boundaries of these two sets of specialized staff in order to develop long-term human/strategic resource plans which include selection, placement, training, management development and career planning, and evaluation and reward systems which will complement employee needs and those of long-term organizational effectiveness.

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APPENDIX I

Please give below a brief description of the current strategy being implemented in the organization or unit identified. Key phrases, objectives, summaries, etc. may be utilized rather than lengthy descriptions.

This information is CONFIDENTIAL and will be utilized for research purposes only.

APPENDIX II

Questionnaire to Identify Strategy Type

Name of Company:...

Number of Employees:...

Name of Subunit/Division under consideration
(if not entire company):...

Number of employees:...

Industry Type:...

Product Concentration of Unit under Consideration:

Single Product:.............................

Dominant Product:........................... (70%+ of Sales)

Related Product:............................ (30%+ of Salees outside main business but related to main product)

Unrelated Products:......................... (30%+ of sales outside main business but little or no relation to one another)

Title and Position of Respondent to Questionnaire:..........
....

All information given on this questionnaire is entirely CONFIDENTIAL and will be used for research purposes only.

Questionnaire to Identify Strategy Type

1. Which one of the following descriptions most closely fits your organization or the unit identified? (Please consider the division or company as a whole; note that none of the types listed below is inherently "good" or "bad").

TYPE 1

The basic strategy for this unit or organization is to locate and exploit new product and market opportunities. Research-and-Development and Marketing expertise are crucial in order to meet the objective of concentrating on product design, product quality, and product positioning. Such product and market emphasis is pursued through: continual monitoring of the external environment; high investment for developing and launching new products, market development, and intensive pursuit of market shares; flexibility of operations and technology; risk-taking, competitive pursuit of new opportunities. Desire to generate long-term earnings (rather than short-term profitability and cost efficiency) may include acquisition or merger, or diversification and expansion. Development of market share may include construction of temporary over-capacity and dropping production capacity elsewhere, or divestment of other units.

TYPE 2

The basic strategy for this organization or unit is that of maintaining its competitive position through market segmentation and/or asset utilization. This is typically pursued by defending brand/s by a) focusing on a niche which is difficult for competitors to penetrate, and/or b) increasing earnings by producing a limited set of products with strict cost control, efficiency of standardized operations, and technical production leader-

Type 2 Cont'd.

ship. In this way, profitability is maintained in a mature market with either a "cost leadership" approach to stable and technical market conditions, and/or pursuing market advantage through product specialization/high quality product. Thus, only moderate investment is required or contemplated, although some vertical integration may be necessary to gain cost efficiency; alternatively, acquisition of smaller firms is needed to increase market share.

TYPE 3

The basic strategy for this organization or unit is to arrest and reverse the declining fortunes of the business as quickly as possible - that is to "turn around" the business when it is considered that its long-run, going-concern value is greater than its liquidation value. Short-term cash generation to maintain viability is of immediate and common concern, necessitating changes in management and budgeting and control systems, etc. Depending on the cause of decline, other methods to pursue this strategy may include: pruning products and assets or introducing new products, expanding plant facilities, etc.; acquiring businesses, integrating, merging, or diversifying. Some form of drastic change is typical under this strategy.

TYPE 4

The basic strategy for this organization or unit is to curtail new investment and generate maximum cash flow from the business - that is, to forgo market expansion in favor of short-term profits and to milk the brand or business of its remaining benefits; we will stay in the business, capitalizing on existing strengths and continuing only as long as the proceeds exceed the costs, or because this unit is needed for other company opera-

Type 4 Cont'd.

tions. Thus, immediate or eventual liquidation is contemplated; there can be expected intensive pruning of less profitable product lines/markets, cost and asset reduction, personnel reduction, etc., with emphasis only on the short-term.

2. Is the strategy being followed by the identified organization or unit :-

.... in its initial stages of implementation?

.... one which is in "full swing" - i.e. one which has been followed for some time and will continue?

.... one which is "winding down" to conclusion - i.e. likely to be finalized and changed in the near term?

3. Please identify the "strategic manager" for this organization or unit by name and position ....
(The strategic manager is that person in the position responsible for implementing the strategy for the unit as you have identified - the person with the responsibility and authority to be able to determine whether this strategy is in fact implemented as planned.)
How long has this manager been in this position?.........

4. Do you think this manager is/has been effective in the implementation of the identified strategy for this company/unit?

Yes .... No ....

Comments? ....

APPENDIX III

STRATEGIC MANAGER POSITION DESCRIPTION QUESTIONNAIRE

Name of Company ....

Respondent's job title/position ....

Title/function of company or unit under respondent's supervision ....

1. Please consider your current job in the position you have identified above and think about your typical activities, decisions, and considerations applicable to this particular role, for this particular unit/company.

The specific activities to be considered may be those which you perform yourself or those which you "manage" -- that is, those for which you assign responsibility or oversee programs, even though you are not directly involved with them yourself: e.g. "Seeking out and developing new markets".

Then, please identify from the list below those job elements which you consider are a part of your job as it is currently being conducted. As you consider each item individually, decide how significant a part of your job it represents, during the normal course of events, over a period of time. In determining to what extent the item is a part of your current specific position, consider and weigh such factors as the importance of each item, frequency of occurrence, and the proportion of your time it consumes. Then allot a value as below:

0 Not an aspect of my job
1 A minor aspect of my job
2 A moderate aspect of my job
3 A substantial aspect of my job
4 A most significant aspect of my job

Please note that none of the elements is regarded as inherently "good" or "bad". No judgment is required as to whether an element should or should not be part of your job. Simply identify those elements which actually are present in your own specific position. In fact, it is likely that some will not be relevant to your job; this should not be of concern.

It is emphasized that your response is totally CONFIDENTIAL and will be used for research purposes only, in combination with many other responses. No individual responses will be identified.

0 Not an aspect of my job
1 A minor aspect of my job
2 A moderate aspect of my job
3 A substantial aspect of my job
4 A most significant aspect of my job

..... 1. Coordinating activities to research, develop and launch new products.

..... 2. Phasing out unprofitable assets/units (i.e., divestment).

..... 3. Securing new capital, externally or internally.

..... 4. Phasing out unprofitable markets.

..... 5. Seeking out and developing new markets.

..... 6. controlling costs.

..... 7. Investing company resources.

..... 8. Phasing out unprofitable products.

..... 9. Encouraging and supervising technical innovation for new product development.

.....10. Encouraging and supervising technical innovation for increasing productivity (i.e., new equipment/ automation for production).

.....11. Engaging in independent decisions and actions.

.....12. Instituting systematic, standardized procedures.

.....13. Coordinating diverse operations.

.....14. Acquiring and evaluating information regarding new potential products/markets.

.....15. Strictly controlling expenditures (i.e., "fixing everything with baling wire").

.....16. Concentrating on large customers and weeding out marginal, low-volume accounts.

.....17. Utilizing previous "entrepreneurial" experience and contacts.

.....18. Negotiating with creditors, suppliers, etc., to gain cooperation.

.....19. Being satisfied with carefully administering a business in a routine, low-growth, profit-oriented manner.

.....20. Reducing capacity and winding down operations.

.....21. Engaging in activities to increase market share.

.....22. Making decisions regarding actions involving high risk.

0 Not an aspect of my job
1 A minor aspect of my job
2 A moderate aspect of my job
3 A substantial aspect of my job
4 A most significant aspect of my job

.....23. Analyzing and planning for high efficiency of operations.

.....24. Doing financial review, analysis, and control.

.....25. Expanding capacity (i.e., acquiring new plants, facilities, personnel).

.....26. Planning based on maintenance of current earnings.

.....27. Long-range planning for development of products and/or markets for long-term growth and profitability, even at the expense of short-term returns.

.....28. Planning for immediate reversal of cash-flow problem.

.....29. Designing and implementing personnel programs for increased productivity.

.....30. Overseeing product redesign for specialization, to gain an "edge" in a homogeneous industry.

.....31. Planning for near-term cash generation.

.....32. Planning and coordination to retain flexibility of operations and of technological processes.

.....33. Refining quality of product to meet customer specifications.

.....34. Considering and implementing new programs to reduce unit costs.

.....35. Aggressively pursuing new market opportunities.

.....36. Operating under crisis situation.

.....37. Diversifying into new areas of business.

.....38. Maintaining outside contacts and relationships necessary for financial aid to company, e.g., government agencies, financial market agents, suppliers, creditors.

.....39. Evaluating and implementing acquisition of new businesses/mergers, etc.

.....40. Maintaining external relationships and strong cooperation from suppliers, distributors, customers, etc.

.....41. Motivating/leading/coordinating personnel to gain cooperation.

0 Not an aspect of my job
1 A minor aspect of my job
2 A moderate aspect of my job
3 A substantial aspect of my job
4 A most significant aspect of my job

.....42. Instituting personnel reduction programs.

.....43. Operating under pressure of uncertainty, complexity, and occasional failure.

.....44. Maintaining operations through conservative and careful control.

.....45. Developing and maintaining network of external contacts to investigate and get feedback regarding business trends and opportunities.

.....46. Making and rigidly implementing decisions that involve loss and failure to company and personnel.

.....47. Taking on the challenge of creating and developing new business ventures.

.....48. Meeting the challenge of "backing a loser" by strong, decisive action against all odds.

.....49. Supervising employees to provide for cost efficiency through continuity and coordination, motivation and communication.

.....50. Evaluating and implementing acquisitions, mergers, integration, diversification programs, etc.

.....51. Closely controlling budgets, capital expenditures, inventory.

.....52. Developing and coordinating a group of marketing and Research and Development experts.

.....53. Detailed, systematic planning and analysis of operations - reviewing reports, budgets, inventory control, etc.

.....54. Hiring, developing, training new personnel (or overseeing these programs).

.....55. Motivating and leading for efficient winding down of business in low morale situation and providing for employee adjustment.

.....56. Maintaining viability of current product or limited product line, by operating under standardization and cost leadership.

.....57. Instituting personnel reorganization, transfers, retraining programs.

.....58. Negotiating with labor unions for cooperation in a crisis situation.

0 Not an aspect of my job
1 A minor aspect of my job
2 A moderate aspect of my job
3 A substantial aspect of my job
4 A most significant aspect of my job

.....59. Gaining support for and implementing highly competitive plans for new product ideas.

.....60. Evaluating long-run potential for profitability of organization or unit.

.....61. Developing and optimizing use of capital equipment (plant rationalization).

.....62. Communicating closely with personnel at all levels to resolve conflicts and coordinate rapid change.

.....63. Utilizing previous experience with low-risk, conservative techniques.

.....64. Negotiating divestment of units, subsidiaries, or entire business.

.....65. Overseeing negotiations with suppliers, distributors, customers, to provide for continuity of earnings margin.

.....66. Utilizing previous contacts and experience to change the direction of declining operations.

.....67. Offering high price/high quality products, or some form of special warranties, service or distribution system, etc.

.....68. Disseminating information within the organization regarding potential business opportunities and competitors' actions.

.....69. Instituting "quantitative" operations techniques.

.....70. Analysing decline of organizational/unit viability.

.....71. Overseeing routine, proven techniques for continued level growth and profitability through strong administrative control.

.....72. Evaluating and determining appropriate strategic changes.

.....73. Maintaining close contacts internally and externally to provide for rapid reaction to market or technological changes.

.....74. Utilizing previous experience, legal contacts, etc., in liquidating business for best returns to company.

0 Not an aspect of my job
1 A minor aspect of my job
2 A moderate aspect of my job
3 A substantial aspect of my job
4 A most significant aspect of my job

.....75. Evaluating cost/volume relationships and implementing any necessary change to maintain most profitable capacity level.

.....76. Accepting decline situation and carefully managing financial, legal, marketing and personnel issues to withdraw from market.

.....77. Utilizing experience/knowledge of marketing techniques.

.....78. Utilizing experience/knowledge of research and development techniques.

.....79. Utilizing experience/knowledge in Finance.

.....80. Utilizing experience/knowledge in marketing research.

.....81. Utilizing experience/knowledge in Engineering.

.....82. Utilizing experience/knowledge in Production/Operations management.

.....83. Utilizing experience/knowledge in general management/administration.

.....84. Utilizing experience/knowledge in Applied Engineering.

.....85. Utilizing experience/knowledge of legal matters that relate to such activities as acquisitions/mergers/divestments, etc.

.....86. Utilizing strong leadership experience.

2. Please give below a brief description of the type of strategy you are implementing for this organization or unit, including the goals and the general methods you are using to achieve them.

APPENDIX IV

Sample Typescripts of Executives' (informants) Written Descriptions of Firm Strategies in Response to Questionnaire I, with Sample Excerpts from Objective Literature

Any identifying information has been removed to protect the confidentiality of the company.

TYPE 1

Informant I: "Average product life is four years - therefore, need new products; growth; entrepreneurial; key is stay 3/4 months ahead of competition. New products; wild products; limited constraints on capital."

Informant II: "Most rapid moving new technology developing section of ...... field. Challenge to be leader, introducing new products and processes in Canada. Capital intensive, technically complex part of business. Shy away from ordinary ...... Achieve this through combining new processes and technology on world-wide basis; trying to become licensees and acquire rights to produce."

Excerpts from Literature: "Innovation has made us the most diversified ...... company in Canada"; ......"Innovation has played a major role in our success ...... 's strength is due, in no small part, to our constant search for better ideas in ...... This search takes us round the world. It has led us to the development of associations and licensing agreements with ...... leaders in Europe, the US and the far East to bring world wide ...... alternatives to our customers." ...... "Added to this international network is our own research program, With the two-fold objective of research and development, our efforts are not only directed to finding new alternatives for your ...... problems, but finding better methods for our current products and systems."

****

Informant I: "Growth strategy to build a company and orient it towards new technology applications for actual products and develop new products, technique and technology in the ...... field."

Annual Report Excerpt: "...... Inc. was created to develop health-related products and processes based on recent bio-technological research. ...... Since its beginnings ...... has concentrated on setting up a research and development program for new products. ...... 1983 will be marked by heightened R&D activity in biotechnology in order to broaden the range of immunodiagnostic products presently being marketed by ......"

****

Informant I: "New, non-traditional banking business."

Informant II: "To manage a group of merchant banking units in such a fashion as to create an environment wherein they can capitalize on ...... Bank Group relationships and react quickly to opportunities for business. To seek out profit-able business with a minimum of capital risk and minimum of capital risk and minimum operating costs."

****

Informant I: "Our strategy to build from ...... - from materials processing capability, know-how, materials, expertise. Function in ...... is to search through that culture for avenues into other things; high growth environ-ments; build profit and viable business. As tentacles to out ...... Key is to acquire business; searching over wild field ......"

Informant II: "Growing position in ......; need to be innovative and go into other areas; pick up potential new business, extending from skills not logically managed by one of our existing businesses; this is new operating arm ...... provide new horizons for company ......"

Excerpts from Literature: "...... is assembing the financ-ing and skills to create new businesses based on new ideas, new technologies or new products. It requires acceptance and management of risk. For us, it is concerned with investment in products, related to ......'s traditional ones, which offer attractive combinations of skills, markets, technologies and growth opportunities. For us it is a new game with new rules ......"

****

TYPE 2

Informant I: "Quality and service is No. 1. Remain competitive - style, design packaging. Very mature industry; have to be as good as top competition; must give ultra-service and top consistent quality because of number of competitors. Product redesign/manufacturing innovation of basic commodities. Maintain quality image; reduce costs; hang on to share of market; maintain position in marketplace."

****

Informant I: "To optimize returns in a declining industry. To assure that the unit is the most efficient in the industry with the highest rate of productivity and that it will survive and be viable when the industry rationalization is completed."

Informant II: "Operating in a not growing - if anything, decreasing market; overcapacity. Basic commodity - price is the key; quality of service only influence other than price. Margins."

****

Informant I: "Our strategy is to keep supplying premium quality products at a cost that permits our company to show a good profit."

****

Informant I: "Strategy is cost leadership for production. Biggest entity manpower; resource intensive - water, capital, people; 'things don't happen fast'. Technical innovation - product process - low cost ...... on a continuing predictable basis - cannot tolerate waving from strategy; return basically in price - difference cost and revenue so ROCE based on cost containment".

Informant II: "Company strategy is building behind ...... operations - buying at peak and ensuring their market. Mature operation - strategy of capital maintenance."

****

Informant I: "Market segmentation, product streamlining with highly automated delivery. Objectives maximum penetration of most lucrative niches through quality products and service; substantial cost reduction ......"

Informant II: "Basic strategy to build deposit base through quality of service and productivity (people productivity, technological productivity); cost effective."

****

Informant I: "Strategy is to be technical leaders (production technology); cost efficient; close down facility and improve other facilities rather than go with new ......; problem of price-squeezing."

Informant II: "Reduce costs, improve quality; Technological innovation, automation, only methods to make profit because price so low."

****

TYPE 3

Informant I: "Last 2/3 years bad - need improve situation with strict cost control; cleaning the products; same time looking for other lines to complement which have better growth potential. Short term: cost and financial control. Sensitivity to organizational effectiveness and efficiency. Medium term; find new products at beginning of life cycle through licensing agreements. Improve productivity."

Excerpts from Annual Report: "1982 was a very difficult year, with overall losses totalling ......, of which $4.3m. came from operating expenses and ...... from closing of ...... equipment resale division. This shutdown was considered a necessary element in the company's reorganization program, which included restructuring of personnel, new investments from ......, and a wage reduction from all personnel. These measures reflect ...... 's determination to remain a competitive force in the industrial marketplace. The 1983 outlook - ...... intends to expand its traditional and international markets while continuing to develop new and promising product lines. However, the results will be strongly influenced by the economic recession."

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Informant I: "Mandate is to reverse declining trend; generate cash to convince corporation to stay in business; needed change in management. Doing this by developing 'technical quality products' to exclude competition; attain entry into numerous markets to ensure year-round activity; invest to stay ahead."

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Informant I: "Strategy requires 1) stop hemorrhage; 2) rebuild; 3) keep ship going while fixing holes. Employees need a sense of a "savior" - a strong leader to get them out of trouble; need a "Patton" quality to be able to tell people they will get through."

Annual Report Excerpts: "Financial results at ...... were adversely affected by the economic recession and by labour stoppages. ...... Despite these lower earnings, a number of initiatives were taken at ...... to reduce costs and improve efficiency, therefore providing a basis for more profitable growth in the future ...... More efficient operations can be achieved by increasing revenues and selling new services as well as by cutting costs. In this regard, ... has associated it self with a new distribution company to assure market saturation of the greater Montreal area."

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Informant I: "Mature industry; comparatively small market share domestic; prune product lines, replace with national lines. Trying to improve bad situation. Strategy now is to enter US market; trying to improve/rationalize product line and introduce premium priced products. Market dropping; cash generation immediate concern; need identify new lines and expand territories while cutting costs."

APPENDIX V

Strategy Identification Comparison: Expert Panel and Company Informants' Ratings

	Identification - Strategy Type			
Firm	Company Informants	Judge 1	Judge 2	Judge 3
1	III	III	III	III
2	II	II	II	II
3	III	I	III	II
4	I	II	I	IV
5	II	II	II	II
6	II	II	II	II
7	I	I	I	I
8	II	II	II	II
9	I	I	I	I
10	III	III	II	III
11	I	I	I	I
12	II	II	II	II
13	II	II	II	II
14	III	III	III	III