# Assess And Discuss The Various Approaches To Strategy And Strategy Making In Organisations, Explaining

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Understanding how organizations develop and implement strategies is crucial to their long-term success and competitiveness. The process of strategy making involves various approaches, each suited to different organizational contexts, goals, and environments. These approaches influence decision-making, resource allocation, and overall organizational direction. In this article, we will explore the key strategies and methodologies organizations employ to formulate effective strategies, examining their characteristics, advantages, and limitations.

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## Introduction to Strategic Management and Strategy Making

Strategic management is the process through which organizations define their objectives, analyze their internal and external environments, formulate strategies, and implement them to achieve competitive advantage. Strategy making is at the heart of this process, as it guides organizations in navigating complex markets and dynamic environments.

Effective strategy making involves a combination of analytical processes, creative thinking, and organizational culture. Different approaches to strategy emphasize various aspects, such as planning, positioning, resource allocation, or learning. The choice of strategy approach depends on factors like organizational size, industry, environment stability, and leadership style.

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## Key Approaches to Strategy and Strategy Making in Organizations

Organizations adopt diverse approaches to strategy formulation, each with unique characteristics. The main approaches include:

- Classical (Design/Planning) Approach
- Evolutionary Approach
- Processual Approach

- Systemic Approach
- Learning Approach
- Emergent Strategy Approach

Below, we delve into each of these methodologies.

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## 1. Classical (Design or Planning) Approach

The classical approach, also known as the deliberate or rational approach, is one of the most traditional methods of strategy making. It emphasizes a systematic process involving detailed analysis, formal planning, and deliberate decision-making.

Characteristics:
- Formal, structured processes
- Clear organizational objectives
- Detailed environmental scanning and SWOT analysis
- Use of strategic tools such as Porter’s Five Forces, BCG Matrix, and PESTEL analysis
- Long-term planning cycles

Advantages:
- Provides clear direction and focus
- Facilitates resource allocation
- Enhances coordination and control
- Suitable for stable environments

Limitations:
- Can be rigid and inflexible
- May overlook emergent opportunities or threats
- Often assumes certainty, which is rare in dynamic markets

The classical approach is best suited for large, stable organizations operating in predictable environments.

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## 2. Evolutionary Approach

The evolutionary approach draws an analogy with biological evolution, emphasizing that strategies evolve over time through natural selection processes.

Characteristics:
- Strategies emerge incrementally rather than being planned in detail
- Focus on adaptation and survival
- Less emphasis on deliberate planning, more on responding to environmental pressures
- Competitive pressures influence strategic choices

Advantages:
- Flexible and adaptable to changing environments
- Reduces the risk of strategic failure
- Encourages experimentation

Limitations:
- Can lead to reactive rather than proactive strategies
- Less control over strategic direction
- May result in inconsistent strategic vision

Organizations in highly competitive or rapidly changing industries, like technology or startups, often favor this approach.

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## 3. Processual Approach

The processual approach emphasizes that strategy is often a result of political, cultural, and subjective factors within organizations.

Characteristics:
- Strategies are developed through informal processes and negotiations
- Focus on organizational politics, power dynamics, and routines
- Recognizes that decision-making is often incremental and emergent
- Strategy formation is viewed as a social process

Advantages:
- Reflects real-world organizational behavior
- Incorporates diverse stakeholder interests
- Useful in complex or politically sensitive environments

Limitations:
- Can lack coherence and focus
- Difficult to predict or control strategic outcomes
- Less emphasis on formal analysis

This approach suits organizations where internal politics and culture significantly influence strategy development.

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## 4. Systemic Approach

The systemic approach considers the cultural, social, and economic systems within which organizations operate.

Characteristics:

- Strategies are shaped by societal norms, values, and institutional frameworks
- Recognizes the influence of cultural context on strategic choices
- Emphasizes understanding the broader system environment

Advantages:
- Promotes culturally sensitive strategies
- Enhances understanding of stakeholder influences
- Useful in multinational or culturally diverse organizations

Limitations:
- Complexity in analyzing systemic factors
- Potential for overemphasis on cultural aspects at the expense of business fundamentals

Organizations operating across different cultural regions often adopt this approach to align strategies with local contexts.

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## 5. Learning Approach

The learning approach underscores that strategy is a process of continuous learning and adaptation.

Characteristics:
- Emphasizes experimentation, feedback, and iterative decision-making
- Encourages organizational learning and knowledge sharing
- Strategies evolve based on new insights and experiences

Advantages:
- Highly adaptable to uncertain environments
- Fosters innovation and creativity
- Promotes a culture of continuous improvement

Limitations:
- Can lack clarity and direction
- Difficult to measure progress
- Risk of aimless wandering without clear goals

This approach is prevalent in innovative industries and organizations committed to agile methodologies.

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## 6. Emergent Strategy Approach

Emergent strategy is characterized by strategies that develop over time from day-to-day decisions, rather than from formal planning.

Characteristics:
- Strategies are realized through pattern recognition in organizational actions
- Often a response to unforeseen opportunities or challenges
- Can coexist with deliberate strategies

Advantages:
- Highly flexible and responsive
- Encourages innovation and experimentation
- Aligns with real-world decision-making processes

Limitations:
- May lack coherence or strategic focus
- Difficult to predict or control

Organizations that operate in volatile environments, such as startups or tech firms, often rely on emergent strategies.

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# Comparison of Strategy Approaches

| Approach | Key Focus | Suitable Environment | Strengths | Weaknesses |
|---|---|---|---|---|
| Classical (Planning) | Rational analysis and planning | Stable, predictable markets | Clear direction, control, resource focus | Inflexible, may overlook emergent opportunities |
| Evolutionary | Adaptation and natural selection | Competitive, dynamic industries | Flexible, resilient | Reactive, less control |
| Processual | Political and social processes | Politically complex organizations | Reflects reality, stakeholder engagement | Lack of coherence, unpredictability |
| Systemic | Cultural and societal influences | Multinational, culturally diverse | Culturally aligned, stakeholder-sensitive | Complex analysis, risk of cultural bias |
| Learning | Organizational learning and adaptation | Uncertain or innovative environments | Innovation, responsiveness | Lack of clarity, direction |
| Emergent | Pattern recognition from actions | Volatile, fast-changing markets | Flexibility, responsiveness | Lack of coherence, strategic inconsistency |

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# Integrating Approaches for Effective Strategy Making

While organizations may favor one primary approach, integrating multiple strategies can be more effective. For example:

- Combining deliberate planning with emergent strategies allows organizations to set clear

objectives while remaining adaptable.
- Using the classical approach for long-term goals and the learning approach for ongoing innovation fosters balance.
- Recognizing the influence of internal politics (processual) alongside formal analysis enhances strategic coherence.

Effective strategy making often involves a hybrid approach tailored to organizational needs and environmental conditions.

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# Conclusion

In summary, understanding the various approaches to strategy and strategy making is essential for organizational leaders aiming to navigate complex and dynamic environments. Whether adopting a structured planning process, emphasizing adaptation, or fostering organizational learning, each approach offers unique benefits and challenges. The most successful organizations are those that recognize their internal and external contexts and select or blend strategies accordingly to achieve sustainable competitive advantage. Continuous assessment and flexibility in strategy formulation are vital in today's fast-paced business landscape, ensuring that organizations remain resilient, innovative, and aligned with their long-term vision.

# Frequently Asked Questions

## What are the main approaches to strategy formulation in organizations?

The primary approaches include the classical or rational approach, which emphasizes deliberate planning; the incremental approach, focusing on small, gradual changes; the emergent approach, where strategies evolve organically; and the resource-based view, which centers on leveraging internal resources for competitive advantage.

## How does the classical approach to strategy differ from the emergent approach?

The classical approach involves a top-down, deliberate planning process with clear objectives and formal analysis, while the emergent approach recognizes strategy as an evolving process shaped by real-time decisions and adaptations based on changing circumstances.

## What role does environmental analysis play in strategy

## making?

Environmental analysis helps organizations understand external factors such as market trends, competitors, and regulatory changes, enabling them to develop strategies that capitalize on opportunities and mitigate threats, thereby aligning internal capabilities with external conditions.

## How do organizations incorporate stakeholder interests into their strategy-making process?

Organizations consider stakeholder interests by engaging in stakeholder analysis, seeking feedback, and aligning strategic goals with stakeholder expectations to ensure support, foster trust, and enhance long-term sustainability.

## What is the significance of strategic choice in the strategy-making process?

Strategic choice involves selecting among various options based on analysis, resources, and organizational goals, and it determines the direction of the organization, impacting its competitive position and future growth.

## How do different approaches to strategy make organizations more adaptable in a dynamic environment?

Approaches like the emergent and incremental methods promote flexibility and continuous learning, allowing organizations to respond quickly to environmental changes, innovate, and refine their strategies in real-time, thus maintaining competitiveness.

# Additional Resources

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In the dynamic landscape of modern business, organizations continuously seek robust strategies to navigate competition, adapt to market changes, and achieve long-term success. The process of developing these strategies—known as strategic planning or strategy making—varies widely, influenced by organizational structure, culture, industry, and leadership philosophies. Understanding the diverse approaches to strategy formulation is essential for managers, entrepreneurs, and stakeholders aiming to craft effective, sustainable plans. This article explores the principal methods organizations employ to develop strategies, examining their core principles, advantages, limitations, and practical applications.

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Introduction to Strategic Approaches

Strategy is fundamentally about positioning an organization to create value and sustain competitive advantage. Over decades, scholars and practitioners have identified multiple frameworks and approaches to strategy making, each reflecting different assumptions about how businesses operate and how strategic decisions should be made.

While some organizations favor deliberate, top-down planning, others adopt more flexible, emergent approaches. Recognizing these approaches helps leaders select methods aligned with their organizational context, goals, and environment.

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Classical Approaches to Strategy Making

1. The Rational Planning Approach

Overview:
The rational planning approach is perhaps the most traditional method, emphasizing a systematic, logical process. It assumes that organizations can define clear objectives, analyze their environment thoroughly, and develop detailed plans to achieve specific goals.

Core Principles:
- Sequential Process: Setting objectives → environmental analysis → strategy formulation → implementation → evaluation.
- Data-Driven Decision Making: Relies heavily on quantitative data and forecasts.
- Top-Down Planning: Senior management typically leads the process, with strategies cascading down through the organizational hierarchy.

Advantages:
- Clarity of direction and purpose.
- Facilitates resource allocation and coordination.
- Promotes discipline and accountability.

Limitations:
- Inflexible in rapidly changing environments.
- Overly reliant on accurate forecasts, which can be uncertain.
- May overlook informal insights or emergent opportunities.

Practical Application:
Many large corporations, especially in regulated industries like banking and manufacturing, employ formal strategic planning processes aligning with this approach.

2. The Positioning School

Overview:
Rooted in Michael Porter's work, the positioning school centers on how organizations can carve out a unique position within the industry to gain competitive advantage.

Core Principles:
- Industry Analysis: Understanding industry structure (e.g., Porter’s Five Forces).
- Differentiation and Cost Leadership: Strategies to stand out or operate efficiently.

- Strategic Fit: Aligning internal capabilities with external opportunities.

Advantages:
- Provides clear frameworks for competitive positioning.
- Emphasizes analytical rigor.
- Encourages organizations to identify niche markets or cost advantages.

Limitations:
- Can lead to static strategies that ignore emergent trends.
- Assumes industry conditions are relatively stable.
- May neglect internal organizational factors.

Practical Application:
Companies like Walmart or Southwest Airlines exemplify positioning strategies—focusing on cost leadership to dominate their sectors.

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Behavioral and Resource-Based Approaches

3. The Behavioral Approach

Overview:
Recognizing that decision-making is often influenced by cognitive biases and organizational politics, the behavioral approach emphasizes understanding human factors in strategy development.

Core Principles:
- Bounded Rationality: Decision-makers operate within limited information and cognitive constraints.
- Satisficing: Rather than optimizing, organizations settle for satisfactory solutions.
- Incrementalism: Strategies evolve gradually through small adjustments rather than radical shifts.

Advantages:
- More realistic depiction of how strategies emerge.
- Flexible and adaptable to changing circumstances.
- Encourages learning and experimentation.

Limitations:
- Less suited for organizations requiring precise, long-term plans.
- Can lead to fragmented or inconsistent strategies.

Practical Application:
Many startups and innovative firms adopt this approach, valuing flexibility and learning over rigid planning.

4. The Resource-Based View (RBV)

Overview:
The RBV posits that an organization’s unique resources and capabilities are the primary

sources of sustained competitive advantage.

Core Principles:
- Unique Resources: Tangible and intangible assets that are valuable, rare, inimitable, and non-substitutable.
- Core Competencies: Internal strengths that enable strategy execution.
- Strategic Focus: Building and exploiting resources rather than merely analyzing industry position.

Advantages:
- Encourages internal development and innovation.
- Supports the creation of barriers to imitation.
- Suitable for dynamic industries where resources matter most.

Limitations:
- Overemphasis on internal factors may overlook external threats.
- Difficult to identify and develop truly unique resources.
- Less prescriptive about the process of strategy formulation.

Practical Application:
Tech firms like Apple and Google leverage proprietary technology and talent as core resources shaping their strategies.

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Contemporary and Emergent Approaches

5. The Emergent Strategy Approach

Overview:
Contrasting with deliberate planning, emergent strategy recognizes that real-world strategy often develops through ongoing learning, adaptation, and unforeseen opportunities.

Core Principles:
- Incremental Development: Strategies emerge from small decisions and experiments.
- Flexibility: Organizations remain open to change and adjust tactics as needed.
- Learning-Oriented: Emphasizes feedback loops and organizational learning.

Advantages:
- Highly adaptable to complex, uncertain environments.
- Encourages innovation and responsiveness.
- Reduces the risk of strategic obsolescence.

Limitations:
- Can lack coherence or clear long-term vision if not managed carefully.
- Difficult to predict or control emergent strategies.

Practical Application:
Startups and tech companies often employ emergent strategies, allowing them to pivot based on market feedback.

6. The Scenario Planning Approach

Overview:
Scenario planning involves developing multiple plausible future scenarios to test the robustness of strategies against various external conditions.

Core Principles:
- Environmental Scanning: Identifying key uncertainties.
- Scenario Development: Crafting detailed narratives of different futures.
- Strategic Flexibility: Preparing contingency plans for each scenario.

Advantages:
- Enhances strategic resilience.
- Facilitates long-term thinking.
- Supports decision-making under uncertainty.

Limitations:
- Resource-intensive and complex.
- Requires significant expertise to develop meaningful scenarios.

Practical Application:
Multinational corporations and government agencies frequently use scenario planning to navigate geopolitical or economic uncertainties.

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Integrating Approaches: A Holistic View

Most organizations do not rely solely on one approach but blend elements to suit their unique context. For example, a company may employ a rational planning process to establish strategic goals while remaining open to emergent opportunities or threats. Similarly, resource-based insights can complement positioning strategies by emphasizing internal strengths.

Key considerations for organizations include:

- Environmental Stability: Stable industries favor deliberate, rational approaches; dynamic markets require agility and emergence.
- Organizational Culture: Innovative cultures may lean toward emergent strategies, while hierarchical ones favor top-down planning.
- Leadership Style: Visionary leaders may foster flexible, resource-oriented strategies, whereas risk-averse management prefers formal planning.

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Challenges in Strategy Making

Despite the variety of approaches, organizations face common hurdles:

- Uncertainty and Complexity: Rapid technological change, geopolitical shifts, and market volatility complicate strategy formulation.

- Resource Constraints: Limited time, data, and expertise can hinder comprehensive planning.
- Internal Resistance: Change initiatives may encounter resistance from stakeholders accustomed to existing routines.
- Execution Gaps: Even well-formulated strategies can falter during implementation.

Effective strategy making involves not only selecting the appropriate approach but also fostering organizational alignment, continuous learning, and adaptability.

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Conclusion

The landscape of strategy making in organizations is rich and diverse, encompassing classical, behavioral, resource-based, and emergent approaches. Each method offers unique insights and tools suited to different organizational needs and environments. The most successful organizations often adopt a hybrid approach, leveraging the clarity of formal planning while remaining flexible enough to respond to emergent opportunities and threats.

Understanding these various approaches empowers leaders to craft strategies that are not only theoretically sound but also practically effective in navigating the complexities of today’s business world. As markets continue to evolve unpredictably, the ability to assess, adapt, and integrate multiple strategic approaches will remain a vital competency for sustainable success.

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