



# Views on Strategy Development for Organizational Success

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## Introduction

The process of strategy development is integral to organizational success. Over time, views on strategy development have evolved from rigid, top-down approaches to more adaptive, fluid models. In the current business landscape, strategy is no longer about fixed plans but rather about dynamic processes that allow for flexibility and innovation. Scholars such as Mintzberg, Porter, and Barney have contributed to a broad understanding of strategic development, and this paper aims to explore these various perspectives, linking classical theories with contemporary approaches.

## Classical Views on Strategy Development

### Deliberate Strategy Formulation

The deliberate strategy formulation, primarily associated with the rational planning school, focuses on a structured

approach where strategic objectives are pre-determined, and the organization aligns its actions toward achieving those goals (Mintzberg, 1990). This traditional view, as proposed by Porter (1996), is grounded in a stable, predictable environment where managers can set long-term strategies based on comprehensive market analysis and competitive forces. Deliberate strategies are often reflected in long-term plans and frameworks, such as Porter's Five Forces model, which emphasizes positioning and market power.

However, the deliberate strategy approach has faced criticism in recent years due to the growing complexity and unpredictability of business environments. Organizations operating in volatile markets, such as technology or finance, often find that rigid plans can become obsolete before they are fully implemented. As a result, there has been a growing recognition of the need for more adaptive and flexible approaches to strategy development (Johnson et al., 2017).

## Emergent Strategy

Emergent strategy represents a more flexible approach to strategy development, one that evolves in response to changing circumstances rather than being fully formulated in advance (Mintzberg & Waters, 1985). This concept challenges the assumption that strategic plans should always be meticulously crafted and instead acknowledges the role of learning and adaptation in the strategy process. In organizations with high uncertainty, such as those operating in fast-paced industries, emergent strategies often arise from the collective actions and decisions made at different levels of the organization.

Research by Grant (2021) shows that successful organizations blend deliberate and emergent strategies, combining the benefits of pre-planned structure with the agility to respond to external shocks. This approach fosters resilience and flexibility, enabling firms to pivot quickly in response to unforeseen changes in market conditions or customer preferences.

## Competitive Advantage and Strategic Positioning

### Porter's Competitive Advantage

Porter's work on competitive advantage (1980) remains foundational in strategy development, emphasizing how firms can achieve superior performance by positioning themselves in the market relative to competitors. According to Porter (2008), businesses can adopt one of three generic strategies: cost leadership, differentiation, or focus. These strategies enable organizations to either offer lower prices than competitors, differentiate their offerings in ways that are valuable to customers, or concentrate on niche markets.

Porter's Five Forces framework underpins this strategic positioning, helping firms analyze the competitive dynamics of their industries. However, as economies and industries become more globalized and digitalized, Porter's framework has faced criticism for not fully accounting for the rapid pace of technological innovation and globalization (Dobbs, 2014). Modern strategy development often requires more fluid approaches that allow organizations to compete in increasingly dynamic markets.

### Resource-Based View (RBV)

In contrast to market-based strategies, the Resource-Based View (RBV) of strategy development emphasizes the importance of internal resources and capabilities in achieving a competitive advantage (Barney, 1991). According to the RBV, firms that possess valuable, rare, inimitable, and non-substitutable (VRIN) resources are better positioned to sustain a competitive advantage. These resources can include proprietary technology, brand reputation, intellectual property, and a skilled workforce.

The RBV framework has gained renewed attention in recent years as firms seek to build unique capabilities that cannot be easily replicated by competitors (Hitt, Ireland, & Hoskisson, 2017). This perspective aligns with the growing importance of innovation and knowledge management in modern organizations, where success is often determined by the ability to develop and leverage unique assets rather than simply competing on price or market share.

## Dynamic Capabilities and Organizational Flexibility

### Dynamic Capabilities

The dynamic capabilities framework, introduced by Teece, Pisano, and Shuen (1997), builds on the RBV by highlighting the importance of an organization's ability to adapt, integrate, and reconfigure internal and external resources in response to changing environments. This approach is particularly relevant in industries characterized by high levels of uncertainty and technological change, such as information technology, biotechnology, and renewable energy.

Dynamic capabilities enable firms to not only survive but thrive in turbulent environments by constantly evolving their strategies in line with emerging trends and disruptions (Teece, 2018). For instance, in the technology sector, companies like Apple and Google have leveraged their dynamic capabilities to maintain competitive advantage through continuous innovation and market adaptation. Recent studies (Schilke, 2018) suggest that dynamic capabilities are critical for firms aiming to compete in the global marketplace, where the ability to quickly adapt to shifts in consumer demand and technological advancements is paramount.

### Organizational Flexibility

In addition to dynamic capabilities, organizational flexibility plays a crucial role in effective strategy development. Flexibility refers to an organization's ability to adapt its structures, processes, and strategies to changing conditions. Organizations that embrace flexibility are better equipped to respond to environmental turbulence, market volatility, and customer shifts. A study by Li et al. (2019) highlights how firms with flexible organizational structures outperform rigid counterparts in highly dynamic industries.

Flexible organizations foster innovation and collaboration by encouraging employees at all levels to contribute to strategic decision-making. This approach aligns with emergent strategy development, as it allows for decentralized decision-making and rapid responses to new opportunities or threats (Doz & Kosonen, 2019).

## Stakeholder Involvement in Strategy Development

### Stakeholder Theory

Freeman's (1984) stakeholder theory argues that organizations should consider the interests of all stakeholders—not just shareholders—in their strategy development processes. This broader view of strategy development reflects the growing importance of corporate social responsibility (CSR) and sustainability in today's business environment. By engaging with stakeholders such as employees, customers, suppliers, and communities, firms can develop more ethical and sustainable strategies that align with the interests of all parties involved (Freeman, 2010).

Stakeholder involvement has become increasingly critical in an era where businesses are held accountable for their social and environmental impacts. Research by Donaldson and Preston (2020) shows that organizations that incorporate stakeholder feedback into their strategy development processes are better equipped to build trust, enhance their reputation, and foster long-term success. Moreover, engaging stakeholders early in the strategy formulation process can help identify potential risks and opportunities that might otherwise be overlooked.

### **Balanced Scorecard Approach**

The Balanced Scorecard (BSC), developed by Kaplan and Norton (1996), provides a framework for aligning an organization's strategic objectives with its performance measures across four key perspectives: financial, customer, internal processes, and learning and growth. Unlike traditional performance measurement systems that focus solely on financial metrics, the BSC integrates non-financial measures that reflect the broader drivers of organizational success.

Kaplan and Norton (2001) argue that the BSC helps organizations translate their strategies into actionable objectives and performance targets. By linking strategy development to measurable outcomes, the BSC ensures that all parts of the organization are aligned with the overall strategic direction. This holistic approach to strategy development is particularly valuable in complex organizations where achieving alignment across multiple departments and functions can be challenging.

The BSC has been widely adopted by both private and public sector organizations as a tool for strategy development and performance management. However, some critics argue that the BSC can become overly complex and difficult to implement, particularly in organizations that lack clear strategic direction or where there is resistance to change (Norrekli, 2017).

## **Strategy and Organizational Learning**

### **Learning Organizations**

The concept of a learning organization, as defined by Senge (1990), emphasizes the role of continuous

learning and knowledge sharing in the strategy development process. Learning organizations encourage employees at all levels to engage in strategic thinking and contribute to the organization's overall success. This approach is closely related to emergent strategy development, as it fosters innovation and adaptability through a decentralized decision-making process.

According to Argyris and Schön (1996), learning organizations are better equipped to respond to external challenges because they have built-in mechanisms for feedback and adaptation. Organizations that prioritize learning can identify and address strategic gaps more quickly than those that rely on rigid, top-down approaches to strategy development. Recent research (Garvin, Edmondson, & Gino, 2020) supports the idea that learning organizations are more agile and resilient in the face of market disruptions.

### **Knowledge Management**

Closely related to the concept of learning organizations is the role of knowledge management in strategy development. Knowledge management involves the systematic capture, storage, and dissemination of knowledge within an organization to enhance its strategic decision-making processes. Firms that effectively manage knowledge are better positioned to leverage their intellectual capital and gain a competitive edge in fast-paced industries (Nonaka & Takeuchi, 1995).

Recent advancements in technology, particularly in the areas of big data and artificial intelligence, have transformed the way organizations manage knowledge and develop strategies (McAfee & Brynjolfsson, 2017). Organizations that can harness the power of data analytics to generate insights and make informed strategic decisions are more likely to succeed in today's digital economy.

### **Conclusion**

The field of strategy development has evolved significantly over the past few decades, moving from rigid, top-down approaches to more flexible, adaptive models. Classical views such as Porter's competitive advantage and deliberate strategy formulation continue to be relevant, but they are increasingly complemented by more dynamic approaches, such as emergent strategy, dynamic capabilities, and stakeholder involvement. By integrating these diverse perspectives, organizations can develop strategies that are not only aligned with their long-term objectives but also flexible enough to adapt to the rapidly changing business environment.

In conclusion, successful strategy development requires a blend of deliberate planning, flexibility, and continuous learning. Organizations that adopt a holistic approach to strategy—one that incorporates both classical and contemporary views—are better positioned

to navigate the complexities of the modern business landscape.

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