Strategy tools: Contextual factors impacting use and usefulness

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HIGHLIGHTS

- The use of strategy tools is often rejected by hotel industry practitioners.
- Rejection is due to concerns about legitimacy and the need to make creative and fast experience-based decisions.
- Industry contextual factors such as culture and structure influence the use of strategy tools.
- The usefulness of tools as boundary spanning objects is undermined by a resistance to structure strategic thinking.

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ABSTRACT

Strategy tools are a common element of tourism and hotel management courses, journal articles and textbooks. In this paper we explore why practitioners do not find tools useful and hence reject their use as a strategy practice. Drawing on a cross-case analysis of qualitative data from three hotel companies, key findings suggest that strategy tools may restrict the deployment of experience-based knowledge, strategy practices are legitimised by top managers' perceptions and the lack of strategizing activities inhibits the potential for tool use. The industry context, including the unique ownership-management structure and institutionalised practices, also significantly influences the use and perceived value of tools. Practitioners are recommended to reconsider the ability of strategy tools to facilitate debate and act as boundary spanning objects and tourism researchers are encouraged to further study how practitioners use and value tools in order to create new ones based on practice rather than only on theory.

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1. Introduction

Strategy tools such as SWOT analysis, Porter's Five Forces framework and the Value Chain, are popular staples in business and tourism schools (Kachra & Schnietz, 2008) and strategy practitioners often acknowledge using them in their strategy work (Jarzabkowski, Giulietti, Oliveira, & Amoo, 2013; Knott, 2008; Oliveira, Rosa, & Antonio, 2008). Studies have established which specific tools are supposedly used (e.g., Clark, 1997; Frost, 2003) and the changing popularity of different tools (e.g., Pascale, 1990; Rigby, 2001; Rigby & Bilodeau, 2005; 2011). There is, however, a continued lack of understanding about how and why managers actually use and don't use these "knowledge artefacts" generally learned during their management education (Hodgkinson, Whittington, Johnson, & Schwarz, 2006; Jarzabkowski, Balogun, &

Seidl, 2007; Jarzabkowski et al., 2013; Jarzabkowski & Spee, 2009; Wright, Paroutis, & Blettner, 2013). Such knowledge is critical since the concepts that shape an organisation's strategy discourse help legitimise certain strategies and influence how decisions are made and resources allocated (Whittington et al., 2003).

This lacuna appears to exist because most academics "seem wedded to a representational epistemology, conceptualising use as primarily a prescriptive application" (Jarzabkowski & Wilson, 2006, p. 362). In response, this study examines tool use from what Jarzabkowski and Kaplan (2015) term "the realism of experience" (p. 1) by investigating how managers *actually* use and do not use tools in their strategy-making. It therefore falls exactly into the strategy-as-practice (SAP) research agenda (Vaaraa & Whittington, 2012). This practice perspective sees strategy as a type of work people do rather than only as something organisations have (Jarzabkowski, 2005). Being more concerned with a post-rational exploration (Ezzamel & Willmott, 2004) of the skills, techniques and tools that are used when creating strategy (Johnson, Melin, & Whittington, 2003) SAP provides a micro-level perspective of the

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actual practice and practices of strategy practitioners. SAP is particularly concerned with the *contextualisation* of these micro-activities (Belmondo & Sargis-Roussel, 2015) since practitioners do not act "in isolation but are instead constantly drawing upon the regular, socially defined modes of acting that arise from the plural social institutions to which they belong" (Balogun, Jarzabkowski, & Seidl, 2007, p. 199). This study thus examines the contextual influences on practitioners' actual use and rejection of strategy tools.

Both practitioners and academics need better knowledge about the relevance and role of strategy tools within specific contexts (Jarzabkowski & Wilson, 2006; Johnson et al., 2003). Such knowledge can improve managerial effectiveness by helping practitioners to better reflect on their specific strategy work processes and practices (Johnson et al., 2003). Studying why and how formal strategy tools are and are not used in the strategic management process can also help reveal what "is involved in being a competent strategist and how some practitioners are more influential than others" (Jarzabkowski & Whittington, 2008, p. 283). An understanding of practitioners' experiences with tools can assist researchers and educators in updating their own research and pedagogical practices and to design better tools (Jarzabkowski et al., 2013; Wright et al., 2013). For example, by determining how and why practitioners do not use these tools, academics can better recognize and address the limitations of tools not only with regards to their rational and analytical purposes, but also their practical implementation, thereby also addressing Sandberg and Tsoukas' (2011) call for a better understanding of practical (as opposed to scientific) rationality.

This paper seeks to contribute in a number of overarching ways to the applied SAP field. By examining why practitioners do not use strategy tools as part of their strategy-making activities, it responds to the call for studies about the usefulness of strategy tools in organisational settings and between different groups of managers (Wright et al., 2013). As it studies how and why strategists do not use tools, it heeds Carter, Clegg, and Kornberger's (2008) warning that "by only focusing on what strategists do, SAP scholars could mistakenly neglect what is not done or practised and thus potentially miss some of the 'strategic spaces' in which strategy is constituted" (p. 9). By drawing on empirical data about strategy making from companies in the single industrial setting of the international hotel industry, it provides an in-depth analysis of how a contextual setting shapes practitioners' non-use of tools. The focus on the hotel industry is especially relevant since it is an industry which has, with mixed results, habitually incorporated findings and recommendations, including tools and concepts, from the broader general business environment (Okumus & Wong, 2005; Olsen & Roper, 1998). By studying strategists from an industry allied to tourism, we are also able to add to the nascent work of scholars investigating strategy at work within tourism organisations (see for example, Aldehayyat, 2011; Beritelli & Laesser, 2011; Devine & Devine, 2011; Hodari & Sturman, 2014; Stokes, 2008).

The paper firstly reviews previous research into strategy tool use and non-use. It then outlines the research design of the multiple case study approach employed. The findings from three firms, including interviews with 52 executives and managers, observations and document analysis, are then evaluated in light of previous research. The conclusion outlines the main contributions of the study and its limitations and forwards implications for practitioners, researchers and hotel and tourism management educators.

2. Tools and their use

Strategy tools can be physical, processual or conceptual, and previous studies have examined practitioners' use of, for example, documents (Vaara, Sorsa, & Pälli, 2010), PowerPoint (Kaplan, 2011),

and analytical models and frameworks (Stenfors, 2007). The present study's fundamental interest lies with the use of popular academic and consultancy tools, and therefore focuses on the conceptual and analytical frameworks, matrices and models that are intended to help managers simplify and represent complex situations as part of the strategy formulation process. For the purposes of this paper we focus on tools such as Porter's Five Forces (Porter, 1980), SWOT analysis (Learned, Christensen, & Andrews, 1961), the Value Chain (Porter, 1985) and the BCG matrix (Henderson, 1979) which codify knowledge within structured approaches to strategic analyses, often through some form of visual depiction or propositional framework (Jarzabkowski & Kaplan, 2015; March, 2006; Paroutis, Franco, & Papadopoulos, 2015).

2.1. The use and usefulness of tools

The common consensus within the literature is that most strategy concepts and tools are developed to help managers deal with the uncertainties they face when analysing and evaluating strategic choices (Jarzabkowski & Kaplan, 2015). Strategy tools, such as frameworks and matrices, have long been noted for their inherent aim to help sort and structure information and thoughts related to strategic issues, and as such to help practitioners simplify, synthesise and diagnose large amounts of information (Dutton, Fahey, & Narayanan, 1983; Morecroft, 1992). March (2006) refers to strategy tools as "technologies of rationality" (p. 211) since they offer models of causal structures, provide spaces for collecting data, and establish decision rules for selecting among alternatives. Previous studies have, understandably, tended to ask managers about their use of tools in an almost single-dimensional way, perceiving them as merely analytical artefacts. From a practice perspective of strategy, however, it is clear that they play other roles which can only be uncovered if the tools are studied in their situated usage. For example, in reality tools might not be used 'by-the-book' (Whittington, 2010) and may be changed by the practitioner (Belmondo & Sargis-Roussel, 2015; Jarzabkowski, 2005). Conceptualising strategy tools as socially and contextually embedded therefore provides greater insight into their actual use and role in strategy making.

The classical view of strategy advocates that strategy making is still the preserve of top managers (the traditional 'strategists'). There is, however, much evidence to suggest that this view may no longer be appropriate since, for example, middle managers are often the interpreters and sellers (Rouleau, 2005), 'sensemakers' (Balogun & Johnson, 2004; 2005) and drivers (Mantere, 2008; Wooldridge, Schmid, & Floyd, 2008) of organisational strategy and change. Middle managers may thus go beyond their operational responsibilities and influence strategic activities as well as champion strategic ideas. Regnér (2003) found a more inclusive approach to strategy making in his observations within four Swedish multinationals. In these organisations, strategy ideas were deeply rooted in two diverse managerial contexts and locations — the centre and periphery — where top management and strategic planning staff as well as middle and lower level managers were all involved in strategy creation.

Strategy tools, irrelevant as to who is using them, can act as boundary-spanning objects (Jarzabkowski & Spee, 2009) since they can help mitigate the communication problems that result from the effects of geographic and hierarchal decentralisation and divisionalization. For example, they may help provide a common interface and language between diverse groups and individual actors, and therefore mediate strategizing activities across organisational levels (Jarzabkowski & Spee, 2009; Stenfors, Tanner, & Haapalinna, 2004). In this sense, strategy tools can be perceived as a type of 'processual toy' (Eden, 1992) which group members can use