Introduction

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The editors of the *Handbook of Research on Strategy Process* are proud to add to the literature produced by Edward Elgar Publishing that brings together leading researchers in the field and allows younger, emerging scholars to showcase their research and explore new directions. The editorial team, which joined forces in 2008, selected 24 papers from among numerous excellent proposals and have organized them into four parts.

We would like to extend our heartfelt thanks to our authors, not only for their wonderful ideas and contributions but also for their willingness to work within very tight deadlines. We are also grateful to Francine O'Sullivan of Edward Elgar Publishing for her support and superb collaboration. Last but by no means least, our thanks to Claudia Gabbioneta and Diane Adams, who were immensely helpful in the editorial process. Before we discuss the organization of the book in more detail, we want to briefly reflect on strategy process research.

The distinction between strategy process and strategy content can be traced back to the great thinkers of strategic management, among them Chandler (1962), Ansoff (1965) and Andrews (1971). While strategy content focuses on the subject of the decision, strategy process focuses on actual decision making and its associated actions (Huff and Reger, 1987). Strategy process research examines the process underpinning strategy formation and implementation. Researchers in this area have demonstrated that strategy arises from the forces and activities that drive or counteract changes driven by human actions.

Strategy process has traditionally focused on top management team research (e.g., Barr, Stimpert and Huff, 1992; Bourgeois, 1980; Fredrickson and Mitchell, 1984). However, over time, the role of other organizational levels (e.g., middle management) and other units of analysis (e.g., strategic initiatives) (e.g., Bower, 1970; Burgelman, 1983; Kanter, 1982; Mintzberg and Waters, 1985; Wooldridge and Floyd, 1990) has received more attention in the literature (Hutzschenreuter and Kleindienst, 2006). The contents of this handbook reflect the growing scope and locus of strategic process research. The authors represent a multitude of disciplinary backgrounds, which affords us insights into the intellectual cutting edge of the field. Although aimed primarily at the academic community, many of the contributions speak to a wider audience.

The first section of our handbook includes essays that explore the current state of strategy process research as a whole and several challenging issues within this line of inquiry, pointing at areas for future research. The second section focuses on a central topic in the strategy literature, i.e., deliberate strategies (Mintzberg, 1987). Managerial and organizational factors affecting strategy implementation, as well as the challenges of putting strategy into practice, are closely examined. The contributions included in the third section analyse another fundamental topic of strategic management research, i.e., emergent strategies (Mintzberg, 1987). These essays focus on the antecedents and characteristics of emerging (entrepreneurial) initiatives. Finally, the essays in the fourth section explore strategy processes taking place either in different types of organizations (public, family businesses) or in different organizational circumstances (alliances, acquisitions, internationalization).

FIRST SECTION: REFLECTIONS

The essays included here review the strategy process literature, examine neglected or contested issues, and suggest possible areas for future research.

Azar and Brock offer a rich overview of strategy process research and a 'hall of fame' list of the most influential articles and authors in this area. They analyse the 200 most-cited articles in *Long Range Planning* (LRP) and the *Strategic Management Journal* (SMJ) over the period 1980–2004 and find that strategy process represents 67 percent of articles in LRP and 27 percent of those in SMJ. However, they also discover that the relative impact of strategy process research compared with other strategy areas has declined over time, and that the average impact of a strategy process article is smaller than that of other strategy articles. These apparently conflicting results lead them to conclude that although strategy process is now a well-established, internally consistent field of research, some of the questions raised deserve further investigation.

In this respect, Kleindienst and Hutzschenreuter argue that the topic of managerial discretion has received limited attention in the strategic management literature. In line with Finkelstein and Peteraf (2007), the authors differentiate between its origin and determinants. They maintain that managerial discretion depends first and foremost upon managerial cognition, as managers must be aware of an option in order to consider it, and that, as cognition changes over time, so does managerial discretion. The task environment and the internal organization, which most prior research has held responsible for the creation of options, are here seen as

determinants rather than origins. The authors claim that task environment and internal organization determine which potential courses of action are available to a manager. Therefore, a high discretion context allows for multiple courses of action and a low discretion context restricts the number of potential actions. As the context is likely to change, the constraints imposed on managerial discretion vary over time.

Windsor focuses on another topic which has attracted surprisingly little attention, i.e., the internal politics of strategy process. He argues that, despite active efforts in this area, research tends to be fragmented, isolated and spread across several disciplines. He identifies, organizes and assesses these relatively disparate literatures in an attempt to establish a more coherent political dimension of strategic management. In addition, he identifies four areas into which continuing research is desirable through theory and model development, empirical testing and qualitative case studies: politics of strategy formulation, implementation and evaluation; moral issues in organizational and office politics; politics of resource allocation processes; and politics of promotion tournament competition (and similar phenomena) within organizations.

Melander, Melin and Nordqvist describe the 'strategic arena' approach for increased understanding of the internal dynamics of strategic change and how strategy processes are organized. Accordingly, strategic change is generated through dialogues between the actors that populate the strategic arena on a number of possible and arising strategic issues, with strategic action as the outcome. This approach attempts to overcome several limitations. First, whereas most strategy process research is based on second-hand and retrospective reports, the strategic arena approach focuses on real-time studies. Second, this approach considers all actors that influence the strategy process, where previous research has emphasized the importance of the CEO and the top management team. Third, rather than clearly separating process and content, this approach promotes their integration. Finally, it offers a conceptualization of strategy process that has potential for further theorizing, while most research has resulted only in rich descriptions.

Regnér combines strategy process research and the resource-based view of the firm. The author contends that social interests and interactions that underlie many contextual influences on strategy making are of importance for imitation possibilities and their subsequent economic consequences. He identifies four types of social barriers (i.e., cognitive, normative, motivational and political) that may frustrate attempts to imitate the strategy-making process of competitors. This essay contributes to the literature by showing how strategy process research not only may assist in describing and explaining how strategies develop generally, but may also be of great

value when examining the specifics of how imitation behavior and firm heterogeneity develop. In addition, the author expands imitation impediment explanations by providing details of imitation barriers that involve social complexity.

Similarly, the conceptual framework developed by Coda and Mollona brings together strategy process research and a system dynamics approach (Forrester, 1961; Morecroft, 2007; Sterman, 2000). The authors focus in particular on the tension between top-down and bottom-up strategy processes and the role played by top managers in molding emergent patterns of strategic behavior. They connect both types of processes and identify a number of feedback structures that capture different strategic sub-processes. In addition, they explain the role played by managers in starting, fueling or disrupting these processes.

Schmid, Floyd and Wooldridge integrate the strategy process literature with research on the micro-foundations of strategic management. The authors argue that micro-level research leverages lessons learned in prior strategy process research conducted from a middle management perspective. Although the authors acknowledge that middle management research represents only one of several possible relevant approaches, they contend that this line of research possesses all the characteristics needed to fulfill its two basic imperatives: the need for grounding in an explicit and consistent theory of process and the need for realistic assumptions about human nature and managerial agency. A middle management perspective offers a more nuanced elaboration of the social embeddedness of human behavior, a more comprehensive anthropology that acknowledges the multifaceted character of human nature, and a more complex understanding of performance–outcome linkages.

SECOND SECTION: DELIBERATE STRATEGIES

These essays examine a key topic of strategic management research, i.e., deliberate strategies (Mintzberg, 1987). Four essays focus on the managerial and organizational factors that affect strategy implementation. The fifth illustrates the challenges of putting deliberate strategies into practice.

In their extensive review of the literature on strategy implementation, Yang, Sun and Eppler identify two types of studies: those highlighting the importance of individual factors and those that emphasize the ‘big picture’ of how such factors interrelate. In the first stream, they isolate nine recurring, individual factors and classify them as soft, hard or mixed. Soft factors (i.e., people oriented) include those who execute strategy, communication activities and closely related implementation tactics, and

consensus on and commitment to the strategy. Hard (or institutional) factors include organizational structure and administrative systems. Mixed factors encompass the way in which the strategy was developed and articulated (strategy formulation), as well as the relationships among different units or departments and different strategy levels. The second stream of research analyses factors from a holistic or big picture perspective, either through their simple categorization or by relating them in an (often graphic) framework.

Wood and Bjelland focus on one of the nine factors identified by Yang *et al.*, i.e., implementation tactics. The authors review five alternative models of strategic reorientation processes and conclude by suggesting under what circumstances managers might choose an appropriate process. The first, standard model builds upon the work by Lewin (1951) and identifies three stages: unfreeze, change and refreeze. Strategic reorientation can also be achieved by changing the boundaries of the firm. Managers can launch a transformation by acquiring other companies that change the firm's resource portfolio or by spinning off units, so that the newly created firm can focus on a single business. Managers can create an ambidextrous organization, which includes two different units: one that can exploit a well-established business and one that can explore something radically new. There is also discovering and implementing clear, simple business concepts, a model that hinges upon the 'Good to Great' process documented by Collins (2001). Finally, recent research suggests that managed organizational change processes exist in which improvisational transformation plays a key role.

Wooldridge and Canales investigate a second factor influencing effective implementation, i.e., reciprocal actions between and across managerial levels. The authors draw from six case studies to inductively develop a model asserting associations among managerial interplay, strategic legitimacy and the realization of strategy. Managerial interplay is defined as the entire set of social interactions (both vertical and lateral) regarding strategy that generate reciprocal actions between and across managerial levels. It is through these interactions that the mutual validation and legitimization of strategy, by top- and lower-level managers, occur. Legitimacy, in turn, influences consistency between the originally intended strategy and realized strategy.

Sasson and Minoja focus on a third factor, i.e., the organization's commitment to a deliberated strategy. More precisely, the authors investigate whether exploration and exploitation volatility in organizational engagement may result in poor implementation and, thus, poor performance. The study provides evidence that volatility hampers the learning required for the attainment of ambidexterity, rendering the organization unable

to reap the benefits of simultaneously executing exploration and exploitation. In addition, it demonstrates that ambidexterity mediates the relationship between volatility and firm performance.

Finally, Friga provides a vivid first-hand account of the challenges of putting strategy into practice. This essay contributes to the growing literature on the process or practice of strategy by adopting a micro-based perspective of the strategy process. Leader of the consulting unit of the University of North Carolina at Chapel Hill, the author adopts an experiential learning approach to strategy formulation and implementation, which requires the identification of theory, application to an actual phenomenon and reflection upon the process. In his essay, he moves from theory to application to reflection, in an insightful account of what makes strategy work.

THIRD SECTION: EMERGING STRATEGIES

The third section focuses on a topic at the core of much strategy research, i.e., emergent strategies (Mintzberg, 1987). Three essays investigate the antecedents and characteristics of entrepreneurial initiatives. The fourth describes the process that leads to the emergence of strategic initiatives.

Lechner and Kreutzer examine current knowledge on strategic initiatives and identify five elements that characterize their essence. First, strategic initiatives are temporary, meant to last until they fulfill their purpose or are discontinued by management. Second, they require a coordinated effort within the organization. Third, they are designed to explore new territories rather than exploit existing ones. Fourth, initiatives require organizations to alter their resources and capabilities. Fifth, they represent major undertakings that expose organizations to a high degree of internal and external risk and uncertainty. Based on these five characteristic elements, the authors define strategic initiatives as temporary, coordinated undertakings for renewing or expanding the capabilities of an organization that have the potential to substantially impact its evolution and performance. The authors also develop an organizing framework for illustrating research on strategic initiatives based on four components. The first encompasses all factors of the organizational context in which initiatives emerge and develop. Depending on initiative type, these factors might support or impede their evolution. The second component deals with all managerial practices and activities of organizational actors pursuing these initiatives. The third component consists of environmental context factors. The fourth covers performance implications. The framework is also useful in identifying areas for future research.

One area that seems to deserve further attention is the study of the factors that affect managers' propensity to engage in entrepreneurial initiatives. In this respect, Chrisman, Verbeke and Chang use prospect theory to argue that managers' willingness to assume the risk associated with entrepreneurial initiatives is dependent upon the role they assume in the entrepreneurial process. According to the authors, in deciding whether to take entrepreneurial initiatives, managers are subject to two forms of bias. The first, bias duality, refers to the tendency of corporate managers to perceive risk as desirable or undesirable according to the role they assume in the entrepreneurial process. Managers may indeed play different roles in different entrepreneurial initiatives depending on both their level in the organization and the source of the initiative. In turn, these roles determine the frame for a mental accounting of the risk of entrepreneurship. The second, bias reversal, refers to the tendency of managers to alter their mental accounting of the risk associated with an entrepreneurial initiative in accordance with changes that occur in their roles. The authors conclude that managers' biases toward the risk of corporate entrepreneurship vary according to their roles in the entrepreneurial process, and these variations affect initiative evaluation and implementation challenges.

Memili, Lumpkin and Dess explain managers' propensity to behave entrepreneurially as a result of entrepreneurial orientation. In line with prior research, the authors argue that entrepreneurial orientation – the processes, practices and decision-making styles that help firms identify and capture entrepreneurial opportunities – is the driving force of corporate entrepreneurship. Firms with a strong entrepreneurial orientation tend to enjoy competitive advantages when pursuing entrepreneurial activities of all kinds. According to the authors, entrepreneurial orientation is a multi-dimensional phenomenon consisting of autonomy, innovativeness, risk taking, pro-activeness and competitive aggressiveness. Autonomy is defined as the independent action of an individual or a team in bringing forth an idea or a vision and carrying it through to completion, as well as the ability and will to be self-directed in the pursuit of alternatives. Innovativeness represents a firm's tendency to pursue creative and novel solutions to challenges confronting the firm, including the development and enhancement of products and services, as well as new administrative techniques and technologies for performing organizational functions. Risk is perceived as exhibiting variation in the distribution of outcomes, their likelihoods and their subjective values. It is measured either by non-linearities in the revealed utility for money or by the variance of the probability distribution of possible gains and losses associated with a particular alternative. Pro-activeness encompasses not only alertness to unnoticed opportunities, but also efforts to capture these opportunities through

monitoring and influencing trends, developing forward-looking activities and acting assertively regarding future needs or changes. Competitive aggressiveness represents a firm's propensity to directly and intensely challenge its competitors to achieve entry or improve position to outperform industry rivals in the marketplace.

Collectively, these studies describe the emergence of entrepreneurial initiatives as a complex process involving a number of interacting elements. According to Porter, such a process is best illustrated using concepts and ideas taken from complexity theory. The author asserts that complexity theory and complex adaptive systems provide an integrative framework that offers a robust platform for understanding the adaptive responses of firms in the face of the turbulence currently affecting most industries and environments. The adoption of such a theoretical framework implies the recognition that everything is process, as complex systems, by definition, continually evolve. In addition, conceptions of the organization's surrounding environment have to accommodate the ideas that change is universal, traditional boundaries are breaking down, and environments are increasingly information-intense, hyper-competitive and rapidly evolving (D'Aveni and Gunther, 1994).

FOURTH SECTION: SPECIAL TOPICS

The contributions here explore strategy processes taking place either in different types of organizations (e.g., public, family businesses) or in different organizational circumstances (e.g., alliances, acquisitions, internationalization).

In his essay, Walter provides an excellent review of the empirical literature on decision processes in the realm of strategic alliances and suggests several promising avenues for future research. To more systematically evaluate the accumulated body of knowledge, the author structures his review according to the framework proposed by Rajagopalan *et al.* (1993), which identifies six factors that characterize decision-making processes in strategic alliances. Any strategic decision process is embedded in both the alliance partners' external environment (first factor), such as environmental uncertainty, and the (inter)organizational environment (second factor), which comprises previous collaborations, alliance structure, partner diversity, and so on. Even within a specific collaboration, however, decision processes may vary according to differences in decision-specific factors (third factor), such as joint task complexity. These three factors influence not only the process by which decisions are made, but also decision characteristics. The decision process itself can be categorized by characteristics

(fourth factor), such as procedural rationality, conflict and justice. These are associated with both process outcomes (fifth factor), such as commitment, attachment and learning, and economic outcomes (sixth factor), including alliance survival, flexibility and performance.

Ranft, Butler and Sexton argue that, while there is a rich body of research on mergers and acquisitions, research specifically examining process issues during acquisition integration is more limited and somewhat disjointed. A careful analysis of this literature reveals different dimensions of the acquisition integration process: (1) resource reconfiguration during integration, (2) autonomy and speed of integration, (3) learning, retention and communication, and (4) sensemaking and behavioral considerations. The authors maintain that there are significant gaps in our understanding of how these dimensions interact and can be effectively managed for acquisition success. They also suggest potential avenues for future research.

Cuervo-Cazurra examines the current state of research on the internationalization process, discusses challenges to traditional arguments and identifies areas of research that have previously been neglected. The author develops a framework which summarizes and integrates the key findings of prior research. Managers and their knowledge and attitude are the key drivers that determine how the characteristics of the firm, the network of the firm, the country of operation and worldwide conditions affect the internationalization process. This process takes different dimensions depending on answers to several questions. (1) Why: selling abroad, which is the commonly accepted underlying assumption of most studies, and buying from abroad, which is associated with new activities such as offshoring and the expansion of multi-national corporations (MNCs) into developing countries. (2) What: includes not only the start-up process and increased commitment in a country, but also diversification of operations and, in some cases, exit strategy. (3) How: refers to selecting between methods such as contracts, greenfield operations (internal development), alliances and acquisitions. (4) Where: refers to selecting the order of countries in which to begin operations. (5) When: refers to timing in terms of speed and pace.

Once the internationalization process has been completed, MNCs need to learn how to involve subsidiaries in strategic decision-making processes and find the right balance between subsidiary initiatives and central control. Venzin argues that power plays a pivotal role in driving strategy processes in multi-national firms. He maintains that both paternalistic and liberal management styles can co-exist, and that MNCs need to learn how to switch from one style to another depending on the desired knowledge process. While bureaucracies are more likely to foster efficient knowledge exploitation and strategy implementation, organized anarchies

tend to be more effective in knowledge exploration and strategy creation. He concludes by inviting managers to reflect on the effects that static and clustered power have on knowledge exploration.

Braun and Latham focus on the gloomier subject matter of strategy process during situations of organizational decline. They argue that, while scholars maintain a low, yet steady, output of studies investigating causes and consequences of organizational decline, the manner in which the strategic process unfolds remains, to a large degree, underexplored. The authors examine different causes of decline (both internal and external to the firm) and how these causes can differently impact decision-makers' perceptions and framing of strategic responses to initiate turnaround. They argue that decision-makers' characteristics, predispositions and cognitive models significantly affect the decline process. They also consider the role of decisions concerning firm resources, leadership, governance and other strategic elements, as well as the role of various stakeholders, such as middle management, suppliers and competitors, in influencing the sequence of actions to accomplish turnaround. Finally, they theorize as to what extent the relationships among managerial perceptions, strategic formulations and organizational actions are influenced by additional considerations, both internal and external to the firm, and how those dynamic interactions affect firm outcomes.

Jennings *et al.* and Patel investigate strategy processes in public organizations. Jennings, Zandbergen and Martens argue that, although many of their features are consistent with private sector organizations and strategy processes, public sector organizations differ substantially in a few areas. They maintain that strategy in public sector organizations is normally derived primarily from their network of stakeholders and external controlling agencies and secondarily from their top management team, and that public sector organization strategies rely heavily on formal legitimacy. As a consequence, strategy processes can be better understood by adopting an institutional view. The authors argue that, from an institutional perspective, process strategy entails not only the focal firm's strategy, but also the related sets of strategies pursued by similar organizations. According to this view, a strategy is created by a key field member and then adopted by some, but not all, field members, leading to different success rates. This diffusion process is rarely smooth because it is based on the competitive positioning and counter-positioning of firms, each trying to garner social legitimacy and/or economic success. The authors elaborate on and exemplify these arguments by examining public sector process strategy in the domain of water management.

Patel examines how federal government organizations adopt strategic management concepts. The author describes their strategic management

system as an interlocking set of strategic processes, including planning, programming, budgeting, executing and controlling activities. These activities enable multiple levels within the organization to achieve alignment (i.e., 'internal fit') as well as 'external fit' with applicable statute(s) enacted by the United States Congress, executive orders mandated by the Executive Office of the President, and directives and guidelines issued by various governmental Departments (e.g., Defense).

Finally, Astrachan, Richards, Marchisio and Manners suggest a new strategic management approach for family businesses. The authors elucidate a conceptual framework developed by John Boyd known as the 'OODA loop' and describe its relevance to entrepreneurial and family businesses. In its essence, the OODA loop describes an interactive (decision-maker and environment), non-sequential process that allows adaptability in making critical decisions in unpredictable, constantly changing environments. Agility – defined as the ability to keep one's dynamic world view more closely matched to the external world than that of an opponent or competitor – is a key concept that can apply to any form of conflict or competition, including business. Time is another important element, as the quicker the OODA loop is executed, the more quickly errors in orientation can be noticed and corrected, the more agile the organization can be in tracking the environment and discovering both customers' needs and changes in their preferences, and the faster the organization can respond to such changes. The authors believe that this framework is relevant to family businesses for a number of reasons. First, Boyd stresses the importance of the moral bonds that tie an organization together; moral bonds are prominent in family businesses. Second, the ultimate purpose of any system is to survive on its own terms and increase its capacity for independent action in a threatening and confusing world; the concepts of 'survival' and 'own terms' well fit family businesses. Third, organizations that want to adopt strategies described by the OODA loop need cultures that enable them to act and adapt more quickly than their competition. Prior research has shown that strong culture is a trait commonly associated with family businesses.

SUMMARY

Our book represents an impressive line of work that highlights the importance of strategy process. The authors examine family businesses, non-family firms, educational institutions and government organizations, and provide contextualized accounts of strategy process in specific organizational settings. Thus, this book serves as a reminder of the omnipresence

of strategy process and the importance of gaining additional knowledge in this area. We hope to inspire readers to build on this research and further our understanding of the field.

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