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The relationship between business-level strategy and organisational culture

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- Metals and Minerals
- Mining Financial
- Cash Assets
- Investment Trusts
- Property
- Property Trusts
- Development Capital.

The eight sectors above were eliminated from the population for a number of reasons. The mining industry is generally excluded from research into South African business organisations because they represent a highly specific and unique set of operating and employment conditions. In addition, they are generally not amenable to research of this nature. The Cash Assets, Investment Trusts and Property sectors were eliminated because they are generally holding companies who are not engaged in operations of any sort. Finally, the Development Capital sector was not considered for the sample because of the newness of the individual companies, and the fact that they often have highly unstable management structures which renders research of this nature extremely difficult.

The remaining 21 sectors and 198 companies constitute the sample frame, and this is represented below as Table 10.2:

Table 10.2 The Sample Frame - "Business Times" Company Rankings December 1985

Company	Sector	AAR Yld%	Pop No
	Banks		
Sage Holdings	7	33.31	1
Stanbic	7	30.42	2
Bankorp	7	23.7	3
Barclays National Bank	7	19.05	4
Boland Bank	7	18.33	5
Nedbank Group	7	18.15	6
Volkskas Group	7	16.73	7
Frebank	7	10.04	8
Trust Bank	7	6.55	9
SARB	7	5.6	10
T & I	7	-0.13	11
	Insurance		
Liberty	8	39.74	12
Mutual & Federal Insurance	8	25.07	13
Comm Union Assurance Co	8	22.74	14
SA Eagle Insurance Co	8	20.59	15
Guardian Nat Insurance Co	8	19.45	16
Santam Insurance	8	17.99	17
Incorporated Gen Insurance	8	17.94	18
	Indust Holding		
Plate Glass & S'prufe Ind	12	28.29	19
South Atlantic Corp	12	27.42	20
Unisec Group	12	26.66	21
M&R Holdings	12	21.69	22
Curries Finance	12	21.23	23
Malbak	12	20.77	24
Anglovaal Industries (ATI)	12	18.23	25
Ind Inv	12	14.21	26
Picbel	12	13.64	27
CG Smith	12	12.1	28
Blue Circle	12	9.83	29
AMIC	12	9.31	30
Culinan	12	8.11	31
D&H	12	6.81	32
Barlows	12	6.81	33
Sinclair	12	3.51	34
Protea	12	2.44	35
BTR	12	0.15	36
Metje & Z	12	-1.01	37
W & A	12	-2.96	38

Company	Sector	AAR Yld%	Pop No
	Indust Holding		
Fed Volk	12	-4.5	39
Frencor	12	-6.94	40
HLH	12	-8.14	41
Messina	12	-8.92	42
Turf Holdings	12	-13.35	43
Mertru	12	-17.03	44
McPhail	12	-29.86	45
	Bevs & Hotels		
Suncrush	13	61.74	46
SA Breweries	13	20.78	47
Suth Sun	13	8.17	48
Unlewyn	13	5.89	49
	Bldg & Construc		
Gypsum	14	42.39	50
Masonite (africa)	14	29.85	51
Anglo-alpha	14	23.92	52
Everite	14	22.87	53
Grinaker Holdings	14	21.41	54
M Goldstein	14	16.36	55
Otis Elevatiors	14	14.87	56
Group 5	14	13.81	57
Concor	14	4.88	58
PPC	14	3.51	59
Boumat	14	2.14	60
L T A	14	-1.21	61
	Chemicals		
Trek Petroleum	15	32.43	62
Sasol	15	18.41	63
Chemical Services	15	15.4	64
Farm-AG	15	8.22	65
PLEvans	15	7.15	66
A E C I	15	4.16	67
Omhold	15	-9.66	68
Lanchem	15	-14.77	69
Senchem	15	-15.46	70
Triomf	15	-18.22	71
	Clothing & Foot		
Nat Cons	16	68.46	72
Natal Canvas	16	58.27	73
Consolidated Text Mills	16	38	74
Gubings	16	14.44	75
AF & OVR		14.17	76

Company	Sector	AAR Yld%	Pop No
	Clothing & Foot		
Silv Tan	16	9.11	77
Mool Riv	16	7.19	78
Adonis	16	4.88	79
Romatex	16	4.14	80
Berkshire	16	2.77	81
Ninian	16	0.34	82
Svenmil	16	-0.05	83
Seardel	16	-0.61	84
Veka	16	-7.41	85
Tej	16	-10.72	86
	Electronics		
Altech	17	30.89	87
Reunert	17	27.44	88
Aberdeen	17	10.6	89
Asea	17	5.08	90
Powtech	17	2.7	91
AF Cable	17	-4.73	92
	Engineering		
Northern Eng Afr	18	40	93
Edward L Bateman	18	28.06	94
Claude Neon	18	27.55	95
Haggie	18	24.11	96
African Oxygen	18	16.28	97
Chubb	18	14.87	98
Metkor	18	13.26	99
Dorbyl	18	10.65	100
Natl Bol	18	10.02	101
Alexander	18	9.22	102
Fralex	18	8.94	103
Cemenco	18	7.77	104
Amal Laund	18	3.72	105
St Metal	18	0.82	106
Natl Trd	18	-0.97	107
G I C	18	-2.16	108
Abercom	18	-2.4	109
Fielair	18	-2.47	110
Genrec	18	-3.12	111
Std Bras	18	-4.09	112
Quincor	18	-11.1	113
Dundee	18	-16.71	114

Company	Sector	AAR Yld%	Pop No
	Fishing		
Sea Prods SWA	19	41.33	115
Oceana Fishing	19	38.69	116
SWA Fishing Industries	19	37	117
Oil	19	5.02	118
	Food		
I&J	20	37.36	119
Tiger Oats	20	34.7	120
Cadbury Schweppes	20	33.86	121
Premier Group	20	18.97	122
TW Beckett & Co	20	15.33	123
ICS	20	12.35	124
Fedfood	20	8.72	125
Jabula	20	-0.38	126
Kanhym	20	-19.94	127
	Furnish & House		
Amrel	21	14.09	128
Afcol	21	13.46	129
Elerines	21	13.26	130
Samstel	21	13.24	131
Prescat	21	12.15	132
Beares	21	8.83	133
Bradlow	21	5.82	134
Tedelex	21	5.21	135
World	21	4.45	136
Montats	21	-0.22	137
	Motor		
Metair	22	77.83	138
Toyota	22	48.89	139
Saficon Investments	22	18.65	140
Sakers Finance & Investment	22	18.43	141
Dunlop South Africa	22	18.11	142
Mccarthy Group	22	17.9	143
Autolec	22	14.79	144
Curries	22	13.7	145
Aurochs	22	10.96	146
Wm Hunt	22	4.67	147
Port	22	0.72	148
Gen Tire	22	-4.18	149
Schus	22	-5.28	150
NFS Metr	22	-14.29	151

Company	Sector	AAR Yld%	Pop No
	Paper & Package		
Canadian Overseas Pkg Ind	23	38.52	152
Consol	23	30.97	153
Carlton Paper Corp	23	20.07	154
Nampak	23	16.92	155
Hortrlo	23	11.34	156
Coates	23	10.49	157
Haddons	23	7.85	158
Sappl	23	7.73	159
Kohler	23	-6.13	160
	Pharmaceutic		
Gen Opt	24	8.18	161
	Print & Publish		
Argus Printing & Publishing	25	20.41	162
Vaderland Beleggings	25	17.58	163
Afrikaanse Pers	25	15.09	164
Math Ash	25	-6.61	165
	Steel & Allied		
Highveld	26	8.58	166
Verref	26	4.82	167
Un Steel	26	2.35	168
	Stores		
Pick n Pay	27	50.17	169
Clicks	27	34.48	170
Waltons	27	34.45	171
Pepkor	27	31.3	172
Foschini	27	27.64	173
Wooltru Holdings	27	25.05	174
CNA Gallo	27	23.55	175
John Orr Holdings	27	16.07	176
Garlick	27	15.3	177
Edgars	27	9.32	178
Grand Bazaars	27	4.34	179
OK	27	3.12	180
Frasers	27	1.31	181
Hepworth	27	1.28	182
Spitz	27	1.16	183
Sterns	27	0.46	184
Lefic	27	0	185
Klmet	27	-5.51	186
Metro	27	-10.38	187
Gresham	27	-14.1	188
Klrsch	27	-17.13	189

Company	Sector	AAR Yld%	Pop No
	Sugar		
Crookes	28	12.65	190
Tongaat	28	10.61	191
Lonsugr	28	-0.94	192
	Tobacco & Match		
Rem Group	29	44.76	193
Lion Match Co	29	15.18	194
Utico	29	14.11	195
	Transport		
Trencor	30	35.58	196
Tolgate	30	-1.61	197
Putco	30	-3.61	198

The sample frame was stratified on the basis of two criteria. The first, the industry sector as defined by the JSE, is intended to reflect the whole range of commercial and industrial activities undertaken by companies in the sample frame. By being subjected to proportional, stratified random sampling, all the sectors had a chance of being included in the sample. This facilitated a greater degree of generalisability from the findings (Bailey, 1982).

The second basis for stratification was the economic performance index as determined by the Business Times survey. Companies were ranked according to their Average Annual Return on Initial Investments (AAR), and were positioned according to this ranking within their various sectors. This stratification was designed to ensure that the whole spectrum of organisational performance had a chance of being included in the sample. Again, this influenced the degree of generalisability from the findings.

The sample frame above was used throughout the various phases of the research design. In Phases 4 and 5, it was used to generate a sample for the purposes of developing the initial concepts and themes of the research, as well as for the fleshing out of these concepts and themes. In Phase 7, it served to generate a sample which was used to extend and test these research concepts. The sampling procedures below discuss how each of these samples were drawn.

Sampling Procedure for Phases 4 and 5

An inspection of the sample frame reveals that eight of the 21 sectors contain four or less companies. In order to ensure that each sectoral stratum had an opportunity for inclusion in the sample during the important initial phases of the research, an intended sample size of 66 was chosen. This ensured that during the process of proportional, stratified random sampling, even those sectoral strata with only three companies would have an opportunity of being represented in the sample.

The 66 companies selected for the initial phases of the research were randomly selected from each of the sectoral strata, with each stratum being represented according to its proportion to the overall population. Each of these companies were contacted personally by the researcher, and a total of 21 companies responded and agreed to participate.

Table 10.3 below represents the break-down of the sample thus drawn.

Table 10.3 Stratified Sample for Phases 4 and 5 of the Research Design

No	Sector	Sector Size	Prop Of Population %	Stratum Sample Intended	Stratum Sample Obtained
7	Bank	11	5.6	4	2
8	Insurance	7	3.5	2	1
12	Indust Holding	27	13.6	9	2
13	Bevs + Hotels	4	2.0	1	1
14	Bldg + Construc	12	6.1	4	1
15	Chemicals	10	5.1	3	1
16	Cloth + Foot	15	7.6	5	2
17	Electronics	6	3.0	2	0
18	Engineering	22	11.1	7	2
19	Fishing	4	2.0	1	0
20	Food	9	4.5	3	1
21	Furnish + House	10	5.1	3	1
22	Motor	14	7.1	5	2
23	Paper + Package	9	4.5	3	1
24	Pharmaceuticals	1	0.5	1	0
25	Print + Publish	4	2.0	1	0
26	Steel + Allied	3	1.5	1	0
27	Stores	21	10.6	7	2
28	Sugar	3	1.5	1	0
29	Tobacco + Match	3	1.5	1	1
30	Transport	3	1.5	1	1
	TOTAL	198	100.0%	66	21

The 66 companies intially contacted were asked to participate in the fourth and fifth phases of the research project. Specifically, they were requested to agree to:

- Content analysis of their company documents and press reports
- Unstructured and semi-structured interviews with the Chief Executive and other selected executives
- Workshops with members of the management team
- Completion of pilot questionnaires.

In each case, the nature of the research project was fully explained to the Chief Executive and the role to be played by the initial sample was carefully outlined. In many cases the companies were interested in participating, but were unable to make the necessary time available for activities such as interviews, workshops and questionnaire completion. However, the response of 21 companies is considered acceptable, particularly in the light of the exploratory nature of the initial phases of the research.

Sampling Procedure for Phase 7

By the time the research project had reached the sixth phase, the research propositions had become more formalised. Phase 7 was the extension and testing of these propositions amongst the target population.

The sample to be used for the testing of the research propositions was drawn from the same sample frame that was used for the initial sample (see Table 10.3 above).

However, this sample frame was further stratified. At the suggestion of the Business Times survey team, each sector stratum was further stratified into sub-strata according to economic performance. The three sub-strata used were "above average performance", "average performance" and "below average performance". These sub-strata were defined by dividing each sector stratum into three equally sized categories. Where a particular sector stratum could not be equally divided into these three categories, the extra companies were added to the "average performance" category. Although somewhat simplistic and crude, this procedure ensured that each sub-stratum of performance within each sector received a proportional chance of being considered for the sample.

Table 10.4 below presents the modified sample frame:

Table 10.4: Stratified Sample for Phase 7 of the Research Design

No	Sector	Sector Size	Prop Of Population %	Sample Frame >Ave Performance	Sample Frame Ave Performance	Sample Frame <Ave Performance	Sample >Ave Performance	Sample Ave Performance	Sample <Ave Performance
7	Bank	11	5.6	3	5	3	1	1	1
8	Insurance	7	3.5	2	3	2	0	1	2
12	Indust Holding	27	13.6	9	9	9	1	1	4
13	Bevs + Hotels	4	2.0	1	2	1	0	0	0
14	Bldg + Construc	12	6.1	4	4	4	0	1	1
15	Chemicals	10	5.1	3	4	3	1	0	0
16	Cloth + Foot	15	7.6	5	5	5	1	0	0
17	Electronics	6	3.0	2	2	2	1	1	0
18	Engineering	22	11.1	7	8	7	1	2	0
19	Fishing	4	2.0	1	2	1	0	1	0
20	Food	9	4.5	3	3	3	2	1	0
21	Furnish + House	10	5.1	3	4	3	0	2	0
22	Motor	14	7.1	4	6	4	1	1	0
23	Paper + Package	9	4.5	3	3	3	0	0	1
24	Pharmaceuticals	1	0.5	1	0	0	0	0	0
25	Print + Publish	4	2.0	1	2	1	1	0	0
26	Steel + Allied	3	1.5	1	1	1	0	0	0
27	Stores	21	10.6	7	7	7	1	1	1
28	Sugar	3	1.5	1	1	1	0	0	0
29	Tobacco + Match	3	1.5	1	1	1	0	1	0
30	Transport	3	1.5	1	1	1	1	0	1
	TOTAL	198	100.0%	62	74	62	12	14	11

Sixty-three sub-strata were revealed. An inspection of this sample frame reveals that some sub-strata contain only one company. In order to represent each of these sub-strata proportionately, the whole sample frame had to be considered as the intended sample. Accordingly, each of the 198 companies through the 63 sub-strata were contacted to participate in the seventh phase of the research project.

The census approach was considered appropriate because of the lower response rate expected for the testing of the research propositions. Each of the 198 companies was sent letters, addressed to the Chief Executive, in which its participation was requested. An example of this letter may be found in Appendix 2. In addition, a brief outline of the research project was included. This is shown in Appendix 3. Finally, a reply-paid card was included to allow each of the companies to respond (see Appendix 4). The companies were requested to agree to:

- Completion of questionnaires on their organisations and "cultures"
- Interviews with the Chief Executive Strategic Business Unit (SBUs) managers

- Informal discussions between the researcher and selected members of the organisation.

Thirty-seven responses were received and these companies became the sample for Phase 7 - the testing of the research propositions. Table 10.4 above identifies the make-up of the sample.

Phase 3 : Generating Initial Concepts and Themes from a Review of the Literature

Introduction

The third phase of the research design is the generation of the initial research concepts and themes from a review of the literature and previous research.

The process of this review reflects essentially a functionalist approach in that it produces research concepts, themes and propositions outside of the subject(s) being studied and analysed. This is despite the content of the review embracing an interpretive, as well as functionalist, perspective.

Overall, Phase 3 produced the assertion that the organisation may be viewed as an integrated whole, and that the underlying organisational assumptions, values and beliefs are manifested as specific organisational strategies. Differences in these underlying assumptions and values produce differences in the manifested strategies.

A number of specific research concepts and themes were produced by this review of literature and previous research. These may be presented as follows:

Culture may be Studied from a Variety of Perspectives:

A number of different approaches to the study of organisations and culture were reviewed. Most of the literature adopts a functionalist perspective, in that it treats culture as an organisational variable. The interpretive viewpoint, on the other hand, studies culture as an organisational metaphor. As a metaphor, culture is used to provide an alternative framework from which to analyse and study organisations.

Organisation may be Viewed as a Culture:

By using the cultural metaphor to analyse organisations, important insights may be gained into the nature and workings of organisations. The concept of an organisational frame of reference is viewed as a powerful integrating mechanism in that it has a wide influence on the behaviour and patterns of interaction amongst members. The process of socialisation is also recognised as significant in producing meaning and coherence within the organisation.

Organisational Control is a Reflection of Underlying Assumptions and Values:

Outside the "universe maintenance" function provided by the organisational frame of reference, additional forces are often required to produce coordination and control of the various members and their activities. The nature of these depends largely on factors such as organisational uncertainty and complexity, and is also interdependent with technology and size. Of major significance to the research is the notion that organisational control is a reflection of the underlying assumptions and values in the organisation. In many ways, control is seen as manifestations of these assumptions and values.

Organisational Structure is a Manifestation of Underlying Assumptions and Values:

As a culture, the organisation may be represented as a three-level construct of underlying assumptions, values and beliefs, and physical manifestations. As part of these physical manifestations, structure is simply a reflection of the underlying assumptions and values. Because structure is the ordering and patterning of member behaviours and interactions, the latter are also manifestations of underlying assumptions, values and beliefs.

Organisations do Change, But Their Major Tendency is Towards Current Momentum:

Organisational change may be described as evolutionary or revolutionary. In evolutionary change, the basic gestalt of the organisation remains unaltered, and incremental adjustment takes place. In revolutionary change the nature of the gestalt changes, and the organisation alters its conceptual, structural and/or processual orientations. Change may also be brought about as a considered intention of the dominant coalition, or it may occur as a natural reaction to shifts in the environment. However, the major tendency of

organisations is towards bureaucratic momentum and resistance to change. As a result, specific organisations and organisational forms are relatively enduring. In analysing organisational change, an integrated view of the organisation-environment interface is produced. Parts of the environment provide a separate reality to which the organisation has to respond and adapt in order to survive, while other aspects of the environment are "enactable" by the organisation through the ongoing patterns of interaction by their members.

An Understructure is Evident in Much of the Social Sciences

An understructure appears to underpin much of the social sciences. Evidence of this understructure appears in the analysis of the underlying assumptions of the Jungian personality dimensions and archetypes. Similar evidence is apparent in the studies of organisational effectiveness and the Competing-Values model. The similarities in these two theories are revealed, and they are combined to form a typology of organisational forms in terms of underlying assumptions, values and beliefs.

Organisations may be Presented as Integrated Wholes

The organisation is presented as an integrated whole, consisting of underlying assumptions, values and beliefs, and physical manifestations. An important physical manifestation is shown to be organisational strategy, and the relationship between underlying assumptions and values, on the one hand, and organisational strategy on the other, is revealed. Like control and structure, organisational strategy is viewed as a reflection of the underlying assumptions, values and beliefs. By revealing the nature of the understructure evident in both the Jungian personality model and the Competing-Values model, a typology of organisational forms is revealed. The typology consists of four ideal types, or archetypes, and each archetype reflects a specific set of underlying assumptions, values and beliefs, and organisational strategy. These four organisational forms are the Group Organisation, the Developmental Organisation, the Rational Organisation and the Hierarchical Organisation.

These seven assertions all emerge from a review of the literature and previous research. They summarise the material presented in the dissertation up to this point, and provide a framework for the field-work which follows. In particular, they provide a basis for the interpretive research phases which seek to identify the nature of "organisation" and "strategy", as defined by the research subjects.

Phase 4 : Generating Research Concepts and Themes from the Target Population

Introduction

Phase 4 marks the beginning of the interpretive phase of the research programme. As discussed in previous sections, the objective of the interpretive approach is to afford the research subjects the opportunity to themselves define their own organisational reality.

Karmel and Egan (1976) point out that much of the research conducted from a functionalist perspective fails because it makes certain assumptions about the existence of specific organisational dimensions. Without justifying the existence of such dimensions, the researcher merely builds instruments with which to test their existence. Pondy and Boje (1976) comment that this model of research emphasises the signficance of the researcher and his/her methodologies at the expense of the organisational participant. In other words, the phenomenological element in organisations is being ignored (Pondy and Mitroff, 1979).

This researcher-centred approach has developed out of the social factist paradigm that dominates much of social research (Ritzer, 1975; Pondy and Boje, 1976). Blackburn (1982) points out that the social factist behaves much like Mitroff and Kilmann's (1978) analytical scientist, in that he/she treats organisations as real, objective entities which are capable of being measured, described and included as elements in causal explanations.

This is consistent with the views held by Morgan and Smircich (1980) in their debate over the use of qualitative and quantitative research methodologies. The authors point out that quantitative analysis makes "objectivist" assumptions about reality and human nature which may not always be appropriate. Contrasting this view is the "subjectivist" stance which assumes that reality is a projection of human imagination, and that it should be defined by the organisational participant (Morgan and Smircich, 1980).

Clearly, there is consdierable merit in both stances. It is the intention in this dissertation, to utilise both approaches in an attempt to produce an integrated perspective of organisations in their environments. Pondy and Boje (1976) point out that such an

integrated perspective may be achieved by placing the subjectivist, or interpretive, paradigm in a position of at least parity with the objectivist, or functionalist, view.

Collecting Data about Members' Organisational Reality

The interpretive perspective assumes that individuals actively create or enact their own social reality (Berger and Luckman, 1966; Weick, 1979). As a result, the focus of research is the individual's definition of the organisational reality. Dimensions of organisation and strategy are thus defined by the organisational participants with a minimum imposition by the researcher.

Pondy and Mitroff (1980) believe that research into concepts such as organisation and strategy must investigate how organisational members create concepts such as "organisation" and "strategy" as a means of making sense of their existence and surroundings.

In order to achieve the research objective of allowing organisational participants the opportunity to describe the phenomena they perceive as "organisation" and "strategy", an alternative research perspective is called for. Blackburn (1982) suggests two possibilities:

- Ask individual members to identify those factors that they use to describe the phenomena being studied.
- Allow individual members to group, cluster or compare a series of entities on the basis of the entities' underlying structures. The bases for these groupings would then become the significant factors that are being sought by the researcher.

In line with the above approach, the companies in the Phase 4 sample were required to cooperate in a content analysis of company documents and press reports, a series of unstructured interviews with the Chief Executive and other executives, and a series of workshops where the cultural phenomenon was explored. By using these three techniques, the research project used an interpretive perspective to generate the initial research concepts and themes.

Content Analysis

Content Analysis is an important research technique which allows researchers to systematically quantify certain characteristics that occur within a specific context (Stone, Dunphy, Smith and Ogilvie, 1966). It is particularly useful for the generation of research

concepts and themes (Simon, 1986), largely because of its interpretive approach (Bailey, 1982). In addition, it has a number of advantages which include:

- The ability to study otherwise inaccessible subjects
- The ability to undertake longitudinal analyses
- The possibility of studying large samples (many documents).

The primary purpose of the content analysis in this research programme was to identify what Simon calls "the spirit of the age" (Simon, 1986, p.35). In other words, it was used to give meaning to the phenomena which organisational members called "organisation" and "strategy".

The Sample

Three sources of documentation were used:

- Company annual report.
- Company planning and policy documents. The most recent strategy planning or budgetary document was used, as well as the current company procedures or personnel manual.
- Press cuttings. The press-cutting service at the Institute for Contemporary History, University of the Orange Free State, was approached to undertake a search for relevant press information. A search was undertaken to cover a three-year period, through the major English and Afrikaans media, across a number of factors pertinent to the study.

See Appendix 5 for a full list of the publications consulted and subject areas covered.

The Content Categories

Holsti (1969) points out that content categories should reflect the nature and purpose of the research. However, as Bailey (1982) argues, these categories do not exist a priori, but are constructed by examining the documents and ascertaining what common elements they contain. Although subject to researcher bias, this method does ensure that the categories emerge from the participants themselves - a "real" interpretive perspective.

Accordingly, the three sets of documents described above were examined with a view to identifying common factors and elements, particularly with regard to the companies' definitions and understandings of "organisation" and "strategy". The major concepts and themes which emerged from this analysis are presented at the end of this section (Table 10.5).

The Recording Unit

Holsti (1969) identifies recording units as the theme, the single word, the character, the sentence and the item. Although the latter four units are easier to record and possess higher inter-coder reliability (Bailey, 1982), none capture the purpose of the research as well as the overall theme of the document.

Thus, in each document, the major feeling, purpose or goal of the communication was recorded as it related to the concepts of "organisation" and "strategy". (See Table 10.5 below.)

System of Enumeration

The purpose of the content analysis in this research was to establish what dimensions and factors are important in the study of "organisation" and "strategy", rather than how important the respective factors are. Accordingly, the system of enumeration used was the simplest of the various methods available; the binary method of coding (Bailey, 1982).

This method merely reflects the presence of a particular theme in a document. Since the various concepts and themes were fleshed out and validated in later phases, this system was appropriate for the initial research phase.

Thus, the content analysis was used to generate initial research concepts and themes from the three sources of data. The documents were scanned and the major concepts and themes relating to "organisation" and "strategy" were revealed. These were summarised and consolidated by inspection, and a preliminary list of dimensions and factors was produced. These, too, are presented at the end of this section (Table 10.5).

Unstructured Interviews

The unstructured interview is used primarily where the researcher is attempting to generate specific research themes from the target population (Simon, 1986). Denzin (1970) identifies the technique as one where no pre-determined set of questions is employed, and where questions are not asked in any specified order. As a research technique, it adheres to the interpretive viewpoint (Blackburn, 1982; Smircich and Stubbart, 1985) in that the interviewer merely probes those issues which are raised and deemed important by the research subject.

The disadvantages and potential biases of interviewing are well-known (see Bailey 1982, pp.182-184), but the technique is considered indispensable in this research design, because of the need to allow the subjects the opportunity to define their own organisational reality. In defence of the unstructured interviewing technique, Gordon (1969, pp48-50) points out that its use can be highly valid in certain situations. Firstly, where the respondent is expected to reveal his/her subjective feelings and assumptions about phenomena, the unstructured interview provides a conducive environment. Secondly, where the realm of experience and, therefore, the discussion of each respondent is expected to vary, the unstructured interview is able to cater for these individual differences more appropriately than highly structured interview schedules. Thirdly, where the conditions outlined in the two points above prevail, a well-conducted unstructured interview produces less bias than a highly structured schedule. In the latter case, the respondent is forced to answer within the dimensions and assumptions imposed by the researcher (Gordon, 1969, pp.49-50).

A series of unstructured interviews was conducted with the Chief Executives of each of the sample companies, as well as with some of their SBU managers. In each case, two major areas were explored:

The Nature of the Organisation

Respondents were asked about their organisation or business unit. Consistent with the principle of unstructured interviewing, very few direct questions were posed. However, after asking the respondents to discuss and define their organisations in general, the following areas were probed:

- Areas which represented organisational dimensionality: Wherever the respondent described and defined his/her organisation in terms of a concept which may have represented an underlying dimension, the respondent was asked to elaborate and provide examples.
- Underlying assumptions, values and beliefs: In many cases, respondents used physical manifestations (such as structure and technology) to define their organisations. In these cases, the underlying assumptions, values and beliefs of these manifestations were probed in order to reveal their nature and influence.
- Aspects of people, behaviour and interaction: Particular attention was also given to any descriptions and definitions of individuals and their patterns of behaviour. In addition, the respondents were asked to elaborate on any aspects of member interaction which emerged in the discussions.

The Nature of the Organisational Strategy

Respondents were asked to define and describe the strategy of the whole organisation and/or the particular SBU with which they were associated. When the following issues were revealed by the respondents, they were probed:

- Areas of strategic dimensionality: Wherever the organisational strategy was defined in terms of concepts that suggested an underlying dimension, the respondent was asked to elaborate and define these concepts more fully.
- Underlying assumptions, values and beliefs: Where respondents described and defined their organisational strategies by way of specific manifestations such as product development and input-output processes, they were questioned as to their underlying assumptions, values and beliefs.
- Aspects of the organisation-environment interface: In many cases, respondents described their organisational strategy with respect to the specific relationship between the organisation and its environment. This was usually by mention of factors such as product-market definitions and relationships with unions and customers. In these cases, respondents were asked to elaborate on these definitions and relationships.

The unstructured interviews were therefore used to generate initial research concepts and themes on the phenomena of "organisation" and "strategy". Specifically, they produced subjective insights from the organisational members which assisted in defining their organisational reality, and in ultimately constructing a model which approximates organisations and their strategies.

In-Company Workshops

Simon (1986) defines participant observation as a research technique whereby the researcher joins the group under study and shares in some of their experiences and activities through face-to-face interaction (Simon, 1986, p.24). As part of the triangulation approach (Denzin, 1970) in this research design, the observation of organisational members allowed for the identification of those aspects of organisational meaning and reality which are produced by way of the interaction of organisational participants. This is consistent with the viewpoints of Berger and Luckman (1966) and Weick (1979), who argue that meaning is produced by way of interaction amongst organisation members.

The approach adopted by the researcher may be defined as observer-as- participant (Denzin, 1970, p.370), in that the researcher conducted a series of workshops amongst the participating companies. In each case, the senior management team was brought together and the researcher acted as facilitator to the group's discussions. Bailey (1982,

p.269) argues that this approach gives the researcher (observer) the opportunity to view the organisational reality from the subjects' perspective. As in the case of unstructured interviewing, the technique has disadvantages; a notable one is reactivity. This reflects the subjects' tendency to react unnaturally because of the presence of the observer. This can be partially controlled by choosing a natural organisational setting (such as the company boardroom) and by the researcher (observer) playing as neutral a role as possible (Bailey, 1982). Furthermore, the technique is relatively unique in that it offers a reasonably practical solution to the problem of observing organisational members interacting with each other.

The purpose of the workshops was to identify aspects of the "cultural organisation". More specifically, the workshops were intended to identify and define the nature of the relationships between the organisation's underlying assumptions, values and beliefs on the one hand, and its strategies on the other. In order to accomplish this, an approach based on the work of Mason and Mitroff (1981) was used.

The Strategic Assumptions Surfacing and Testing (SAST) approach (Mason and Mitroff, 1981) is designed to reveal the core assumptions, values and beliefs which underpin the organisational reality. Figure 10.2 below summarises the key steps used in these workshops:

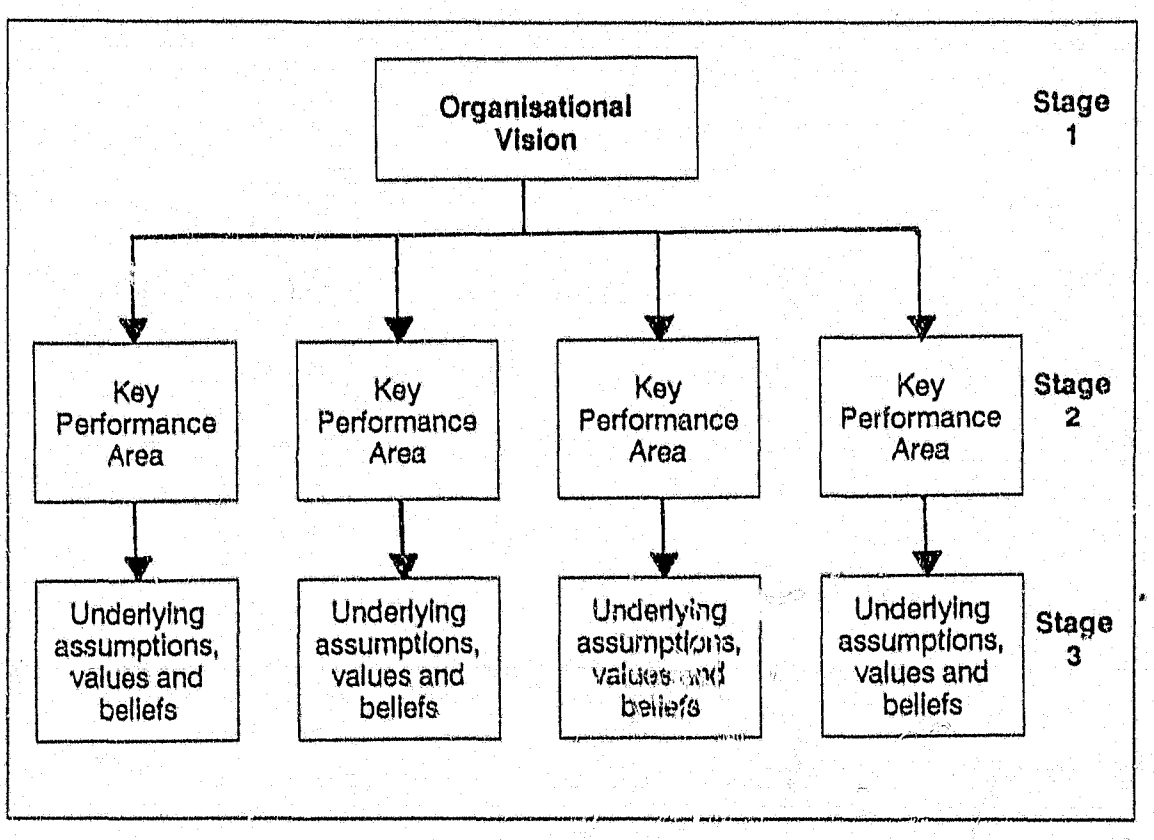


Figure 10.2: Surfacing of Assumptions, Values and Beliefs

Organisational Vision

The participants were asked to identify and define their shared vision of the organisation in its most ideal state. In other words, they were asked to reveal their understanding of what the "perfect" organisation would be like. In each instance, the participants were asked to discuss this vision in terms of their own organisations. Once the group had negotiated a mutually accepted version of the organisational vision, the workshop moved to the next stage.

Key Performance Areas

The participants were asked to identify those strategies and actions which would lead to the achievement of the organisational vision. These were called Key Performance Areas (KPAs). These were explained as actions and strategies designed to bring about change in the organisation-environment interface, as well as in the nature of the organisation itself.

Underlying Assumptions, Values and Beliefs

Once the KPAs had been agreed, participants were asked to define and agree on the underlying assumptions, values and beliefs. When these were identified, they were tested

for relevance in terms of their importance to the overall success of the organisation, as well as their degree of certainty. At this stage, the participants had an opportunity to consider the relationships between the vision and KPAs (strategies) on the one hand, and underlying assumptions, values and beliefs on the other.

The workshops offered the opportunity for participants to explore and discuss the concept of a cultural organisation. Through discussion and debate, the nature of the integrated organisation was identified and explained by the various organisational members. As in the case of the content analysis and unstructured interviews, they produced a version of the organisational reality as perceived by the organisational participants themselves.

Initial Concepts Generated from Target Population

The purpose of the fourth phase of the research design was to generate initial research concepts and themes from the target population. By means of content analysis, unstructured interviews and in-company workshops, the concepts and themes relating to "organisation" and "strategy" were explored amongst the sample companies. Each of these techniques approached the research area from a slightly different perspective. By triangulating the findings, a series of concepts was generated. These concepts represent the organisational reality as defined by the target population.

The list reproduced below is a summary and grouping of the concepts relating to "organisation" and "strategy". At this stage, they are not intended to reflect statistically calculated factors, and do not, therefore, convey the relative importance of the different concepts. Phase 4 was designed to reveal what possible concepts and themes exist, rather than their relative significance.

The two phenomena ("organisation" and "strategy") are sub-divided into several broad categories, each containing a list of concepts. These concepts are used as a major input into Phase 5, which is the refinement of the research concepts and themes.

Table 10.5 below presents the initial research concepts:

Table 10.5 List of Initial Research Concepts Generated From Target Population

Research Area : "Organisation"

1] Concepts relating to "Organisational Structure"

- The degree of vertical stratification within the organisation - how many discernible levels from the CEO to the lowest level.
- The degree of horizontal differentiation across the organisation - the extent of difference between various departments, divisions and functional orientations.
- The degree of centralisation - the extent to which decision-making and control is exercised by the CEO and his/her immediate subordinates.
- The degree of complexity ' the organisation - the extent to which different parts of the organisation face entirely d onditions and technologies and are subject to entirely different systems of control and oper ..
- The degree of uncertainty within the organisation - the extent to which the outcomes of tasks and actions may be predicted, planned and controlled.
- The nature of the specific organisational arrangements necessary to cope with the demands of the technology.
- The degree of formalisation within the organisation - the ext nt to which the nature of jobs is clearly and explicitly defined and controlled.
- The degree of autonomy within the organisation - the extent to which individual employees are free to make their own decisions.
- The degree of delegation within the organisation - the extent to which senior management is prepared and able to "pass" their authority down the hierarchy to allow less senior individuals to make decisions and control operations.
- The span of control of senior and middle management - the number of individual subordinates that senior and middle managers have directly responsible for and control over.
- The size of the organisation - the number of employees, size of turnover and assets, geographical spread and "economic significant" of the organisation.
- The degree of specialisation within the organisation - the extent to which individuals and departments have responsibility for very narrow and specialised concerns.
- The nature of the unit groupings - whether the organisation is designed so as to group together similar functions, similar markets or similar products.
- Efficient vs effectiveness - whether the organisation is designed to accomplish a large volume of a few repetitive activities, or a wide spread of very different activities.
- Individual vs team effort - whether the organisation is designed to promote individual effort or team effort.

2] Concepts relating to "Power"

- The concentration of authority - to what extent the lines of accepted authority converge on a few people within the organisation.
- Centralisation - the extent to which decision-making and control are exercised by a few individuals.
- Autonomy - the extent to which individuals are able to empower themselves to enable them to accomplish their organisational duties and objectives.

- Responsibility in power usage - the extent to which privileged organisational members exercise the use of their power in a "responsible manner" (as perceived by their subordinates).

3] Concepts relating to organisational "Control systems"

- Formalisation - the extent to which control is exercised by way of clearly defined and explicit role definitions.
- Autonomy - the extent to which individuals have the authority to exercise control over their own jobs and areas of responsibility.
- Professionalism - the extent to which individuals are controlled by way of standards and codes imposed by outside bodies to which they belong or by their own standards relating to their profession.
- Locus of control - the units in which control systems reside, i.e. at individual level, at department level, or at SBU level.
- Common vision - the extent to which common organisational vision and/or purpose provides a basis for control over the activities of individuals.
- Commitment and dedication - the extent to which a commitment and dedication to the organisation's values and ideals provides a basis for control over the activities of individuals.
- Level of analysis - the extent to which organisational problems and situations are analysed by well-defined processes before any decisions and/or actions are taken.
- Planning processes - the extent to which organisational strategy is decided by way of a formal, explicit planning process.

4] Concepts relating to organisational "Communication"

- Stratification - the number of levels through which communication has to be channelled in order to facilitate organisation-wide communication.
- Departmentation and differentiation - the extent to which communication takes place across different departments and functional operations.
- Formalisation - the extent to which communication takes place through formal and explicit channels such as memoranda, meetings and reports.
- Span of control - the number of subordinates a manager is responsible for communicating with on a regular basis.
- Access to information - the extent to which organisational information is made available to all members to enable them to make well-informed decisions.

5] Concepts relating to organisational "Change"

- Uncertainty - the extent to which future courses of action open to the organisation are unknown.
- Efficiency-effectiveness - the extent to which the organisation tends to focus on performing current activities very well, versus the tendency to try new things.
- Environmental responsiveness - the extent to which the organisation understands the needs of the environment and responds appropriately to it.
- Innovation and creativity - the extent to which the organisation is prepared to accommodate new approaches and procedures which hold a promise of improved performance.
- Strategic thinking - the extent to which an organisation is prepared to question basic assumptions and premises in an attempt to align itself more effectively with the environment.
- Technological readiness - the extent to which the organisation is prepared to adopt new technologies in order to maintain competitiveness.

- Action bias - the extent to which the organisation is prepared to experiment with new approaches by trying them out.

6] Concepts relating to "Decision-Making"

- Communication - the extent to which decisions are effectively communicated within the organisation.
- Departmentation - the extent to which decisions are made across departments and functions, i.e. the degree of consultation between departments and functions.
- Centralisation - the extent to which decisions are made by the CED and his/her immediate subordinates.
- Control - the extent of the control exercised over decision-making by way of prescribed procedures and reports.
- Autonomy - the extent to which individuals are able to make decisions that relate to the discharging of their organisational duties.
- Delegation - the extent to which managers give authority to their subordinates for decision-making on specific assignments and projects.
- Tolerance of mistakes - the extent to which individuals' mistakes are tolerated as a means of learning and gaining experience.
- Development of human resources - the extent to which decision-making by subordinates is regarded as a means of development.
- Paperwork and administration - the extent to which decision-making occurs within a context of back-up paperwork and administration.
- Analysis paralysis - the extent to which rigorous and time-consuming analysis precedes decision-making.
- Participation - the extent to which individuals are given the opportunity to participate in the decision-making of their unit or department.
- Sapiential decisions - the extent to which decisions are left and/or delegated to those who are most able to make them
- Information - the extent to which individuals who make decision have access to the relevant information.

7] Concepts relating to "Management and Leadership Style"

- Power usage - the manner in which management uses its organisational power.
- Centralisation - the extent to which the dominant coalition is comprised of only a few selected individuals.
- Organisational vision - the extent to which management processes a vision of the organisation's future.
- Risk profile - the degree that risk management is prepared to expose itself to, as well as the position of the overall organisation.
- Receptiveness - the extent to which senior management is prepared to listen and debate new ideas and suggestions from individuals in the organisation.
- Knowledge of environment - the knowledge and understanding that senior management have of the environment.
- Motivational ability - the ability of senior management to motivate the organisation, and to engender a sense of commitment and decision amongst organisation members.
- Tolerance - the extent to which senior management displays a tolerance for differences and alternative approaches amongst the organisational members.

- Tension produced - the extent to which the approach adopted by senior management creates stress and tension amongst organisational members.
- Excitement produces - the extent to which the approach adopted by senior management creates an exciting and vibrant atmosphere in the organisation.
- Good mentors - the extent to which senior management are perceived as being mentors from whom organisational members can seek advice.
- Flexibility - the extent to which the approach adopted by senior management is sensitive to the demands of different occasions.
- Values - the extent to which senior management is perceived to adhere to admirable values.
- Innovation and creativity - the extent to which senior management is perceived to display innovation and creativity in their management of the organisation.
- Tolerate mistakes - the extent to which senior management is prepared to tolerate "honest" mistakes by their subordinates.
- Marketing orientation - the extent to which senior management displays an orientation to the needs and trends in the market place.
- High standards - the extent to which senior management is perceived to hold and set high standards of performance for individuals in the organisation.
- Communication skills - the extent to which senior management displays effective verbal and non-verbal communication skills.
- Sell the vision - the extent to which senior management is able to communicate the organisational vision to all members, and to translate the vision into required behaviours.
- Balance stakeholers' claims - the extent to which senior management is able to balance the often contradictory claims made by different stakeholders of the business.
- Develop human resources - the extent to which senior management is actively involved in developing the organisation's human resources.
- Participation - the extent to which senior management involves the rest of the organisation in decision-making.
- Open-door - the ease with which individual organisational members are able to gain access to senior management.
- Role models - the extent to which senior management acts as a role model and leads the organisation by example.

8] Concepts relating to members' "Feelings about the Organisation"

- Uncertainty - the extent to which members feel uncertain about the future of the organisation, and their position within it.
- Professionalism - the extent to which members feel that they belong to an organisation which displays professionalism.
- Organic-mechanistic - the extent to which members feel that they belong to an adaptive and responsive organisation, versus an organisation which is rigid and unyielding.
- Vision - the extent to which members share the overall vision of the organisation.
- Risk profile - the extent to which members feel the organisation adopts a risk profile in its operations.
- Commitment - the extent of commitment and loyalty to the organisation.
- Stress - the extent of stress and tension experienced by members.
- Innovation and creativity - the extent to which members feel that the organisation values innovation and creativity in their work.

- Team orientation - the extent to which members feel part of the overall organisational team effort.
- Mistakes tolerated - the extent to which members feel that the organisation will tolerate their mistakes to enable them to learn and develop.
- People are important - the extent to which members feel that the human resources are a valued asset in the organisation.
- Racial tensions - the extent to which white members feel that [illegible] management's approach to "black advancement" has produced tensions between whites and [illegible]
- Racial discrimination - the extent to which black members feel that the attitudes and behaviours of white members are discriminatory.
- Excitement - the extent to which members feel that working in the organisation is exciting.
- Analysis paralysis - the extent to which members feel that the activities and creativity of the organisation are stifled by too much analysis.
- Participation - the extent to which members feel that they are consulted in decision-making.
- Support - the extent to which members feel they are supported in their work and private matters.
- Actualisation - the extent to which members feel they are given the opportunity to develop and realise their potential.

9] Concepts relating to the "Attitudes of the Organisation"

- Prepared to listen - the extent to which the organisation is prepared to listen to alternative viewpoints and outside opinions.
- Tolerance - the extent to which the organisation is prepared to tolerate mistakes and deviances as long as it believes the ultimate outcome will be beneficial to itself.
- Persistence - the extent to which the organisation believes in trying until success has been achieved.
- Long-term view - the extent to which the organisation takes a long-term view in strategic matters.
- Customer orientation - the extent to which the organisation believes that the customer's needs are of paramount importance.
- High standards - the extent to which the organisation sets high standards for performance.
- Power usage - the extent to which the organisation uses power responsibly.
- Racial differences - the extent to which the organisation is "colour-blind" and treats all employees equally.
- Affirmative action - the extent to which the organisation believes that blacks who were previously disadvantaged must now be given a "leg-up" to correct the inequality.
- Teamwork - the extent to which the organisation believes in promoting teamwork across all departments and functions.
- Goal orientation - the extent to which the organisation sets clear goals for its members.
- Respect for the individual - the extent to which the organisation believes in respecting the worth of each individual member.

Research Area: "Strategy"

1] Concepts relating to strategy "Formulation"

- Formal or informal strategy - the extent to which strategy is formal and explicit or informal and implicit.

- Responsive - the extent to which strategy is responsive and adaptive to changing environmental needs.
- Proactive - the extent to which strategy is proactive and actively attempts to shape the environment.
- Dominant coalition - the make-up of the dominant coalition who shape strategy.
- Innovation - the extent to which strategy is set in an innovative and creative way.
- Risk - the extent to which new strategy deviates from the historical approach in the industry and the organisation.
- Distinctive competency - the extent to which strategy actively attempts to develop organisational distinctive competencies which are used to achieve competitive advantage.
- Environmental scanning - the extent and sophistication of the environmental scanning activities which are used as input to the strategy formulation processes.
- Analytical techniques - the nature and extent of analytical techniques which are used for the formulation of strategy.
- Profitability - the emphasis given to organisational profitability in the formulation of strategy.
- Change - the extent of change proposed by the strategy.
- Environmental alignment - the need to align the organisation with the trends and needs in the environment.
- Synergy - the attempt to create synergistic effects between the various organisational components by planning the coordination process.
- Objectives-goals-plans - the emphasis and clarity of the organisational objectives, goals and plans.
- Utilisation of capacity - the influence of the need to optimise capacity utilisation in the formulation of strategy.
- Four "Ps" - the role of product, price, place and promotion in the overall formulation of strategy.
- Growth vector - the direction and emphasis of organisational growth and expansion.
- Competitive advantage - the "thrust" of the strategy which is designed to achieve competitive advantage in the market place.
- Social responsibility - the nature and emphasis of the role played by the organisation in the broader socio-political environment.
- Product portfolio - the nature and combination of the various products/services offered by the organisation in the market place.
- Market share - the extent of the market segment which the organisation aims to supply.
- Diversification - future technologies, products, customers and markets which the organisation wishes to grow into.

2] Concepts relating to strategy "implementation"

- Clearly defined goals - the extent to which the goals of the various units involved in strategy implementation have their goals clearly defined.
- Flexible and adaptive - the extent to which the implementation of strategy is flexible and adapts to changing organisational and environmental conditions.
- Clear vision - the extent to which a clear vision is articulated for the whole organisation as a means of coordinating the various organisational contributions.
- Distinctive competency - the existence of a meaningful competitive advantage as a result of particularly effective strategy implementation.

- Response time - the speed at which the organisation is able to implement a newly formulated plan or strategy.
- Control systems - the nature of the control systems used to ensure that implementation is "on track".
- Internal synergy - the effective and efficient coordination of the various departments and organisational units involved in the overall implementation of strategy.

3] Concepts related to "Product/Market Strategy"

- Cost-leadership - the strategy whereby the organisation attempts to be the lowest cost producer in the industry by developing experience curve benefits.
- Uncertainty - the degree of uncertainty, turbulence and change in the industry or market segment.
- Reactive-proactive - whether the organisation waits for a product/market to be defined and reacts to the opportunities, or whether it proactively "creates" the new product/market by innovating and leading.
- Competitor intensity - the extent of the competitor rivalry in the product/market; by way of the number of competitors as well as their relative competitive strengths.
- Definition of product/market - how the organisation defines its product/market, i.e. focus/niche strategy, multi-segment strategy, or mass market strategy.
- Customer relationships - the nature of the relationship(s) between the organisation and its customers, i.e. repeat purchases, or single purchases after long periods of negotiation and "courtship".
- Product/market life cycle - the length of the product life cycles in the industry; the stage at which the market is currently positioned.
- Change - the fluidity and change experienced in customer demands within the product/market.
- 4 "Ps" - the nature of the product, price, distribution and promotional strategies used to compete in the product/market.
- Product/process development - the nature of the R&D effort required to compete effectively in the product/market.
- Competitive issue - the nature of the predominant competitive issue that drives the success within the product/market.
- Price sensitivity - the degree of price sensitivity within the product/market.
- Product differentiation - the degree of product differentiation amongst the various products in the product/market.
- Growth rate - the extent of the present and predicted future growth in the market.
- Attractiveness of product/market - the opportunities for profitability and developing a competitive edge in the product/market.
- Barriers to entry/exit - the ease of entry into and/or exit from the product/market.
- Portfolio of products - the nature of the portfolio of products held by the organisation in a product/market.
- Market share - the share of market held by the organisation in a particular product/market.

4] Concepts relating to the "Finance" and "Administration" Functions

- Informal vs formal planning systems - whether the organisation has informal, ad-hoc planning practices, or whether the planning practices are formally structured and controlled.
- Environment scan - the nature of the systems and processes designed to obtain information from the organisational environment.

- Analytical techniques - the extent to which modelling and analytical techniques are used to assist in decision-making.
- Investment decisions - the major criteria used in the assessment of new projects and capital investment.
- Effectiveness measures - the nature of the criteria and measures used to determine organisational effectiveness, i.e. ROI, cash flows, market-share, shareholders' returns.
- Utilisation of capacity - the extent to which the overall organisational capacity is utilised in ongoing operations.
- Financial strategy - the strategies adopted towards growth, financing the business, dividends, stock and asset management.

5] Concepts relating to "Technology"

- R & D - the extent and nature of the organisational energy devoted to R&D.
- Cost reduction vs product differentiation - whether technological effort is primarily focused on process improvement and cost reduction, or on product improvements by way of new features and benefits.
- R&D focus - whether technological effort is directed towards applications specific to the organisation, or towards new technologies for the product/market.
- Innovation - the degree of creativity and innovation produced by the organisation's technological effort.
- Technology scanning - the degree of environmental scanning performed in order to keep up with technology trends and developments.
- Technological readiness - the ability of the organisation to accept and adopt new forms of technology which are designed to achieve a competitive advantage.

6] Concepts relating to "Manufacturing"

- Efficiency-effectiveness - whether the manufacturing process and system is designed for high volume, mass production of relatively standard product types, or highly specialised, customised products which are produced in lower quantities.
- Cost leadership - the emphasis given to low cost production through experience-curve benefits.
- Responsiveness - the extent to which the manufacturing system is flexible and able to change to meet the needs of different products and situations.
- Utilisation of capacity - the extent to which the manufacturing system is utilising its total capacity.
- Capital or labour intensive - whether the primary mode of production is people or machine intensive.
- Control systems - the nature and location of the manufacturing control systems.
- Manufacturing technology - whether the manufacturing process in the organisation is a mass production, batch or continuous technology.
- Labour skill levels - the level of skill required to staff the manufacturing system.

7] Concepts relating to "Environment"

- Predominant competitive issues - the nature of the skills and competitive stance required to perform effectively in the environment.
- Risk - the level of competitive and investment risk associated with the organisational environment.
- Competitor intensity - the number and relative strength of competitor organisations in the environment.

- Industry life cycle - the nature and length of the perceived industry life cycle; the stage at which the particular industry is in its own life cycle.
- Threat of new entry - the threat of new competitors entering the market.
- Buyer and seller power - the power of the major suppliers and customers of the industry.
- Labour - the nature of the labour market; mobility, skills available, scarcity of people, salary ranges, unionisation.
- Uncertainty - the degree of uncertainty within the broader environment with respect to legislation, social and political trends, economic scenario.
- Flux and change - the extent to which the environment is shifting and changing.
- Fragmentation - the extent to which the environment is best understood by breaking it down into discrete elements, each with its own set of conditions.
- Reactive-proactive - whether the organisation believes it can only react and adapt to the changing environment, or whether it has a role to play in shaping the nature of the environment by way of intervening in political, social, legal and economic matters.
- Social responsibility - the extent to which the organisation believes it has a role to play as a "corporate citizen" by way of helping to shape specific social and cultural events.

The 186 factors above, which were generated by the target population, are used as the input for phase 5 of the research design. Phase 5 fleshes them out into more precise research concepts and themes.

Phase 5 : Fleshing Out and Refining the Research Concepts and Themes

Introduction

The major purpose of the fifth phase of the research is to flesh out and refine the research concepts generated during the previous phase. This process is accompilshed by way of semi-structured interviews with company executives in the target population. As a result, the phenomena "organisation" and "strategy" may be represented by a number of coherent research themes which are generated by the target population. These themes, in turn, are subjected to data reduction techniques which enable the two concepts of "organisation" and "strategy" to be operationalised in the next research phase.

Some 23 semi-structured interviews were conducted during this phase. The structure used in the interviews is presented in Table 10.6 below:

Semi-structured Interviewing

Semi-structured interviewing is a research technique appropriate for the fleshing out and refining of concepts originally produced by more informal techniques such as observation and unstructured interviews (Simon, 1986). Its major advantage, from an interpretive perspective, is that its use reflects an awareness that individuals have unique and distinctive ways of defining their reality (Denzin, 1970). The basis for the interviewing approach used in this phase was provided by Merton's (1956) concept of a focused interview, as outlined by Bailey (1982).

Bailey (1982, p.200) points out that this form of interviewing uses topics and foci which are selected in advance, but that the actual questions are not specified. The respondent, therefore, is encouraged to react to open-ended questions, and produce his/her own definitions and explanations of the topics being probed. In this case, the topics were

defined as the phenomena "organisation" and "strategy". These topics, and the areas of focus and probing, are presented in Table 10.6 below.

Fleshing Out "Organisation" and "Strategy"

The fleshing out and refining of the research themes involved a three- stage process. Firstly, the original concepts generated by the target population were arranged into broad themes. In this case, the review of the literature provided guidance as to the commonly accepted groupings for the concepts. Secondly, these broad themes and topics provided the structure for a series of 23 semi-structured interviews with executives from the target population. Thirdly, the phenomena of "organisation" and "strategy" were fleshed out and refined into a number of coherent research themes, as viewed and defined by the target population. Figure 10.3 represents this three-stage process by way of a flow chart:

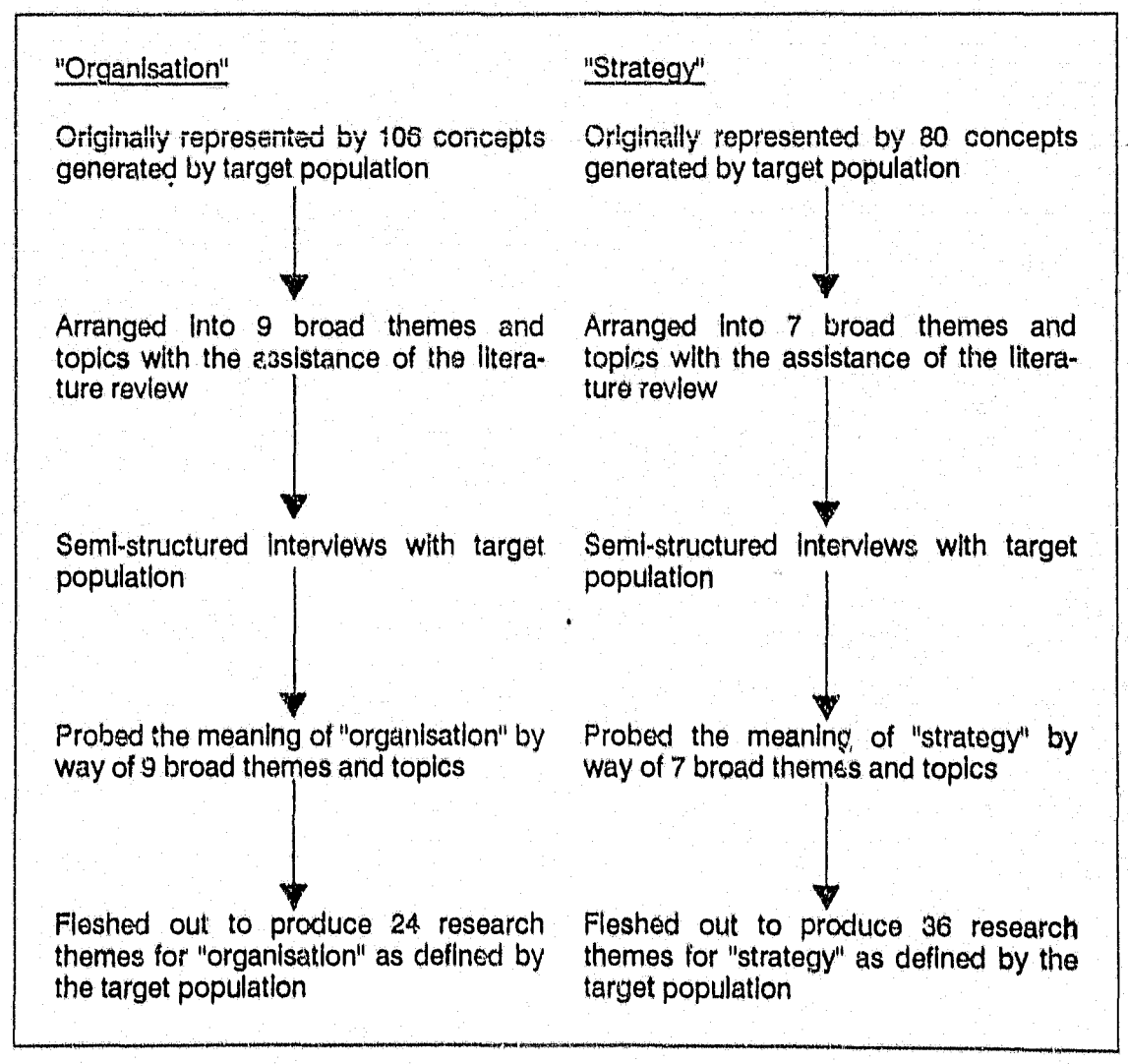


Figure 10.3: Fleshing out and Refining "Organisation" and "Strategy"

The interview structures and refined research themes are presented below as Tables 10.6 and 10.7:

Table 10.6 Structure for Semi-Structured Interviews

"Organisation"	"Strategy"
Respondents were asked to define, explain and elaborate on the concept of "organisation" with respect to the following themes and topics:	Respondents were asked to define, explain and elaborate on the concept of "strategy" with respect to the following themes and topics:
•The nature of *organisation structure;* what it represents, what contribution it makes to the organisation	•The nature of *strategy formulation;* how it can be described, what processes are used
•The *power structure* in the organisation; what it is used for, how it is used	•*Strategy implementation;* how is it defined, what are the key success factors
•The *control systems* in the organisation; what they consist of, what their objectives are .	•*Product/market strategy;* how is it defined, what are the important components that should be addressed
•*Organisational change;* how it occurs in the organisation, when and why it occurs	•*Finance and administration functions;* what roles are played by these functions, what are the criteria against which they are judged.
•*Decison-making;* who is involved, what processes are used	•*Technology;* the nature of the technology in the organisation, the major focus of the technology in the organisation
•*Management/leadership style*; how can it be described, what impact does it have on the organisation	•*Manufacturing*; the major elements of the manufacturing system, the integration of the manufacturing system and its goals within the organisation
•*Feelings about the organisation;* what do members feel about the organisation, how important these feelings are to organisational effectiveness	•*Environment;* how the environment is defined, the impact of the environment on the organisation, opportunities and threats provided by the environment
•*Attitude of the organisation to members;* how may it be described, how important is it to organisational effectiveness	
•*Communication within the organisation;* how it occurs, what purpose it serves	

Table 10.7 Fleshed-out and Refined Research Themes for "Organisation" and "Strategy"

"Organisation"

- the extent of the vertical and horizontal differentiation and stratification within the organisation
- the degree of centralisation/decentralisation of decision-making through the organisation
- the extent of perceived stability/continuous change being experienced in the organisation
- the extent to which emphasis is placed on individual/team effort through the organisation
- the objectives and nature of the usage of organisational power by the organisation's manager and/or leader
- the extent to which the organisation is aware of and committed to a shared vision and goal for the future
- the nature of the commitment, dedication, loyalty and motivation experienced by organisational members
- the extent to which the organisation relies on rigorous analytic process versus the feelings, experience and entrepreneurial vision of management
- the extent to which the organisation is open to considering alternative courses of action, and therefore, to change
- the tolerance shown to employes who make mistakes, or who deviate from commonly accepted organisational norms
- the speed at which decision-making is conducted
- the degree of involvement that employees have in the decision-making process
- the extent of the risk that the organisation is willing to expose itself to in new ventures and changes
- the responsiveness of the organisation to internal organisational matters versus external concerns in the product/market or broader environments
- the extent to which employes are subjected to stress and tension in their working environment
- the extent to which the organisation is concerned primarily with manufacturing and technological concerns, versus concerns with the customers and market-place
- the amount of genuine organisational effort allocated to the development of its human resources
- the accessibility of senior management to their subordinates and lower-level personnel
- the degree of formality/informality in the organisation, as experienced by its members

- the extent to which different and/or minority (in the organisational sense) race groups are accepted and tolerated by the members of the organisation
- the amount of management effort and attention primarily focussed at human matters and affairs
- the nature of the performance/reward link; whether reward is primarily linked to performance or to tenure
- the nature of the major activity performed within the organisation
- the degree of certainty/uncertainty within the organisational environment

"Strategy"

- whether strategies are stated formally and explicitly, or whether they remain informal and implicit
- the degree of environmental responsiveness the organisation displays in strategy formulation and implementation
- the degree of proactiveness the organisation displays in formulating and implementing strategy
- the nature of the distinctive competency/competitive advantage that the organisation possesses
- the reliance and emphasis on analytical techniques to set strategy
- the extent to which overall product/market strategies change on an ongoing basis
- the nature of the particular growth/expansion/diversification vector that the organisation has decided to grow along
- the extent to which the organisation displays a social responsibility to its broader environment
- the nature of the portfolio of products held by the organisation
- the share of market held by the organisation in its various product/markets
- the flexibility portrayed in the setting/formulation and implementation of strategy
- the systems and criteria for control used during the strategic process
- the extent to which the organisation is the lowest cost producer in the product/market or industry
- the extent to which the organisation is also to develop differentiated products and services
- the nature of the competitive conditions in the product/market or industry
- the degree of competitor intensity in the various product/markets or industry
- the attractiveness of the industry in terms of its ease to gain a competitive advantage and to make acceptable profits
- the nature of the customer relationships the organisation develops in the product/market or industry
- the nature of the product category, product/market or industry that the organisation competes in

- the emphasis and focus of R&D activities within the organisation
- the nature of the technologies used by the organisation
- the extent of capital intensivity within the organisation and the product/market
- the degree of price sensitivity of the product/markets being served
- the extent of the barriers to exit and entry in the product/markets being served
- the length of the time horizons being used to set and evaluate strategies
- the flexibility displayed by the organisation in considering and adopting new strategies
- the level of skill required by the various levels of personnel in the organisation
- the predominant competitive issue in the product/markets and industries being served
- the degree of uncertainty which exists in th environment with regard to the behaviour of competitors, technological development and buyer behaviour
- the extent to which the organisation is diversified and competes in unrelated product/markets
- the make-up at the dominant coalition who set the organisational strategy
- the emphasis placed on productivity and other measures of efficiency within the organisation
- the emphasis placed on creativity and innovation within the organisation
- the creation and development of synergies between the various functional units in the organisation
- the scope of the product/market focus
- the extent to which an overall strategic vision is shared by the whole organisation

The research themes presented above reflect the definitions and understanding of the phenomena "organisation" and "strategy", as expressed by the target population. They form the basis for the operationalisation of the two concepts. This is the focus of Phase 6 of the research design to which we now turn our attention.

Phase 6 : Operationalising the Research Variables

Introduction

Phase 6 of the research design has three major objectives. Firstly, the data generated in the previous phase is reduced to more manageable proportions. Secondly, "organisation"

and "strategy" are operationalised in a way which makes them amenable to field research. Finally, the objectives of the research are restated in terms consistent with the operationalised variables.

Data Reduction Processes

The process of factor analysis was used to reduce and summarise the data generated during the previous two phases. Factor analysis is a generic name given to a class of techniques whose main purpose is the reduction and summary of large data sets (Green and Tull, 1978, p.419). Its major purpose, in this research, was to reveal the underlying constructs and factors which may be used to describe the large data set generated by the earlier field work.

By comparing and analysing the relationships which exist amongst a number of variables, this technique allows the researcher to produce a smaller set of factors, made up of combinations of the original variables, which effectively summarises the data (Bailey, 1982, p.373). The specific technique used for data reduction in this research was the process of Principal Components Analysis (Green and Tull, 1978, p.429). However, in order to interpret the data meaningfully after the reduction process, a technique of rotation was also employed (Green and Tull, 1978, p.431). This allowed for improved interpretation of each factor, as the variables were associated more strongly with some factors and less so with others.

Operationalising by Use of Typologies

As discussed in the introduction to this chapter, the concept of typologies is used to describe and operationalise the research phenomena as it offers a holistic basis for the analysis of organisations and their strategies. As Miller and Friesen (1977) point out, the concept of the organisational gestalt is best captured through the use of typologies and archetypes.

In comparing alternative approaches to operationalising organisational strategy, Hambrick (1980) points out that the use of typologies reflects the comprehensiveness and integrated nature of organisations and their strategies. In addition, it is suggested that typologies are particularly useful in theory building and in demonstrating broader generalisability of the phenomena being studied (Hambrick, 1980).

Miles and Snow (1978) point out that organisations may be thought of as means and ends, in that they have a degree of internal consistency (Miles and Snow, 1978). The adaptive cycle, the means whereby the organisation both creates and reacts to the environment, ensures that this internal consistency is maintained (Miles and Snow, 1978, p.21). Miles and Snow operationalise organisations and their strategies by developing a typology of four archetypes, and argue that this methodology reflects the internal consistency most accurately (Miles and Snow, 1978).

Frye (1973) argues that archetypes, usually arranged into typologies, represent the most powerful images of universal character types. Using this assumption, Mitroff (1983) shows how archetypes and typologies may be used to understand the holism and integrated nature of groups and institutions.

The research design of this dissertation has adopted the concept of organisations arranged into a typology in order to operationalise the key variables. "Organisations" and "strategies", as determined by the target population, were operationalised into four archetypes, each consistent with one of four "world views" presented in the previous chapter.

Reducing and Summarising the Data on "Organisation" and "Strategy"

The reduction and summary of the data on "organisation" and "strategy" was a three-stage process. Firstly, the fleshed-out and refined research themes for "organisation" and "strategy" were built into a pilot questionnaire in which the respondents were requested to indicate the relative importance of each factor. Secondly, the pilot questionnaire was administered to managers in the organisations which participated in the earlier research (Phases 4 and 5). This was done to identify the relationships between the various themes and to summarise them into a smaller number of key factors. Thirdly, the data produced was subjected to factor analysis in order to extract the key underlying factors which might be used to describe the phenomena "organisation" and "strategy". This is best reflected by way of a flowchart in Figure 10.4 below:

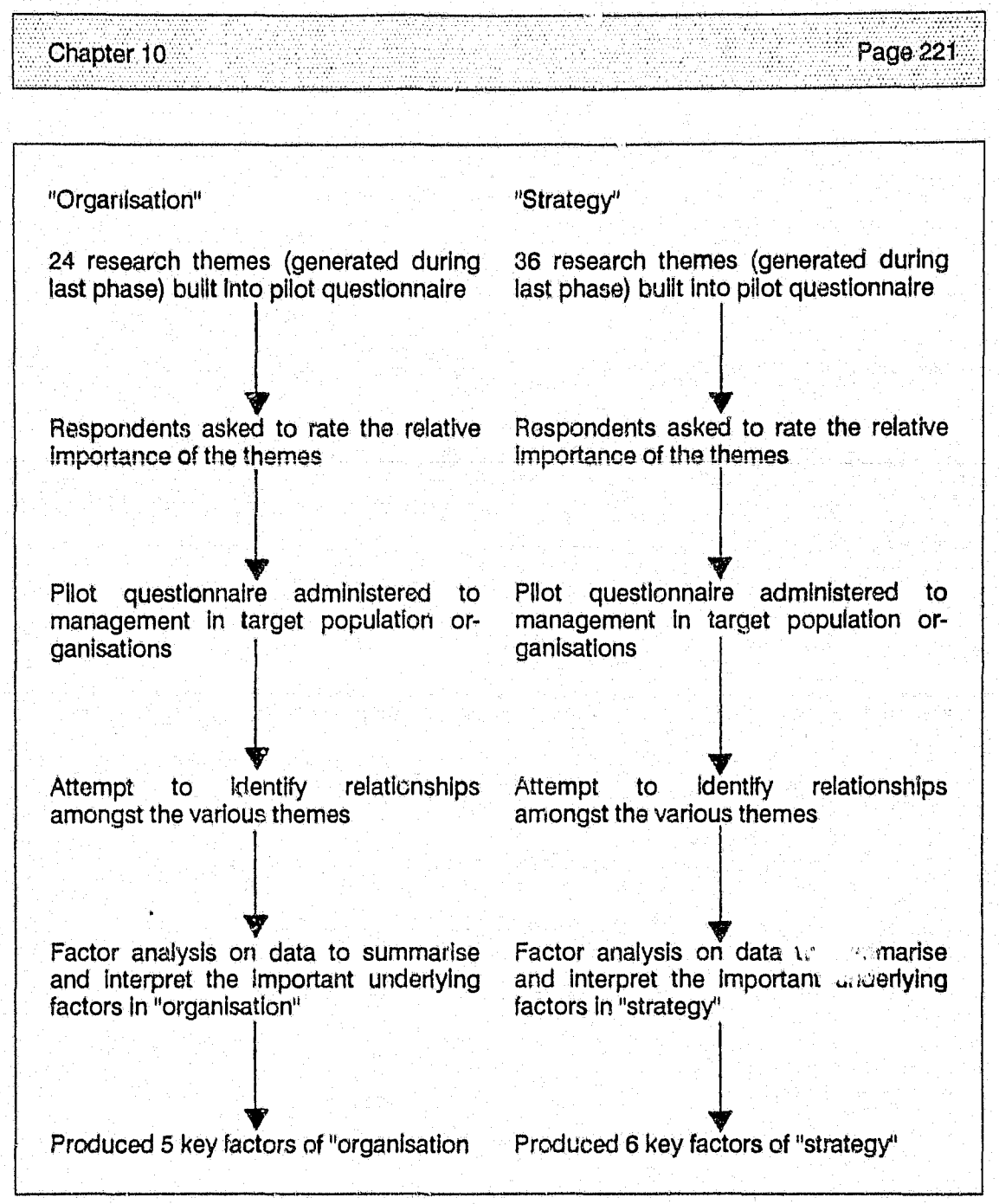


Figure 10.4: Summarising and interpreting the data on "Organisation " and "Strategy"

The pilot questionnaire was developed by listing the 60 research themes (24 = "organisation", 36 = "strategy") generated during Phase five. Respondents were requested to rate the relative importance of the 60 themes according to a four-point scale. (See Appendix 6 for an example of the pilot questionnaire and covering letter). The pilot questionnaire was administered to the management of organisations who had originally indicated their willingness to participate in Phases 4 and 5. Fourteen of the 21 original companies in the initial sample agreed to participate in the pilot questionnaire, and a total of 164 responses were received.

In each case, the questionnaires were administered to managers at levels of seniority equivalent to Paterson bands "D", "E" and "F". (See Appendix 7 for an explanation of these levels, and their equivalents in other job-evaluation schemes). These management levels have a major claim on the organisational frame of reference and strategic agenda. It is noted, however, that a more complete version of organisational reality would have been obtained by indicating lower level personnel in the various phases of the research. Unfortunately, this would have presented almost insurmountable research problems by having to cater for differences in language, levels of literacy and geographic dispersion. Nevertheless, it is acknowledged that the organisational reality this produced may be limited to the perspective of management, and the interpretation of the findings should take cognizance of this.

The 164 responses were subjected to data reduction and interpretation through the processes of factor analysis. The following steps were undertaken:

a) Construction of a correlation matrix showing the relationships between the 24 research themes of "organisation", and between the 36 research themes of "strategy". (See Appendices 10 and 11 for the correlation matrices of "organisation and "strategy".)

b) The two data sets were subjected to principal component analysis in order to extract the important underlying factors of each of the two research phenomena. (See Appendices 12 and 13 for the principal component analysis of the two data sets.) In the case of "organisation", six factors were initially retained to describe the data set, while nine factors were retained for "strategy".

c) The retained factors of the original two data sets were subjected to varimax rotation to improve the interpretation of the remaining factors. By orthogonally rotating the six and nine factors of "organisation" and "strategy" respectively, a new set of factors was produced. These new factors account for the same total variance as the previous factors produced under the principal components procedure, but are more easily interpreted because the technique is designed to allow each variable to be associated strongly with only one factor (Green and Tull, 1978, p.432). (See Appendices 14 and 15 for the varimax rotation data).

d) The important, underlying factors for "organisation" and "strategy" were interpreted. As Appendices 14 and 15 indicate, five and six factors emerged to respectively

describe the research phenomena of "organisation" and "strategy". After interpreting the meanings of the various factors by analysing the strongly associated variables in each case, the meanings of these factors emerged.

Interpreting The Data On "Organisation" And "Strategy"

The interpretation of the factors associated with "organisation" and "strategy" are those factors that may be used to describe the research phenomena. More importantly, from the perspective of this research, these factors describe the way that the target population understands and defines "organisation" and "strategy". Thus, they may be used to operationalise and measure these phenomena amongst the target population. Table 10.8 presents these factors:

Table 10.8 Interpretation of the Factors Associated with "Organisation" and "Strategy"

"Organisation"	"Strategy"
•The way organisational *members feel about the organisation* and its values * what is the central thrust of the organisation? * what are the most important values of the organisation?	•The nature and number of *product/markets* * how many product/markets? * how are they selected?
•The *nature and frequency of strategic change* in the organisation * how frequently does strategic change occur? * what are the reasons for the change occurring, or not occurring?	•The *competitive conditions* in the environment * what degree of uncertainty? * what degree of risk? * what degree of competitor intensity?
•The nature of *management/leadership style* in the organisation * what are the most important functions of the management/leadership? * what do they spend most of their time doing?	•The *competitive thrust* of the organisational strategy * what is the organisation's distinctive competency? * what is the organisation's competitive advantage?
•The *decision-making process* in the organisation * what processes are used? * who is involved in decision-making? * what is the speed of the process?	•The organisational *technology* * what are the characteristics of the technology? * what can it be used for strategically?
•*Organisational structure* * what types of behaviour patterns are reflected? * what does the structure attempt to accomplish?	•The *strategy formulation* process * what processes are used? * how quickly does strategy respond to environmental and competitive conditions?
	•The *strategy implementation* process * how efficiently and effectively does implementation occur? * what is the nature of the implementation process?

Operationalising "Organisation"

"Organisation" is operationalised by building the five key factors into a self-administered questionnaire.

The questionnaire is attitudinal (Simon, 1986), in that it seeks to tap the respondent's subjective feelings, ideas and beliefs relating to the area of inquiry (Backstrom and Hursh, 1963). Each factor is represented by four statements and each of the four statements conforms to one of the archetypical organisational forms discussed in the previous chapter (Hierachical, Developmental, Rational and Group). Respondents were asked to rank the four statements in the order that they were seen to apply to their specific organisation. The four statements relating to each of the factors, therefore, were arranged and represented as ordinal variables. Bailey (1982, p.133) points out that the use of ordinal variables and scales is well-suited to questions of attitude and opinion.

The 20 statements (5 factors x 4 organisational forms) are presented in Table 10.9 below and the questionnaire and covering letter appear in Appendix 8. Note that, in each case, the statements reflect the specific orientation of one of the four organisational forms:

Table 10.9 Statements Relating to the Four Organisational Forms

Factor 1:	**The Central Thrust Of The Organisation**
Hierarchical:	The organisation I work for is characterised by a concern for the maintenance of an orderly and stable work environment so as to provide continuity.
Developmental:	The organisation I work for is characterised by continuous expansion and readiness-to-change so as to maintain a dynamic relationship with the environment.
Rational:	The organisation I work for is characterised by formal planning and analytical techniques in dealing with the environment, so as to maintain optimum productivity and efficiency.
Group:	The organisation I work for is characterised by a concern for the development of its human resources, so as to maintain commitment and loyalty from employees.

Factor 2:	**The Nature And Frequency Of Organisational Change**
Hierarchical:	In this organisation, strategies are changed infrequently, after the facts and details show without any doubt that the situation in the environment has changed.
Developmental:	In this organisation, strategies are changed frequently, because the environment is continually shifting and producing new opportunities and threats.
Rational:	In this organisation, strategies are fine-tuned and modified on an ongoing basis, as the planning process reveals clear trends in the environment.
Group:	In this organisation, strategies are changed infrequently, after many opinions have been sought and we are certain that the changes will benefit the organisation and its people.
Factor 3:	**The Management/leadership Style In The Organisation**
Hierarchical:	In this organisation, management is primarily concerned with monitoring output and behaviour, and spends most time providing information and maintaining the required structures.
Developmental:	In this organisation, management is primarily concerned with providing overall purpose and direction to the organisation, and spends most time envisaging change, expansion and new opportunities.
Rational:	In this organisation, management is primarily concerned with the achievement of goals and objectives, which have been set, and spends most time providing structure and initiating action amongst employees.
Group:	In this organisation, management is primarily concerned with the creation of good morale and cohesion amongst employees, and spends most time acting as mentors and facilitators to subordinates.
Factor 4:	**The Decision-making Processes In The Organisation**
Hierarchical:	In this organisation, decision-making is a highly systematic and analytical process which involves only the senior management, and generally takes place slowly.
Developmental:	In this organisation, decision-making is a flexible and ad-hoc process which involves anyone who has a contribution to make, and generally takes place very quickly.

Rational:	In this organisation, decision-making is a formal and analytical process, which involves all the relevant people in relevant functions, and generally takes place reasonably quickly.
Group:	In this organisation, decision-making is a participative and consensus-based process which involves anyone who is interested in the issues being considered, and generally proceeds slowly.
Factor 5:	**The Nature Of The Organisational Structure**
Hierarchical:	The structure in this organisation is highly centralised and formal, and is designed to produce an efficient usage of the organisational resources.
Developmental:	The structure of this organisation is informal and has no clear pattern, and is designed to maintain a high readiness-for-change.
Rational:	The structure of this organisation is logical with explicit, with clear lines of authority, and is designed to produce an efficient reaction to the needs of the environment..
Group:	The structure of this organisation is decentralised with broad job responsibilities, and is designed to facilitate team effort and cohesion amongst employees.

Prior to the questionnaire being administered to the full sample, it was pre-tested on a small portion of the sample. Respondents in the pre-test were required to complete not only the questionnaire, but also a response-sheet to indicate their evaluation of the questionnaire. Specifically, the clarity and ease of cmpletion of the questionnaire was tested. The evaluation response-sheet appears in Appendix 8.

After processing the data from the pre-test sample, it became apparent that a high proportion of responses indicated a dominance of the "rational" orientation. Since the pre-test sample contained a selection of companies that were considered to include a variety of organisational types, the apparent bias towards "rational" orientation was felt to be attributable to other causes. After discussion with the respondents, it became obvious that the "rational" orientation was often chosen as the most applicable description because it represented a supposedly desired state of affairs by the predominantly management-level respondents.

Notwithstanding the potential bias that this sample might contain, on closer inspection it was found that, although the "rational" orientation was often dominant, the relative positioning of the other orientations varied considerably. This pattern suggested that the scores could not be interpreted at face-value only, and that further probing and discussion would be necessary to uncover the orientation of the organisations in the sample.

Operationalising "Strategy"

"Strategy" is operationalised by way of building the six key factors into a typology of four strategies.

The typology consists of four archetypical organisational strategies, each consistent with one of the organisational forms presented in the previous chapter (Hierarchical, Developmental, Rational and Group).

Typologies of archetypical strategies are viewed as useful constructs for communicating the comprehensive and integrated nature of organisational strategies (Miller and Friesen, 1977; Miles and Snow, 1978; Snow and Hrebiniak, 1980; Hambrick, 1980). Perhaps more importantly, from the perspective of this research, is the fact that typologies of strategy are particularly useful for communicating the concept of strategy to executives and organisational participants (Hambrick, 1980; Snow and Hambrick, 1980). In addition, in testing the research attributes of the Miles and Snow (1978) strategic typology, Hambrick (1983) notes that it is particularly useful and effective in producing meaningful distinctions between various organisations.

The construction of the strategic typology in this dissertation was particularly influenced by the efforts of Miller and Friesen (1977) and Miles and Snow (1978). By empirical observation, both sets of researchers develop typologies of strategic archetypes and convey the notion of organisational strategy as a gestalt. The Miles and Snow (1978) typology is particularly instructive, and its Prospector, Analyser and Defender types bear a close resemblance to the Developmental, Rational and Hierarchical organisational forms.

The typology of strategies was constructed to allow the typing of organisations by external observers. It also allowed the managers of a particular organisation to type their own organisations, so producing the important triangulation benefit (Snow and Hambrick, 1980). A final, but important, benefit of this method of operationalisation, is that strategies

were evaluated as they manifest themselves in the organisation and environment. This is consistent with the view adopted of realised strategy as opposed to intended strategy, and the notion that strategy is a manifestation of the organisation.

The four archetypical strategies are presented as Table 10.10.

Table 10.10 Typology of Organisational Strategy

Type I Strategy	
(Factor 1) Product/Markets:	The organisation operates in a few stable and well-defined product/markets which are generally chosen on the basis of the organisation being able to master the required technology.
(Factor 2) Competitive conditions:	The competitive conditions are characterised by low levels of uncertainty, competitor intensity and risk.
(Factor 3) Major competitive thrust:	The major competitive thrust of the organisation is to maximise its operational efficiencies so as to be able to deliver low prices and "value for money" to its customers.
(Factor 4) Technology base:	The technology base is essentially well known and traditional for the industry, and is designed for the production of large volumes of relatively standard products at low cost.
(Factor 5) Strategy formulation:	The strategy planning is cautious and conservative, and is generally slow to respond to new opportunities in the environment.
(Factor 6) Strategy implementation:	The organisation is slow, but efficient in its implementation, and is able to do a few things very well.
Type II Strategy	
(Factor 1) Product/Markets:	The organisation operates in many new and different product/markets which are generally chosen on the basis of the growth and expansion possibilities provided.
(Factor 2) Competitive conditions:	The competitive conditions are characterised by high levels of uncertainty, competitive intensity and risk.

(Factor 3) Major competitive thrust:	The major competitive thrust of the organisation is innovation, creativity and the entrepreneurial exploitation of new product/market opportunities.
(Factor 4) Technology base:	The technology base is essentially new and unknown to the industries, and is designed for the exploitation of new and untested opportunities.
(Factor 5) Strategy formulation:	The strategy planning is fast, innovative and flexible, and is generally quick to respond to new opportunities and threats.
(Factor 6) Strategy implementation:	The organisation is fast, but often inefficient in its implementation, and generally provides creative approaches to its many activities.
Type III Strategy	
(Factor 1) Product/Markets:	The organisation operates in a few carefully selected product/markets which are generally chosen on the basis of their stability and long-term profitability.
(Factor 2) Competitive conditions:	The competitive conditions are characterised by low levels of uncertainty, and high levels of competitor intensity and risk.
(Factor 3) Major competitive thrust:	The major competitive thrust of the organisation is the thorough analysis and planning of all aspects of its activities to ensure maximum productivity and efficiency.
(Factor 4) Technology base:	The technology base is essentially standard, but is applied to a wide range of product/markets where relatively high levels of capital intensiveness are required.
(Factor 5) Strategy formulation:	The strategy planning is highly structured and analytical, and generally provides a relatively quick, well considered response to new opportunities.
(Factor 6) Strategy implementation:	The organisation is efficient in the implementation of its plans, and generally provides a well-balanced service to its product/markets.
Type IV Strategy	
(Factor 1) Product/Markets:	The organisation operates in a few carefully selected product/markets which are generally chosen on the basis of the organisation's ability to serve them well.
(Factor 2) Competitive conditions:	The competitive conditions are characterised by high levels of uncertainty, and low levels of competitor intensity and risk.

(Factor 3) Major competitive thrust:	The major competitive thrust of the organisation is the establishing and maintaining of long-term relationships with customers which are of benefit to both parties.
(Factor 4) Technology base:	The technology base is essentially varied and contingent upon product/market needs, and is designed to undertake projects on behalf of customers.
(Factor 5) Strategy formulation:	The strategy planning is participative and slow, and generally provides a relatively slow response to environmental opportunities and threats.
(Factor 6) Strategy implementation:	The organisation is fast and effective in its implementation, and generally provides a high quality of product and service to its product/market.

The typology of strategies presented above was built into an "Organisational Strategy Typing Form" which served as the measuring instrument for organisational strategy. Respondents were asked to type organisations according to the dominant strategy displayed. The full typing form, along with the instructions to respondents, is included as Appendix 9. Note that the various strategies are <u>not</u> labelled "Hierarchical", "Development", "Rational" or "Group" as these names may have biased the responses.

Restating the Research Problems

The overall purpose of the research is to represent organisations as integrated wholes. The major research proposition is that the underlying assumptions, values, beliefs and physical manifestations of organisations are all consistent with each other. This was expressed, in the previous chapter, by identifying strategy as a manifestation of the organisation, and showing its relationships with the underlying assumptions, values and beliefs. Despite the "systems" connotation, it is necessary to show the "alignment" of a physical manifestation such as strategy with the organisation in order to demonstrate an overall gestalt. The general research propositions may now be restated more formally:

Proposition 1

Because organisations are integrated wholes (gestalts), the underlying assumptions, values, beliefs and physical manifestations of a particular organisation display internal consistency. Because strategy is a manifestation of the organisation, the nature of a specific organisational strategy is consistent with the nature of the organisation.

1.1: Type I Strategies are associated with Hierarchical Organisations.

1.2: Type II Strategies are associated with Developmental Organisations.

1.3: Type III Strategies are associated with Rational Organisations.

1.4: Type IV Strategies are associated with Group Organisations.

Proposition 2

Because organisations which are <u>not</u> internally consistent cannot be considered integrated wholes or gestalts, these organisations are less effective than organisations who <u>are</u> internally consistent.

2.1: In terms of the sample frame measure of economic performance, companies whose "strategy" is consistent with their "organisation" show superior performance compared with companies whose "strategy" is inconsistent with their "organisation".

The research propositions form the basis for the next phase of the research design; the testing and extending of the research.

Phase 7 : Testing and Extending the Research Project

Introduction

The major objective of the seventh phase is the testing of the research propositions in the target population. This involves the portion of the original sample generated for this phase and includes 37 companies.

As discussed in Phase 2, all 198 companies in the sample frame were contacted. Each CEO was sent a covering letter (Appendix 2) and an outline of the project (Appendix 3), as well as a reply-paid card on which to indicate willingness to participate (Appendix 4). By confirming their participation, each of the 37 companies indicated their willingness to

complete the questionnaire, grant an interview with the CEO and allow selected members of staff to participate in informal discussions with the researcher. In addition, the reply-paid card made provision for the CEO to nominate a "contact" person with whom the necessary administrative arrangements could be made.

After receiving the reply-paid cards, the "contact" person was approached and the multi-stage process of testing the research propositions began. This process is best represented by way of the flow-chart in figure 10.5 below:

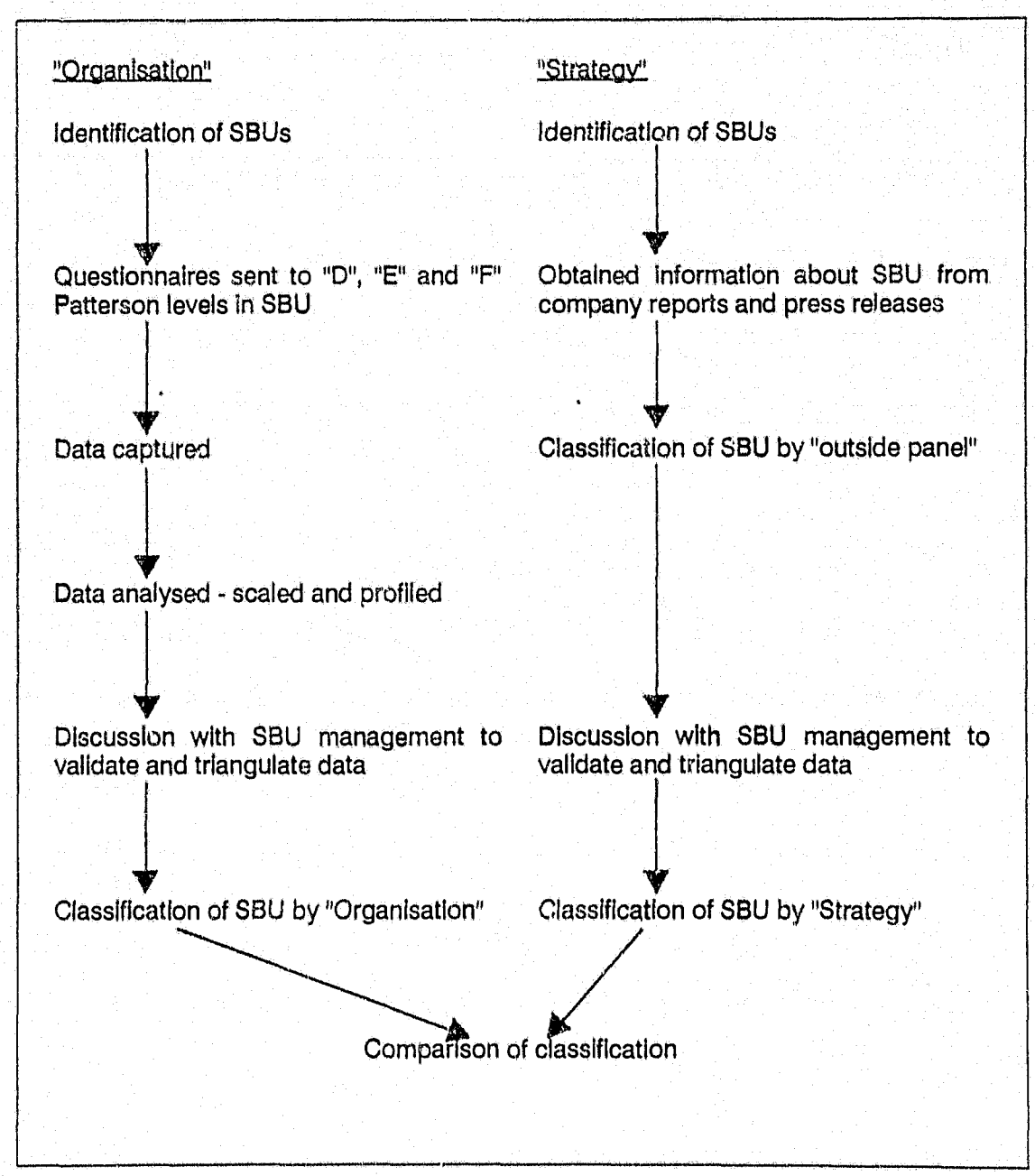


Figure 10.5 Measuring "Organisation" and "Strategy" amongst the Target Population

Measuring "Organisation"

A number of stages were involved in this process:

Identification of SBUs

Because the research focuses on strategy at the business level, the first stage was the identification of SBUs within the companies in the sample.

An interpretive perspective was adopted for this process, in that the management of the target population was asked to identify and define the SBUs in their own organisations. Despite the elaborate guidelines that exist to assist in identifying SBUs (Hofer and Schendel, 1978; Abell, 1980), the viewpoint of the organisational participants was considered more in-keeping with the overall objectives of the research.

A total of 59 SBUs were identified, and these became the subjects for the seventh phase of the research.

Questionnaire Completion

Questionnaires were completed by SBU managers at the "D", "E" and "F" Paterson bands. (See Appendix 7 for explanation). These were returned, unopened by the company, directly to the researcher.

In each case, the name of the SBU and the function of the respondent was recorded. Nevertheless, each respondent was guaranteed complete confidentiality, and in no way was any individual response or SBU linked directly with the findings.

Data Analysis

The responses were captured per SBU. See Appendix 16 for these raw scores. Once all the responses had been collected, the scores for each SBU were converted into interval scales by way of the Thurstone Case V method (Green and Tull, 1978, p.179). See Appendices 17, 18 and 19 for a presentation of this data.

Validation of Data with SBU Management

Once the data from the "organisation" questionnaire had been processed, discussions were held with the management of the SBUs in order to validate the data.

The purpose of the discussions with the SBU management was to obtain additional information about the organisation. Although the five factors of "organisation" were generated from the same target population and were therefore representative of the organisations being researched, this data was obviously of an aggregated nature. In other words, it was not always possible to reveal all the nuances and subtleties of organisations only by using questionnaires such as the one designed for this research. The discussions enriched the findings and filled in many of the gaps, in line with the need to use qualitative as well as quantitative measuring instruments. The additional information also served to explain some of the apparent anomalies in the data and enhanced the overall understanding of the "organisation" measure.

Consequently, the classification of individual SBUs was not simply made on the basis of the profiles, but rather by comparing the particular profile with the pre-test results and through discussion with the senior management of the organisations.

Classification of SBUs

The questionnaire data and the information provided by management enabled the individual SBUs to be classified according to the archetypes presented in the previous chapter. This process is described in the following chapter, and the completed classifications are found in Table 11.2.

Measuring "Strategy"

As per figure 10.5 above, the following stages were involved:

Identification of SBUs

The same procedure was employed as for the measurement of "organisation", and the same 59 SBUs were used.

Information on SBUs

For each of the SBUs, information was collected on their strategies from their annual reports, press releases (See Appendix 5) and other relevant documents. Because this information was to be used for the strategic classification of each of the SBUs, the development of "blind descriptions" for each of the sample members was considered. This would have presented all the relevant information on the SBUs without revealing their identity.

However, in most cases the description was so revealing, and the specific SBU so unique to the industry, that its identity could not effectively be concealed. As a result, it was felt that little point would be served by concealing identity. Despite the potential bias in revealing the identity of the SBUs and companies in the sample (Snow and Hambrick, 1980), it is believed that the constitution of the panel would counteract most of this potential bias.

Strategic Classification by Panel

A panel of seven "external observers" was assembled by the researcher. The panel consisted of two academics, two businessmen, a stockbroker, an MBA student and a member of the financial/business press. Each panel member was given a copy of the "Organisational Strategy Typing Form" (see Appendix 9), and the typology was explained. In addition, each panel member was presented with the information on the 59 SBUs and asked to classify them according to their dominant strategy. The researcher also classified these SBUs according to the same criteria.

The classification produced, as well as the inter-rater reliability of the panel, may be found in Table 11.3 in the following chapter.

Validation of Data with SBU Management

When the data on "organisation" was presented and discussed with the SBU management, they were asked to validate the data against their respective strategic classifications.

As in the case of "organisation", the data on the strategy of each SBU was enriched by way of discussion with the SBU management. These findings are explained in greater detail in the following chapters.

Classification of SBUs

After confirming the findings with the SBU management, SBU strategies were classified according to the strategic typology presented in Table 10.10 above. See Table 11.3 in the next chapter for the detailed findings.

Classification of "Organisation" and "Strategy"

The outcome of the seventh phase is a set of data for the 59 SBUs which, along with information generated from discussions, enabled them to be classified according to "organisation" and "strategy".

In order to investigate the specific research propositions discussed in Phase 6, the two sets of classifications must be compared. This, as well as the analysis of the measurement of "organisation" and "strategy", is the subject of the eighth and final phase of the research design.

Chapter 11

Data Analysis and Presentation

Author Chorn N H
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