



The role of project portfolio management in fostering both deliberate and emergent strategy

Julian Kopmann ^a, Alexander Kock ^{b,*}, Catherine P Killen ^c, Hans Georg Gemünden ^d

^a *Bombardier Transportation, Schöneberger Ufer 1, 10785 Berlin, Germany*

^b *Technische Universität Darmstadt, Chair for Technology and Innovation Management, Hochschulstraße 1, 64289 Darmstadt, Germany*

^c *School of Systems Management and Leadership, University of Technology Sydney, P O Box 123, Broadway, NSW 2007, Australia*

^d *Handelshøyskolen BI, Department of Leadership & Organization, Oslo, Akershus, Norway*

Received 6 September 2016; received in revised form 3 February 2017; accepted 14 February 2017

Abstract

Formal strategy processes have been shown to be insufficient in shaping strategy, particularly in turbulent environments. Emerging strategies that constitute independently from deliberate top-down strategy processes are important for organizational adaptability. This study explores strategic control mechanisms at the project portfolio level and their influence on emergent and deliberate strategies. Based on a sample of 182 firms, we show that both deliberate and emerging strategies positively influence project portfolio success, complementing each other. In turbulent environments, the relevance of deliberate strategy implementation decreases. Strategic control activities not only foster the implementation of intended strategies, but also disclose strategic opportunities by unveiling emerging patterns. Furthermore, we find that deliberate strategy implementation and emerging strategy recognition mediate the performance impact of strategic control. Our findings suggest that strategic control at the project portfolio level has an important role to play in the purposeful management of emergent strategies.

© 2017 Elsevier Ltd, APM and IPMA. All rights reserved.

Keywords: Project portfolio management; Deliberate strategy; Emergent strategy; Strategic control; Strategy implementation

1. Introduction

Almost 40 years since Mintzberg introduced the concept of emergent strategy (Mintzberg, 1978; Mintzberg and Waters, 1985), the impetus to understand the complexity of strategy processes, both deliberate and emergent, is strong and growing (Vaara and Whittington, 2012). Acting alone, formal and rigid strategy processes have been shown to be insufficient in shaping strategy in response to change (McKiernan and Morris, 1994; Parnell et al., 2012). In today's volatile and unforgiving competitive environment, it might be the emergent strategic

processes that are particularly relevant for organizational adaptability and survival (Chari et al., 2014; Hamel, 2009; Thomas and D'Aveni, 2009; Whittington et al., 2016). Emergent strategies are realized in absence of or despite formal strategic intention and by nature fall outside traditional strategy processes; this makes it difficult to control their influence and has prompted exploration of alternate methods to manage 'planned emergence' (Grant, 2003; Levina and Su, 2008). This study explores how strategic control mechanisms implemented at the portfolio level can influence organizational performance by not only measuring performance, but also providing impetus and direction for change and emergence in strategic processes (Bititci et al., 2012; Thomas and Ambrosini, 2015).

The bulk of strategic management research focuses on deliberate strategies and strategy content and formulation, while strategy implementation is sometimes portrayed as an

* Corresponding author.

E-mail addresses: julian.kopmann@rail.bombardier.com (J. Kopmann), kock@tim.tu-darmstadt.de (A. Kock), catherine.killen@uts.edu.au (C.P. Killen), hans.gemuenden@tim.tu-berlin.de (H.G. Gemünden).

autonomous activity and is not subjected to much scrutiny (Bower and Gilbert, 2005; Hrebiniak, 2006; Hutzschenreuter and Kleindienst, 2006; Raes et al., 2011). However, according to Mankins and Steele (2005), firms realize only 63% of their strategies' potential value, and Johnson (2004) reports that 66% of corporate strategy is never implemented. Despite warnings that it is more difficult to make strategy work than to develop it (Hrebiniak, 2006), approaches to implementing strategy tend to take a narrow view and look for the best way to implement the deliberate strategy, rather than to consider other possibilities such as the role of emergence (Meskendahl, 2010; Morgan et al., 2008; Unger et al., 2012). The limitations of deliberate strategy implementation are highlighted in a review by Hutzschenreuter and Kleindienst (2006); of 202 empirical articles on strategy processes identified in the review, 35 analyzed the impact of strategy process characteristics on corporate performance and less than half (16) of these studies showed a positive influence from deliberate strategies. Only two of the articles analyzed in the review explored the performance impact of emergent strategies, and the findings were contradictory.

Nevertheless, there is a body of empirical research that describes how emergent strategy arises from resource allocation (Burgelman, 1994; Noda and Bower, 1996), autonomous strategic behavior (Burgelman, 1983; Mirabeau and Maguire, 2014), and is fostered by interactive strategic control systems (Osborn, 1998; van Veen-Dirks and Wijn, 2002). The new paradigm of 'planned emergence' constitutes a shift from the traditional perception of strategic planning as a resource deployment process towards viewing 'strategy as aspirations and performance goals' (Grant, 2003). 'Planned emergence' promotes differences in attention to timeframe and level when compared with traditional strategic planning; 'planned emergence' brings strategic vision to the present, recognizing micro-level practices whereas traditional strategic planning focuses on the future and on macro-level analysis (e Cunha et al., 2006). In an analysis of major oil companies, Grant (2003) found that these new 'planned emergence' processes are characterized by shorter planning horizons, greater flexibility, and an increased emphasis on performance targets that primarily aim at controlling and coordinating the different parts of the business (see also Kim et al., 2014; Meissner, 2014). In addition, a wider dialogue in management research aims to better understand the success of strategy processes and the influence of context, communication, and informal processes and controls (Hodgkinson et al., 2006; Meissner, 2014; Regner, 2003; Thomas and Ambrosini, 2015).

We address the need to further explore activities through which strategies emerge (Vaara and Whittington, 2012) by focusing on the role of project portfolio management in strategy implementation. Literature suggests that emergent as well as deliberate (intended) strategies are realized through a portfolio of strategic initiatives (either induced or autonomous) that compete for scarce resources (Burgelman, 1991; Noda and Bower, 1996; Shenhar et al., 2001). These strategic initiatives are often implemented through a portfolio of projects and their strategic alignment is best managed from a project portfolio

perspective (Morris and Jamieson, 2005; Shenhar et al., 2001). Management activities at this level can play a decisive role in implementing both emergent and deliberate strategies.

We have selected the project portfolio perspective for this study because project portfolio management, which is responsible for the prioritization, selection, and termination of projects, acts as a bridge between strategy formulation and its implementation (Meskendahl, 2010). The management of a project portfolio encompasses projects that are initiated through the organization's formal and cascaded strategy process as well as projects that evolve in an 'emergent' fashion and may not be well aligned to the existing strategy (Mirabeau and Maguire, 2014). Thus, project portfolio management not only frames the process of translating a corporate strategy into a project roadmap for implementation, but also provides the oversight of the project landscape that comprises the grassroots of emergent strategies. To better understand the relationship between strategy and project portfolio management, we examine the application of strategic control activities, in particular those that have been identified as levers for exploiting emergent strategies, enabling response to change, and reversing the traditional 'top-down' relationship between strategy formulation and implementation (Osborn, 1998; Simons, 2013).

Our research contributes to the discussion about the roles of strategy formulation and implementation and the effects of emerging elements under changing environmental conditions (Mintzberg, 1990). We examine management activities at the project portfolio level, specifically investigating the application of strategic control mechanisms in the nexus between deliberate and emergent strategies and the resultant effect on realized strategy and success.

The research is guided by the following research questions: *What is the relationship between deliberate and emergent strategies and project portfolio success? How are these relationships moderated by environmental turbulence? What role does strategic control play in the formation of deliberate and emergent strategies? What is the relationship between strategic control and project portfolio success?*

We address these research questions through a conceptual framework that relates strategic control to both the implementation of deliberate strategies and the recognition of emerging strategies and subsequently project portfolio success. The framework is empirically tested on a dual-informant cross-industry survey of 182 medium-sized and large firms. This study contributes to the literature in several ways. First, we reveal how management activities at the project portfolio level not only foster the implementation of intended strategies but also disclose strategic opportunities by unveiling emerging patterns. We observe a complementary effect between deliberate strategy implementation and emerging strategy recognition. To the best of our knowledge, there is no empirical study, which has tested the simultaneous performance influence or interaction of deliberate and emerging strategy implementation. Second, we find that strategic control positively contributes to the effectiveness of deliberate strategy implementation and emerging strategy recognition, which mediate its influence on

Download English Version:

<https://daneshyari.com/en/article/4922081>

Download Persian Version:

<https://daneshyari.com/article/4922081>

[Daneshyari.com](https://daneshyari.com)