The involvement of middle management in strategy development—Development and implementation of a foresight-based approach

Inga-Lena Darkow
Department of Business Studies and Economics, University Bremen, 28359 Bremen, Germany

**Abstract**

In times of increasingly uncertain and volatile markets, corporate foresight is becoming a relevant contributor to the long-term strategy of players, particularly multinational ones. A variety of foresight tools are in place to support top management's strategic decision-making. However, leaders cannot claim to have the full scope of knowledge and capabilities required for creating a long-term, robust and implementable strategy. Today, many experts with the relevant detailed knowledge about future developments and organisational capabilities can be found in middle management, which needs to be reflected in an integrative approach towards strategy development. In this paper, an approach is presented that describes how a foresight-based strategy development approach can be designed in order to leverage the potential of middle management. This approach is applied in strategy development to the supply chain management of a multinational manufacturing company. The case focuses on Asia, and includes 37 middle managers plus their staff—totalling approximately 70 employees—from 13 countries. The results indicate that top and middle management were willing to follow the highly structured process, contributing to strategy development in terms of ideas, data, time, resources and analytical work. The developed strategy integrated the middle management's perspective successfully and strategy implementation started immediately.

© 2014 Elsevier Inc. All rights reserved.

**Keywords:**
- Strategy-as-practice
- Scenarios
- Middle management
- Corporate foresight
- Strategy development

**1. Introduction**

We live in times of exponential change, facing transformed and new markets—technologies are developing rapidly and relationships within and between companies are changing due to shifting global value chains and diverse customer, supplier and competitor landscapes. Intangible resources such as know-how, competencies, intellectual assets and skills are becoming more relevant than physical or financial resources when it comes to gaining competitive advantages [1]. Attempts to prepare for such developments and the long-term future can be supported by corporate foresight and its participative character [2]. Here, corporate foresight is seen as a method of reflecting critically on potential future developments and the impact they may have on long-term decision-making. It is important to perceive developments that may become trends, their interrelations, and emerging patterns that may have an impact on corporate settings [3,4]. In corporate foresight, many companies have years of experience in using integrative, holistic approaches involving a multitude of experts and knowledgeable persons in decision-making. Long-range planning activities have been and are supported by corporate foresight methods in many multinational companies such as Shell [5], DHL [6] and BASF [7]. A key feature of several foresight methods is the inclusion of knowledge and expertise from many different sources and multiple stakeholders [8].

Today, companies rely on the competencies and expertise of a large number of employees who are tasked with addressing customer needs in market segments, value chain processes or specific planning activities—to name just a few. In order to
manage today’s business environments and dynamic decision-making situations, companies tend to empower these middle managers and experts for operational and tactical planning-related activities. Here, a trend towards more modularised, decentralised decision-making can be observed [9]. These trends cause a rethink of strategy practices in the corporate world: strategy development approaches are required that leverage on this human capital within the organisation. However, conventional strategic approaches are primarily driven top-down, making strategy development an exercise of top management only. This is reflected in strategy research literature, which aims at establishing a distinct strategic focus dominated by traditional hierarchies [9] or paying specific attention to the personality of senior managers involved in strategy development [1]. In this setting, the involvement of more middle managers is neither focused upon nor discussed. On the other hand, the strategy development research stream recognises the need to include middle management. However, the strategy literature presents a different picture: very little research has been conducted on the involvement of the vast troops of middle management in strategy development [1,10]. It may therefore be worth exploring the use of the integrative approach of corporate foresight in order to include middle management in strategy development.

In addition, integrating foresight logic and the strategy research stream enhances the development of strategy theory—reunifying two research streams that went their separate ways following Ansoff’s seminal work in the 1970s [11]. This is particularly noteworthy because, in practice, corporate foresight and strategic management were never strictly separated. Whittington [12,13] invited the research community to study how strategy development is pursued in practice, initiating the “strategy-as-practice” research stream in order to focus on strategy development as performed in practice. Hence, strategy development is defined as a structured process that requires a suitable design in order to utilise company resources efficiently and effectively [14]. Today, little empirical evidence has been published in academic journals on how individual companies approach strategy development and who is involved apart from top management, strategy staff and strategy consultants [1,10]. The ability to demonstrate how a foresight-based strategy development approach is managed in practice contributes to the strategy-as-practice research stream, which has so far been supported only scarcely by empirical evidence [13,15].

This research paper therefore explores how middle management can be involved in the strategy development approach, and how strategy development needs to be established in order to leverage on expertise within the organisation. The research question addressed is: How does a corporate foresight-based strategy development approach need to be designed in order to leverage on the potential of middle management? Here, I apply a foresight-based approach in order to develop a strategy for a multinational company. More precisely, scenario planning is used as an example for a corporate foresight method. The research project is based on a strategy-as-practice approach and shows how practitioner-led research can contribute to our understanding of strategy development in practice. The research project is driven by a member of the company, and not by an external researcher [16]. This knowledge contributes to science by taking a closer look at strategy development for current situations. In addition, managerial value is created by exploring innovative concepts that could enhance the company’s competitive advantage.

The remainder of the article is organised as follows: first, I review the literature regarding the involvement of middle management and the connection of corporate foresight to strategy development. I will also address the challenges posed by undertaking research in the strategy-as-practice reasoning. Based on these findings, I will present an approach showing how to involve middle management in strategy development by applying scenario planning as a method of corporate foresight. Finally, I will demonstrate how the methodology is applied to a global manufacturing company. The article concludes with a reflection on the key learning, benefits and limitations of this process, as well as thoughts for future research.

2. Literature review

2.1. Middle management in strategy development

The role of middle management in strategy development has been addressed by several researchers in recent years. In their comprehensive review of strategy process research, Hutzschenreuther and Kleindienst [1] identified the middle management perspective to be a “burgeoning” area in strategy research and, consequently, a research opportunity. A comprehensive literature review by Shi, Markocz and Dess [10] revealed that a total of 30 articles have been published since 1993, peaking in 2004 and 2005, in the top outlets in strategy and management. The most prominent study is that by Wooldridge and Floyd [17,18], which sparked the academic discussion on middle management’s involvement in strategy development.

More recent studies address sense-making, and the role middle management plays in linking top management to the organisation. Balogun and Johnson [9] concluded that greater attention needs to be paid to how middle management, as the “change recipient”, perceives and implements strategic decisions. In the absence of top management, interaction and communication among peers about strategic change has an impact on the success of how strategies are implemented. Jarzabowski and Balogun [19] revealed that strategic integration can only be achieved through intense negotiation and numerous compromises among actors, including middle management, in the course of developing strategies. This integration of middle management raises consensus, thereby improving company performance. Consequently, Raes et al. [20] identified middle managers as the “linking pins” who have the opportunity to create strategic initiatives and to enable, delay or even harm the implementation of strategies. Furthermore, they devised and conceptualized an interface model to explain how the two managerial groups – top and middle management – influence each other during strategy development. These authors recommended using a strategy-as-practice approach for future research in the field. In addition, Roleau and Balogun [21] provided insight into how middle management strategically influences the organisation in their role and how they should be included in strategy development. They used a strategy-as-practice approach, and drew on qualitative data from middle managers, provided in life stories, explaining their involvement in strategy development. Kellermanns et al. [22] provided a meta-study on the impact of strategic consensus on
دریافت فوری متن کامل مقاله

امکان دانلود نسخه تمام متن مقالات انگلیسی
امکان دانلود نسخه ترجمه شده مقالات
پذیرش سفارش ترجمه تخصصی
امکان جستجو در آرشیو جامعی از صدها موضوع و هزاران مقاله
امکان دانلود رایگان ۲ صفحه اول هر مقاله
امکان پرداخت اینترنتی با کلیه کارت های عضو شتاب
دانلود فوری مقاله پس از پرداخت آنلاین
پشتیبانی کامل خرید با بهره مندی از سیستم هوشمند رهگیری سفارشات