



TYPES OF AND METHODOLOGICAL APPROACHES TO THE DEVELOPMENT OF THE STRATEGIC PROCESS AT THE ENTERPRISE

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Abstract: this article reveals the methodological aspects of the creation and launch of an effective mechanism for the implementation of strategic decisions of a company through the strategic process aimed at creating distinctive characteristics of the organization or enhancement of its competences; summarizes the defining characteristics of the two types of enterprise strategic process - prescriptive and emergent; explains the "constructivist", "empirical" and "idealistic" approaches to enterprise strategy formulation and implementation.

Keywords: strategy, business, strategic process, emergent strategy, prescriptive strategy, strategic management

Introduction

The current market environment is characterized by high unpredictability of changes and constant acceleration of various processes (economic, social, political, etc.). Under such circumstances, managers and business owners face the problem of finding adequate ways of acquiring and strengthening competitive advantages. The most common concept of providing a successful solution to this problem is strategic management, whereby enterprises of various forms of ownership, scope and business profiles achieve their goals by developing and implementing various strategies.

As an object of research, the problem field of strategic management has attracted attention primarily because of its transdisciplinary nature. For its modern interpretation it is necessary to synthesize approaches and concepts of various scientific and applied disciplines ranging from philosophy, the theory of the firm and the theory of self-organization to psychology and sociology. The state of scientific knowledge in the problem field of strategic management remains poorly structured, while the synthetic nature of the phenomenon of strategy determines the existence of different approaches to its definition and study.

Admittedly, in the past three decades the number of papers on the development and implementation of the strategy of economic organizations has been growing exponentially. Most research in this area can be conventionally divided into two groups.

The first group includes papers of theoretical and methodological nature, which focus on the results of research into further development of the theory of strategy, as well as into the principles, methods and models of managerial influence on the system of the company and some of its elements aimed at achieving strategic goals¹. Recently, there have been appearing papers on fundamental research into models and mechanisms of strategic management².

It is worthwhile to include in the second group papers that highlight the positive and negative experience of managerial methods implemented in individual companies with a view to improving their performance, operation troubleshooting and acquisition of new competitive advantages³. Such papers form a kind of a bank of case studies, have practical value for understanding businesses' real problems, and allow to enhance the understanding of the practice and effectiveness of the strategic management of these processes.

However, despite the large number and variety of scientific and applied research in the field of strategic management, it should be admitted that the specified subject area remains controversial. A number of issues are still waiting for their solution, including theoretical bases of development and practical tools of implementation of the enterprise's strategy. Next on the agenda is the creation of a unified methodology for the strategic process in the company, which operates in a highly unpredictable and turbulent market environment.

The purpose of this article is to generalize and systematize the defining characteristics of various types of the strategic process at the enterprise and methodological approaches to its development, which could contribute to the development of the theoretical and methodological base of modern enterprises' strategic management.

Strategic process at the enterprise and its types

For the modern enterprise, it is not just a question of the development and formulation of a strategy that is getting a paramount importance, but above all it is the problem of creating and running an effective mechanism for the implementa-

¹ G.B. Klejner, *Jevoljucija i modernizacija teorij predprijatija, Jekonomicheskaja transformacija i jekonomicheskaja teorija*, 5-j Mezhdunarodnyj simpozium po jevoljucionnoj jekonomike, Moskva 2004; Kat'kalo V. S., *Jevoljucija teorij strategicheskogo upravljenja*, Vysshaja shkola menedzhmenta SPbGU, SPb. 2008; Nalivajko A.P., *Teorija strategij pidpriemstva. Suchasnij stan ta naprjamki rozvitku*, KNEU, Kiiv 2001; V.G. Gerasimchuk, *Rozvitok pidpriemstva: diagnostika, strategija, efektivnist'*, „Vishha shkola”, Kiiv 1995.

² M.I. Kruglov, *Strategicheskoe upravlenie kompaniej*, „Russkaja Delovaja Literatura”, Moskva 1998; S. Levicki, *Kak razrabotat' strategiju: Prakticheskie rekomendacii po sozdaniju real'no rabotajushhej strategii*, Balans-Klub, Dnepropetrovsk 2003.

³ *Sbornik uchebnyh kejsov: Izmenenie vneshnej sredy i razvitie kompanij*, red. I. V. Gladkih, Ju. V. Fedotova, Izd. Dom SPbGU, SPb. 2004.

tion of strategic decisions. The solution to this problem is realized through the strategic process - a cyclic process of formulating, developing and implementing the company's strategy which is characterized by orientation to creating distinctive characteristics of the organization or improving its competence in the community of similar subjects of a specific activity⁴. The main idea of the concept of the strategic process is the formation of an intracompany mechanism, through which the continuous and dynamic process of identifying, developing, using and updating sources of competitive advantages and strategy refinement is carried out.

The term "strategic process" became widespread after the publication of H. Mintzberg, J.B.Quinn and S. Goshala's book of the same name, which presented, in an original manner, ideas about the formation and implementation of the strategy as a set of complex, interrelated and indivisible processes, in which policy, values, culture and management styles of the organization define or limit the choice of strategic decisions⁵.

In recent years, the fundamental problem of choosing an approach to the development and implementation of the strategy has become one of the key problems in strategic management, and, at the same time, has given rise to fierce controversy. Henry Mintzberg and his colleagues at the University of McGill differentiate between intended, realized and emergent strategies. The intended strategy is a strategy that is planned by a team of top managers. Even in this case, rationality is limited and the planned strategy is the result of the process of negotiations, bargaining and compromise, in which the majority of people and groups in the organization are involved. The implemented strategy is a strategy put into practice, which is only partly linked to the planned one (H. Mintzberg believes that only 10-30% of the planned strategy turns into the realized strategy). The main determinant of the realized strategy is what H. Mintzberg calls unexpected strategy - decisions reached as a result of complex processes, in the course of which some managers interpret the intended strategy and adapt it to changing external circumstances⁶.

In circumstances of instability of the theoretical background and polyvariability of practical recommendations as to the strategy development, an important problem in the strategic management is the study of the strategy emergence. These processes can be divided into two main types (Table 1).

The first is the development of strategy as a result of the management's deliberate intent. Exactly this idea is used in the concept of so-called prescriptive strategies. The second type is formed by processes of informal, spontaneous development of strategies within the enterprise. This strategic process is based on the concept of emergent strategies.

⁴ O.V. Vostryakov, *Strategichnij proces na pidpriemstvi v konteksti teorii strategii*, „Vcheni zapiski”, №14. Ch.1, 2012.

⁵ G. Mincberrg, Dzh.B. Kuinn, S. Goshal, *Strategicheskij process*, Piter, SPb.2001.

⁶ Ibidem

Table 1. Characteristics of prescriptive and emergent types of strategic process at the enterprise

defining characteristics	types of strategic process	
	prescriptive	emergent
level of formalization	formalized	non-formalized
source of emergence	managerial intentions	social and political processes

Source: the author's model.

Constructive, empirical and ideal approaches to strategic process development

It is quite interesting that, as a rule, in a pure form these two types of strategic process do not occur at the enterprise. Often there is a complex combination of them, which is implemented in three conceptual approaches to developing a strategic process at the enterprise - "constructivist", "empirical" and "idealist" (Table 2).

Table 2. Characteristics of methodological approaches to the development of a strategic process at the enterprise

characteristic features	"constructivist" approach	" empirical " approach	" idealist " approach
perception strategy	strategy as logic	strategy as experience	strategy as an idea
logic of strategy development	thinking - organizational activity	thinking - experience - organizational activity	organizational activity - thinking
key element of the strategy development	top management	collective experience	staff ideas
role of top management in the strategic process	formation	adaptation	support
direction of flow of information about strategy	top management -staff	top management -collective experience - staff	staff - top management

Source: the author's model.

Within the "constructivist " approach, a strategy development is considered as a logical process, which, by means of analytical and evaluative techniques, carefully weigh driving forces and limitations of the organization and form a specific strategic balance between strong and weak sides in order to determine a clear

strategic direction for managerial efforts⁷. The implementation of the strategy is considered as an extension of the planning process, i.e. the planned implementation takes place. The strategy is first formulated and then implemented. In this case, the main emphasis is placed on the following issues: the proper logic of the strategy and the staff's acceptance of this logic; the design of structures and control systems which are suitable to this strategy and which are used as mechanisms of changes; required resources; the planned sequence and duration of the implementation of necessary changes. At the same time, conditions for the implementation of the carefully planned strategy are created. To correct and refine the strategy, it requires control and feedback mechanisms. Responsibility for the strategy development lies with the top management of the organization. "Constructivist" approach is the most common in the development of the strategy and strategic management.

In "empirical" approach, the process of strategy emergence is based on the understanding of strategy as an experience. According to it, future strategies are considered as adaptation of former strategies with taking into account the experience of managers and other personnel in the organization. In this approach, the important role is played by postulates and methods of action characteristic of the organization's corporate culture. Since there are different views and expectations, a compromise is reached not only by a rational analytic process, but also through negotiations. This approach provides the existence of formalized managerial processes, the outcome of which is adjusted under the influence of the collective experience based primarily on social processes.

In this context, strategic management is carried out not only from the aspect of concepts and schemes, but also on the basis of behavior and assumptions connected with employees' individual experience and the corporate culture. The ultimate success of the strategy depends on how it is accepted by the staff. Within this approach, it is assumed that the planned strategy received "from the top" is inevitably perceived by the executors in view of their current experience (individual and collective). Objectively, this means that the top management either has to engage middle managers in the strategy development (and thus get a clearer correlation between plans and outcomes) or formulate overall strategic intent and then show tolerance to a broad interpretation of the strategy at lower levels of enterprise.

The basis of "idealistic" approach to the strategic process is formed by the emergent type of strategy. Under this approach, the strategy is not planned "at the top". Rather, it emerges within the organization and beyond it, when people in their daily activities solve problems arising from uncertain and volatile environment. The role of the top management is to create the context and circumstances under which employees may have new ideas. Besides, the top management should first notice a tendency for the emergence of new ideas which may lead to the development and emergence of a future strategy. This factor is very important because new ideas will have to fight for survival, overcoming the clinging to past strategies. The "idealistic" approach recognizes the imperfection of the organization's structure

⁷ P. Dzhenster, D. Hassi, *Analiz sil'nyh i slabyh storon kompanii: opredelenie strategicheskikh vozmozhnostej*, Izdatel'skij dom, „Vil'jams”, Moskva 2003.

and stresses the importance of differences and diversity. In this case, the difference between the formulation and implementation of strategy disappears. Strategies develop from the ideas that emerge inside and around the organization. They appear due to the staff's interaction with the changing environment, which brings new ideas for further development of the organization. These ideas are included into strategic plans, but they do not originate in the planning process. Ideas by themselves emerge during daily activities and in the social interaction in the organization and in the surrounding world. Strategies and the potential of strategic changes emerge from what the organization's employees do rather than from what its senior management alone does.

Conclusions

In most organizations, the strategic process is based on the organic combination of planning and contingency. The planned strategy development is mainly undertaken in the case of keeping the logic of the "top - down" strategic process. Contingency is considered as a result of multiple decisions at various levels of the organization, especially at the middle level of management, and is directed upwards, i.e. it is a "bottom - up" process. Thus, the importance of contingency and the necessity of considering new ideas is constantly growing as the dynamic character and unpredictable environment are growing.

The three methodological approaches to the development of the strategic process do not exhaust the whole range of practical methods and tools that are widely used in managing modern enterprises. Every organization is unique in its experience of development and implementation of the strategic process by combining different situations, different approaches and practices. Therefore, in these circumstances the key issue is not the question which of the approaches is right, but the fact that these approaches can complement each other to address the strategic challenges of the modern enterprise. The need to review the strategy of the enterprise as a repetitive process involving experimentation and feedback does not reject the need for a rational and systematic design strategy. In this situation, two key challenges are the need to find a balance between planning and contingency and find the tools that will deal with the latter.

To accomplish these tasks, the strategic process should be carried out so as to be able to systematically analyze the reasons for success and failure of the organization and use this knowledge to formulate and implement business strategies, effectively using the innovative capacity of the organization for continuous adaptation of its strategy to new realities of business.

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TYPOLOGIA PODEJŚĆ METODOLOGICZNYCH DO ROZWOJU STRATEGICZNYCH PROCESÓW W PRZEDSIĘBIORSTWIE

Streszczenie: Artykuł wskazuje metodologiczne aspekty tworzenia i uruchomienia efektywnego mechanizmu wdrażania strategicznych decyzji w przedsiębiorstwie poprzez procesy strategiczne ukierunkowane na tworzenie charakterystycznych cech organizacji lub zwiększanie jej kompetencji. Podsumowuje główne cechy obu typów strategicznych procesów przedsiębiorstwa, czyli strategię emergentną i preskryptywną, wyjaśnia podejście „konstruktywistyczne”, „empiryczne”, „idealistyczne” do formułowania i wdrażania strategii przedsiębiorstwa.

Słowa kluczowe: strategia, biznes, proces strategiczny, strategia emergentna, strategia preskryptywna, zarządzanie strategiczne