

# Approaches and the evolution of schools in strategic management

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## Abstract

In the area of planning and strategic management, experts and scholars expressed different views about the formation and the type of strategic planning. Nowadays, such ideas are put forth in the framework of paradigm and schools. Today each of them is called a paradigm or school. Each of these ideas has got some advocates or opponents and lots of views have been expressed about the matter so far. Such remarks and statements do not offer any clear understanding of strategic planning and formation. However, these approaches and attitudes were categorized and expressed in some more general frameworks. Some groups regard strategic formation as clear, predictable, analyzable and logical processes while others regard it as being contingent. Studying the evolution of strategic schools and approaches of strategic planning can help us get a better understanding of strategic planning. In this article, in addition to studying the evolution of strategic schools, we will also explore the latest approaches to strategic planning, evaluate the characteristics and theoretical basis of each of them, and finally suggest the models related to them.

**Keywords:** Approach, strategic school, characteristics of schools, the models of strategic schools

## Introduction

Classic theoreticians such as Anson and Andrews regard the future as the continuum of past and present and by predicting environmental factors, they try to draw up their strategies in order to make more benefit of tomorrow's opportunities. While the new theoreticians such as Minz Burg, Porter and Hamel believe that while we do not have enough capability to predict the future properly, and

while the world is undergoing quick and unpredictable changes, and there is no control over the vital principles needed, how can organizations formulate and implement strategies? And in terms of the quick changes, can the methods of Harvard SWOT, Boston's Consultant Group (BCG) or the Analysis of Internal or External Factors (IEFM) respond to our today's needs? That is why it is necessary to discuss Paradigm and finally we will offer the views of strategic theoreticians about Paradigm.

## Research question

The following questions are going to be discussed in this research:

1. What is the evolution of strategic schools?
2. What are the most important schools and approaches which prevail upon strategic planning?
3. What are the characteristics and theories of each of these schools?
4. What models were offered for each of these schools?

## Purpose of the research

The purpose of this research is to study the evolution of strategic schools and to learn about the characteristics of each of these schools for the purpose of utilizing each of these approaches in strategic planning.

## Schools and approaches from the viewpoint of Whittington

Whittington in his article called theories and strategy discusses different views about strategic schools and strategic management in four categories: classic viewpoint toward strategy, evolutionary viewpoint, process viewpoint and systematic viewpoint.

Whittington(2001) considers four general schools for strategic management . These schools

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are a useful tool for understanding of strategy. In addition, we can also use them to get a better understanding of different viewpoints.

Wittington introduces strategic thoughts in four strategic schools .they are: classical-evolutionary - processual and systemic. In his idea, in one hand, strategies can be divided into categories which have the same goal (such as benefit maximization) and in the other hand, strategies can be divided into categories which have many different goals i.e., they are pluralist. Of course, there is also another duality among the schools of thoughts. That is, in one hand, they are considered an act of deliberation, and on the other hand, it is a thought emerging out of the daily processes and activities of organizations.

### *Classical approaches*

The old approaches (Ansof, 1968: Porter, 1980) use thoughts as an infrastructure and the ultimate goal of business is returning to the environment (ROI) .Using the science of old economics, the goal (the ultimate action) is achieved through rational planning. That is why these approaches rely on the concept of organizations that arranges the sources and activities of the organization in the form of cause and effect for the purpose of increasing the benefit. Such an understanding of organization is based on Taylor system. Based on such a system, the organizational activities are broken into their observed constructor sectors so that they can be studied, corrected or implemented effectively according to the scientific approach. (Taylor, 1947) .We perceive the whole by breaking and perceiving the components and parts. This reductionism approach may miss the parts for the sheer reason that often the whole is better than the part. In the classical strategic management, strategic thought (strategization) is separated from the carrying out of strategy (strategic action) ,strategic thought is common especially in the public sector (Gold Smith, 1997). Separation with the economic view of hierarchy is actually a method of organizing in the corporation. Here, the outstanding managers think about the strategies or design them while the subordinate managers hierarchically implement them and operationalize the strategic patterns. Chandler's famous strategic structure shows a hierarchical approach. Based on this theory, thought and action are separated from each other. Only some people design strategies, others implement them. Therefore, the other people should follow them.

### *Processual approach*

According to Wittington, processuality, which follows classical strategy,states that the most likely decisions are the decisions that receive the strongest support:

It means that decision-making is a reflection of probable response to the exigent areal problems, and to the same degree, it reflects constant programming in some sections of the organization.

Unlike evolutionists, processualists are pessimistic about the success of classical rational programming.Also they do not trust much in the potentiality of the market for getting assured of the benefit maximization. They believe that you should accept the world the way it is and concentrate on the inside of the organization based on macro-policies and cognitive limitations of rational action. Percussualists are the supporters of bordering rationality and replace prejudice with defense against economic rationalist human. Such an understanding essentially supports a favorable idea and is mostly accompanied with human behavior (human criteria) rather than optimization of classical strategy. Human being mostly tends to be pleasant rather than being favorable. It means that we can actually obtain favorability as much as we near it. And simultaneously we accept our limitations and other people's desires in order to achieve the favorites.

### *Evolutionary approaches*

If classical approach philosophically comes from the dry science of physics, evolutionary approach comes from the science of Biology. Evolutionists do not accept the concept of rational programming based on which the market factors of benefit maximization and survival are guaranteed. According to the evolutionists and assessment of analysis, profit and loss is by nature. According to Darwin's theory of natural selection, organic metaphor is considered another aspect of classical approach.

Evolutionists suggest that strategy of the managers should not be that much supported in favor of environmental suitability, as the markets and not the managers always determine the most appropriate strategy. Based on such a probable theory, success and strategy of the corporation gets adjusted to environments which are threatened by the research conducted by outstanding researchers. Many economic corporations have got the ability more or less to develop their market. Therefore, selection of the

market as the second topic is considered success for them, rather than they are selected by the market. If such a degree of control is not accessible, at least, they can affect the market in which they find themselves in.

Evolutionists feel that strategy is costly and the long-term strategies will be replaced and shrugged by competitive short-term strategies especially if they are cheap. Evolutionists believe that economy is the only possible strategy and the complicated programs are hallucinations because they are easily copied. Everyone can buy a book about how to strategize at the price of 20 pounds. Usually such a book says how a person strategized. Such a book is also used for developing strategy by mutual strategization. Based on evolutionist strategy, it is recommended that the environment select strategy rather than the manager select it. Such a strategy is based on biology which is adjusted by sociology. Here evolutionary strategy does not use evolutionary theory; rather it is a type of evolutionary Darwinism. Darwin's theory of natural selection is interpreted by different methods for example "the survival of adaptation" which implies "strong survival" and it can include other meanings, too. Suitability can mean health or strength. It can also mean conformity. "Survival of adaptation" is closer to the meaning of suitability in which the environment is survived. Organization is repeatedly changing. For, the environment is constantly changing for the purpose of continuous conformity.

### *Systemic approaches*

Systemic approaches conform to the idea of transformation and destination of the organization. They believe that they are placed in the social, political and cultural structure of the organization, because systemic decisions are not made separate from the normal functioning of organization. Behavior cannot have a classical rational meaning. But it is completely accepted by the local decision-makers. A simple action can be useful for studying about such concepts at the rational level.

Systemic theoreticians do not believe in benefit maximization (like classical strategies) as a selection or necessity (like evolutionary strategizers). Unlike processual strategy which accepts the fact that strategy is the result of internal agreement and individual characteristics, systemic theoreticians reject it. Systemic theoreticians believe that strategy is not guided that much by rationality or macro policies but it is guided by the cultural rules of destina-

tion, social interests, and the sources of surrounding field.

In general, classical strategy emphasizes programming (and control); processual strategy emphasizes power and cognition; evolutionary strategy stresses the role of the market; systemic strategy concentrates on the organization and this concentration on the environment is based on sociology and culture rather than economics.

### *Approaches from the viewpoint of Mintzberg*

Mintz in his book called "A Browsing of strategy" offers five views of strategy. He looks at the strategy as a plan, a pattern, a condition, a prospect, and an action. Based on these five perceptions, he presents strategies from the perspective of ten schools which is a comprehensive view of strategy (Mintzberg, 1998). Mintzberg considered two different schools for strategic management and for each subset, he has proposed other schools.

First category: the prescribed or prudent Schools (the prescribed or prudent paradigm)

Second category: descriptive or experimental schools - conformity (descriptive or experimental paradigm - adaptive)

The first school which sees strategic management as an analytical process is called a prescribed or prudent school and some called it a school of strategic choice.

The second school which finds the appropriate use of situations using strategic thinking a more suitable solution, is regarded as descriptive or experimental-conformative school - in other words, the school of appropriate decision-making.

The school's main basis was established following the scientific and research studies at two Universities of California and M.E.T in the first half of the 20th century. This school which followed the commercial approach promoted by Harvard University can be regarded as the prevailing school of the management world of that period, which could last up to 1970. Design school, is the most influential approach for the process of strategy formulation. It seeks a balance between consistency and capabilities within and outside the organization. In other words, the major driver of this school is the creation of fitness and consistency between internal and external environment of the organization.

Design school that was inspired largely by the views of Selznick Selznick (1957) and (Chandler Chandler, 1962) was best described by Harvard management group in a book called Institute poli-

cies. The primary focus of this model is on the assessment of domestic and foreign conditions of the institute and on the discovering of environmental opportunities and threats. The model shows that two factors are involved in the development of strategy which are as follows: managerial values (values and beliefs of the managers in the organization) and social responsibility (considering ethics of the organization).

## Characteristics of Design School

Design School represents a strategic approach based on the process and this school regards the formation of strategy as an ongoing and controllable process. It believes that the strategy should be unique and should have special features for each organization and from scratch, it should be chosen in a way that is applicable. In this school, thought for action is separated from strategy planning and is done at the highest level. This school has proposed strategy as a perspective and confirms its innovative design. Design school focuses on key values and beliefs and emphasizes simplicity and ease of use of the strategy, but the main concepts will change with the change of managers. In the design school, executive managers are designers and architects of strategy and they focus on social responsibility and criteria considered by managers. They develop strategy when facing strengths, weaknesses, opportunities and threats (SWOT), but because of uncertainty in the factors of SWOT strategies face uncertainty and ambiguity. In this school, strategies which are limited, of low diversity and which focus on their competitive advantages are developed. And generally they have a unique application.

## School of Planning

### *The History of the School of Planning*

Parallel to the promotion of design school, the school of planning was also developed. This process began in 1965 with the theorization of Ansof and continued until 1980 with the establishment of strategic management. This school was affected by the book "corporate strategy" more than anything else. The book was written by Ansof from Harvard group in 1965.

One of the main reasons for the development of significant qualitative aspects of a strategic plan was dealing with complexities of quantitative aspects. Many ideas or models of design school are repeat-

able and duplicable in the school of planning.

Another point is considering how to apply the theoretical aspects of the school of planning, which was conducted in 1979 by Peter and Lorenj. His research focused on the formal process of planning for the development of the strategy of the company.

In fact, the school of Planning emerged at the time of school of design. The most important book of this school i.e., "corporate strategy" that was written by "Igor Ansof" like Harvard's book was published in 1965. But the followers of this Book pursued a quite different policy. However, the problem was that there was a large amount of literature on strategic planning, but there was no growth at all in terms of quality.

School of Planning appeared at the time of School of Design and Igor Ansof in his book "Trading Institute Strategy Corporate strategy" played an important role in the development of this school. In general, in the 1970s, official procedures, formal education and formal analysis were based on strategy, and articles and books have been often published in this regard.

Presuppositions of school of strategic planning include the following:

- Strategies come from a controlled and conscious process of formal planning, which are divided into separate stages. Check lists depict each stage and methods support it.
- The manager is primarily responsible for the planning process and the committee planners are usually responsible for its implementation in practice.
- Strategies are clearly derived from the planning process and they are made explicit so that by observing the objectives, budgets, programs and different plans of action, we can implement them. In school planning, planners, most of (the strategy) will take over and act as the analysis. In the school of planning, planners have the most important role (developing the strategy) and act as the analyzer.
- The planning is not imperative for the individuals but individuals are encouraged inside the organization to do strategic actions at a certain point of time.
- Development of strategy is the result of a continuous process of planning based on a logical sequence of steps in the form of a specified program.
- Organizations and individuals responsible for planning in the organizations and companies

have a higher status and the staff planners have a major role, as compared to the top managers.

- Planning is not done by the individual(manager) , it is the result of an organized endeavor in line with the process of planning, and the process of planning produces planning, and not necessarily strategy.

- To translate strategy into operational programs and their monetary expression (budgeting), their implementation capacity and materialization of strategies will increase.

- In the School of Planning, the attempt is made to harmonize the plans and the results of the strategy are controllable (formal planning process).

- The strategy appears to be quite explicit and clear, so that it can be used in terms of objectives, plans and a variety of operational plans.

## School of positioning

### *The History of the School of positioning*

Following the studies and research in 1980 by Michael Porter on strategic positioning, which was published under the title of competitive strategy, the basis of the school of positioning(after the schools of design and planning) was established and was found to be as the dominant school in that period. Although D.E.E. Chendel, and K.J. Hattenr had written books on that topic previously.

In the early 1980s with the arrival of the economic theories into strategic management, the school of positioning was introduced. This school along with the acceptance of the presuppositions of the two previous schools, puts special emphasis on the content of strategy. Here, the publication of Michael Porter's book called Competitive Strategy is very important. This book as a stimulus for the development of the relationship between school of design and school of planning introduced the school of positioning.

The school of positioning is based on a simple and revolutionary thought for drawing the best and the worst. It believes that strategies are unique. A set of analysis tools can be used to adapt the strategies properly by existing conditions.

### *Presuppositions of the school of positioning*

The most remarkable thing in this school is a simple idea. Whether it is good or bad. Two schools of design and planning had not set any limitations for the strategies that were possible in any situation. On the contrary, the argument of the school of posi-

tioning is that only a very small number of key strategies (including positions in financial markets) are desirable in any given industry. The school of positioning with its focus on the total industry by a limited number of basic strategy, or at least by certain categories of strategies (such as product differentiation and market focus areas) reached the destination. These strategies are called general.

The school of positioning disregarding one of the key assumptions of school of design ( based on the fact that the strategy should be unique to each organization and must adaptedto it ) could create and improve a set of dedicated analytical tools for the adaptation of the proper strategy to the existing conditions. Therefore ,the key of the new strategic management lies in the use of analysis for identifying proper relationships . Then the search began. Development of strategies in the school of Positioning like the other two prescriptive schools was believed to be a consciously controlled process--A process that creates fully-developed and fully-assessed strategies so that they are made explicit before their implementation. But here, this process precisely focused on calculation (especially on the limited choice of general strategic positions rather than developing a coherent and unusual strategic perspective such as the sample of the School of Design and on the coordination of planning such as the sample of the School of Planning). In this school like the school of planning, the director manager remains essentially as a strategist, and at the same time, he is in charge of planning and controlling the affairs. An exception in this regard is that the school of planning has increased the importance of planner. Here, this planner is an analyzer and studies to improve overall strategies.

The hypotheses of the school of positioning are briefly explained as follow:

- Strategies include the general positions, and in a more accurate expression , common and identifiable in the market .

- The market is the field of economic competitiveness.

- Strategy formulation process includes the selection of these general positions based on analytical calculations.

- The analysts play an important role in the process of strategy development by indicating the results of the calculations to managers who officially supervise selections.

- Strategies are derived from this fully-developed described process and described and im-

plemented precisely. In fact, the market structure moves forward the assessed strategies which are based on position. These strategies also move forward the organizational structure.

The characteristics of the school of positioning are briefly described below:

In this school, the process of strategy adoption occurs inside the black box and mostly emphasizes the importance of strategy rather than the process of strategy formulation. In general, they tend to develop a small number of simple but fundamental strategies. But they do not much stress the strategic management. Strategies developed by this school are public, and are selected in terms of certain strategic conditions based on the results of surveys, and the focus is on social and economic tendencies. Strategic planning is done by analysts at the lowest organizational level and the analyst plays a key role in this process. The School of positioning is a process that is oriented toward dynamicity and instability and can appear in combination with the School of Planning. The supporting techniques and tools of the school of Positioning include Boston Consulting Group Matrix (BCG), a model of competitive analysis and Porter's value chain model.

The supporting techniques and tools of the school of Positioning are briefly stated below:

- The most important presuppositions of the school of positioning are:
  - Strategies are General and have separate positions in the market. Market prevails upon economic and competitive conditions.
  - Process of formulating strategies can be measured and analyzed. Analysis plays a major role in the process and reflects the results to themanagers. Developed strategies are formulated according to the prevailing context.

### *Criticism to the school of Positioning*

First, separation of idea from action, too much emphasis on formality, quantitative approach to economic theories, limited context, emphasis on mental and abstract calculations and subjective interpretations of facts. Limiting of strategy into a specific formula and preventing creativity in the formulation of strategies.

Although the school of positioning emphasizes formulation of strategy, the main role of this school is supporting the process of strategy formulation, not the formulation itself. And that is why it stresses the process of analysis and formality of the process. On the other hand, such an understanding of strat-

egy is more suitable for static positions and it is not much observed in organizations today.

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## **School of Entrepreneurship**

### *The history of the school of Entrepreneurship*

Along with the application of neoclassical theory, in order to avoid economic collapse, the school of entrepreneurship was introduced. During different periods, several prominent researchers and theorist such as Mintzberg and Drucker have theorized in this regard.

The school of entrepreneurship focuses not only on the process of strategy formulation, but also on carrying out of the task by the leader of this school who is unique and is based more on mental processes. In this view, the strategy can be considered as a prospect. The most important concept of this school is a prospect, i.e., the mental view of strategies that is presented at least in the mind of the leader.

School of entrepreneurship like the school of positioning flourished out of Economics, and the supporters of this school regard leadership as the follower of strategic approach.

It is believed that planning can materialize prospect and the leader as a scholar can protect the organization and based on this, the necessary prospect for the management of organization will come into existence.

Regardless of the schools of planning and positioning, school of design considered the official leadership important inculcating strategy in the mental processes of top manager. This top manager is the architect of strategy.

Of course, the School of design did not do anything except building a culture around the idea of leadership. In fact, this school emphasized the need

for a conceptual framework and rejected the rule of witness. It also had specifically sought out to avoid the weak, personal and dedicated elements of leadership. Entrepreneurial school has done exactly the opposite.

This school not only focused the process of strategy solely on the individual leader, but also stressed the most essential mental and abstract states and processes (including intuition, recognition, wisdom, experience and insight). This causes the promotion of the strategy viewing as a perspective in relation to the notion of direction “perspective”. We in our forest of strategy may call this school “an elephant rider”.

The most important concept in the school of entrepreneurship is “outlook”. Outlook is a mental sign of strategy which is envisaged in mind the leader or at least is expressed. This outlook plays the role of both induction and job understanding that needs to be implemented. The name of an outlook shows more of an imagination rather than a precise plan. (in terms of phrases and digits). That is why the outlook remains flexible so that the leader can adjust it to his experiences. This shows that the entrepreneurial strategy is both measured and predicted and unmeasured and urgent. This strategy is an unpredicted and urgent strategy in terms of its sense of directionality and general guidelines.

### *Presuppositions of the School of Entrepreneurship*

Strategy is viewed in the mind of the leader as a long-term perspective, especially as the long-term policy or a long-term perspective of the future of organization.

- The process of strategy formation in its best form is a semi-conscious process which is grounded in experience and intuition of the leader. He institutionalizes strategy, whether it is created by him or it is derived from the others.

- The leader enhances the long-term perspective using his sense of determination and obsession by controlling and maintaining personally for the implementation for the purpose of re-developing the necessary certain aspects.

- The strategic vision is flexible and can be easily influenced and changed. Therefore, the entrepreneurial strategy is both determined and precise (in terms of the entire outlook) and unforeseen and urgent (in terms of changeability in the details)

- The organization is also flexible. It is a simple structure that can be influenced by the leader’s instructions.

- Entrepreneurial strategy takes the form of a position. That is, one or more positions in the market position that are supported by direct competition forces.

### *Features of the school of entrepreneurship*

The school of entrepreneurship is based on institutionalized concepts and intuitive, judgmental and experimental processes. And strategy in this school is viewed as the leader’s outlook, and it reflects the future approach of the organization. This school has applicability in dynamic environments. There are executives, designers and architects in this school and creativity in this school is of great importance.

The main focus of the school of entrepreneurship is on executive changes and the future opportunities rather than the existing problems. It indicates a unique insight in the future. In this school, strategy is adopted based on the uncertainty about environmental conditions. This school like the school of positioning tends to pay more attention to the economic growth. The followers of this school pay more attention to individual and singly-applied approaches. Leadership is a common phenomenon in this school which ensures the success of the organization, and power is in the hand of executive leader and powerful administrators focus on private property in this school.

### *Cognitive school*

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The cognitive school: Strategy formation as a mental process

#### *The history of Cognitive School*

Following extensive research conducted by Simon, Khaneman, and Torsky, the cognitive school was developed in 1974, and has continued ever since. Cognitive School in terms of strategic insight and an understanding of strategy formation in different conditions seeks to answer this question: what is the concept of strategic process in the cognitive area of human being? The school tried to answer this question using concepts such as learning, power, environment and culture a lot. There are different interpretations of cognition in the cognitive school: cognition of uncertainty is one of the perceptions that is inspired by Simon’s theory about the limited capabilities of human being in the processing of information. Recognition as information processing is an understanding that is indicative of man-

ager's role in response to their information needs and those of counterparts. Another interpretation, which sees cognition as strategy mapper using the prevailing mental models and conceptual frameworks in order to formulate strategy. Also the cognition as the creator or dealer with concept believes that strategy is in fact a kind of reaching a new concept which plays the main role in our understanding of strategy formulation. And finally structure is the latest interpretation of cognition which believes that strategy is based on an interpretation of cognition which passed through the mental filter of strategist and is accompanied with a certain orientation in thoughts.

### *Assumptions about the cognitive school*

Cognitive school in its best form is an ongoing school of thought about the evolution of strategy. Therefore, here we state the hypotheses of its literature, so that we can reach a conclusion afterwards:

1 – Strategy formulation is a cognitive process that is formed in the mind of the strategist.

2 - Strategy appears in the form of perspective (i.e., in the form of concepts, plans and frameworks) and they determine how people use a set of input resources from the environment.

3 - The input source (based on the “objective” side of the school) pass all distorting filters prior to decoding by cognitive maps, or (or based on “subjective” side) are solely interpretations of the world that exist based solely on how they are viewed. In other words, the observation world may be made into the model, be framed up and then established.

4-Strategies like the concepts are difficult to reach in the first place, when they are actually obtained, they are much lower than the optimal size, and in case of instability, it is difficult to change them.

The presuppositions of the school suggest that strategy formulation is a cognitive process that occurs in the mind of strategist. And in fact strategies are outlooks that show our way of relation with the environment. And cognitive maps play an important role in our understanding of the real world. Hence, it is difficult to reach an optimal strategy.

Therefore, the basic idea of the cognitive strategy is that strategy formulation is basically a cognitive and perceptual action and because of the existence of this characteristic, the strategic management in practice can benefit much from cognitive psychology. Cognitive school tells us that if we get a better knowledge of human being's cognitive

processes, we can better understand strategy formulation.

### *The characteristics of cognitive school*

It is one of the best schools that introduce strategy as an approach.

In this school, reaching the strategy is considered a concept and it is formulated based on a process of contingency and regarded as a kind of recognition and interpretation of the world.

## **The school of learning**

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### *The History of the School of Learning*

During 1963 and 1990, Lynd Bloom, Ham, Queen and Pernahalad were the researchers who theorized about this issue. According to this school, strategies will be materialized when people get recognition of their surroundings individually or collectively. Charles Lynd Bloom founded this school by writing an article. According to him, policy-making was not an organized and controlled action and the policy-maker should adapt himself to the complicated world. The main basis of the school of learning is description, not prescription. The question asked by the supporters of this school which is an important question is how is strategy formed.

This is an important question. Because according to Walter Kagel , only 10% of the developed strategies are implemented in the organization. The reason for not implementing the strategies goes back to the way they are formulated and developed.

The school of learning is based on the following presuppositions:

- The unpredictable and complicated identity of the organizational environment blocks controlling.
- The leader is a learner but in fact it is the whole system that learns.
- Learning process continues in unexpected conditions and the person who enjoys the capacities and resources of the learning has got the strategic initiative.
- The role of the leader is not to develop the strategy but it is to manage the strategy.

At first, strategies are introduced as the past patterns. And at the subsequent stages, they will be regarded as prospects for the purpose of guiding general behavior.

### *The characteristics of the school of learning*

The perspective of the school of learning is



based on new strategies which are being formed into an ongoing process. It emphasizes innovation and creativity in the strategy process.

In the school of learning, strategists can be found in the whole organizations. Scientific approach often recommends the use of the school of learning and it emphasizes realism rather than fantasy approach.

This school is accompanied with general learning that can occur individually or collectively, and its heroes are the people who are interested in testing and experience. In the school of learning, strategic management is not introduced as change management. Rather it is introduced as a management BY change.

Since learning is much more popular and can lead to the breaking down of strategy, some difficulties appear in the school of learning. The most important ones are as follow: lack of strategy, forgotten strategy and wrong strategy

The lack of strategy means that some of the organizations do not have any goal and many of the organizations suffer from lacking precise and clear strategies. Forgotten strategy means that organization gradually recede from the developed strategy and lose their goal because of the separation of ideas from action. The wrong strategy comes from gradual learning and creates strategies that are not popular and puts the organization in an unfavorable condition.

According to this school, strategies appear when people occasionally decide to learn individually and mostly collectively some things about the conditions and abilities of their organization against those conditions. Finally, they reach the practical pattern of the behavior. Strategic management is not only a "management of change" but also it is "a management BY change".

Policy-making is not an organized and controlled process. It is an unorganized one in which the policy-makers try to overcome the world that they know is very complicated for them.

### *The Assumptions of the school of learning*

The complicated and unpredictable identity of the organizational environment which is often accompanied with the development of data bases of strategy blocks any predicted control. Moreover, strategization should take the form of learning process gradually. A process in which finally the formulation and implementation of the strategy becomes undistinguishable.

The leader should also learn and sometimes he

should be the main learner, but mostly this is the collective system that learns. Most of the organizations have several potential strategists.

Strategies have a root in the past in the form of pattern. Then, they may appear in the future in the form of plans and finally be an outlook for guiding the whole behavior.

Such learning occurs unpredictably and provokes thinking through the behavior in terms of the past. It is a provocation that makes sense through action. Those for whom learning resources are heading forward in the strategy. This means that strategies can appear in any strange place and in any unusual style.

The role of the leader is not to presuppose the measured and predicted strategies, but it is the management of the learning process of strategy whereby the new strategy can emerge. After that, finally the strategy manager is required to build a precise relationship between thought and action, control and learning, and stability and change.

### *Reviewing the school of learning*

This school injects a balancing force to (logical) awareness. Logical awareness was present in the literature a long time ago and could affect strategic management. There is always a risk that this support can be moved to the opposite direction. Learning can lead to the collapse and failure of strategies. Now, we consider the following problem: Lack of Strategy, failed strategy, and Strategic Mistake

Lack of strategy: organizations always do not need to have a clear strategy. But we must also consider the fact that a large number of organizations suffer from a lack of clear strategy. An organization can make so many investments everywhere and flourishing, and yet does not enjoy coherence (lack of strategy).

Coherence may be important in practice. In other words, what is important to such organizations is not just learning, but a collective learning.

Failed strategy: too much emphasis on learning may weaken the effect of a coherent and quite stable strategy. People apart from the current state of affairs will be compatible with learning and promote initiatives. The only reason for their support is that initiatives are new amazing things. Remember that the lack of discipline finally will lead to the lack of organization.

The school of learning should not regard learning as a kind of Holy Grail. Usually learning should be regarded as a valuable principle to guide the hu-

man being, and in the school of learning, sometimes we should discuss the changing of this principle, if needed.

The wrong strategy: apart from the lack of strategy and lack of the learning of good strategy, rising learning styles can encourage to develop strategies that have not yet been needed. The organization is tempted every time to take a step towards an undesirable success so that they can achieve the thing that can be totally unacceptable. Sometimes small decisions can lead to big undesirable strategies.

Accuracy of learning: learning is about small and unimportant things. So we must be careful about learning. Learning organization is up-to-date right now and basically for acceptable justification. But it cannot solve all the problems. People should learn, but they must continue to do their regular work effectively. They can set aside a time for learning and a time for utilizing their previous learning. Group thinking means collective learning, provided that the learners have a tendency toward it.

There is also negative learning. He says so: If you fail, rather than get disappointed, you will invest in order to make up for your losses. Therefore, learning is wonderful, but there are plenty of wonderful things.

### *Participation and context of the school of learning*

This kind of learning is apparently necessary in the professional organizations dealing with complicated environments, especially the environments in which the necessary knowledge is available for the purpose of developing strategy at an extensive level.

Here, the strategy formation should be a process of collective learning, and the only reason is that no (central power) has the right to dictate strategy to the entire organization.

Central managers may be able to develop strategy. But the political reality is that implementation of strategy should be a process of collective agreement if it is not a collective learning. Moreover, every organization that is confronted with a totally new situation, must be engaged in the Learning Process in order to be able to understand what is happening.

Organizations when facing a dynamic and complicated condition cannot do anything as much as they are expected to do. The school of learning is very suitable for explaining complex phenomena and may be better than social advanced skills. The important thing is that we are determined to recognize strategy as a process of individual and collec-

tive learning. The school of learning for which there is little literature as compared to that of the schools of planning and positioning, had lots of participations in this regard and probably will continue to participate.

## **The School of Power**

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The school of power regards strategy as a process affecting a certain group or individual through the use of power and policy. Since we cannot imagine an organization to be without politics and power, therefore, in the process of strategy development, these two factors play an important role.

In each organization, there is power at two levels, that is at the micro level (dreams, hopes and aspirations of individuals and individual and organizational relationships) and at the macro level (organization interactions with suppliers, unions, rivals, banks, investors and generally speaking, the relationship between the organization and the environment).

Thus, at the micro level, the strategy development is described as a political process. In the political view toward organizations, there is a coalition of various individuals and groups, and among the groups, there is a lot of difference in terms of beliefs, values, and wishes and information. Making important decisions about the allocation of scarce resources, the existence of conflict, negotiation and bargaining are the issues that are raised in the political views of organizations.

### *The history and evolution of the school of power*

Alcion, Salanik and Estelli were among the researchers that introduced the school of power and its macro and micro features in 1980s.

### *Assumptions of the school of power*

Power and politics shape the process of strategy formulation, whether the process is within the organization, whether it appears in the external environment in the form of self-organized behavior. Strategies that may come from such a process are abrupt and unforeseen and mostly take the form of a trick or position rather than outlook.

The micro-power looks at strategization as an interaction through convincing to bargain, direct contact in the form of political games among limited interests and changing coalitions without power for a noticeable portion of time.

Macro-power looks at the organization as a unit

which increases its welfare by controlling or cooperating with other organizations, or through the exercise of collective strategies in different types of networks and coalitions.

### *Characteristics of power-oriented schools*

In this school, the formation of strategy is viewed as a process. Strategy in this school is the management of the existing power by external and internal factors.

The power is separable into two groups, macro and micro-power. Power of wisdom comes from exercising power by individuals and groups within the organization and macro power is due to the power and influence of factors outside the organization.

The approach of this school includes the change and adaptation of the organization with the effective internal and external factors. The school of power focuses on the interest of the beneficiary groups and the heroes of this school are those who like power and politics.

What is called power in this school is ready to offer reasoning and while emphasizing the use of power and politics for negotiation on strategies which are suitable for certain tastes, the development of strategy is described as a clear process of power.

Here, in order to explain the exercise of power beyond the quite economic power, we use the term power. The use of this term makes it close to the term politics.

When we use this term, we change the subject of the school of positioning and show the opposite side: if the goal of a business organization is to compete in an economic market legally, the behavior which is not legal in this path can be labeled as being political. It means that this behavior is illegal or illegitimate. Thus politics is synonymous with the use of power in methods other than quite economic ones.

### *Reviewing the school of power*

Strategy formulation process is about power, but it is not limited to it. Obviously this school like any of the other schools is exaggeration for gaining a reputation.

The process of strategy development as a process which is devoid of power and politics does not make any sense. In the period of major changes in which the power-based communications inevitably face noticeable changes and finally lead to some conflicts, this problem is true for the macro power

in big evolved organizations and for the micro power in complex and decentralized organizations of the experts.

School of power offered its share of good terms into the field of strategic management. Also, the school has stressed the importance of moving forward the policy of strategic adjustments especially where it should be confronted with the agents who are trying to maintain the current status quo.

## **Cultural School**

### *History of the Cultural school*

Following the development of culture in management that was discussed during the 1980s, strategists such as Renman and Norman have also focused on these factors and its concepts were developed in the framework of this school. Culture as a new notion is something that surrounded us and encompasses the unique aspects of our behavior. The culture of every organization is distinct from other organizations and has specific achievement for each organization. The relationship between culture and strategy is important and this relationship affects the style of decision-making, the resistance to change, overcoming resistance, dominant values and cultural collision. School of culture is accompanied with a sense of uncertainty and one of the risks of this approach is that it prevents the necessary changes. Also, the other risk of this school is that the strategic advantage is supposed to be regarded as being equal to organizational monopoly. This school and its ideas are suitable for a specific period of organizational life and usually the biggest problem in this school is resistance to change that needs suitable solutions.

### *Characteristics of the Cultural school*

The School of culture is implemented as a reflection of the school of power and strategy building is viewed as a process rooted in social forces. Cultural-based School is based on individual and group recognition and the strategy is the result of joint goals and the collective beliefs of organization that is gained through a process of socialization.

According to the cultural school, building of strategy is the result of social interaction which is based on shared understanding and beliefs of the organization's members.

Strategy in this school looks for prospects that are made from the positions rooted in the collective destinations. It tends to promote the transition

of position within the overall outlook of the organization.

In the School of culture, culture and ideology do not support the change of strategy to the extent that the existing strategists continue.

If you keep the power in front of the mirror, the image that you see in it is culture. Power breaks up an identity called the organization and undercuts it. Culture brings together a group of people in the form of an organized identity called organization. In fact, the school of power is primarily concerned with self-interest, whereas cultural school considers the public interest.

The school of power deals with the influence of internal policy on promoting strategic change while the school of culture deals with the influence of culture on maintaining strategic stability, or indeed sometimes opposes strategic change.

The first attitude means the attitude of looking at something from outside, it takes an objective stance against the why of people's behavior explaining the unique nature of social and economic relations.

The second attitude means looking at something from inside. It considers culture as a process of subjective interpretation, but not with an any abstract and general logic.

The nature of culture: culture is essentially made up of the interpretations of a world and activities and artifacts that show this interpretation. Beyond recognition, these interpretations are generally shared in a social process and private culture does not exist. Some activities may be personal, but their concept is collective.

Therefore, we relate organizational culture with collective understanding. A combination of the two forms the (mind) of the organization, that is, the common beliefs that are reflected in the traditions, habits and more tangible behaviors.

Organizational culture can be thought of as a (meaningful social context). This context is very similar to the tissues of human, and changes weak organizational structure to strong organizational processes. In other words, culture reflects the power of the life of organization, i.e., the soul in the physical body.

We use the term (Ideology) to describe a rich culture in an organization (i.e., enriched set of shared beliefs of the organization members that distinguishes it from the other organizations).

### *The assumptions of cultural school*

Strategy formation as a process of social inter-

action is based on the shared beliefs and perceptions of the members of organization. A person through the process of acculturation or socialization acquires these ideas. The process of acculturation or socialization is mainly tacit and non-verbal, though sometimes a more formal context promotes it.

Members of an organization can only explain partly ideas that will support their culture while the origin and explanation of ideas may remain unclear. As a result, more than anything else, the strategy takes the form of a prospect rather than a position.

Culture and Ideology in particular do not encourage the strategic change as much as the continuation of existing strategies, but they move forward the changes of the organization's overall strategy.

## **Culture and Strategy**

There are various relationships between the concepts of culture and strategy. Some of them that have been presented in the literature of cultural school are described briefly:

- The style of decision-making: culture influences the way of thinking in an organization, the use of analysis by it and the process of strategy formulation. As a result, organizations that have different cultures and operate in one environment will interpret the environment in radically different ways.
- Resistance to strategic change: joint commitment to the beliefs promotes consistency in the behavior of an organization and thus forbids the change in strategy. Before strategic learning can occur, the organization should forget the old logic to some extent.
- Overcoming resistance to strategic change: a change in strategy occurs in four stages: Strategic change, releasing the current belief systems, re-develop and re-test, and stabilization
- Top values: it is said that successful companies are dominated by important values such as service, quality and innovation. These values provide a competitive advantage.
- Culture Clash: Strategies of merger, acquisition and joint venture have been studied with different cultures.

The unique culture that shapes any organization will ensure that such strategies will always be problematic.

Culture as an important resource: the first line of defense for a resource-based advantage is to avoid duplication. Of course, the exclusive advantages

and trademarks make it easy. In the long term, perhaps the best supporting will be offered by the side of communications, systems skills and intangible knowledge. And this returns us to the culture.

Barney, by using the above two reasons pointed, believe that the culture can be regarded as the most durable and effective barrier to imitation. The primary reason is that the culture encourages the production of unique products.

The second reason is that the culture is accompanied with causal ambiguity and because of this vagueness; it is difficult to understand it. Even those who are inside the culture allow the culture to be duplicated and grow.

### *Criticism, participation and the context of cultural school*

One of the risks of this school is that it can prevent a necessary change. Another risk of culture as a framework of explanation is that it considers a strategic advantage to be equal to organizational uniqueness. Often it is good to be different, but not haphazardly. Because it can bring some conceit.

Unlike individualism in the schools of design, cognition and entrepreneurship, the cultural school considered a position for organizational style along with the personal style and it challenged the public tendency of integrationism against separationism and finally lead to collectivism and social process.

This school helps us understand a Period of (re-framing) during which a new collective approach develops and understand a period of Cultural Revolution that is accompanied with the strategic planning.

## **Environmental School**

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### *The History of the Environmental School*

School of environment expanded with the development of possibilities. In the school of environment, the presuppositions indicate that environment can highly influence strategy development and here, managers follow the environment

The leader in this school is considered a passive and inert force and cannot play a role in adaptation. And in environment. Also In these schools, when they are faced with fierce competition and scarce resources, organizations are more likely to disappear.

School of environment has taken many of their ideas from the theory of contingency and population ecology perspective. The expert view regarding anything is related to the size of the organization,

technology, stability and dynamicity of the environment and based on the positions of the aspects; the organization will face different conditions.

In the population ecology, the organizations follow the survival rule, and with the loss of competitiveness and reduction of resources, the more likely it is to be extinct. This view uses the famous model of variation, selection, retention and maintenance and the survival is of great importance.

### *The Characteristics of Environmental School*

The school of environment focuses on external factors and environment and environmental factors are the primary agents in building strategies. Environmental change facilitates strategy-formation process, and the organization does the action which is dictated by the environment.

The leader is an effective element and studies the environment aiming at ensuring adjustment with the organization's environment.

This school environment placing environment as one of the three main forces in the strategy-making process balances the overall view of strategy formation along with the leader and organization.

School of environment came from the theory of the so-called requiredness. In this theory, the relationship between certain aspects of the environment and the characteristics of the organization was explained. These ideas were later extended into the strategy.

## **School of configuration**

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### *The history of the School of configuration*

This school was introduced in the 1960s but at the beginning, it was not that much successful. But it developed quickly in the recent years and after the 1980s. No body clearly talks about this school and the way the strategies are formulated. But we can claim that this school is still used in the today's complex world. The reason is that this school involves other schools too. Therefore, with the emergence of the first school, this school also emerged.

The reason for its extensive application is that other schools were successful in the recent years. Scholars such as Minzberg, Chandler, Milz and Snow had a great role in the formation of this school.

School of configuration is based on the following assumptions:

Organizations can often be described in terms of the static converter characteristics. Stabilization period is interrupted occasionally by some transfer

processes. The sequential States of transition and conversion helps the ordering of organization.

A key point in this school is accessing stability. The characteristics of the strategies of configuration school include characteristics of all schools, because it is the combination of all of them. But the following features are those features that make this school distinct from other schools.

Organizations can often be interpreted as a characteristic of stable structure. Periods of instability with the strategy formulation process become a stable position.

In this school the key point in strategic management is maintaining of stability or at least maintaining of strategic changes while recognizing the need to change it and the ability of managing it without exposing the organization into danger.

Based on this school, strategy creation process can be a conceptual design, formal planning, systematic analysis with ideal views of management, participatory learning and competition policy, etc. But each one must be done in its own time.

The strategies resulted from plans or patterns, or other positions or viewpoints are each specific to its own period and only fit their own situation. The strategy of this school is not about change, but it is about continuity.

Based on this school, organization can be envisaged as a stable configuration with different characteristics and under different conditions, it shows specific behaviors and also introduces specific strategies.

### *Characteristics of the school of configuration*

This school is different from other schools in one aspect. This school provides the grounds of reconciliation and adaptation with other schools which is a method of integrating the messages of all schools.

This school has two important aspects that are reflected under two titles. One aspect is related to the explanation of states and positions which is known as composition and the other aspect is related to the process of strategy-building which is known as configuration.

In other words, while the strategy -making process may attempt to change the path of the organization, the strategies built stabilizes the path. In this case, the configuration school is the right term for it. The school, however, explains the relative stability of the strategy at the given states.

### *Splitters and integrators*

Charles Darwin once distinguished splitters from

integrators. Advocates of environmental school have had characteristics of separationism for a long time. They like to separate variables, display them with permanent scale and then study the correlation between each pair of them. Proponents of the school of configuration have this characteristic that they are impudent integrators.

Composition method can be found in all social sciences, though it cannot be found in the processes of teaching all the time. What often protects this method is obsessions than practicality that support measurements and separation as well.

In strategic management, integration is reasonably common. Integration reflects the close relationship between theory and practice: the researchers are encouraged to consider and provide what may be useful to practitioners.

### *Assumptions of the school of configuration*

Often, an organization can be explained in terms of a combination of fixed characteristics. Organization can recognize, for the period, a special form of the structure, the structure adapted to a specific type of context that exposes organizations to certain behaviors. Specific behaviors also create a specific set of strategies. Some of the processes of change transformation sometimes interrupt these periods of stability.

These successive states of the composition and changes adapt themselves to the sequential model over time, for example, they demonstrate the organizational life cycle.

Maintaining the stability or at least adaptable strategic change is often the key to the strategic management but identification of the need to change and the ability of managing that interfering process without the destruction of the organization is sometimes the key to strategic management.

Thus, the strategy-making process can be introduced as either process of conceptual design or formal planning, focusing on understanding the individual, socialization of group, or a simple response to environmental forces. But each one must be found in its own context or period. In other words, intellectual schools of strategy formation indicate the compositions and special situations.

The resulted strategies take the form of archetype, condition or prospects or strategies and other tricks.

### *Criticism, context and the participation of the school of configuration*

Composition can often be very helpful even in

the form of a dictionary. A dictionary by which we can understand how different types of organizations are combined. In addition to these theories, they gradually evolve in the form of tools. It takes a lot of time for the classifiers of biological species to show today's extremely complex and effective classification.

We should not judge these changes. Always it maybe so, because there is a great amount of evidence regarding gradual changes or revolutionary and quantum changes. Both of these two are helpful. Of course, gradual change is more compatible with contingency theory and the revolutionary or quantum change is more compatible with composition theory.

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