

Identifying strategic management concepts: An analytic network process approach

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Abstract

This paper presents an approach to the identification of an organization's strategic management concepts (SMCs) – mission, vision, values and competences. The highly qualitative relationships among these concepts are operationalized using the Analytic Network Process (ANP). As ANP captures the outcome of dependence and feedback between components of elements, the proposed approach enables us to handle indirect relationships and complex interactions existing among the SMCs. The alternatives with the highest overall priorities, resulting from the ANP, are selected as the organization's most dominant SMC set. To improve the quality of the decision further analysis of the ANP results is suggested. Accordingly, alternative concept sets are derived by applying two approaches – bottom-up and top-down. The bottom-up approach indicates an explorative perspective where only common values and core competences held by the organization are used to identify the corresponding mission and vision statements. On the other hand, the top-down approach indicates a normative perspective where the necessary values and competences are determined according to a given desired vision statement. The proposed ANP approach has been applied to the Industrial Engineering Department (IED) of Istanbul Technical University. In light of the dominant, bottom-up and top-down sets, a final set of SMCs has been suggested for the IED.

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1. Introduction

In strategy research, the importance of strategic management concepts has long been discussed and recognized to hold the potential to lead to business success. Following Ghauri and Gronhaug (2002), strategic management concepts are defined here, in a broader sense, as the building blocks of any theory or model in strategic management research. This paper deals with the following common SMCs: mission, vision, scenario, value and competence. Table 1 presents basic definitions of these concepts, which are of greater value when they are considered as a whole. SMCs together, provide a common language and allow for understanding

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Table 1
Definitions of the SMCs

| SMC | Definition |
|------------|--|
| Value | Values are a set of timeless guiding principles pointing out what is important for an organization (Collins & Porras, 1996) |
| Competence | Competence is the ability of an organization to sustain coordinated deployments of resources and capabilities in ways that help the organization achieve its goals (Sanchez, 2001) |
| Mission | The organization's most fundamental reason for existence (Collins & Porras, 1996) |
| Scenario | Stories of how the future might unfold in terms of all possible and desirable futures |
| Vision | Vision is the desired future position of a company (Raynor, 1998) |

the business and its position in the competitive environment, the values that guide the organization's actions, and the organization's direction and aspirations for the future (Raynor, 1998).

In this context, each SMC can be imagined as a piece of a strategy puzzle. Since it is crucial to put all the pieces of a puzzle together in order to see the big picture, it is vital that the relationships among the SMCs are well defined, which in turn leads to an improved understanding. Therefore, a better insight into basic strategy processes requires a critical review of both the SMCs and their relationships.

Various approaches have been used to identify the SMCs. Most of them employ informal small group processes, and do not follow a formally recognized methodology. But more important is that they develop and identify the SMCs as if they were independent of one another or they consider the relationships only implicitly. For a review of alternative approaches the reader should refer to O'Brien and Meadows (2001) and Raynor (1998). To identify an organization's SMCs this paper suggests taking all basic relations among the concepts into account. Accordingly, we propose an analytic modeling and measurement process to operationalize the relationships.

The rest of this paper is organized as follows. First, we provide a conceptual framework that forms the theoretical basis of the proposed approach. Next, we present the Analytic Network Process (ANP) model and steps of the analysis followed by the bottom-up and top-down approaches proposed for further analysis. The process is, then, illustrated by an application in a university department. And finally, the contributions and limitations of the proposed approach are summarized.

2. The conceptual framework

Conceptual frameworks are "the researcher's first cut at making some explicit theoretical statements" (Miles & Huberman, 1994, p. 91). In general, they deal with greater complexity in a less rigorous manner and are open to opinion and judgment (Porter, 1991). Developing a conceptual framework involves describing the concepts and the fundamental relationships among them. However, not all the relationships among the many concepts in the frameworks can be rigorously drawn (Porter, 1991).

There is a multitude of articles and books studying SMCs, but only few consider the relationships among them explicitly. For a structured examination of the relationships among the SMCs, we suggest a conceptual framework based on the work of Asan, Soyer, and Polat (2002) and Raynor (1998). The frameworks proposed in these studies provide a holistic view to the concept development process; they are primarily supported by the relevant literature, and by a detailed case describing their successful application. Fig. 1 presents a simplified adapted version of these frameworks, as used in this paper. This framework forms the conceptual basis of the proposed analytic approach as presented in the following section.

The relationships presented in the framework can be summarized as follows. The mission statement communicates an organization's enduring core purpose. It should be based on a broad understanding of an organization's core competences, and be applied in a way consistent with the organization's values (Raynor, 1998). In long term, this allows the organization to distinguish itself from others of its type. The future aspect in the framework is emphasized by the scenarios concept. It is crucial to imagine possible futures and develop ways to respond to them. The organization, hence, should identify those assets that are robust across multiple futures and build new competences that prepare the organization for the future (Asan, Polat, & Serdar-Asan, 2005; Polat & Asan, 2005; Schoemaker & Amit, 1997). Scenarios, emphasizing different ways in which the

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