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# Strategic Thinking Research Using Grounded Theory

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## Abstract

The aim of the study is to explore the process of strategic thinking among top leaders in six government-linked companies (GLCs) in Malaysia. Strategic thinking is about how organizational leaders make strategic decisions. This study had focused on GLCs in Malaysia. They are owned by the federal government through some government-linked investment companies (GLICs) namely Khazanah Nasional, Permodalan Nasional Berhad (PNB), Employees Provident Fund (EPF), Retirement Fund Incorporated (KWAP), Lembaga Tabung Angkatan Tentera (LTAT) and Lembaga Tabung Haji (LTH). The methodology adopted was the Grounded Theory (GT), one of the prime qualitative methods in the literature. GT could be divided into two perspectives – the Glasserian GT and the Straussian GT. After comparing the characteristics of the two GT perspectives, the researchers found that the Straussian GT perspective was more suited to track the strategic thinking process of top leaders in the selected Malaysian GLCs. The data collection was done through telephone interviews with the relevant CEOs of the organizations concerned. The interview findings showed that all the CEOs had some kind of masters' degrees which then shaped their perceptions of strategic thinking. The emergent theory for strategic thinking in this study was the learning theory.

**Keywords:** GLC, GLIC, Grounded Theory, Malaysia, strategic thinking

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## 1. INTRODUCTION

Over time, researchers have found out that leaders especially top leaders played important roles in determining the performance of organizations (DuBrin, 2010; Yukl, 2010). There are several types of organizations worldwide such as public organizations, non-governmental organizations (NGOs) and business organizations (or firms). Generally public organizations and NGOs are not profit-oriented. But firms are in the business of making profits for the benefits of their owners and shareholders. Because of the advancement of modern technology influenced by computers and information technology (IT) the business environment has become more complex and more uncertain with the coming of the 21<sup>st</sup> century. Business has become and is becoming more competitive. Business top leaders or chief executive officers (CEOs) are under heavy pressures to develop competitive strategies to stay ahead of competitors. These CEOs would need to develop strategic plans and conduct effective strategic management. In order for these CEOs to perform these actions smoothly, some elements of strategic thinking must be practised by them.

### 1.1 Business Strategy and Strategic Management

Business strategy and strategic management are interrelated. Probably looking at their definitions would be helpful for a start. There are several definitions given by authors (Jones & Hill, 2009; Jones & Hill, 2010). But suffice at this juncture that we know the broad meaning of the terms. According to Mohamed, Ann and Yee (2010), the two terms could be defined as follows:

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**Strategic management** – it means the drafting, implementing and evaluating cross-functional decisions that will enable the organization to achieve its long-term objectives (p.2). It comprises a series of steps comprising SWOT analysis of the environment (external and external), strategy formulation, strategy implementation and strategy evaluation (p.11).

**Strategy** – a strategy is concerned with integrating company activities and allocating resources so that the present objective can be met (p.2). West III and Bamford (2010) also supported this interpretation.

## 1.2 Strategic Planning and Strategic Thinking

Some authors explained that the terms strategic management and strategic planning are generally synonymous (Jones & Hill, 2009; Mohamed, Ann & Yee, 2010). The outcome of both processes is the creation of a strategic plan for an organization.

Next comes the discussion whether strategic planning and strategic thinking is one and the same. Strategic planning is part of the strategic management process, However, strategic thinking is distinct from strategic planning (Graetz, 2002; Liedtka, 1998) and can also be considered a prerequisite to strategic planning (Mintzberg, 1994).

Mintzberg (1994) defined strategic thinking as a mental process applied by an individual in the context of achieving success in any endeavour. When applied to an organizational strategic management or strategic planning process, it involves the generation and application of unique business insights and opportunities intended to create competitive advantage for a firm. Mintzberg (1994) added that strategic thinking is more about synthesis than analysis. It is about *“capturing what the manager learns from all sources (both the soft insights from his or her personal experiences and the experiences of others throughout the organization and the hard data from market research and others) and then synthesizing that learning into a vision of the direction that the business should pursue.”*

## 1.3 Strategic Thinking Competencies

Some authors believed that strategic thinking in CEOs of organizations can be viewed by looking at some competencies (Liedtka, 1998; Schoemaker, 1995).. According to Liedtka (1998), there are five “major attributes of strategic thinking in practice” that resemble competencies.

The competencies are:

- **Systems perspective** – this refers to being able to understand implications of strategic actions. “A strategic thinker has the mental model of the complete end-to-end system of value creation, his or her role within it, and an understanding of the competencies it contains” (Liedtka, 1998).
- **Intent focused** – this means the leader is more determined and less distractible than rivals in the marketplace (Liedtka, 1998).
- **Thinking in time** – this means the leader is able to hold past, present and future in mind at the same time to create better decision making and speedy implementation (Liedtka, 1998).
- **Hypothesis driven** – this means the leader can ensure that both creative and critical thinking are incorporated into strategy making. This competency incorporates the scientific method into strategic thinking (Schoemaker, 1995).
- **Intelligent opportunism** – this means that the leader can be responsive to good opportunities in the environment (Liedtka, 1998).

## 1.4 Strategic Thinking and Grounded Theory

There are few academic research in business research using grounded theory in Malaysia (Arshad, Ahlan & Syed Ibrahim, 2013; Basri, 2014; Idris, Dollard & Winefield, 2010; Loy, 2010; Wan Hamid, Mat Saman & Saud, 2012). There is a gap for further development in this area.

## 1.5 The Meaning of Grounded Theory

Grounded Theory (GT) is a systematic methodology in the social sciences involving the construction of theory through orderly gathering and analysis of data (Faggiolani, 2011; Strauss & Juliet, 1994). GT is a research methodology which operates inductively. A study using GT is likely to begin with a question or even a collection of qualitative data. As the researcher or researchers review the data collected, repeated ideas, concepts or elements become more obvious, and are tagged with codes, which have been extracted from the data. As more data is collected and re-reviewed, codes can be grouped into concepts and then into categories. These categories can become the basis for new theory.

## 1.6 Differences between Two Grounded Theory Perspectives

Grounded Theory (GT) was initially developed by two researchers – Barney Glaser and Anselm Strauss (1967). But later the two researchers separated and developed separate versions of GT. Now we have two fundamental schools of Grounded Theory – the Glaserian School and the Straussian School (Devadas, Silong & Ismail, 2011; Jones & Alony, 2011). The review on the differences between the two perspectives can be seen in the article written by Jones and Alony (2011). Glaser takes the stance that researchers should have an empty mind (without predetermined research questions) while Strauss permits a general idea of the area under study (begin with some research questions). Glaser leads with the principle that theory should emerge, while Strauss uses structured questions to lead a more forced emergence of theory.

After comparing the two perspectives in Grounded Theory, the researchers of this study believed that the Straussian perspective was more suitable to conduct the study.

## 2. METHODOLOGY

### 2.1 Research Method

Conceptualizing a qualitative research is difficult but it can be done with proper planning (Schram, 2006). Since the study wanted to track the process of strategic thinking of the CEOs of the government-linked companies (GLCs) or an attempt to answer the ‘How’ questions in organizations, the right research method to undertake is the qualitative method (Creswell, 2013; Lee, 1999). According to Creswell (2013), there are at least five approaches to qualitative research such as the narrative research, phenomenology, ethnography, case study and grounded theory (p.1 - 13). Choosing the most suitable method from among the five approaches alone is baffling to any researcher.

But Grounded Theory (GT) was chosen based on its characteristics as follows:

- The researchers wanted to focus on the process of strategic thinking
- The researchers wanted to determine some theory of the process at the end of the study
- Memoing or writing the records of the process as data were collected
- Interviewing was the primary form of data collection
- Data analysis could be structured

### 2.2 Theoretical Sampling

Based on the requirements of GT, the theoretical sampling of the respondents or interviewees were done (Table 1). This procedure could also be regarded as purposive sampling.

Table 1. The CEOs of the Selected GLCs.

The CEO/Age	Edu	The GLC
Azman Mokhtar (50)	MPhil	Khazanah
Shahril Ridza Ridzuan(48)	MA	EPF
Rahman Ahmad (49)	MA	PNB
Johan Abdullah (58)	MBA	LTH
Lodin Kamaruddin (69)	MBA	LTAT
Kamaruzaman Ahmad (58)	BEc	KWAP

Source: Annual Reports of the Companies 2013 - 2018

### **2.3 Interview Protocol**

An interview protocol was developed as the prime instrument for collecting data from six individual CEOs of the six government-linked companies (CLCs) mentioned in Table 1. It had four questions comprising:

- Was strategic thinking part of your work in strategic planning/strategic management?
- Was strategic thinking incorporated in your company's strategic planning/strategic management?
- Was strategic thinking separate from your strategic planning/strategic management?
- How did you conduct your strategic thinking in your company?

### **2.4 Data Collection Method**

The prime method of collecting data was by telephone interview. Arrangement was made initially with secretaries of the six CEOs. The CEOs were informed of the purpose of the interviews and that they were academic in nature. Each interview took between 20 to 30 minutes. Researchers agreed that telephone interviews were expensive but effective way of collecting qualitative data (Creswell, 2013; Lee, 1999).

### **2.5 Data Analysis**

The data analysis was done manually on a computer. No data analysis software was used. Gibson and Brown (2009) considered doing data analysis manually is acceptable. The Grounded Theory approach involved constant comparative analysis or what had come to be called the Constant Comparative Method (Creswell, 2013). This involved the researcher moving in and out of the data collection and analysis process (sometimes called 'iteration').

The process of analyzing the data also involved three levels of coding:

- **Open coding** – where the researchers began to segment or divide the data into similar groupings and formed preliminary categories of information about the phenomenon being examined
- **Axial coding** – following intensive open coding, the researchers began to bring together the categories they had identified into groupings. These groupings resembled themes and were generally new ways of seeing and understanding the phenomenon under study
- **Selective coding** – the researchers organized and integrated the categories and themes in a way that articulated a coherent understanding or theory of the phenomenon of the study.

(Source: Corbin & Strauss, 1990; Glaser & Strauss, 1967; Strauss & Corbin, 1994)

## **3. FINDINGS**

### **3.1 Profiles of the Interviewees**

There were six CEOs from six government-linked companies (GLCs) who were interviewed (refer Table 1). All of them were from the Malay ethnic group. Average age of the interviewees was 55 years, the youngest of the interviewees was 48 years old and the oldest was 69. All of them could be considered as having wide corporate experiences at senior levels.

In terms of qualifications, three interviewees had Masters' degree from University of Cambridge, two interviewees had Master in Business Administration (MBA) from American universities and one interviewee had a Bachelors' degree in Economics. Five interviewees could be regarded as highly qualified in organizational management.

### **3.2 Responses to Interview Protocol Questions**

There were four open-ended questions in the interview protocol. Table 2 provides the interviewees' responses.

Q1 asked the interviewee whether strategic thinking is part of his work in strategic planning/strategic management. Q2 asked the interviewee whether strategic thinking was incorporated in his company's strategic planning/strategic management. Q3 asked the interviewee whether strategic thinking was separate from his strategic planning/strategic management. Lastly Q4 asked the interviewee on how he conducted his strategic thinking in his company (the process).

All the six CEOs of the GLCs were in agreement with most of the questions that were asked. An important point was that the CEOs viewed that strategic thinking was not part of their companies' strategic planning but separate from the strategic planning or strategic management process. Another important point was that all the CEOs conducted their strategic thinking in discussion with their senior managers. This implied that the CEOs had well-trained and experience senior managers to assist them in the required strategic thinking.

Table 2. Interviewees' Responses to Interview Protocol

Interviewee No.	Q1	Q2	Q3	Q4
Azman	Yes	No	Yes	Discussion
Shahril	Yes	No	Yes	Discussion
Rahman	Yes	No	Yes	Discussion
Johan	Yes	No	Yes	Discussion
Lodin	Yes	No	Yes	Discussion
Kamaruzaman	Yes	No	Yes	Discussion

### 3.3 Responses to Strategic Thinking Competencies

In relation to question 4 in the Interview Protocol, five strategic thinking competencies were probed to the six interviewees (Table 3).

Table 3. Interviewees' Responses to Probes on Strategic Thinking Competencies

Interviewee No.	C1	C2	C3	C4	C5
Azman	Yes	Yes	Yes	Yes	Yes
Shahril	Yes	Yes	Yes	Yes	Yes
Rahman	Yes	Yes	Yes	Yes	Yes
Johan	Yes	Yes	Yes	Yes	Yes
Lodin	Yes	Yes	Yes	Yes	Yes
Kamaruzaman	Yes	Yes	Yes	Yes	Yes

C1 represents systems perspective, C2 is intent focused, C3 is thinking in time, C4 is hypothesis driven and C5 is intelligent opportunism.

All the interviewees gave positive answers to all the five strategic thinking competencies being asked. This indicated that all the six CEOs of the GLCs in Malaysia had some kind strategic thinking competencies.

### 3.4 The Emergent Theory from the Study

Based on the data collected the researchers of the study deduced that leaders who have wide corporate experience and who are highly qualified with post-graduate qualifications from reputable universities can learn faster from the business environment and can think strategically to develop their respective organizations. A learning theory can be applied to develop the strategic thinking competencies of CEOs of business firms.

## 4. CONCLUSIONS AND LIMITATIONS

The study was aimed at exploring the strategic thinking process of CEOs in the government-linked companies (GLCs) in Malaysia. Since the focus of the study was on the process (the How question), the qualitative method was deemed suitable. After viewing several qualitative methods, the Grounded Theory (GT) was finally selected. It was found that there were two GT perspectives – the Glaserian perspective and the Straussian perspective (Devadas et al., 2011). The Straussian perspective was then picked as it allowed the usage of research questions

to start the study. The six GLCs under study were well funded and they were led by CEOs with wide corporate experiences and were highly qualified, From the six CEOs interviewed, five CEOs had masters' degrees with three CEOs having their degrees from University of Cambridge, England. It was thought that the emergent theory grounded in the data collected was the learning theory.

However, the study had one important limitation which was it had focused only on the leading government-linked companies (GLCs) in Malaysia. It would be fruitful if the study had focused also on the lesser endowed GLCs in Malaysia.

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