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The relationship between business-level strategy and organisational culture

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The Organisation-Effectiveness Studies

Background

At the heart of most research on organisations, either implicitly or explicitly, lies the question of performance (Kimberly, Norling and Weiss, 1983). The research into organisational performance, however, has not resulted in anything approaching consensus on the questions of either what it is, or what its determinants are. Perhaps the most widely used approach has been to conceptualise performance in terms of effectiveness (Robbins, 1983). In so doing, researchers have focused on the extent to which various measures reflect basic goals, the extent to which critical resources are obtained, or simply on survival (Goodman and Pennings, 1977).

Although the various research foci are empirically different, conceptually the argument remains that some organisations are more effective than others. The challenge, therefore, is to discover these dimensions of organisational effectiveness (OE) and how they are determined.

Initially, the definitions used to describe OE were innocently simple. Until the late 1950s, OE was largely defined as the degree to which an organisation realised its goals (Etzioni, 1964). Robbins (1983) points out that this apparently straightforward definition hid many ambiguities and severely curtailed research on the subject.

During the 1960s and 1970s there was a proliferation of OE studies. Campbell (1976), in reviewing these studies, discovered some thirty different criteria that were purported to measure and define OE. While this may indicate the extent of the problem in finding a widely acceptable and operationalisable definition of OE, a review of more recent research indicates some movement towards a form of agreement (Robbins, 1983) Firstly, it is acknowledged that a realistic definition of OE embraces multiple criteria, both internal and external to the organisation (Kimberly, Norling and Weiss, 1983; Rohrbaugh, 1983; Quinn and Cameron, 1983). Secondly, it is accepted that the phenomenon of OE, despite being difficult to define and measure, still "exists" and continues to function within organisations.

The Competing-Values Approach

The Competing-Values approach is an attempt to integrate the many different perspectives on OE. Its central notion is that the evaluation of performance in an organisation ultimately involves the question of values (Rohrbaugh, 1983). The view of OE adopted by researchers, stakeholders and even the organisation's dominant coalition, is generally dependent upon their values and beliefs (Quinn and Rohrbaugh, 1981, 1983). Thus, the numerous performance indicators that are used in the analysis of OE may be ordered with respect to their underlying values (Rohrbaugh, 1983).

The key assumption underlying the Competing-Values approach is that no single goal exists in an organisation (Robbins, 1983). Organisations have a number of competing values, held by the various stakeholders, and these generate different goals and objectives. The different functional orientations in an organisation, for example, may develop slightly different systems of values. Although these values may all ultimately be integrated into the overall frame of reference, they nevertheless generate a number of competing goals (Lawrence and Lorsch, 1967).

Three basic sets of values have been identified as relevant in defining criteria for OE. These are the values pertaining to the organisational structure and control, the organisational focus, and the organisation's means and ends (Quinn and Rohrbaugh, 1981, 1983; Quinn and Cameron, 1983; Rohrbaugh, 1981).

Organisational Structure and Control

This dimension reflects the preference for stability and control at the one polar extreme and flexibility and change at the other (Quinn and Rohrbaugh, 1981, 1983). It reflects one of the basic dilemmas of organisational life (Robbins, 1983). The stability-control end of the continuum represents the concern for clear lines of authority, order and direct control, while the flexibility-change pole represents the need for innovation, initiative and change (Rohrbaugh, 1983).

Organisational Focus

This dimension reflects the nature of the organisation's efforts to develop and maintain its own viability. At the one end, an internal focus represents a concern for the development

of the organisation's members and the creation of a conducive physical and emotional work environment (Quinn and Rohrbaugh, 1981, 1983). It is therefore a concern for people and their well-being (Rohrbaugh, 1983). At the other end of the continuum, an external focus reflects the organisation's concern for relating effectively with its external environment (Quinn and Rohrbaugh, 1981, 1983). It is thus an interest in the development of the organisation through the accomplishment of tasks and the acquisition of resources from the external environment (Rohrbaugh, 1983).

Means-Ends

The means-end continuum represents the organisation's preferences for the measurement and control of organisational performance. The means indicates a primary concern for organisational processes, while the ends reflects an interest in the final outcomes (Quinn and Rohrbaugh, 1981, 1983). This dimension also represents the preferences for time horizons that underlie organisational assessment (Rohrbaugh, 1983). Longer time horizons generally indicate a means-type assessment, while shorter time horizons lend themselves to ends-type assessments (Robbins, 1983).

A Competing-Values Model

The three dimensions revealed above can be combined to produce a competing-values model for the assessment of organisational effectiveness:

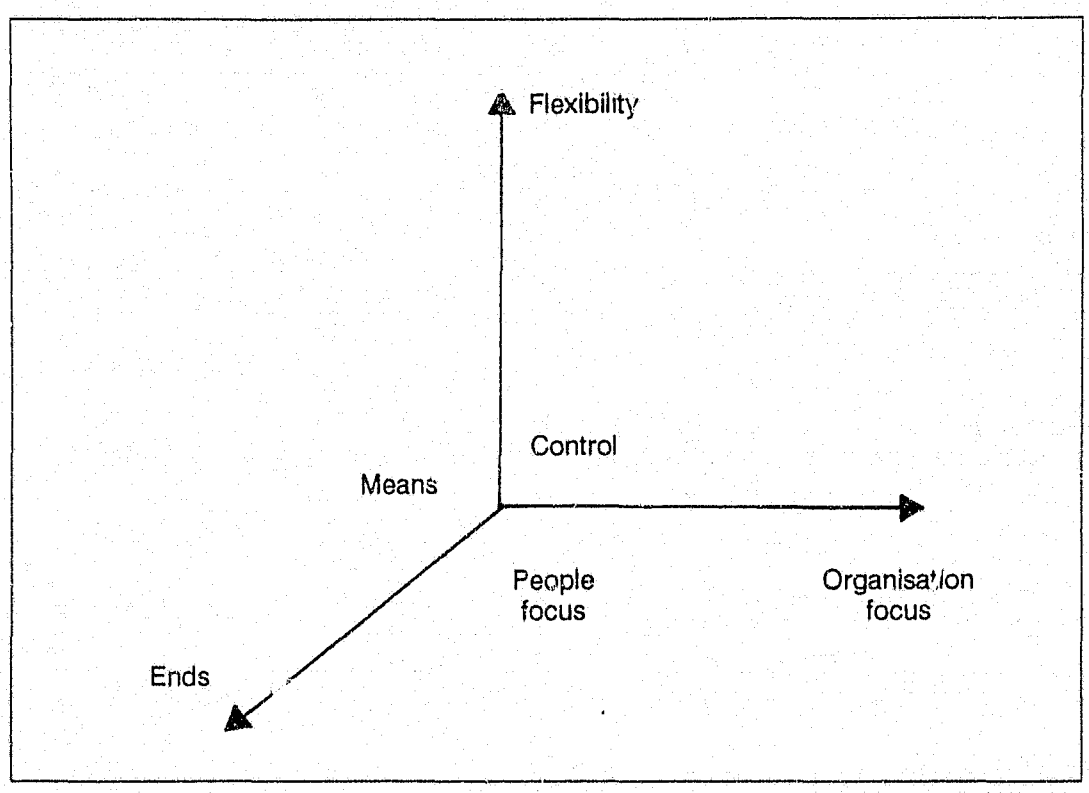


Figure 8.4: The Dimensions of Competing Values in OE

By converting the 3-dimensional model above into a matrix, it is possible to reveal eight cells, each with a unique combination of the various attributes:

Table 8.2 The Cells of Competing Values in OE

Focus-Control	Means	Ends
People-Flexibility	Cohesion-morale: The level of commitment and communality amongst organisation members	Value of human resources training: The enhancement and maintenance of overall member capabilities
Organisation-Flexibility	Flexibility-readiness: The ability of the organisation to change in response to shifts in external conditions and demands	Resource acquisition: The capability of the organisation to acquire resources and to develop support from its external environment
People-control	Information management-communication: Sufficiency of information flows, adequacy of internal orchestration and coordination	Stability-control: Smoothness of internal conditions, continuity, equilibrium
Organisation-Control	Planing and goal setting: The amount of emphasis on planning, objective setting and evaluation processes	Productivity and efficiency: The volume of output, the ratio of output over input

Source: Adapted from: Quinn R.E. and Cameron, K. Organiational Life Cycles and the Criteria of Effectiveness. Management Science, 29, 1983: 268-299.

The eight cells depicted above may be arranged so as to define four models of organisational effectiveness, each with its own unique set of underlying values (Quinn and Rohrbaugh, 1981, 1983; Quinn and Cameron, 1983):

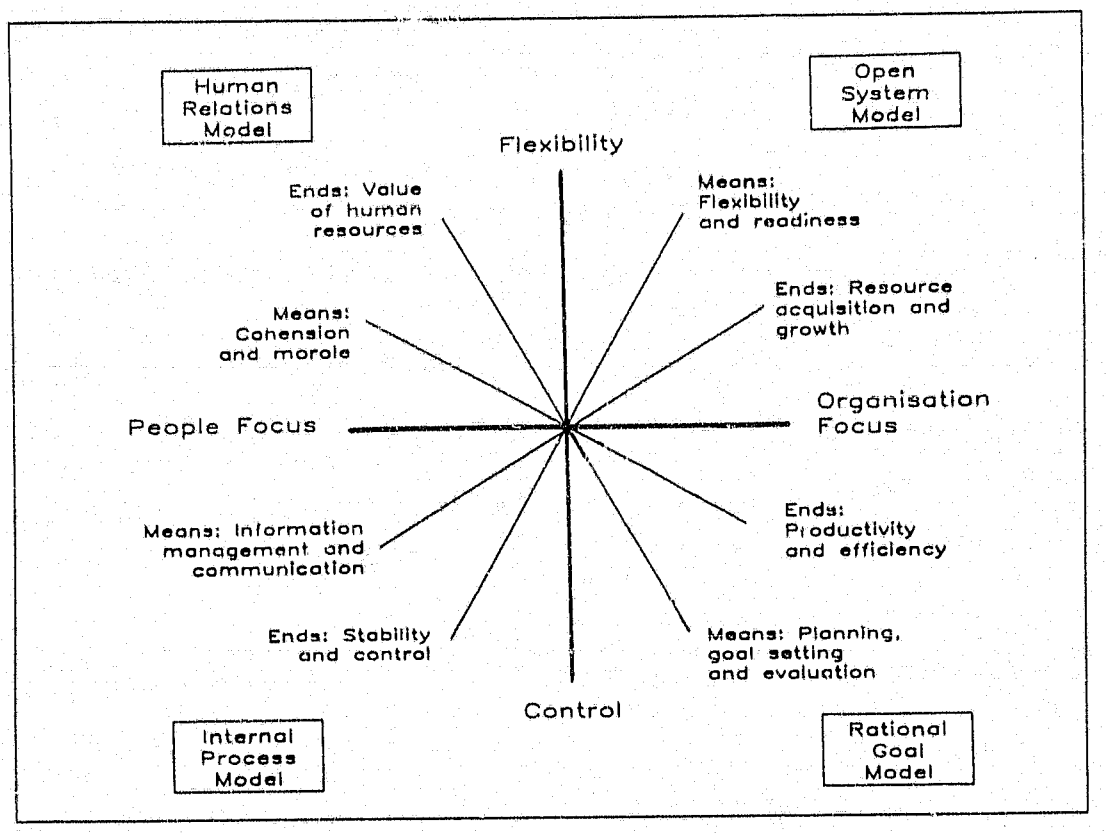


Figure 8.5 The Four Models of Competing Values in OE

Source: Adapted from: Rohrbaugh, J. The Competing Values Approach. In: Hall, R.H. and Quinn, R.E. (eds). Organisational Theory and Public Policy. California: Sage, 1983, pp.265-280.

The Human Relations Model

This model places a great deal of emphasis on flexibility to cater for individual differences, as well as on an internal view of the organisation. It stresses the means of cohesion and morale building and the goals of human resource development.

The Open Systems Model

This model emphasises flexibility and an external view of the organisation. It stresses organisational flexibility and readiness for change as means to the ends of growth, resource acquisition and external support.

The Rational Goal Model

This model also emphasises an external view of the organisation, but values control above the issue of flexibility. Planning and goal-setting are viewed as the means for achieving the ends of productivity and efficiency.

The Internal Process Model

This model places emphasis on control and an internal view of the organisation. Information management and communication serve as the major means for achieving the ends of stability, control and an orderly working environment.

The four models presented above represent diverse definitions of organisational performance and effectiveness. No one model is applicable in all situations and a combination of the various models may be used to assess the performance and effectiveness of an individual organisation (Quinn and Rohrbaugh, 1983). Although certain pairs of the models reflect competing (and opposite) organisational values, these values are not necessarily mutually exclusive in actual organisational settings (Rohrbaugh, 1983). This is an important point, because it means that organisations should not be seen as falling into one of the cells or models. Rather, organisations should be viewed as combinations of the values espoused in the four models. Each organisation may therefore have a profile across the three dimensions revealed by the competing-values model. In other words, an organisation may contain attributes of the Human Relations, Open Systems, Rational Goal and Internal Process models. The point to note, however, is that the distinctiveness of a particular organisation is reflected in the extent to which some of the competing values dominate others in a particular organisational setting. Thus, an organisation may be characterised by the dominance of some of the competing values over the others. Table 8.3 below summarises these competing values in the various models:

Table 8.3 OE Models, Values and Effectiveness Criteria

Model	Values	Effectiveness Criteria	
		Means	Ends
Human relations	People, flexibility	Maintain cohesion and morale	Development of human resources
Open systems	Flexibility, organisation	Growth, resource acquisitions, external support	Maintain organisational flexibility and readiness
Rational goal	Organisation, control	Planning, goal seeking, evaluation	Productivity and efficiency
Internal process	Control, people	Manage information and communication	Stability and equilibrium

An Integrated Framework to View Organisational Forms

Introduction

The previous two sections have focused on the Junglan scheme of organisational archetypes and the various approaches to organisational effectiveness. The Junglan scheme may be seen to represent the understructure behind the assumptions and knowledge of organisations (Jung, 1971), while the Competing-Values approach outlines the values and beliefs which underpin alternative approaches to assessing organisational effectiveness (Quinn and Kimberly, 1984).

By integrating these two perspectives, a framework will be defined which will allow the classification and ordering of different organisational forms. The integrated framework will describe the underlying assumptions, values, beliefs, and physical manifestations of organisational forms.

Rationale For Integrating the Jungian and OE Perspectives

The overriding rationale for combining the Jungian and OE perspectives comes from the assertion that any form of high culture or social system will conform to a basic understructure (Jones, 1961). When comparing the four Jungian archetypes with the models of OE, the similarity between them suggests that they both conform to this basic

understructure. Rinn (1965) argues that there are striking similarities in the structure of various fields in the social sciences. It is argued that if these were more explicitly identified and recognised, a more coherent and efficient picture of the social sciences would emerge (Rinn, 1965).

A number of efforts have been made to integrate various sub-fields in the social sciences. Hall and Quinn (1983) point out that they all appear to reflect the same, or similar, dimensions. Amongst the most important analyses, at least for the purpose of this exercise, has been the work by Mitroff and Mason (1982).

Mitroff and Mason (1982) assert that decision-makers in organisations must, of necessity, extrapolate beyond their known world. In so doing, they adopt one of many metaphysical approaches. The adoption of a specific approach implies a number of underlying assumptions. In general, these are usually unconscious and taken for granted.

The Mitroff and Mason (1982) framework is designed to surface the core assumptions and underlying values that are implicit in the metaphysical approaches adopted by decision-makers. In addition, the framework reveals a close similarity with the basic Junglan dimensions and the Competing- Values perspective. It is suggested, therefore, that the Junglan archetypes and Competing-Values models share the same understructure. Furthermore, it is suggested that these two perspectives reveal different aspects of this same understructure, and that combining them will allow the definition of different organisational forms.

A comparison of the findings produced by the Junglan and OE perspectives reveals the close similarities between the two:

Table 8.4 Comparison of Jungian Archetypes and OE Values

JUNGIAN ASSUMPTIONS	OE VALUES
ST ORGANISATION (sensing-thinking)	INTERNAL PROCESS MODEL
A focus on logical analysis of facts and technical detail. Tight control with few exceptions allowed. A centralised, formalised and stratified organisation, with a concern for internal process and efficiencies.	An emphasis on control and an internal view of the organisation. Information management and communication are used to achieve stability, control and an orderly working environment.
NT ORGANISATION (intuiting-thinking)	RATIONAL GOAL MODEL
A focus on logical analysis of broad concepts and possibilities. Strategic concerns with low attention to small details. An organisation with overlying structure and order which is concerned with its relationships to the external environment.	An emphasis on the external views of the organisation and control. The use of strategic planning and goal setting is stressed in order to achieve productivity and efficiency.
NF ORGANISATION (intuiting-feeling)	OPEN SYSTEMS MODEL
A focus on broad concepts and possibilities. Strategic concern for developing a feeling and sensitivity to broad issues. Decentralised control system.	An emphasis on flexibility and an external view of the organisation. Organisational flexibility and readiness is stressed as a means for achieving growth, resource acquisition and external support.
SF ORGANISATION (sensing-feeling)	HUMAN RELATIONS MODEL
A focus on facts and individual realities. Concern for developing a feeling and sensitivity for human detail. Decentralised organisation with well-defined value based controls.	An emphasis on an internal view of the organisation, as well as the flexibility to cater for individual differences. Cohesion and morale-building is stressed as a means to achieve human resource development.

From the analysis and comparisons above, it is possible to define an integrated model which systematically describes variations in the assumptions, values, beliefs, and physical manifestations of organisations. This model, based on the Jungian and OE models, defines four basic organisational forms, or archetypes. Before identifying the model and the organisational forms, it is perhaps necessary to discuss the concept of archetypes in a

little more detail and, in so doing, provide some justification for adhering to the concept of a model which produces four alternative forms.

The Concept of Archetypes

Frye (1973) identifies an archetype as the most symbolic and universal psychological image of a known character type. In other words, archetypes are the most basic, universal, human symbols through which individuals experience the world and through which they are able to order these experiences (Neumann, 1970). An examination of the world's great cultures would reveal a consistency amongst the various archetypical images that are produced and used (Neumann, 1970). McCully (1971) observes that every aspect of an individual's existence is capable of being turned into an archetypical symbol, image or character. This includes personality- types, social dynamics and institutional forms. Thus, archetypes may be used to analyse and understand individuals, groups and institutions in terms of their basic attributes and characteristics (Mitroff, 1983).

Archetypes, as they are defined here, have several important characteristics. Firstly, Maccoby (1976) shows that a constant and strong interplay exists between the structure of individual personality and the structure of the external environment. Archetypes mirror experiences external to the individual as much as they filter and organise the internal experiences (Maccoby, 1976). Secondly, archetypes contain contradictory properties and aspects (Ogilvy, 1977). Contradiction is one of the essential characteristics of individuals, groups and institutions. Although there is a tendency for archetypical images to split into good versus bad, strong versus weak and big versus small, the split is never complete (Mitroff, 1983). Archetypes follow a logic very different from that of "rational analysis" and allow the definition of, for example, organisations that are both big and small, weak and strong, and so forth (Churchman, 1971; Mitroff and Kilmann, 1978). Finally, archetypes contain a Leibnitzian principle which reflects that each archetype is contained within all the other archetypes (Ogilvy, 1977). Thus, if an archetype has a dominant set of seemingly consistent properties, it also has a set of contradictory properties that "intrude" from the other parts of its makeup (Mitroff, 1983). Individual archetypes are therefore not insulated from one another, but are in a state of contamination, mutual interpenetration and fusion. However, despite their interwovenness, they do form coherent units of meaning which can be captured (Jacobi, 1959).

Finally, it is worth considering the significance of the number "four" which is being used to analyse the variations in organisational forms. Nichols (1980) identifies the number four as a symbol of man's orientation to reality. A long list of "fours" is revealed as an example of how man has been helped in the direction of his spiritual and physical life (Nichols, 1980). Table 8.5 below summarises some of the more common uses of the number "four":

Table 8.5: List of common uses of the number "four"

- The four directions of the compass
- The four corners of the earth
- The four winds of heaven
- The four rivers of Eden
- The four qualities of the ancients (warm, dry, moist, cold)
- The four humours (sanguine, phlegmatic, choleric, melancholic)
- The four apostles (Mathew, Mark, Luke, John)
- The four prophets (Isaiah, Jeremiah, Ezekiel, Hozea)
- The four elements (earth, air, fire, water)
- The four alchemical ingredients (salt, sulphur, mercury, azoth)
- The four seasons
- The four basic geometric figures (circle, line, square, triangle)
- The four phases of the moon
- The four Hebrew letters of the Lord's name
- The four basic operations of arithmetic
- The four cardinal virtues (justice, prudence, temperance, fortitude)

Source: Nichol, S. Jung and Tarot: An Archetypal Journey. New York: Weiser, 1980, p. 107-108.

Archetypes are considered meaningful representations of organisational forms. In addition, the use of a scheme which produces four such archetypes appears to have validity in the study of archetypical organisational forms.

A Model of Organisational Forms

This model is primarily defined by integrating the Junglan and OE perspectives. However, it is important to note that these perspectives are merely different manifestations of a similar understructure which appears to underlie the social sciences (Jones, 1961; Flinn,

1965; Mitroff and Mason, 1982). By combining the particular perspectives of the Jungian and OE approaches, it is possible to define a model which addresses the concept of organisation as proposed in this dissertation.

A comparison of the two approaches (see Table 8.4) reveals their similarities. Both vary along two underlying dimensions. The first reflects the predominant thrust of the organisation in its attempts to improve its viability, i.e. a concern for the internal functioning and operation of the organisation versus its relationships with the external environment. The second dimension refers to the predominant style of control used by the organisation, i.e. an indirect system versus a direct system. These dimensions are explained below:

Internal Focus-External Focus Dimension

This dimension measures the primary focus of the organisation's effort in improving its ongoing viability and well-being. An internal focus reflects a concern for the resources of the organisation and their proper utilisation. It focuses on the detail and specifics of situations and deals in hard facts. The general tendency is to break situations down into their detailed components in the desire to create a smooth and well-functioning organisation which optimally utilises its resources. An external focus, on the other hand, is concerned with the broader issues of the application of the organisational resources. As a result, a more holistic perspective of the organisation is adopted and the development of creative and innovative approaches to the organisation's relation with the external environment is encouraged.

Indirect Control - Direct Control Dimension

This dimension focuses on the manner in which the organisation achieves the coordination and integration necessary to implement organisational effort. The direct-control end of the continuum emphasises explicit and formal mechanisms whereby logical, rational and objective control procedures may be enacted. This approach seeks to generalise organisational contingencies in an attempt to institute consistent and orderly controls over behaviour and output. An indirect-control emphasis, on the other hand, focuses on personal and value-laden means to achieve a greater sensitivity to uniqueness and differences in organisational situations. It is concerned with promoting innovation and initiative within the organisation.

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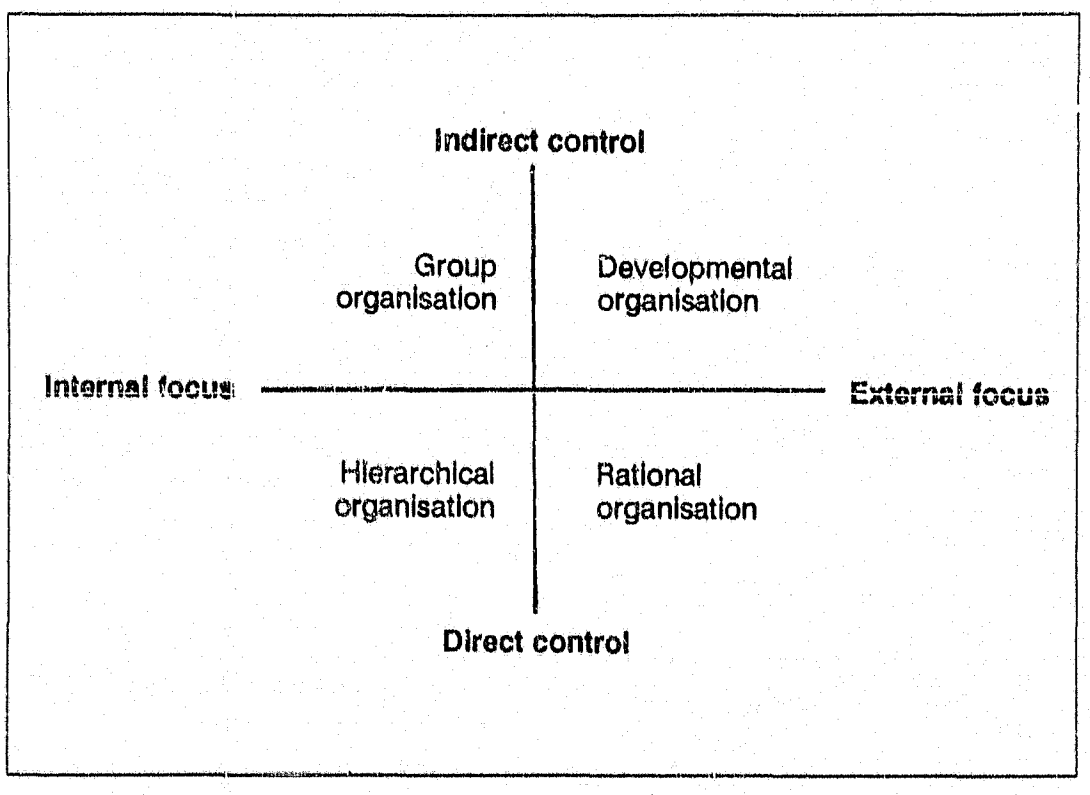


Figure 8.6: A Model Of Organisational Forms

The Hierarchical Organisation (Direct Control - Internal Focus):

Basic Underlying Assumptions

The key assumption of the Hierarchical organisation is that well-being and ongoing viability is best achieved by a focus on the direct control and coordination of resources and processes. This is achieved by managing the internal flows of information and communication so as to produce an orderly and stable working environment. Furthermore, it is assumed that individual members are motivated by a desire for security and that their compliance is best secured by means of formal, explicit and objective rules which govern behaviour and output.

Values And Beliefs

The primary values of the Hierarchical organisation are consolidation, continuity, stability and order. It is believed that the accomplishment of these factors, through the use of direct-control and coordination procedures on the organisation's resources, will improve overall organisational effectiveness.

Physical Manifestations

- The management style of the dominant coalition emphasises the rational and practical implementation of solutions. It maintains an operational focus on the use of organisational resources through the application of predominantly direct means of control. In this respect, the management and leadership role is primarily one of monitoring output and coordinating behaviour. The key behaviours are providing information and maintaining structure in the overall functioning of the organisation. This is generally done by adopting an impersonal, but realistic, approach to the processes and organisational members. The overall management and leadership style of the dominant coalition, therefore, is one of conservatism and caution.
- The cautious and conservative style of the dominant coalition is well suited to the essentially routine and "certain" technologies that the Hierarchical organisation typically employs. Roles and tasks within these technologies encompass known information and processes and the primary effort involves the rearranging of data into a format which is used in a well-defined operation. Examples of this technology and role include production management, accounting and engineering.
- Decision-making is a highly systematic process where the primary focus is on facts and technical detail. The approach is analytical and deductive and generally proceeds slowly. The decision-makers document the process fully and objectively, so that accountability for the final outcome is ensured. There is much emphasis on the actual procedures followed in the decision-making process.
- The system of control used by the Hierarchical organisation conforms to the direct means of control definition. Explicit, objective rules and procedures are used to monitor and coordinate the use of organisational resources and the internal processes. Roles and tasks are clearly and narrowly defined so as to achieve specialisation within narrow areas of organisational involvement.
- The Hierarchical organisation structure typically manifests the assumptions, values and beliefs outlined above. As such, they are highly centralised, formalised and stratified. The general form corresponds to Weber's classical bureaucracy, which reflects a concern for the efficient utilisation of the organisational resources. The patterns of member interaction are impersonal and attention is paid to well-defined roles in order to exclude ambiguity and uncertainty. The emphasis is thus on the roles, rather than on the individuals who fill them.

The Developmental Organisation (Indirect Control - External Focus)

Basic Underlying Assumptions

A key assumption of the Developmental organisation is that its interests are best served by focusing on its relationship with the external environment. This is generally achieved by

using flexible and value-based control and coordination procedures, and by encouraging double-loop learning. In addition, it is assumed that the individual members are motivated by a desire for personal growth and development and that their compliance is best secured by way of a shared vision and system of values.

Values and Beliefs

The primary values of the Developmental organisation are expansion, creativity and readiness-to-change. It is believed that these are the major criteria for organisational effectiveness and that they are best developed and maintained through the application of indirect means of control.

Physical Manifestations

- The dominant coalition in the Developmental organisation views its management and leadership role as one of providing purpose and direction to its members. A strategic focus on broad social issues, external to the organisation, is adopted. The key management and leadership behaviours are to envisage change and organisational expansion, as well as to acquire the necessary resources and support. In so doing, the dominant coalition develops a vision of the ideal organisation in the future. A largely participatory and collegial approach is favoured as a means of achieving member commitment to the organisational vision. As a result, the overall management and leadership style in the Developmental organisation is inventive and risk taking.
- The nature of the technology in the Developmental organisation is essentially non-routine and deals with unknown information and processes. In these roles, individuals are expected to engage in a search for information and explanatory concepts, and then develop means and methods to manipulate the data thus gathered. The technology and the roles are therefore largely unstructured and members are expected to create their own logic and structure to suit the particular situation. Examples include the marketing function, promotional activities and psychological counselling.
- Decision-making is a flexible process and no single method or procedure is adhered to. As such, it might be termed somewhat intuitive, as the decision-makers seek to develop feeling and sensitivity to broader, strategic issues. The general approach focuses on broad concepts and hypothetical possibilities and is essentially inductive in its manner. In this way, a holistic perspective is adopted and decision-makers seek the "big picture".
- Organisational coordination and control is effected primarily through the use of indirect means of control. Rather than by explicit rules governing member output and behaviour, compliance is secured by gaining members' commitment to the

values and beliefs of the organisation. These generally embrace the specific values of creativity and expansion, particularly with regard to the organisation's relationship with its environment, and are arranged into a coherent vision for the organisation. As a result, members' roles are broadly and generally defined so as to achieve maximum flexibility and innovativeness across a broad area of organisational involvement.

- The structure of the Developmental organisation is not manifested in clear, explicit lines of communication and authority. Instead, it is generally highly decentralised, with no clear patterns of behaviour and interaction emerging. This is largely due to the value-based coordination and control mechanisms. As a result, the structure presents as being fluid and flexible and shows a high readiness-for-change.

The Rational Organisation (Direct Control - External Focus)

Basic Underlying Assumptions

The key assumption of the Rational organisation is that the use of formal planning and goal setting procedures will improve the ability of the organisation to relate efficiently with its environment. Furthermore, it assumes that individual members are motivated by a desire to demonstrate competence in their roles, and that formal contractual arrangements between the organisation and the individual will enable this to be achieved.

Values and Beliefs

The primary values of the Rational organisation are productivity and efficiency in its dealings with the external environment. It is believed that these criteria for organisational effectiveness are best achieved through the use of formal and explicit methods of planning, goal setting and evaluation.

Physical Manifestations

- The management and leadership approach in the Rational organisation is one which focuses on the conceptualisation of organisational opportunities. By providing structure and initiating action, the dominant coalition directs the organisation towards these opportunities. A strategic focus on these external issues is adopted, with the primary concern being the development and maintenance of efficiencies and productivity. Thus, the management and leadership style is typically directive and goal oriented and, as a result, may often appear remote and impersonal.
- The technologies in the Rational organisation are characterised by a high degree of variability and unknown information, but a well-defined set of procedures to handle

the tasks and information. The major focus is on the collection of data and information which can be processed in a systematic and rational manner. Roles and tasks within the Rational organisation are typified as intelligence-search jobs, and examples of these include market research, design work and logistics analysis.

- The decision-making style in the Rational organisation relies heavily on formal structure and the use of *a priori* logic. It employs information to generate specific solutions which are ultimately goal-directed. The decision-making occurs with reasonable haste and makes logical and efficient decisions which are conclusive and final. There is little room for wavering within the Rational organisation.

- Control is effected primarily by direct means. Rules, regulations and standard operating procedures govern a wide range of organisational activities. Individual compliance is secured by way of formal agreements such as employment contracts and MBO approaches. These formal coordinating mechanisms generally embrace the central values of productivity and efficiency, and are largely goal directed. In order to cater for the broad range of contingencies, roles and tasks are widely defined, but nevertheless comprise an explicit array of systematic and logical rules and procedures.

- The structure of the Rational organisation is a manifestation of its central values. These prescribe an efficient and productive organisation, geared to meet the needs and challenges of the external environment. As a result, the organisational structure reflects order and clearly defined patterns of interaction amongst members. It is centralised and formalised and reflects low levels of uncertainty in the processes performed.

The Group Organisation (Indirect-Control-Internal Focus)

Basic Underlying Assumptions

A key assumption of the Group organisation is that it will benefit most by developing the capabilities of its human resources. This is achieved by way of creating an organisational environment which focuses on the needs of individual members so as to build morale and cohesion. Furthermore, it is assumed that individual members are primarily motivated by the need for affiliation and group membership, and that meeting this need is the best way of securing compliance.

Values and Beliefs

The primary values of the Group organisation are human commitment and loyalty. It is believed that an indirect means of control, which allows individual members to identify with

the value system of the organisation, is the best means of achieving the objective of human resource development.

Physical Manifestations

- The management and leadership approach in the Group organisation is designed to create cohesion and good morale amongst the organisational members. The dominant coalition acts as mentor and facilitator to the groups within the organisation, and sees its prime function as the building of effective teams. At an individual level, the members of the dominant coalition are supportive and show consideration for individual needs and problems. As such, their focus is largely operational and focused on the development of the human resource potential within the organisation. The overall management and leadership style, therefore, is best described as supportive and concerned.
- The Group organisation typically displays a craft-like technology where the information needed to perform roles is well-known, and available, but the manipulations and processes needed to achieve the desired objectives remain largely unknown and uncertain. The primary focus of roles and tasks within this technology, therefore, is how to use the information to achieve the desired results. Examples of these types of roles and tasks are sales, public relations and health care.
- Decision-making in the Group organisation focuses on the facts and individual realities. It is a participative process which displays a sensitivity for human detail and individual points of view. Creative synthesis is thus prefered to pure logic. The process of decision-making takes place slowly and generally ensures that everyone has been consulted, and that the final solution represents a form of consensus.
- The Group organisation uses an indirect-control approach whereby members identify with the central values and beliefs of the organisation. The compliance of individuals is secured by way of their affiliation, commitment and loyalty to these values and goals. Roles and tasks are broadly defined, and coordination relies on a common purpose and goal amongst members, rather than on explicitly defined procedures and regulations
- The structure of the Group organisation reflects the requirements of the technology, the nature of the control processes, as well as the central values of the organisation. It is therefore decentralised with broad role definitions which facilitate the development of the individual members' capabilities. This structure is a manifestation of the wide range of members' behaviours and patterns of interactions. As such, low levels of formalisation and certainty are evident within the organisational structure.

Summary and Conclusions on Organisational Forms

Understructure

By combining and synthesising a number of perspectives, an integrated model of organisational forms may be developed. Differences in underlying assumptions are largely explained by way of Jung's personality archetypes, while the organisational-effectiveness research reveals a systematic pattern of variations in organisational values and beliefs. In addition, the concepts of control, technology, decision-making and organisation structure are also integrated into the model. In synthesising these perspectives and concepts, it becomes evident that a basic understructure does indeed exist within the social sciences.

Certain aspects of this understructure are revealed by the description of the four organisational archetypes. These organisational forms may be seen as representative of four basic world views. In each case, the underlying assumptions, values and beliefs, and physical manifestations are represented as ideal organisational forms.

Ideal Types

The four organisational forms described by the model are best thought of as ideal types. Few organisations would conform completely to all the attributes of any one of the four forms. Because of the differences in orientation amongst groups and roles within an organisation, organisations are most typically a combination of all four forms. Therefore, a single organisation may best be conceived as a profile across the four types, with a degree of dominance by some attributes over others.

The particular profile displayed by an organisation may be viewed as its form. The concept of an organisational gestalt, therefore, relates to the particular "shape" of the organisation's profile. It is believed that organisations may be classified according to their profiles, and that most organisational gestalts will reflect a dominance of one of the four organisational forms over the others.

Summary and Conclusions on Organisational Forms

Understructure

By combining and synthesising a number of perspectives, an integrated model of organisational forms may be developed. Differences in underlying assumptions are largely explained by way of Jung's personality archetypes, while the organisational-effectiveness research reveals a systematic pattern of variations in organisational values and beliefs. In addition, the concepts of control, technology, decision-making and organisation structure are also integrated into the model. In synthesising these perspectives and concepts, it becomes evident that a basic understructure does indeed exist within the social sciences.

Certain aspects of this understructure are revealed by the description of the four organisational archetypes. These organisational forms may be seen as representative of four basic world views. In each case, the underlying assumptions, values and beliefs, and physical manifestations are represented as ideal organisational forms.

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Organisational Change

Since organisational gestalts tend towards momentum and resistance to change, the particular profile of an organisation is likely to be relatively enduring. This is so, even in the case of the Developmental organisation, which displays a clear readiness-to-change attribute. This enduring characteristic of organisational profiles may be described in terms of the ongoing evolution that organisations undergo. As discussed in the previous chapter, evolution involves an ongoing "fine-tuning" and adjustment of the organisation, without disturbing the overall frame of reference and gestalt.

However, in the case of revolutionary change, which involves the redefinition of the organisational gestalt, the particular profile of the organisation will change. In other words, the relative dominance of one form over the others will change. In most cases, this will result in a different ideal type. This is confirmed by research in the OE programme which reveals a tendency for different values to assume a dominant position as the organisation moves through its life cycle (Quinn and Cameron, 1983).

Thus, during the relatively lengthy periods between revolutionary changes, the organisation may be represented by an enduring profile across the four ideal types. This profile will reflect a dominance in one of the four forms, and it is believed that this will produce consistency between underlying assumptions, values, beliefs, and physical manifestations.

Chapter 9

The Organisation as an Integrated Whole

The Organisation as an Integrated Whole

Introduction

The previous chapters have presented the view of the organisation as an integrated whole. The organisation may be conceptualised as a three-level construct of underlying assumptions, values and beliefs, and physical manifestations. Integration within the organisation is achieved via the shared frame of reference, and the role of socialisation is particularly significant in the development of this. Coordination of the various functional orientations within the organisation is achieved by means of a range of control style. These range from the implicit, value-based approach of indirect control, to the formal, explicit rules and regulations of direct control. The use of a particular control style is in itself a strong reflection of the underlying assumptions, values and beliefs of the organisation.

Organisational structure, often referred to as "the organisation", is reflected as merely the "tip of the iceberg". A manifestation of the underlying assumptions and values of the organisation, it also reflects the organisation's use of technology and control. Organisations have a natural resistance to change and specific organisational forms, often reflected by their structures, have a tendency to endure. This is largely a result of the gestalt which forms throughout the three levels of the organisational construct. When organisations do change, this gestalt is broken down and replaced by another. The new gestalt, in turn, is reflected in a new organisational form and structure.

The previous chapter analyses variations in organisational forms. Each of the four archetypical forms is viewed as representative of a specific world view, i.e. each organisational form is an expression of a particular set of underlying assumptions, values and beliefs and physical manifestations. Furthermore, it is noted that these forms reflect a larger understructure, or meta-structure, which underlies much of the social sciences. The

four organisational forms, therefore, may almost be viewed as generic, ideal types to which all organisations conform in varying degrees.

The specific focus of this chapter is on the relationship that exists between the organisation's underlying assumptions, values and beliefs, and its strategic behaviour manifested in the environment. This chapter will firstly outline the concept of organisational strategy and identify its various dimensions. Secondly, it will show the importance of the underlying assumptions and beliefs in understanding strategy, and reveal the links between these. In so doing, the model of organisational forms, presented in the previous chapter, will be enhanced to reflect systematic variations in strategic behaviour. Finally, the chapter will conclude by framing these relationships into the general research problem.

The Concept of Organisational Strategy

A Wide Range of Approaches

The term "strategy" has been used freely for over three decades in the context of organisational research (Chaffee, 1985). Notwithstanding this frequent and wide usage, very little clarity exists as to its precise meaning. Most writers and researchers on the subject agree that very little consensus exists on its definition (Rumelt, 1979; Spender, 1979; Hofer and Schendel, 1978; Lenz, 1980; Bourgeois, 1980; Glueck, 1980; Gluck, Kaufman and Walleck, 1982; Hrebiniak and Joyce, 1984; Smith, Arnold and Bizzell, 1985). Hambrick (1983) suggests that this lack of consistency is primarily due to the fact that strategy is both multidimensional and situational. Accordingly, Hambrick (1983) argues that it will vary widely by organisation and industry.

The word "strategy" is derived from the Greek "strategos" - literally, the art of the general (Hart, 1967). Snow and Hambrick (1980) point out that the concept was originally introduced and advanced by the faculty of the Harvard Business School in the late 1950s. By and large, this was, and still is, a normative approach. This view conceives strategy as highly situational, in which a large number of complex decisions are integrated to achieve the organisation's best interests (Andrews, 1971). In contrast to this view, Chandler's (1962) milestone research employs strategy as a descriptive concept by which the various means and ends of the organisation are described and analysed.

The range of approaches to the study of strategy is wide. Chandler (1962) and Drucker (1955) both adopt very broad and general definitions of the concept. Whereas Chandler is primarily interested in the determination of long-term objectives and the allocation of resources to achieve these, Drucker is concerned with the issue of defining the ideal nature of the organisation and devising means to achieve this definition. Hofer and Schendel (1978), on the other hand, adopt a far narrower perspective which excludes the formulation of organisational goals and objectives.

Other definitions of the concept may be distinguished in terms of the degree of complexity they assign to the actual process of strategy. Some writers and researchers, most notably Andrews (1971), Ansoff (1965) and Mintzberg (1978, 1985), emphasise that strategy involves a "pattern" of objectives and/or plans. It therefore represents a common thread that pervades the organisation's activities and product/market decisions. In seeming contrast to this complex view, Galbraith and Nathanson (1978) argue that strategy is a specific action, or series of actions, to achieve an objective which was decided in the planning process. Whereas the former view argues for a complex concept of strategy, the latter view argues against such complexity, opting instead for a situation in which an organisation can have very many different, simple strategies.

A third distinction in the definition of organisational strategy concerns the time horizon used. Chandler (1962), Drucker (1955), Andrews (1971) and Mintzberg (1978, 1985) include longer-term objectives and time horizons in their definitions, while, for example, Galbraith and Nathanson (1978), Grant and King (1982) and Smith, Arnold and Bizzell (1985) argue in favour of including shorter-term actions and plans.

Thus, the approaches to, and definitions of, organisational strategy may be seen to vary along numerous dimensions. A major contributor to this phenomenon is the difference in the underlying assumptions and values which are used by the various researchers. This, as the following sections reveal, produces different models of the strategic process. At this stage, therefore, a general definition of organisational strategy will be used. Organisational strategy is defined as the making of decisions about the organisation's future and the implementation of these decisions. This definition embraces most of the dimensions and approaches discussed above, and will be expanded once the various models of strategy have been revealed.

Models Of Strategy

Using Bouiding's (1956) framework for the classification of general systems in science, it is possible to identify three major approaches to strategy which have evolved over the last three decades (Chaffee, 1985). Bouiding's (1956) three broad levels may be summarisd as follows:

- Level 1: This most basic level comprises those classes of systems that may be grouped under the metaphor of a machine (Pondy and Mitroff, 1979). In these systems, behaviour is regulated according to externally prescribed targets and criteria. Control is exercised by means of information flows between the regulator and the systems operator.
- Level 2: This level comprises what may be called the biological set (Pondy and Mitroff, 1979). These systems are imbued with detailed awareness of the environment which is organised into a coherent image within the system. The biological system displays the same internal differentiation as is present in the environment (Boulding, 1956), and has a generating mechanism that produces behaviour in response to the environment.
- Level 3: The most complex level has been termed the cultural set (Pondy and Mitroff, 1979). The system is a self-conscious user of language and consists of a collection of individuals who act in concert using elaborate systems of shared meaning.

Level 1 Strategies

Level 1 strategies may be termed "Linear Strategies" in that they involve methodical, directed, sequential actions (Chaffee, 1985). This is analogous to the planning process and is consistent with Chandler's (1962) view of organisational strategy.

Linear strategies consist of integrated decisions, actions and/or plans that set and achieve viable organisational goals. Organisations reach these goals by altering their links with the environment through variations in product/market strategy. The dominant coalition uses an archetypical rational, logical decision-making process and the major criteria for organisational effectiveness are efficiencies and profits.

The major underlying assumptions of this model relate to the views of the organisation and the environment. The organisation is viewed as an integrated whole consisting of homogeneous values and beliefs. The intentions of the dominant coalition are thus

translated directly into organisational actions. Consistent with the systems framework, the environment is viewed as distinct and separate from the organisation. In addition, it is viewed as being predictable, so that the logical and rational planning process is capable of exploiting opportunities in the most efficient manner.

The linear approach to strategy was initiated by Chandler (1962) and began waning in the mid-1970s (Chaffee, 1985) as the nature of the organisational environments began altering and rendering the approach less useful. The major proponents of this approach include Chandler (1962), Andrews (1971), Drucker (1974) and Glueck (1976).

Level 2 Strategies

Level 2 strategies are termed "Adaptive Strategies" in that they are concerned with aligning the organisation and its environment (Chaffee, 1985). The major motive for producing this alignment is to enable the organisation to fully utilise its resources and capabilities so that environmental opportunities might be exploited (Hofer and Schendel, 1978).

Adaptive strategies differ from the Linear approach in a number of important ways. Firstly, the organisation is involved in continuously scanning the environment and making relevant organisational adjustments. Thus, the emphasis is not on the sequential activities that the Linear model suggests. Secondly, the primary focus of the organisation is on the "means" of strategy, as the "ends" are taken for granted to mean the alignment between organisation and environment (Hofer and Schendel, 1978). Thirdly, strategic behaviour incorporates not only the major product/market changes of the Linear approach, but also more subtle adjustments (Hofer, 1976). Finally, strategic decision-making is generally carried out by a wider and more representative dominant coalition. As a result, organisations which embrace adaptive strategies are typically more decentralised than those using linear strategies (Mintzberg, 1978).

The assumptions underlying the Adaptive model of strategy are essentially those of the systems framework, but differ somewhat from the Linear model. The organisation and environment are still considered to be separate and distinct entities, but are viewed within a larger, overall systems framework (Smircich and Stubbart, 1985). In other words, the organisation and environment are assumed to be more open to each other than in the Linear model (Chaffee, 1985). Secondly, the environment is seen to be more dynamic and difficult to predict. The presence of competitors and other forces is acknowledged, so constraining the organisation's ability to exploit environmental opportunities (Bourgeois,

1980). Finally, an important assumption is that the organisation must change with the environment (Hofer and Schendel, 1978).

One of the most comprehensive analyses of the Adaptive model is by Hofer and Schendel (1978) who systematically deal with the components of the strategic process as organisations align themselves with their environments. Other milestone contributions to this model have come from Miller and Friesen (1978), Mintzberg (1978), Hambrick (1980), Bourgeois (1980), Snow and Hambrick (1980), Kotler and Murphy (1981), Chakrawarthy (1982), Miles and Cameron (1982) and Mintzberg and Waters (1985).

Level 3 Strategies

Because level 3 strategies are symptomatic of the interpretive approach, they are termed "Interpretive strategies". Much of the development of this model of strategy has taken place recently, and it parallels the interest in organisational culture and symbolic management which has developed outside the conventional strategy literature.

The Interpretive model of strategy is based on the notion of a social contract between organisation members, instead of on an organismic or biological view of the organisation. As a result, organisational survival depends on the ability of the organisation to attract sufficient individuals who are willing to cooperate in mutually beneficial exchange (Weick, 1979). The organisation does not have the same relationship with the environment as in the Linear and Adaptive models. Rather than relating and adapting to an external and objectively determined environment, the Interpretive model of strategy views the environment as being enacted and interpreted by the organisation members (Berger and Luckman, 1966; Weick, 1979; Smircich and Stubbart, 1985).

In the Interpretive model, strategy may be defined as an orientating metaphor, or frame of reference, that allows the organisation and its environment to be understood by the various organisational stakeholders (Freeman, 1984). It is therefore a partial outcome of the ongoing dilemma between the organisation members and the environment (Pettigrew, 1977). Organisational strategy is thus an organisation-wide activity and not just the concern of a relatively small dominant coalition (Van Cauwenberg and Cool, 1982). Accordingly, it might well be that motivation, and not information, is the crucial factor in achieving desired and adequate strategic behaviour.

Hatten (1979) points towards a model of strategy that depends heavily on symbols, assumptions and values. The Interpretive model of strategy is oriented towards the management of perceptions, conflict, consensus and the use of language (Hatten, 1979). As a result, there is a shift in focus away from the goal orientation of the Linear model towards an emphasis on desired relationships, such as those involving organisational members and customers. In addition, whereas the Adaptive model emphasises changing with the environment, the Interpretive model stresses the need to deal with the environment. This is consistent with the enactment perspective in which the organisation's members actively shape portions of the environment through the process of their interactions (Weick, 1979).

In Interpretive strategy, the organisation's dominant coalition seeks to shape the perceptions and attitudes of participants towards the organisation and its outputs (Chaffee, 1985). Accordingly, the role of the dominant coalition is somewhat indirect. This influences the nature of the enactment process, and hence the strategic behaviour of the organisation.

The models above each represent an alternative view of organisational strategy. In Linear strategy, the dominant coalition plans how to deal with the organisation's competitors in order to achieve its goals. In Adaptive strategy, the organisation and its parts change in order to maintain alignment with markets and the general environment. In Interpretive strategy, the dominant coalition conveys meanings that are intended to motivate organisational stakeholders in ways that favour the organisation. Because the three models may be thought of as representative of Boulding's (1956) three major levels of general systems, they may not be as independent of each other as their descriptions suggest. Boulding's (1956) classification includes the characteristic that each level incorporates the less complex levels that precede it. Accordingly, the Interpretive model would incorporate both Adaptive and Linear strategy, while the Adaptive model would also include the Linear approach.

Despite the finding that the evolution of the strategy construct in the literature has proceeded sequentially along Boulding's hierarchy, the shift from each level to the next has largely abandoned, rather than incorporated, the preceding levels (Chaffee, 1985). As a result, the three models seldom contain references to those at lower levels of complexity and do not represent an integrated viewpoint. This is despite the fact that organisations display some characteristics of all three of Boulding's (1956) levels, and that an integrated

organisational strategy would therefore have to reflect elements of all three models. As in the chapter on organisational change, where it was maintained that an integrated perspective was necessary to view the relationship between an organisation and its environment, it is suggested that an integrated perspective is needed to view organisational strategy in a meaningful way.

An integrated perspective would incorporate the systems-orientated Linear and Adaptive models, as well as the interpretive model of strategy. As in the case of Boulding's (1956) hierarchical classification system, the models should be viewed as containing varying degrees of complexity, and therefore being suitable for understanding various aspects of organisational strategy. Organisations exhibit differing degrees of complexity, and these should be displayed in their organisational strategy. Adaptive and Interpretive strategies that ignore the less complex models, ignore the foundations on which the more complex models must be built if they are to reflect organisational realities (Chaffee, 1985). Furthermore, comprehensive Interpretive strategies require some linear planning and some of the concepts of organisational change as presented in Adaptive models.

Thus, the view of organisational strategy adopted for this dissertation reflects an integration of the Linear, Adaptive and Interpretive models. This is intended to reflect the varying degrees of complexity found within, and between, organisations. It is suggested that this is likely to produce a more comprehensive and meaningful view of organisational strategy.

Intended vs Realised Strategy

Chaffee (1985) points out that most researchers implicitly agree that a difference exists between organisational strategy that is intended and planned, and organisational strategy that is eventually realised.

This distinction was originally made by Mintzberg (1973, 1978, 1985) in his research to reveal the approaches adopted towards organisational strategy. After identifying and describing the three major modes of organisational strategy as the Planning mode, the Adaptive mode and the Entrepreneurial mode (Mintzberg, 1973), the differences between intended and realised strategies were defined (Mintzberg, 1978). Intended strategy is viewed as a plan, in that it is explicitly defined, consciously and purposefully developed, and made well in advance of the decisions necessary to implement it. Realised strategy, on the other hand, is the actual outcome produced by way of strategic behaviour on the

part of the organisation. Realised strategy, therefore, is defined as a pattern which emerges in a stream of decisions and actions which are actually implemented by the organisation (Mintzberg, 1978). This model may be represented as follows:

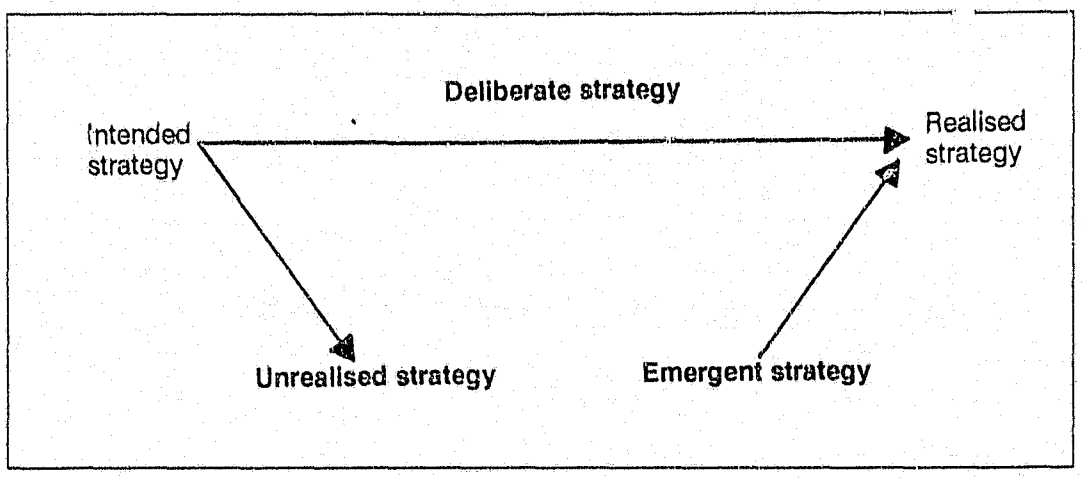


Figure 9.1: Intended Versus Realised Strategies

Source: Mintzberg, H. Patterns in Strategy Formation. Management Science, 24, 9, 1978: 945

Mintzberg's (1978) approach, based on the definition that a strategy is essentially a pattern in a stream of organisational decisions or actions, reveals three main types of strategies:

- Deliberate strategies: These are intended strategies (plans) which are realised in the organisational environment.
- Unrealised strategies: These are intended strategies which are not realised because of unrealistic expectations, misjudgements about the environment, and/or changes in expectations or the environment during implementation.
- Emergent strategies: These are realised strategies that were never intended, perhaps because no strategy was intended at the outset, or perhaps because those that were intended became displaced along the way.

Thus, the dissipation of intended strategies and the emergence of unintended strategies may occur during the process of organisational strategy. The factors most likely to produce this scenario are inadequate information for the planners, and an environment which shifts during implementation (Mintzberg, 1978).

In a later piece of research (Mintzberg and Waters, 1985), the continuum is revealed along which deliberate and emergent strategies may be positioned. The continuum, which reveals the extent of control exercised by the dominant coalition, as well as the extent of

organisational learning which occurs during the implementation of strategy, may be presented as follows:

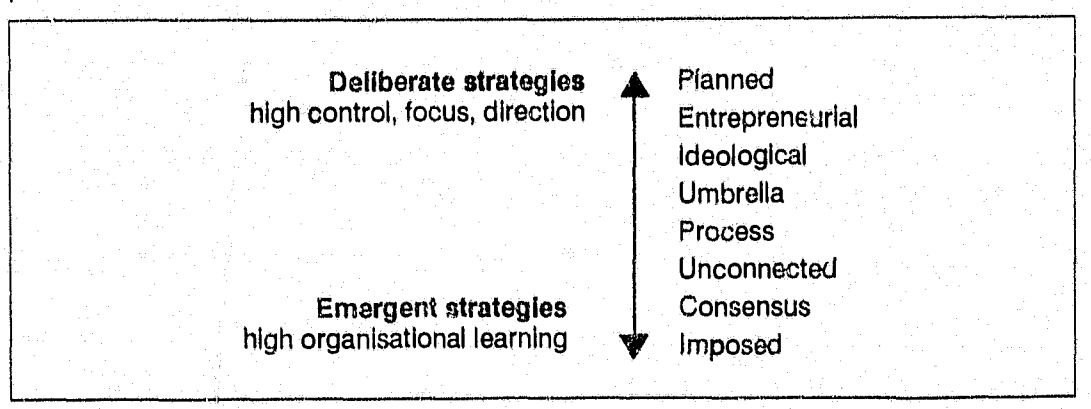


Figure 9.2: Continuum Of Strategies

Source: Adapted from: Mintzberg, H. and Waters, J.A. Of Strategies, Deliberate and Emergent. Strategic Management Journal, 6, 1985: 257-272

Strategies which fall on the "Emergent" side of the continuum have a higher learning component than those on the "Deliberate" end. These emergent strategies are more suited to complex and rapidly changing strategic environments where the organisational learning facilitates ongoing adjustment and refinement during the implementation of strategies. Deliberate strategies, on the other hand, provide greater focus and control to the dominant coalition, and enable them to direct the organisation more clearly towards the agreed objectives and goals.

The continuum bears some similarity with Boulding's (1956) classification scheme. Deliberate strategies are similar to Linear approaches, in that they both focus on the achievement of the organisation's goals within an environment of constraining forces, such as competitors. Emergent strategies, on the other hand, may be compared with Interpretive approaches in which learning and the development of collective frames of reference allow the members to gain meaning and direction in the process of organisational strategy. In support of the claim made in the previous section that Linear, Adaptive and Interpretive approaches reflect varying degrees of complexity and should therefore be used in an integrated way, Mintzberg and Waters (1985) comment that organisational strategy requires the simultaneous realisation of intentions (deliberate strategies) and responsiveness to unfolding patterns of action (emergent strategies). Peters and Waterman's (1982) argument for "simultaneous loose-tight properties" represents this need for an integrated approach to organisational strategy. In the implementation of organisational strategy, the organisation needs to keep firm control over

its basic direction and resource utilisation, but at the same time retain some flexibility to cope with unexpected events and opportunities.

An integrated perspective on organisational strategy has a number of advantages for organisational research. Snow and Hambrick (1980) point out that it is a particularly useful construct when the organisation's intended strategy is not easily discernable. Typically, the organisational members do not use the same terms as researchers to conceive of, and describe, strategy. Secondly, organisations may refrain from announcing their strategies or making them explicit. Finally, some organisations do not appear to have any intended strategy, and their strategy unfolds as a result of environmental threats and opportunities as well as internal political forces. In these cases, the concept of strategy as a clearly defined plan is somewhat meaningless. Realised strategy, on the other hand, allows researchers to identify the patterns in a stream of behaviours and actions, and to report on the strategy being pursued by the particular organisation.

Levels of Organisational Strategy

Organisational strategy may be conceived of as a hierarchy of different foci, each dealing with a specific aspect of the organisation. In general, three major levels of organisational strategy are revealed (Hofer and Schendel, 1978; Hrebiniak and Joyce, 1984; Chaffee, 1985):

- *Corporate strategy:*
  This level of strategy is primarily concerned with what businesses the whole organisation should be in. As a result, corporate strategy involves decisions relating to whether or not to invest in a particular industry and business, and the particular organisational forms and financial structures to be used (Hofer and Schendel, 1978).
- *Business strategy:*
  Business-level strategy focuses on how to compete in a particular industry or product/market. As a result, the primary decision areas relate to product lines, market development, finance, manpower, organisational form, information systems and manufacturing processes (Hofer and Schendel, 1978).
- *Functional strategy:*
  This level of strategy is primarily concerned with the optimisation of resource productivity. Accordingly, the development of synergy by way of coordinating and integrating the various activities becomes the key focus.

The primary focus of this dissertation is on business-level strategy. Consequently, all further discussion and analysis of the concept of organisational strategy will refer to business-level decisions and actions.

An Integrated Definition of Organisational Strategy

This section started off by examining the wide range of approaches that have been adopted in the study of organisational strategy. These difference result, in the main, from the variety of assumptions made by researchers about the degree of complexity and change, the nature of the organisation-environment interface, the extent to which the implementation is tightly focused, and the extent of organisational learning which takes place during implementation.

Boulding's (1956) classification of general systems allows us to understand the relationship between Linear, Adaptive and Interpretive strategies. By and large, these assume varying degrees of complexity both within the organisation, and between the organisation and the environment. A more meaningful view of organisational strategy may emerge when these three models are used simultaneously to account for varying degrees of complexity. This was certainly Boulding's (1956) intention when he devised his schema.

Mintzberg's (1978, 1985) continuum of organisational strategy reveals a similar spectrum. Deliberate strategies have high degrees of control and focus, while Emergent strategies make the assumption of ongoing learning and are better suited to complex and dynamic environments. It is argued (Mintzberg and Waters, 1985) that an integrated perspective is necessary to produce the best results. Focus and control should be combined with a sensitivity to a changing and complex environment.

Together, these viewpoints make a strong case for a more integrated perspective of organisational strategy; one which is able to account for a spectrum of organisational complexity and a range of organisation- environment interfaces. Furthermore, the view that organisational strategy is best conceived of as a pattern in the stream of organisational decisions and actions may also embrace the whole spectrum of views on strategy, and so facilitate a more integrated perspective.

Consequently, organisational strategy is defined as the pattern of decisions and actions taken with regard to the organisation's future, reflecting a range of complexity, uncertainty

and change, both within the organisation, and between the organisation and its environment.

The Importance of Assumptions, Values and Beliefs in Organisational Strategy

Introduction

In previous chapters, the effect of the socialisation process on the organisation was discussed. By producing a set of commonly held assumptions and values and beliefs, the socialisation process ultimately exerts a significant influence over the strategic behaviour of the members. Greiner (1983) notes:

> "Strategy evolves from inside the organisation - not from its future environment..... Strategy is a deeply ingrained and continuing pattern of management behaviour that gives direction to the organisation - not a manipulable and controllable mechanism that can be easily changed from one year to the next (Greiner, 1983, p. 13)"

Greiner (1983) adds that strategy is a non-rational concept that stems from the informal assumptions, values and norms of the organisational members. Instead of being formulated by way of a few decisions made by the organisation's dominant coalition, organisational strategy is seen to flow out of the cumulative strategic behaviour of the members. The perception and behaviour of these members are influenced by their prevailing frame of reference (Peters, 1984).

The purpose of this section is to identify, in greater detail, the processes that link assumptions, values and beliefs with organisational strategy. In so doing, a framework will be revealed which shows the importance of the underlying assumptions, values and beliefs in the shaping of organisational strategy.

Assumptions and Values Shape the Broad Strategic Approach

In making decisions about organisational strategy, members are rarely in direct physical contact with all the relevant factors that may influence their decisions (Mitroff and Mason, 1982). As a result, they must, of necessity, extrapolate beyond their current experience. In

other words, they go beyond the existence of the physical things that they experience and make inferences about other phenomena (Hambrick and Mason, 1984). These inferences are a direct expression of the underlying assumptions and values held by the organisational members.

The quest for information, and the inferences made about information, are shaped by the current frame of reference held by individuals. Decision-makers bring their own set of "givens" to an organisational situation, and consequently, the decisions that are taken reflect the idiosyncrasies of the decision-makers (March and Simon, 1958). This view is strongly supported by the notion, presented in the previous chapter, that the "shape" of an individual's personality influences his/her management style and decision-making approach.

As a result, it may be argued that the specific approach adopted towards organisational strategy reflects the dominant assumptions and values held by the organisation's members. Mitroff and Mason (1982) point out that strategic approaches may be systematically classified according to their underlying assumptions and values. By considering the underlying assumptions and values regarding the sources and types of information used in decision-making (vertical axis), and the degree to which a *priori* logic is used to structure the problem (horizontal axis), the following model is constructed:

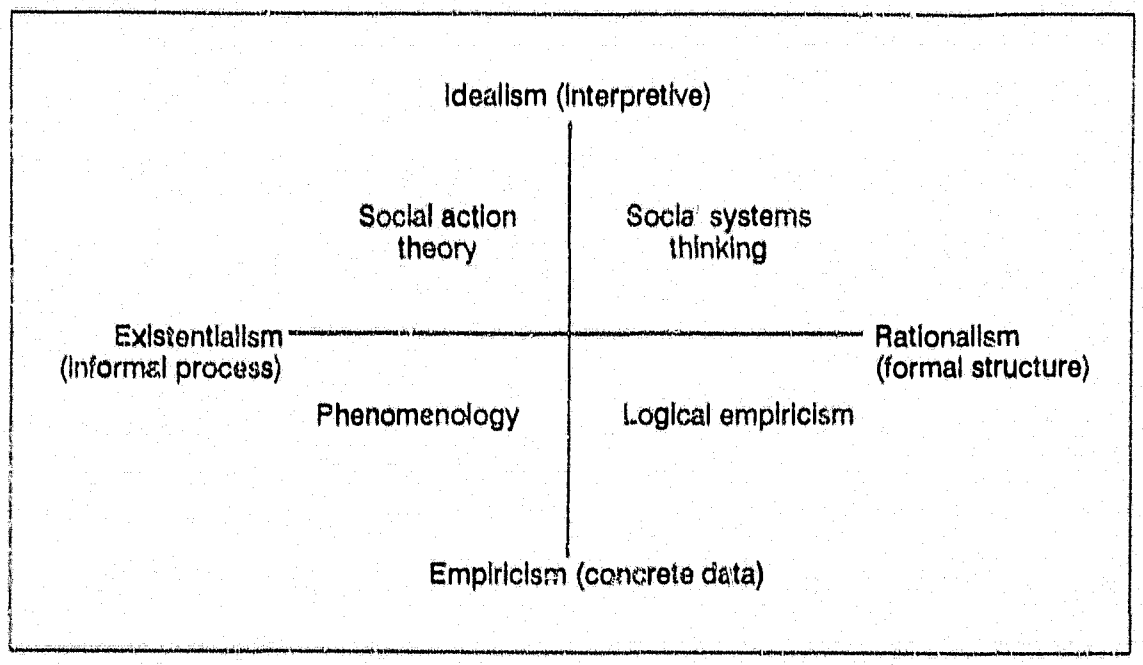


Figure 9.3: Structure Of Underlying Assumptions And Values In Different Approaches To Organisational Strategy

Source: Adapted from: Mitroff, I.I. and Mason, R.O. Business Policy and Metaphysics: Some Philosophical Considerations. Academy of Management Review, 7, 3, 1982: 363.

The Idealism-Empiricism axis refers to the source and type of information used in the decision-making process. In Idealism, information is generated internally by way of ideas and interpretation. In Empiricism, information is generated externally in the form of concrete observations. The Existentialism-Rationalism axis refers to the extent to which *a priori* logic is used to structure analysis and decision-making. Existentialism suggests that an entity can only exist, and be known, through the process of human interaction, while Rationalism brings a strong *a priori* logic to bear on the phenomenon being considered. In other words, Existentialism regards the individual's unique capability of feeling as the basis for knowledge, whereas Rationalism regards logic as the supreme decision-maker or judge of ideas.

The two axes combine to form four philosophical stances in the study of organisational strategy. Each of these stances are underpinned by certain assumptions and values, and may be used to classify approaches to organisational strategy:

- **Social Action Theory:**
  Information is generated internally by way of ideas and interpretations, and the logic used is generated by way of studying the specific phenomenon (Mitroff and Mason, 1982). It therefore describes approaches which have a concrete, subjective and problem-focused orientation.

Examples of these approaches are the Case Analysis method (Andrews, 1971; Christensen, Andrews and Bower, 1978), the Dialectic approach (Mason, 1969) and the Strategic Assumptions Surfacing and Testing approach (Mason and Mitroff, 1981).

- **Social Systems Thinking:**
  Information is also generated internally by way of ideas and interpretations, but *a priori* logic is brought to bear on the phenomena being studied and analysed. As a result, there is a macro focus on decision-making and problem solving (Mitroff and Mason, 1982).
  Examples of Social Systems approaches to organisational strategy are the SWOT analysis (Steiner and Miner, 1977), Analytic Modelling (Ansoff, 1965) and Porter's (1980) Competitive Strategy analysis.

- **Logical Empiricism:**
  Information is generated externally by way of concrete observations, and *a priori* logic is brought to bear on the analysis. It is therefore an abstract, objective and theoretical focus (Mitroff and Mason, 1982).
  Examples of Logical Empirical approaches to organisational strategy include the Experience Curve analysis (Abell and Hammond, 1979), the PIMS findings (Schoeffler, Buzzell and Heany, 1974) and the Business Portfolio Matrix.

- **Phenomenology:**
  Information is generated externally by way of concrete observations, but the logic used to explain the phenomenon is generated by way of studying the specific phenomena (Mitroff and Mason, 1982). It therefore represents a micro focus to decision-making and problem solving.
  Mitroff and Mason (1982) point out that few well-recognised approaches to organisational strategy have been developed using the Phenomenological assumptions and values.

Thus, the various approaches to organisational strategy identified above are each underpinned by specific sets of assumptions and values. These assumptions and values are implicit in the various patterns of strategic behaviour which emerge from the approaches. By noting the views of researchers such as Jones (1961) and Rinn (1965), who assert the presence of a unifying understructure in the social sciences, it is possible to reorientate the framework used by Mitroff and Mason (in Figure 9.3). By rotating the model clockwise so that the four philosophical stances become the polar extremes of the two axes, the following model is produced:

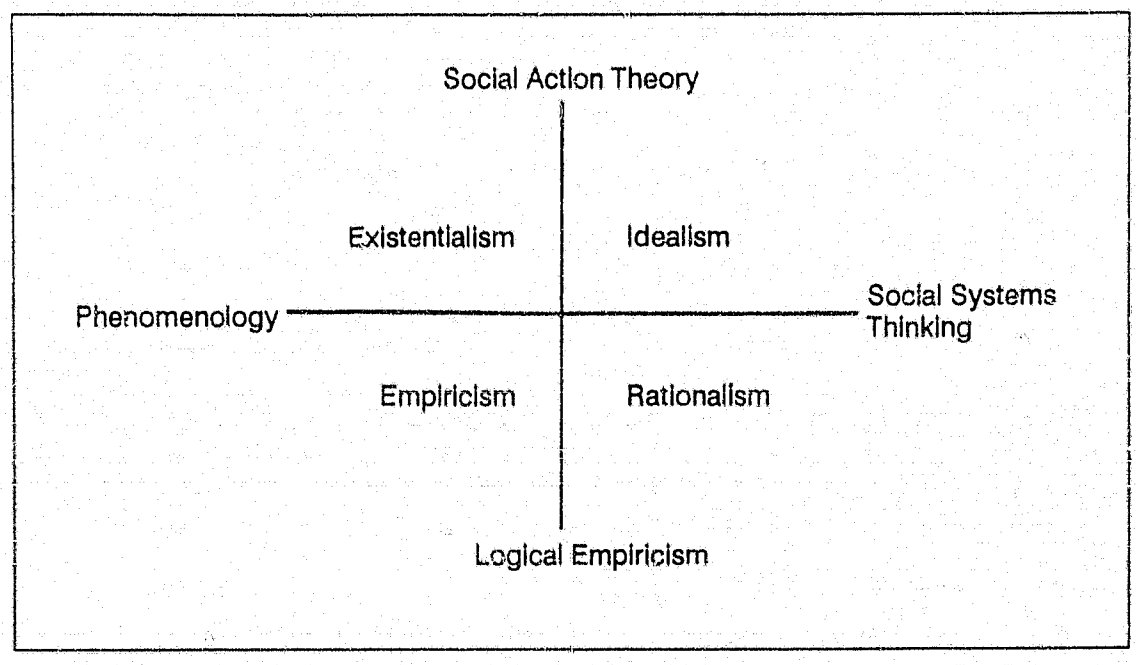


Figure 9.4: Philosophical Stances In Organisational Strategy

Source: Adapted from: Mitroff, I.I. and Mason, R.O. Business policy and Metaphysics: Some Philosophical Considerations. Academy of Management Review, 7, 3, 1982: 363

The four approaches may be explained as follows:

- **Existentialism:**
  A tendency to focus on the uniqueness and individuality of spontaneous human behaviours and interactions. The orientation is toward the generation of meanings and how people interpret the world around them.
- **Idealism:**
  Essentially a longitudinal approach, it views the subject of study as a dynamic, evolving phenomenon. It is a value-laden, prescriptive approach which focuses on the future. Subjective ideas and insights are organised to answer the question "what might be?"
- **Rationalism:**
  This is a nomothetic orientation which seeks to identify universal laws and patterns. It uses objective, sharply-focused functional analysis, and addresses the problem of trying to identify the role of the subject within the larger system of which it is a part.
- **Empiricism:**
  This is a tendency to use cross-sectional analysis where the subject is frozen in time and abstracted from its temporal context. The focus is on generating an objective description of what exists by analysing the data.

The model and approaches above indicate further evidence of the understructure in social sciences as noted by Jones (1961) and Rinn (1965), and advanced by Mitroff and Kilmann

(1978), Burrell and Morgan (1979), Quinn and Rohrbaugh (1981) and others. As such, a close similarity exists between the above model on the one hand, and the Jungian personality profiles and organisational forms on the other. Again, this suggests a close relationship between the underlying assumptions and values held by the organisation, and its approach to organisational strategy.

Assumptions and Values Shape Strategic Behaviour

The analysis above has demonstrated the association between the underlying assumptions and values in an organisation, and the broad approach adopted towards organisational strategy. This section now shifts the focus to the level of behaviour within the organisation, and outlines the link between organisational assumptions and values, and strategic behaviour.

Burgelman (1983) argues that the organisational context shapes the nature of strategic behaviour. By implicitly accepting the frameworks of Berger and Luckman (1966) and Cyert and March (1963), Burgelman (1983) asserts that organisational strategy is simply the result of the aggregated behaviours of organisational members. Strategic behaviours are influenced by the organisational context in two ways. Firstly, the assumptions and values held by the organisation about the content of the organisation's strategy shape the nature of the decisions made by organisational members. Secondly, the organisation holds certain assumptions and values which are manifested in numerous structural and processual arrangements within the organisation. These structures and processes shape the process whereby these strategic decisions are implemented. Together, the assumptions and values about the content and process of organisational strategy act as a collective frame of reference to continually shape the strategic behaviour of organisational members (Burgelman, 1983).

The frame of reference provided by the organisational context "bounds the rationality" of the strategic process in organisations, and so shapes the resultant organisational strategy according to the underlying assumptions and values (March and Simon, 1958; Cyert and March, 1963; Berger and Luckman, 1966; Hambrick and Mason, 1984). The process may be illustrated as follows:

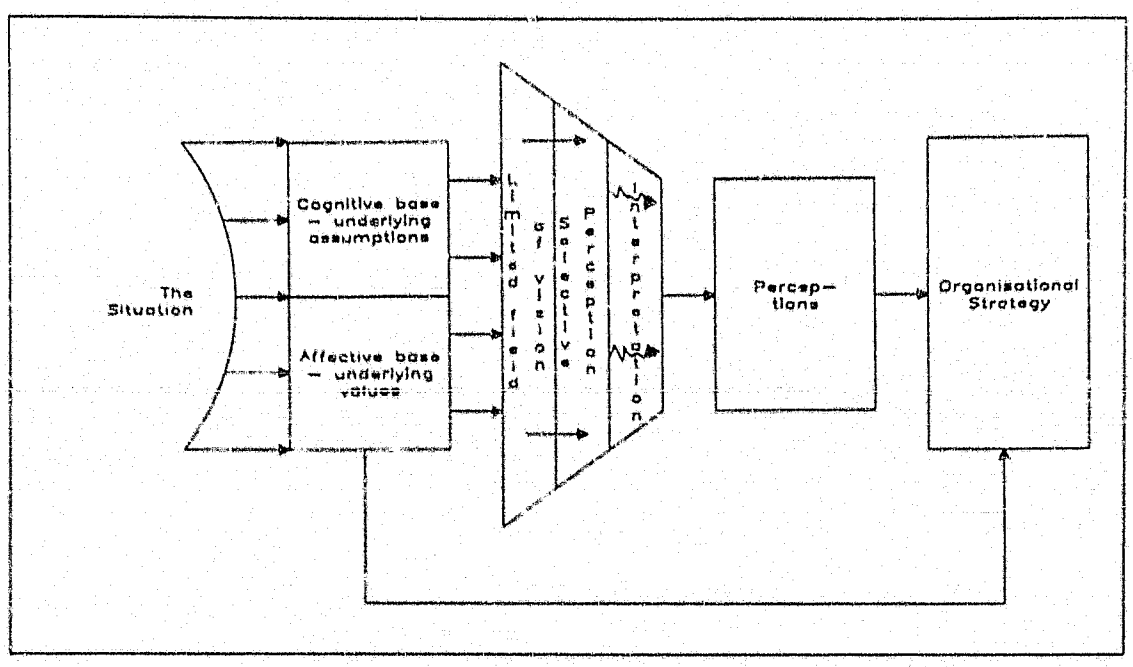


Figure 9.5: Organisational Strategy Under Conditions Of Bounded Rationality

Source: Adapted from: Hambrick, D.C. and Mason, P.A. Upper Echelons: The Organisation as a Reflection of its Top Managers. Academy of Management Review, 9, 2, 1984: 195

Organisational strategy, therefore, is an outcome of the set of underlying assumptions and values held by members. In defining the inquiry/problem solving process, Mason and Mitroff (1981) support and emphasise this notion. The definition of the problem and/or situation is viewed as the most critical phase in organisational strategy, as this determines the nature of the actions taken. The nature of the bounded rationality and biases of the individual(s) defining the situation and problem, therefore directly influences the outcome and actions taken (Mason and Mitroff, 1981). Consequently, the nature of the assumptions and values held by organisational members largely influences the nature of the strategic behaviour and resultant organisational strategy (Ramaprasad and Mitroff, 1984).

Linking Organisational Forms To Organisational Strategy

Introduction

The previous chapter depicts organisational forms as systematic variations in underlying assumptions, values, beliefs, and physical manifestations. In terms of the discussion and analysis in the previous section, these differences in assumptions and values also produce differences in organisational strategy. In other words, organisational strategy may be

viewed as a physical manifestation of the organisation, along with management style, technology, decision-making, control systems and structure.

Each of the four organisational forms discussed in the previous chapter are now enhanced to reflect organisational strategies consistent with their assumptions, values and other physical manifestations. Specifically, organisational strategies will be identified for each of the Group, Developmental, Rational and Hierarchical organisational forms. For convenience, the model of organisational forms is reproduced as Figure 9.6 below:

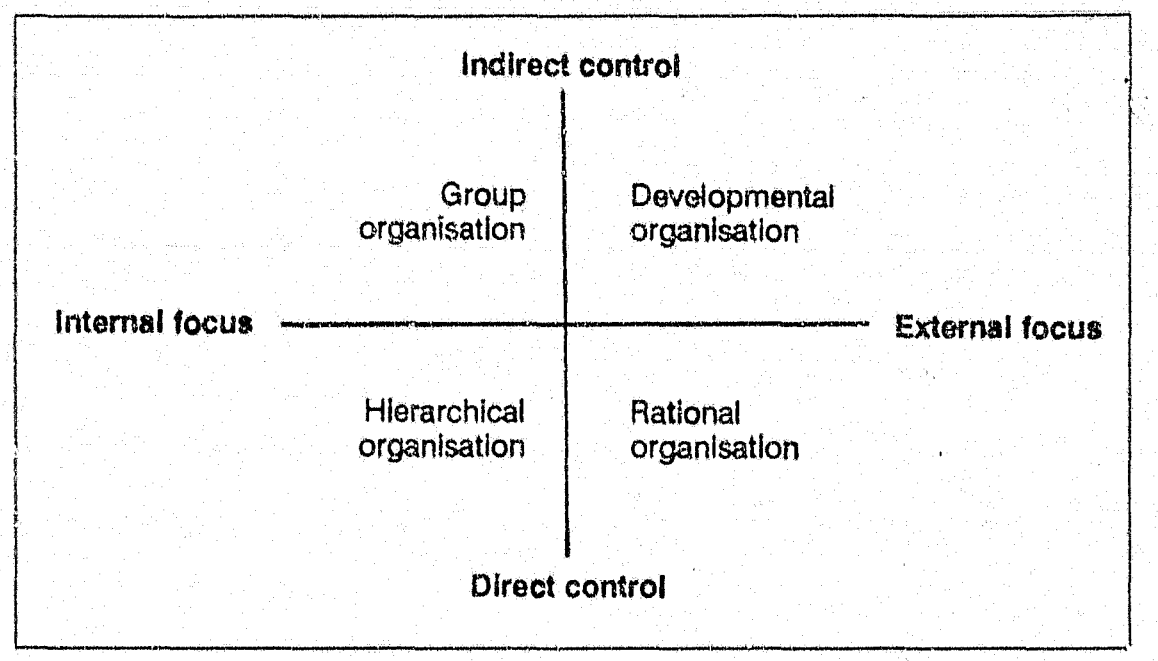


Figure 9.6: Model Of Organisational Forms

Strategy of Group Organisations

The indirect-control, internal-focus orientation of the Group organisation is well suited to conditions of high uncertainty, but low competitor intensity and risk. Because of the high commitment to member cohesion and loyalty, Group organisations develop good, long term relationships with customers and suppliers. Decision-making is highly participative and based on consensus. Consequently, the formulation of organisational strategy, particularly where change is concerned, is particularly slow. Analysis and identification of new product/market opportunities is therefore also slow.

Group organisations tend to utilise technologies in which the required processes are largely unknown. As a result, they focus their efforts at achieving difficult, time-consuming objectives. However, once the formulation of the required approach has been completed,

they move rapidly and effectively towards implementation. Implementation of a new product launch, for example, may therefore proceed relatively smoothly and effectively, because all members have developed some commitment and emotional ownership during the lengthy formulation process. The result is generally high quality, high value-added products and services to a long-standing and stable set of customers. This service to their market is likely to be enhanced by a highly decentralised and informal organisational structure which is well suited to satisfy a wide range of customer needs according to clearly defined, high standards.

Strategy of Developmental Organisations

Developmental organisations are characterised by an indirect-control external-focus orientation. This form is particularly suited to conditions of high uncertainty and high competitive intensity and risk. The organisation places a high value on innovation, creativity and expansion. This is generally manifested by a broad product/market domain which is continually being redefined as Developmental organisations seek new opportunities. Consequently, they often have a "first-in" ethos which seeks to identify and exploit opportunities before their competitors. This often produces below-average efficiencies, as the organisation may not develop adequate infrastructures through a lack of capital investment.

The dominant coalition provides purpose and leadership to the organisation by way of a common vision. The members of the dominant coalition are generally inventive risk takers, and this allows the Developmental organisation to respond early to relatively weak signals and opportunities. Decision-making is flexible and often intuitive, and this can increase the sensitivity of the organisation to product/market opportunities and threats.

Developmental organisations use technologies in which the required information, as well as the processes, remain largely unknown. This flexibility, coupled with a decentralised and informal organisational structure, often results in the organisation not being good at everything it does. Generally, entrepreneurial responses and sensitivities are more highly valued than productivity and efficiency.

Strategy of Rational Organisations

Rational organisations have a primarily direct-control, external-focus orientation. Coupled with the emphasis placed on productivity and goal achievement, this orientation is well suited to conditions of low uncertainty, but high competitor intensity and risk. Rational organisations have a fairly stable and limited range of product/markets in which they operate. Organisational leadership is directive and goal oriented, and generally favours a structured approach to planning and decision-making. Consequently, Rational organisations make changes and exploit new product/market opportunities after very careful and methodical analysis. They are "followers" in the product/markets they operate and attempt to eliminate most of the risk of new ventures, and to avoid placing their business in jeopardy.

Rational organisations use technology for which the processes are well known, but which requires much careful planning to ensure acceptable levels of efficiency and productivity. As a result, they are generally cost-efficient in the markets in which they compete. This is supported by their organisational structures, which are usually highly centralised and formalised, with low levels of uncertainty.

Strategy of Hierarchical Organisations

The direct-control, internal-focus of the Hierarchical organisation is well suited to conditions of low uncertainty and low competitor intensity and risk. Stability and consolidation are the dominant values of this organisational form, and this is manifested in their tendency to operate in secure niches in stable product/markets. Hierarchical organisations have relatively limited product ranges and the overall management approach is oriented towards solving operational problems in highly practical ways. The major competitive thrust is via lower prices and "value for money" - an emphasis on operational efficiencies.

A conservative and cautious decision-making style is employed and this enables Hierarchical organisations to carefully plan their technology, which is stable and well-known. These organisations focus on doing a few things well and adopt a "follower" approach into product/markets New products/markets are entered cautiously, long after the segment has been established and they are convinced that new technology can be

mastered. The highly centralised, formalised and stratified organisation resists change until all the alternatives have been thoroughly explored.

In each case, the underlying assumptions, values and beliefs of the four organisational forms exert a significant influence over organisational strategies. By providing a frame of reference for the ongoing strategic behaviour within the organisations, the resultant organisational strategy forms part of the integrated whole in each organisational form. Table 9.1 below summarises the major elements of each of the organisational strategies:

Table 9.1 Organisational Strategies

	INTERNAL FOCUS	EXTERNAL FOCUS
INDIRECT CONTROL	Group Organisation Product/markets: A few carefully selected product/ markets - selected on the basis of the ability of the organisation to serve them well Conditions: High uncertainty Low competitive intensity Low risk Major Competitive Thrust: Long term relationships with customers - high benefit to both parties Technology: Information available, processes unknown - good for long-term projects on behalf of customers Strategy Formulation: Slow, participative formulation and planning - slow response to opportunities Strategy Implementation: Fast, effective implementation. High quality products and service delivered	Developmental Organisation Product/markets: Many new product/markets - selected on the basis of the growth and expansion opportunities provided Conditions: High uncertainty High competitive intensity High risk Major Competitive Thrust: Innovation, creativity and entrepreneurial exploitation of product/market opportunities Technology: Information and processes unknown - good for exploitation of new, untested product/market opportunities Strategy Formulation: Fast, flexible, innovative formulation and planning - rapid response to new opportunities Strategy Implementation: Fast, but often inefficient implementation. Creative solutions to problems often provided
	INTERNAL FOCUS	EXTERNAL FOCUS
DIRECT CONTROL	Hierarchical Organisation Product/markets: A few stable and well-defined product/markets - selected on the basis of the organisation being able to master the technology Conditions: Low uncertainty Low competitive intensity Low risk Major Competitive Thrust: Efficiency in operations - to deliver low prices and "value for money" to customers Technology: Information and processes well-known - good for manufacturing based operations in stable environments Strategy Formulation: Cautious and conservative formulation and planning - particularly where change required - extremely slow response to opportunities Strategy Implementation: Slow, efficient implementation if no changes occur. Able to do a few things well	Rational Organisation Product/markets: A few carefully selected product/ markets - selected on the basis of stability and long-term profitability Conditions: Low uncertainty High competitive intensity High risk Major Competitive Thrust: Thorough planning and analysis of all aspects of the operation - always collecting information Technology: Information unknown, processes known - good for planning long-term investments in certain environments Strategy Formulation: Relatively slow, highly structured, analytical formulation and planning - a well-considered response to opportunities Strategy Implementation: Efficient implementation of plans. Well balanced service to customers

General Research Problem: Are Organisations Integrated Wholes?

The role of socialisation is explained in terms of its effect on the frame of reference of organisational members. This frame of reference is seen as being critical to the understanding of organisational strategy, as the latter appears to "emerge" out of the ingrained values and norms of organisational members acting in concert.

The structure of underlying assumptions, values and beliefs exerts a significant influence over the organisational strategy by bounding the rationality of the members. This is shown by Mitroff and Mason (1982), who surface the implicit assumptions and values underpinning the major approaches to organisational strategy. The framework thus revealed, displays a close similarity to the model of organisational forms developed earlier in this dissertation, and is further evidence of the common understructure in the social sciences.

At a more micro level, strategic behaviour within organisations is shown to be shaped by the nature of the underlying assumptions and values. The specific strategy adopted by an organisation is, in most cases, influenced by these assumptions and values. By accepting this notion, the model of organisational forms is enhanced by adding a specific organisational strategy to each organisational form. The Group, Developmental, Rational and Hierarchical organisations are presented as integrated wholes by discussing their respective organisational strategies. In each case, these strategies are presented as physical manifestations of the organisation, consistent with the underlying assumptions, values and beliefs, as well as other physical manifestations.

The general research area concerns the relationship which exists between underlying assumptions, values and beliefs on the one hand, and organisational strategy on the other. Specifically, the research is interested in whether the underlying assumptions, values and beliefs produce systematic differences in organisational strategy. For example, will organisations who display dominant Group forms manifest consistently different strategies from those who display dominant Rational forms? Will Hierarchical strategies be different from Developmental Strategies? In order for the basic proposition of an organisation as an integrated whole to be accepted, it will have to be shown that differences between the various organisational forms are manifested in systematically different organisational

strategies. The strategies of Group, Developmental, Rational and Hierarchical organisations will have to be identified and compared to their organisation's underlying assumptions, values and beliefs.

In order to research this proposition the various elements of the definition of "organisation" must be operationalised. Specifically, the underlying assumptions, values and beliefs, as well as the strategies, must be defined in such a manner as to permit more objective observation and measurement. The following chapter addresses this topic directly.

Chapter 10

Research Design and Methodology

Research Design and Methodology

General Overview of The Research

The general research proposition, as defined by this dissertation, is that the organisation is an integrated whole, and that it consists of a set of underlying assumptions, values, beliefs and physical manifestations that are consistent with each other. The specific research programme needed to investigate this proposition is the subject of this chapter.

The nature of this research topic, as well as the nature of the South African business environment, poses a particular set of challenges. These challenges give rise to a complex research design, one which encompasses a number of phases and approaches. This research design is best termed "multiple operationism" (Simon, 1986), in that it makes use of a variety of sources to generate and operationalise the key concepts under study. In addition, it uses a variety of methodological approaches. It will be argued that the specific nature of this topic within the South African environment necessitates such a hybrid design (Harrigan, 1983).

The research design consists of eight phases and is summarised by way of the flow-chart in Figure 10.1 below. This chapter discusses the first seven phases, and the final phase of the data analysis and presentation, is discussed in the following chapter.

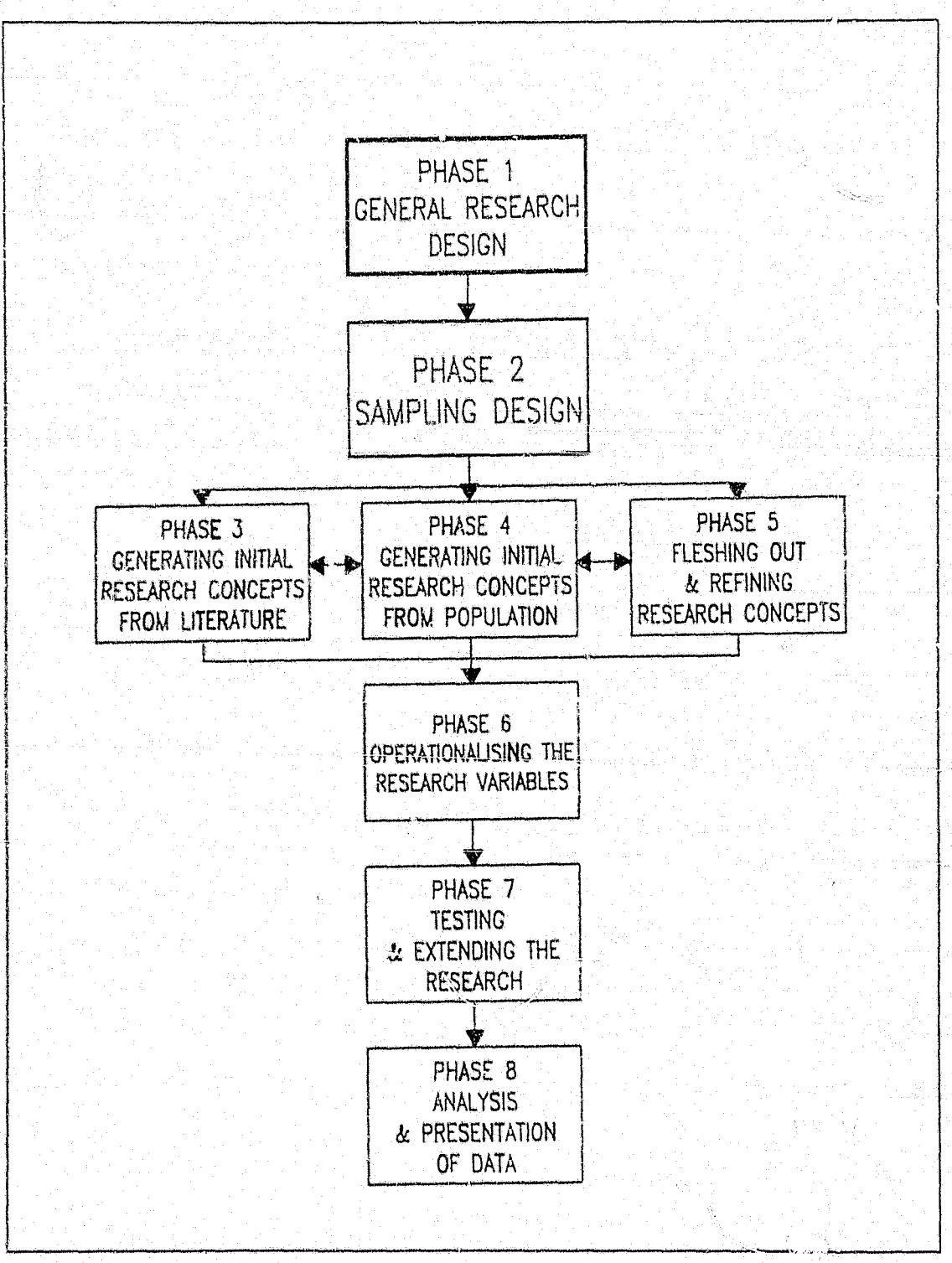


Figure 10.1: Flow-Chart of Methodology and Research Design

Phase 1 addresses the methodological challenges posed by the research and discusses the general approach that is adopted to meet these challenges.

Phase 2 concerns the sample design chosen for the research and discusses the sample frame and sampling methods.

Phases 3 and 4 focus on the generation of the initial research concepts. As Figure 10.1 indicates, this is the first stage of the multiple operationism which is used as the basis for the research. A functionalist perspective is used to generate basic outlines and ideas from the literature review, while an interpretive perspective is adopted to generate concepts and themes from the target population.

In Phase 5 these concepts and themes are "fleshed out" by way of semi-structured interviews and the specific research themes are revealed. This serves as the input for Phase 6, which is the operationalisation of the key variables for the study. In addition, Phase 6 restates the research propositions more formally, in a manner amenable to the overall research design.

Phase 7 covers the testing of these concepts and propositions using a variety of data sources and measuring instruments. Finally, Phase 8 is the analysis and presentation of the data.

Phase 1 : General Research Design

Specific Challenges of the Research

The research design chosen for this dissertation is a function of the specific challenges posed by the research topic. These challenges may be grouped into five areas:

Revealing of "Sensitive" Information

The concept of organisational assumptions, values and beliefs ("cultures") has received much interest and following in South Africa, particularly where "culture" has been linked with organisational strategy. In the light of the increasing heterogeneity of the make-up of management in many sectors, and the need to make ever-increasing improvements in organisational effectiveness, most management practitioners are keen to understand these linkages more fully. Most of the executives and managers approached were keen to participate in some way, but the majority insisted on confidentiality of some nature.

A major challenge of this research, therefore, is to reveal and study information on organisations and their strategies without revealing the identity of specific companies, and without divulging information of a sensitive nature. The problem is by no means unique to

this research project. Many of the attempts by the Graduate School of Business Administration to develop local case-study material have met with similar resistance. It is a problem of major proportions, particularly in the light of the pressing need to develop teaching and study material which is relevant to the South African business management environment.

An Integrated Perspective of Organisations

One of the major aims of the research is to show that the organisation is an integrated whole. In order to develop a more holistic view of the organisation, it is necessary to review both functionalist and interpretive-oriented literature. In order to research this concept effectively, an integrated methodology must also be used.

The methodology must reflect both functionalist and interpretive approaches in order to fully reflect the organisation, its strategy, and its interface with the environment.

Operationalising the Key Variables

Amongst the first questions asked of the researcher during discussions on the research, were those relating to the definition, operationalising and measurement of the key variables. The concepts of organisation culture and strategy are traditionally difficult to "pin down", as the literature review shows. This difficulty is compounded by the need to adopt an interpretive perspective as well as the somewhat more conventional functionalist, positivist approach.

Because organisational assumptions, values, beliefs and strategies, as well as their interrelationships, form the focal point of this dissertation, the need to meaningfully operationalise these concepts is highlighted.

The Need for Theory "Building"

Much of the "conventional" approach to research deals with the testing of theories and/or hypotheses which have been generated via formal literature reviews (Orpen, 1985). In the case of the present research, this approach is not entirely satisfactory.

Firstly, the present research is more concerned with theory "building" than theory "testing". Secondly, consistent with the approach used in the interpretive perspective, it is necessary to incorporate the views of organisational participants in the definition and development of the concept "organisation". Thus, an approach must be used which caters for the scope

and flexibility necessary in theory building, and which also allows for a major input to be made via the perceptions of organisational participants.

A Relevant Contribution to an Important Area

Perhaps the biggest challenge comes from the desire and need to make a contribution to an area that has received much attention from contemporary writers and academic researchers alike. Despite the volume of material in this area in recent times, a need still exists for a rigorous analysis of the linkages between organisational assumptions, values, beliefs and strategies.

The real challenge is to make this analysis both academically rigorous, while retaining a high relevance for the management practitioner. In the opinion of the researcher, it is this combination of qualities that will constitute a real contribution.

Responding to the Methodology Challenge

As mentioned above, the overall approach to the research design and methodology is termed "multiple operationism". Denzin (1970) points out that complex phenomena are best studied and analysed from a number of different perspectives simultaneously. No single perspective or method is always superior. Rather, each has its own strengths and weaknesses and contributes to the understanding of the phenomenon in its own special way.

The specific research design adopted by this dissertation embraces the concept of multiple operationism, and responds to the specific challenges posed above by including the following features:

Multiple Phases

In an attempt to combine both the functionalist and interpretive perspectives in the research design, the methodology uses both applied research methods as well as scientific research methods (Orpen, 1985). This necessitates a number of phases in the research process, as well as the use of numerous sources of data (Harrigan, 1983). As can be seen from the flow diagram in Figure 10.1, these phases contribute to the generation and fleshing out of the research concepts and themes, the operationalising of key variables, and the testing of the concepts and themes in the target population.

The initial review of existing literature in Phase 3 is undertaken to gain a more structured and theoretical understanding of the research proposition. By and large, it reflects a positivist, functionalist approach, in that it sets up frameworks and propositions based on the researcher's perspective (Morgan and Smircich, 1980; Orpen, 1985).

Phase 4 reveals an interpretive perspective in which the views and opinions of organisational participants are used to further develop the research propositions. Through the use of semi-structured interviews, observation and content analysis, the target population's definition of the research phenomenon is elicited. This approach allows for a more complete understanding of the concept "organisation", and reveals the cultural perspective discussed in earlier chapters (Blackburn, 1982; Smircich and Stubbart, 1985).

In Phase 5, these two inputs are combined to produce an integrated view of the research area. This view is then further refined to produce a set of factors to be used in the operationalisation of the key variables. In Phase 6, the operationalisation of these variables is undertaken, and in Phase 7, the data is collected by administering the measuring instruments.

The multiple phase approach enables an understanding of the research area to be built up gradually. After each phase, the information generated is used to further refine the understanding of the research phenomena, and to develop an integrated perspective (Simon, 1986).

Split Sample Design

As part of the interpretive approach, parts of the sample, or target population (Simon, 1986), are used to generate the initial research concepts and themes, as well as to assist in the fleshing out of these. Finally, the whole sample is used to test and extend the basic research propositions.

In Phase 4, content analysis, semi-structured interviews and observation of a section of the target population reveals various aspects of the research area. In Phase 5, these initial concepts and themes are refined by further interviews and discussions with the target population. Finally, in Phase 7, the whole sample is subjected to the measuring instrumemts to analyse assumptions, values and organisational strategies.

By splitting the sample, it is possible to reveal and test dimensions of research phenomena which are relevant to the target population.

Triangulation

Triangulation refers to a research approach where more than one perspective is adopted to study and analyse the research phenomenon (Denzin, 1970). Snow and Hambrick (1980) point out that the best results, especially with complex phenomena, are obtained by using a variety of measurement and analytic approaches. Harrigan (1983) adds to this notion by pointing out the benefits of multiple data sources.

In line with these perspectives on triangulation, the research design combines multiple measurement and analysis approaches with the use of multiple data sources. This triangulated approach is in response to the challenge of operationalising extremely complex and important variables within the research programme.

The use of multiple measurement approaches and multiple data sources includes:

- Content analysis of documents and press reports
- Semi-structured and unstructured interviews with organisational executives
- Observation of organisational members during workshops
- Completion of questionnaires by organisational members
- Classification of organisational strategies by outside panels as well as self-typing

By combining the various measurement approaches and data sources, a richer and more complete understanding of the research phenomena is obtained.

Combining "Coarse" and "Fine-grained" Methodologies

Harrigan (1980) advances the notion of combining "coarse" and "fine-grained" methodological approaches in the study of highly complex phenomena. Coarse-grained approaches describe those methodologies which attempt to reveal general relationships amongst variables and have, as their major advantage, the ability to compare different observations. However, these methodologies may be too general and broad for rigorous investigations of organisational and strategic phenomena. This is because many of the nuances and idiosyncracies within the units of observation are often lost (Harrigan, 1980).

Fine-grained methodologies, on the other hand, benefit from the attention given to minute detail, and usually seek to identify those relationships which may be subject to a more general (coarse-grained) approach later. Their major disadvantage, however, is that they lack generalisability and analytical rigour (Harrigan, 1980).

In order to produce an accurate picture of a complex phenomena such as organisational assumptions, values and strategy and, at the same time, to include a degree of generalisability, this dissertation adopts what Harrigan calls a "hybrid methodology" (Harrigan, 1980). The hybrid methodology combines the generalisability of coarse-grained approaches with the detail of fine-grained approaches. This is achieved by combining patterns of assumptions, values and strategic behaviour into organisational archetypes (Hambrick, 1980).

By using the concept of organisational archetypes, a more holistic perspective on the relationship between organisational assumptions, values and strategies is revealed. In addition, the use of this hybrid methodology, translated into archetypes, allows for the analysis of specific organisational examples without revealing the identity of the companies.

The Use of Quantitative and Qualitative Analysis

Morgan and Smircich (1980) point out that the use of either quantitative or qualitative analyses in research makes several important assumptions about the nature of social reality. Quantitative analysis assumes an objective, positivist stance and views reality as a concrete structure with individuals and organisations responding and adapting to an externally imposed environment (Morgan and Smircich, 1980). Qualitative analysis, on the other hand, assumes a subjectivist stance and views reality as a projection of individuals' imaginations and interactions. The functionalist and interpretive viewpoints may be seen as part of these objective and subjective stances respectively (Morgan and Smircich, 1980).

In a further attempt to present an integrated perspective of the research phenomenon, both qualitative and quantitative analyses and approaches are used in the methodology. Examples of qualitative analyses include:

- Content analysis of organisational documents and press reports
- Interviews with organisational members

- Typing and classification of organisational strategies.

Examples of quantitative analyses used in this dissertation include:

- Thurstone scaling to develop individual organisational profiles
- Factor analysis to identify the underlying dimensions of the research phenomenon.

Archetypes and Typologies

A central notion of the research is that organisational assumptions, values and strategies may be grouped according to four major "world views" which appear to underpin much of the social sciences.

The construction of four organisational archetypes into a typology reflects a specific methodological approach in the "building" of theories. Hambrick (1980) identifies the advantages of typologies in research design by concluding that they offer a comprehensive, holistic basis for the analysis of organisations and strategies. As such, they are useful for the construction and development of theories. In addition, they treat organisations as gestalts, and this furthr supports the research notion of an organisation as an integrated whole (Miller and Friesen, 1977).

In the operationalisation of the key research variables (Phase 6), this methodology is used to construct measuring instruments for both organisational assumptions and values, as well as organisational strategies.

Phase 2 : Sample Design

Introduction

Sampling is the technique of observing a portion of some total set of events or phenomena (Denzin, 1970). It is used where the researcher wishes to make assertions about a total population, but is unable, for practical reasons, to survey the entire population (Babbie 1975).

Good sampling procedure fulfils two basic criteria. Firstly, the sample should be representative (Goode and Hatt, 1952), in that the total population, the observations, and the significant relationships between them should be carefully defined. Secondly, the

sample should be adequate (Goode and Hatt, 1952) so that sufficient confidence exists in the stability of its characteristics.

The two overarching designs that describe sampling procedures are probability sampling and non-probability sampling (Simon, 1986). Probability sampling allows each element in the total population to have an equal chance of inclusion in the selected sample, whereas non-probability sampling relies on the expertise of the person taking the sample to make this judgement (Green and Tull, 1978). Probability sampling thus allows a relatively bias-free method of sample selection and also permits the measurement of sampling error. Non-probability sampling, on the other hand, can introduce selection-bias into the sample.

Within probability sampling proceudres, the technique of stratified sampling combines randomness with a stratification effect in order to improve the representativeness of the sample (Goode and Hatt, 1952). In this procedure, the population is divided into strata which are, as far as possible, homogeneous and a random sample is selected from each stratum (Simon, 1986). This method has the effect of increasing the apparent homogeneity of the target population and allows the various strata to be compared with each other with regard to the attributes being tested (Bailey, 1982). Proportionate stratified sampling ensures that the sample sizes between the various strata reflect the same proportions as in the population (Goode and Hatt, 1952). This is a specific form of stratified sampling which enables the sample to "mirror" the nature and characteristics of the population.

The advantages of proportionate stratified sampling include a lower sampling error than in simple random procedures (Goode and Hatt, 1952; Churchill, 1979), less variability within the sample than in simple random sampling (Goode and Hatt, 1952; Bailey, 1982) and less chance of leaving out small, but important, sub-groups within the population (Ackoff, 1953; Green and Tull, 1978; Bailey, 1982).

Representativeness and adequacy of the sample do not necessarily improve with the size of the sample (Goode and Hatt, 1952; Green and Tull, 1978; Simon, 1986). Thus, increasing the sample size is not a guarantee of increased accuracy. What is important, is the degree of homogeneity in the population. Where population homogeneity increases, the required sample size decreases (Simon, 1986). The process of stratification has the effect of increasing this homogeneity (Bailey, 1982).

In the light of the reasons stated above, the process of proportionate, stratified random sampling is considered most appropriate for the purposes of generating a sample for this research.

The Population

The population utilised for this research is the "Business Times" survey of top listed companies for 1985. This is an annual survey of companies listed on the Johannesburg Stock Exchange (JSE), and the intention of the "Business Times" is to produce a list of the "Top 100 Companies", with rating being based primarily on economic performance.

In an attempt to identify an acceptable definition of economic performance, the reasonably authoritative and accepted viewpoint of the editorial staff of the Sunday Times (the producers of "Business Times") has been adopted.

In previous years, the survey used the growth in earnings per share (EPS) over a five-year period as a measure of performance. However, a number of companies were discriminated against through the use of this measure, and the survey recognised that EPS does not enjoy wide acceptance as a performance measure (Business Times, December 8, 1985). For the 1985 report, a different criterion was used, and the returns experienced by shareholders over a five-year period became the key focus. These returns were calculated as follows (Business Times, December 8, 1985):

Table 10.1: Calculation Of "Economic Performance" In The Sample Frame

1	Capital gain over five years (increase in share price over five-year period **plus** Dividends paid over five years (compounded at 12% p.a.) = Cash return for shareholders over 5 years
2	Cash return for shareholders **as a percentage of** original investment = Average annual compounded growth rate over 5 years (AAR) (excluding capital issues and sub-divisions)

Source: Business Times Top 100 Companies Survey for 1985, December 8, 1985

On the basis of their Average Annual Compound Growth Rate over five years, all the companies listed on the JSE were ranked. As the survey points out, this approach discriminates against some of the smaller companies who may not have been able to produce high growth in share prices or dividends (Business Times, December 8, 1985). However, it is equally difficult for large companies, with good growth records in the past, to achieve high rankings. In addition, the survey eliminates some 31 companies from the ranking because of their low trading volumes. It is believed that these companies' quoted prices did not accurately reflect trading reality (Business Times, December 8, 1985). The original population, as calculated by the Business Times survey, contains some 330 listed companies across the 29 sectors on the JSE.

The Sample Frame

The sectors incorporated in the Business Times survey include eight sectors that were considered unsuitable for the purposes of this research. These sectors are:

- Mining coal
  diamonds
  gold

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