



# Antecedents and outcomes of strategic thinking

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## ABSTRACT

This study focuses on the factors that influence strategic thinking at the organizational level. Based on previous research on strategic thinking in diverse management fields including marketing strategy, strategic management, and human resource management, this research provides a hypothetical model that links the firm's internal and external variables regarding strategic thinking at the organizational level, which in turn links to marketing performance.

The results of empirical analysis provide evidence that the attitude of firms' management toward risk taking, the CEO's emphasis on strategic thinking, interdepartmental teams in the organization, and marketing competency foster strategic thinking at the organizational level, but formalization in the organizational structure impedes it. Contrary to the proposed hypotheses, centralization in the organizational structure is positively related to strategic thinking at the organizational level. The results also show that market turbulence and technological turbulence foster strategic thinking at the organizational level and there is a positive relationship between strategic thinking and marketing performance.

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## 1. Introduction

The ability to think strategically is an increasingly important requirement for managers at diverse levels in organizations. Nurturing sound management practices and rigorous strategic thinking are the most important step a leader and a company can undertake to avoid decline and sustain growth (Bernhut, 2009). Previous research on strategic thinking in diverse management fields including marketing strategy, strategic management, and human resource management pays attention to such issues as: describing the concept and need for strategic thinking (Fairholm & Card, 2009; Gluck, Kaufman, & Steven, 1982; Graetz, 2002; Heracleous, 1998; Kim, 2004; Koo, 2000; Lattimer, 2008; Liedtka, 1998a; Sanders, 1998; Singer, 2008; South, 1981); what the process of strategic thinking entails (Liedtka, 1998b; Stacey, 1996; Senge, 1990); methods of strategic thinking (Allio, 2006; Crouch, 1998; Senge, 1992; Weber, 1984); how to develop and improve strategic thinking (Abraham, 2005; Barnett & Berland, 1999; Bates & Dillard, 1993; Bonn, 2001, 2005; Easterby-Smith & Davis, 1983; Garratt, 2005; Goldman, 2007, 2008; Hanford, 1995; Mason, 1986; Stumpf, 1989; Zabriskie & Huellmantel, 1991); consequences of strategic thinking; and how to estimate the level of strategic thinking (Bernhut, 2009; Fodness, 2005; Goldfarb & Yang, 2009; Struebing, 1996).

However, comprehensive research on the antecedents and outcomes of strategic thinking is sparse. This paper attempts to refresh the concept of strategic thinking and identify the elements thereof.

Then, this study provides a hypothetical model that links the antecedents (the firm's internal and external variables) to strategic thinking at the organizational level, which in turn is linked to outcomes (marketing performance). The model is empirically analyzed using data collected from South Korean firms.

This research may help to advance the theories and practice of marketing strategy and strategic management. The proposed conceptual framework for understanding the relationship between the antecedents of strategic thinking and strategic thinking at the organizational level may be useful to identify factors that foster strategic thinking in an organizational context. Moreover, a theoretical framework to comprehend the relationship between strategic thinking at the organizational level and the firm's marketing performance may be helpful to confirm the consequences of strategic thinking.

This paper proceeds as follows. The first section defines strategic thinking and profiles its elements. The second section develops a model to understand the antecedents and outcomes of strategic thinking; it also develops hypotheses. The third section describes the research methodology. The fourth section focuses on model estimation and empirical results. The final section concludes by discussing the theoretical and practical implications of the study.

## 2. Definition and elements of strategic thinking

### 2.1. Definition of strategic thinking

Previous research on strategic thinking provides somewhat varying definitions of strategic thinking depending upon the focus. South (1981, p. 20) asserted that "strategic thinking is a thought process probably

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first developed centuries ago by military organizations. And these organizations have found it useful to develop aids to strategic thinking which help them focus on the right issues, and provide a common frame of reference for discussing and reviewing strategy.” This definition emphasizes tools or aids for strategic thinking. Struebing (1996, p. 22) noted that “strategic planning often yields less than expected results. Companies should instead focus on strategic thinking, a dynamic process that continually reviews missions, strategies, and operations relative to customers’ needs and market forces.” This definition focuses on the functions of strategic thinking.

Liedtka (1998a,b, p. 30) points out, “Strategic thinking is traditionally defined as creative, disruptive, future-focused, and experimental in nature and seen to be at odds with traditional notions of strategic planning. Redefining strategic thinking in terms of a systematic or holistic view, a focus on intent, thinking in time, a hypothesis-driven approach, and an ability to be intelligently opportunistic integrates the concept more comfortably into strategic planning process.” In the same vein, Graetz (2002, p. 456) argued that “in an environment characterized by flux and uncertainty, a capacity for innovative, divergent strategic thinking rather than conservative, convergent strategic planning is seen as central to creating and sustaining competitive advantage.” Bonn (2005, p. 337) coherently defined strategic thinking as “a way of solving strategic problems that combines a rational and convergent approach with creative and divergent thought process.” The above definitions emphasize the elements or characteristics of the strategic thinking process.

Abraham (2005, p. 5) observes, “Strategy implies competing and outwitting competitors. Strategy is about being different from the competitors – finding the race to run and winning it.” He defines strategic thinking as “the process of finding alternative ways of competing and providing customer value,” (Abraham, 2005, p. 5). This definition focuses on not only the objectives but also the functions of strategic thinking.

Based on previous research, we define strategic thinking as “a way of solving strategic problems that combines a rational and convergent approach with a creative and divergent thought process to find alternative ways of competing and providing customer value.”

## 2.2. Elements of strategic thinking

Prior research has suggested a number of key elements that are relevant to strategic thinking. Bonn (2005) proposed systematic thinking, creativity, and vision as the principal elements of strategic thinking. We argue that market orientation is another critical element of strategic thinking. Thus, we posit that systematic thinking, creative thinking, vision-driven thinking, and market-oriented thinking are the key elements of strategic thinking. Fig. 1 shows the strategic thinking elements.

### 2.2.1. Systematic thinking

Kaufman (1991, p. 69) describes strategic thinking as “a switch from seeing the organization as a splintered conglomerate of disassociated parts competing for resources, to seeing and dealing with the corporation as a holistic system that integrates each part in relationship to the whole.” Senge (1990, p. 43) names this approach, “systems thinking.” He argued, “We must look into the underlying structures, which shape individual actions and create the conditions where types of events become likely,” (Senge, 1990, p.43). Stacey (1996) argued that such an integrated perspective of organizations requires a thorough understanding of the internal and external dynamics of organizational life.

### 2.2.2. Creative thinking

Bonn (2005, p. 338) argues that “strategy is about the development of novel solutions to create competitive advantage. Strategic thinkers must search for new approaches and envision better ways of doing

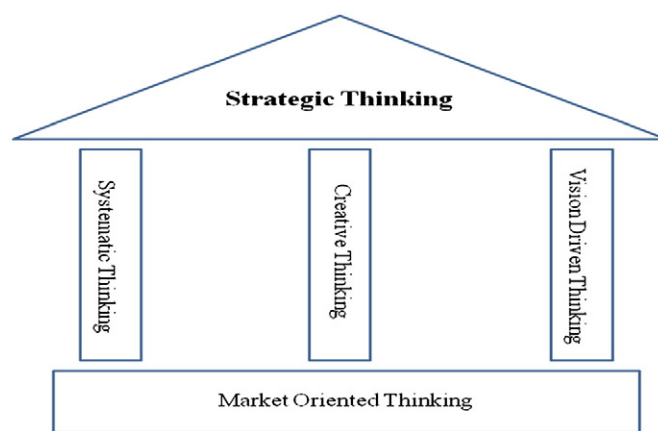


Fig. 1. The elements of strategic thinking.

things, in other words, be creative.” Amabile (1998, p. 79) stated that “creative thinking refers to how people approach problems and solutions – their capacity to put existing ideas together in new combinations.” De Bono (1996, p. 17) asserted that “without creativity we are unable to make full use of the information and experience that is already available to us and is locked up in old structures, old patterns, and old perceptions.”

### 2.2.3. Vision-driven thinking

Senior managers need to make sense of complex and multifaceted projects and synthesize many possible meanings (Boland, 1984). Weick (1995, p. 27) argues that “people who face complex situations need some sort of guidance, values, priorities, and clarity about preferences to help them develop viable strategies.” Collins and Porras (1998) showed that leaders of companies with a strong sense of vision placed great emphasis on building an organization that had a deep understanding of its reason for existence and its core values, that is, fundamental and enduring principles that guide and inspire people throughout the organization and bind them together around a common identity.

### 2.2.4. Market-oriented thinking

Prior research shows considerable interest in the market-orientation concept (Day, 1992; Gronroos, 1989; Rivera, 1995; Webster, 1988) and its usefulness in enhancing firms’ marketing performance (Jaworski & Kholi, 1993; Narver & Slater, 1990; Ruekert, 1992). Rivera (1995) defined market orientation as a strategy that is used to attain a sustainable competitive advantage. Competitive advantage results from the use of resources and capabilities to generate differential satisfaction in profitable markets.

Sustainability is achievable because the performance of market-oriented behavior requires complex organizational knowledge that cannot be duplicated easily by competitors. Sustainability is also achievable because market-orientation attainment requires constant monitoring and encouragement of the personnel’s commitment (Lado, Maydeu-Olivares, & Rivera, 1998). Satisfaction permits the firm to achieve a psychological differentiation position that leads to brand loyalty and higher profits (Lambin, 1993).

## 3. Model and research hypotheses

In this study, we have reviewed previous research regarding the factors that foster or impede strategic thinking. In addition, previous research on the factors that influence innovation and market orientation is also examined because strategic thinking, innovation, and market orientation are likely to have considerable commonalities. That is, many firms that face severely unstable and turbulent environments seek

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