STRATEGY, STRUCTURE, RESOURCE CONFIGURATIONS IN ORGANIZATIONS

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DECLARATION

This independent conceptual study paper is an original work done by myself. All studies that were reviewed are cited and thereafter referenced.

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This independent conceptual study paper is submitted with my approval as supervisor.

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# TABLE OF CONTENTS

Declaration ............................................................................................................................ i

List of figures ...................................................................................................................... iii

Abstract ............................................................................................................................... iv

1. Introduction ............................................................................................................. 1

2. The Concept of Strategy
   2.1 Definitions of Strategy.................................................................................. 1
   2.2 Generation of strategy .................................................................................. 3
   2.3 Strategy Content............................................................................................ 4
   2.4 Strategy process............................................................................................. 5
   2.5 Strategy models.............................................................................................. 6

3. Structure ................................................................................................................... 7

4. Resources and capabilities...................................................................................... 11

5. Strategy, Structure and Resource relationships........................................................ 13
   5.1 Strategy and Structure relationship......................................................... 14
   5.2 Strategy and Resource relationship ........................................................ 16
   5.3 Structure and resource relationship ........................................................ 17
   5.4 Strategy, Structure and Resource capability configurations................... 18

6. Emerging issues for Strategic Management research............................................... 20

7. Conclusions............................................................................................................... 22

References.
List of Figures

Figure 1: The linkage between capabilities and resources........................................11

Figure 2: The 7S Mckinsey strategy framework .........................................................16
ABSTRACT

The premise of this conceptual paper was an assessment of the elements of strategy, structure and resources, with a view of identifying commonly occurring clusters among them. There have been several prominent studies on strategy, structure and resources. Strategy is still considered a complex concept in definition, origin, content, process and models. There are several strategy models that have gained acceptance in extant strategic management literature, namely Miles and Snow typology, Porter’s generic strategies and the emergent strategy model of Mintzberg and Waters. Structure has become prominent among organizational elements that explain firm behavior. Structures are seen in terms of task designs, relationships and market settings. The Resource based view of the firm has recently become a key focus of studies and scholars have concurred in explaining firms in terms of their resources and capabilities.

The paper highlighted that firms consider a range of structures and goal clusters of interest, in the realm of their resource capability so as to formulate enduring strategies. However, the debate on strategy, structure and resources, and configurations among them is still going on. Scholars have generally concurred on the relationship of these elements with performance and the moderating effect of firm environment. There are possible configurations as may be influenced by organizational environment.

The review has enabled us to note emerging issues, namely that more theorizing has been done with less empirical reaffirmations, analytical studies on configurations are required, tests of firm behavior in other contexts like the public sector and nonprofit organizations and subjecting various ideas on the behavior of strategy, structure and resources to more scholarly scrutiny. These insights and unresolved questions can lend conceptualization of models to extend the debate on the future of strategic management.
1. INTRODUCTION

There is a rich body of literature across the major periods in the strategic management field on strategy, structure and resources (Crook, et al 2008). The relationship between strategy and structure has attracted wide attention in strategic management (Galan and Sanchez Bueno, 2009). But there are few studies on configurations of strategy, structure and resources. The debate on various elements of strategic management is still unresolved in academic literature, thus the exploration of these relationships may still be in nascent stages. The environment, which is a dominant aspect in strategic management field, is increasingly changing, hence subjecting earlier findings to further scrutiny. Studies had been conducted in the relatively stable environment of the 1970’s and 1980’s. According to Howard and Walters (2004), the 1990’s tendered in new complexities like internationalization, privatization and technological innovations hence calling for new tests of earlier models.

This paper made a synthesis of studies on strategy, structure and resource capabilities and explored the various configurations. It assessed the gaps in the literature regarding the relationships among these concepts. There are still questions on the definition, content and generation of strategy. Similarly there are some unresolved discussions on organizational structures. The resource based view is still topical in strategic management with an increasing search of its explanatory power towards the behavior of firms. This analysis will probably lead to interest for further research on these very important elements of strategic management in other contexts of the volatile environment.

2. THE CONCEPT OF STRATEGY

2.1 Definitions of Strategy

The concept of strategy and its perspectives form a dominant part of the debate in the strategic management field. Other key concepts are structure, environment and firm performance. In their study on the structure and development of the strategic management field over a 26 year period, Olivier et al (2008) found that the three key words dominating the field are resource based views (capability), environmental modeling (strategy, conduct, performance) and organization
Studies on the relationships among these variables are still continuing. While debate on their content and even definitions may still be going on, there is no refutation by both practitioners and researchers on their dominant role in the firm. The common thread in appreciating strategy concept is its inter-linkage in explaining patterns of firm behavior.

Strategy is better looked at as a concept than a term. It has drawn numerous definitions, illustrations and configurations with various other concepts. This suggests that the scholars gave selective attention to aspects of strategy in their contexts. According to Rainer and Chaharbaghi (1997), the many definitions are in some ways mutually exclusive but mutually supportive. Strategy is broadly defined to include both goals and means of achieving them. Mintzberg (1987) argued against relying on a single definition of strategy despite the tendency to do so. He proposed five definitions of strategy, namely strategy as a plan, a ploy, a pattern, a position and a perspective. As a plan, strategy specifies intended course of action of a company. The strategy is designed in advance of actions and is developed purposefully. As a ploy, it is seen as a pattern emerging in a stream of actions. Here strategy is seen as a consistency in behavior. The strategy develops or emerges in the absence of intentions. As a position, strategy is a means of locating an organization in its environment. Lastly, as a perspective, it consists of a position and of an ingrained way of perceiving the world. It gives the company an identity or personality.

There has been confusion between strategy and goals. Earlier scholars refused calls to separate them (Bower, 1982). According to Johnson and Scholes (2006) strategy is the direction and scope of an organization over the long term. It achieves advantage for the organization through its configuration of resources within a changing environment. A well formulated strategy should meet the needs of markets and fulfill expectations of stakeholders. Strategy thus consists of the means an organization chooses to move from its present state to its future. It provides an organization a link with the external environment. Porter (1981) observed that strategy was about positioning a business in a given industry through an analytical process. Rumelt (2000) was not happy with the wide use of strategy with loose meaning as a set of decisions that define scope of
enterprises to survive. Giovani and Rivkin (2007) posited that strategy exists in the mind of managers, in their company theory and also embodied in firm routines and rules. Similar views were shared by Ocasio (1997) and Winter (2003). Bower (1982) was not happy with what he called the promiscuous use of the word of strategy lending it to multiplicity of meanings. This was reechoed by Rumelt (2009) who said that the word strategy had become a verbal tic; rather strategy should be seen as a coherent approach to a well diagnosed challenge, not the routine decisions of managers.

2.2 Generation of Strategy

The strategy generation debate has not gained consensus. Many questions still arise as to where strategy comes from and how do firms find themselves with strategy. Gavetti et al (2005) asserted that there is a tension in originating strategy. Managers struggle to understand their environment. Accordingly the origin of strategy has a dual nature; it exists in the mind of the managers and is orchestrated by their experience in the world of their firms. Porter (1985) pointed out that strategy is embodied in activities of firms. March, Schltz and Zhuo (2000) agreed that strategy embodies in routines and firm rules. From the position school to the evolutionary school managers are driven by cognition and the world of action (Winter, 2003; Porter, 1980). Firms being highly plastic conform to reality and managers can only shape them to the desired posture. Solutions and strategy bundles can be sought from the vicinity of a problem, considering incremental change to existing concurrent trials and errors. Rumelt (2009) took note that strategy making was most critical in times of change and unfamiliar environments. This assertion agreed with Wiltbank et al (2006) who stated that to create a strategy for a firm that was doing well was difficult. Strategy generation depends on the given uncertainty.

In such encounters organizations may rely on two schools, namely the planning school and learning school. The planning school is attributed to Ansoff (1979) as a systematic analysis and integrative planning avoiding short cuts such as intuition and heuristics which suffers from personal and group biases (Wiltbank, et al, 2006). Systematic planning helps to overcome inconsistencies though prediction remains obviously difficult. However, Grant (2003) did not
support these views arguing that in dynamic environments planning slows down adaptation and makes organizations blind. The learning school is attributed to Mintzberg and Waters (1985). The predictive rationality for quick responses to uncertain events leads to emergent strategy. According to Markoczu (2001) strategy generation is an incremental process that involves locus, scope, degree and content. It involves consensus building and is multifaceted. Strategy is an outcome of a rational decision making process. So to originate strategy takes into consideration versatility through mazes of boundary spinning fields and how they intertwine with organizational elements. Whittington (1993) introduced four approaches, namely the classical, evolutionary, processual and systemic approaches. The four differ fundamentally on the process by which strategy is made and its outcomes. According to the classical approach, strategy is made through rational analysis while under the evolutionary approach strategy emerge to enable firms achieve a fit in competitive environments. According to Giovani and Rivkin (2007), the genesis and dynamics of business strategy remain a profound puzzle.

2.3 Strategy Content
Strategy content is defined by Andrews, Boyne and Walker (2003) as the patterns of service provision that are selected and implemented. Strategy content comprises two dimensions, namely strategic stance and action. Stance is the extent to which an organization searches for continuous realignment with its changing environment, selects positions for competitiveness or responds to changes to pick new orientations altogether. Strategic stance is the broad way in which an organization seeks to maintain or improve its performance. Strategic action is the relative emphasis on changes in market, services, revenues, external relationships and internal characteristics. Strategic actions are the specific steps that an organization takes to operationalize its stance. Zajac and Shortell (1989) were of the view that the level of strategy is relatively enduring and unlikely to change substantially in the short term. However, Fox, Boal and Hunt (1998) were of the contrary view asserting that these strategic options are more likely to change in the short-term. Strategy content therefore refers to how organizations actually behave, in contrast to strategy which is merely rhetorical and immeasurable.
Firms must realign to the environment in their strategy content designs and develop controls that shape strategy during the course of implementation. Managers should be aware that invalid assumptions and environmental changes are two main reasons that a strategy being implemented may fail. Tenets of content integrate with evaluating the underlying assumptions on which strategy was built and monitoring the process of implementation in the wake of changing environment (Muralidharan, 2004). While strategies are based on information meant to be true as well as assumptions about relationship and phenomena, the ration of assumptions to knowledge underlying strategies will vary. Similarly, while environments of all businesses are bound to change, the rate of change will vary across industries. This is the perspective of strategy context. Configurations of strategy with other elements within these contexts consume substantial managerial time and resources. Muralidharan (2004) emphasized that being proactive is essentially needed. In competitive environments firms must be ready to act and react; strategy must be seen as a cross functional tool. This must be consistent with the context of the organization benefiting from the feedback loop of the unfolding environment.

2.4 Strategy process

Another aspect of strategy pointing to its configurations with structure and resource capabilities is strategy process. The process of managing strategy can be explained by an array of conceptual models, dimensions and typologies. Butler (2002) advocated for the rational analytical approach. This has been recognized as a central aspect of strategic decision making. It has been intensively subjected to both theoretical and empirical investigation. This approach involves managers using various tools of analysis and methodologies to make strategic decisions. Its holistic view is similar to the planning mode of Mintzberg (1987). The advocates of this approach favor formal planning systems, management control and consistent reward mechanisms to increase the quality of strategic decisions. On the other hand is the political behavior approach which espouses a powerful behavioral force to strategy formation. It assumes that decisions emerge from a process in which decision makers have different goals, forming alliances to achieve their goals in which the preferences of the most powerful prevail. This model rests on executive bargaining, negotiation and networking and the practice of muddling through the strategy making process.
The last approach is the logical incrementalism which views both the rational and the behavioral processes as being integrative.

These approaches fit into the three modes of entrepreneurial, adaptive and planning that were illustrated by Mintzberg (1987). In the entrepreneurial mode, strategy is developed by an individual (CEO) who relies on intuition, experience and personal judgment in formulating strategy. In the adaptive mode, strategy formulation is characterized by muddling through a variety of issues while the planning mode involves analyses and anticipating the future. This does not differ much from dimensions named as command, symbolic, rational, transactive, and generative by Hart (1992). Each mode reflected a pattern of interaction between the roles of top managers and organizational members, representing a resource or skill set available to the firm. Mintzberg and Waters (1985) posited that strategies emerge from a set of inconsistencies and processes. Whittington (1993) did not differ much from this perspective in his own proposed approaches. The systemic approach focused on the internal context of the organization embedded in micro-politics, social groups, interests and resources. Accordingly, he asserted that in competitive environments, best strategy is selected by the environment not managers. In a world too complex and full of surprises to predict, the strategist needs to retain closeness, awareness and adaptability. Though these views do not contradict in any way, they raise pertinent questions of what the real process is in any given firm context. As noted already these are theoretical conceptualizations that have received low empirical grounding.

2.5 Strategy models

In strategic management literature a few models of strategy have dominated the debate. Prominent studies confirm the Miles and Snow typology (Wayna, et al, 2005), the Porters generic forces model (Porter, 1980) and the emergent strategy model (Mintezberg and Waters, 1985). Recently however, a host of intermediary archetypes and taxonomies have gained acceptance. Hunt (2000) acknowledged that the Porter model had generated intensive debate though its empirical validity was at times difficult to comprehend. There are interpretations where strategies are hierarchically ordered or strategy designs emerging from data sets within
which positions are attained (Miller, 1986). Porter’s (1980) notion was that firms may achieve competitive advantage by positioning themselves in structurally profitable industries and strategic groups. Acquaah and Masoud (2008) revisited the generic strategies of differentiation, cost leadership and focus and reaffirmed their endurance in explaining firm behavior.

According to Wyna et al, (2005) the 1978 typology of Miles and Snow has been widely embraced. The framework has four strategy perspectives namely, prospector, analyzer, defender and reactor strategies. Wayna, et al (2005) attributed the longevity of this model to having addressed the industry interdependent nature. This view agreed with Hambrick (2003) who argued that the Miles and Snow typology was the most enduring strategy classification. The prospectors undertake technical innovation and seek new markets; the analyzers seek a second and better strategy while defenders maintain secure niche and stability. The reactors have no stable strategy, are only responsive to environmental exigencies. Kabanoff and Shane (2008) posited that whichever strategy model the firm follows, the managers have to deal with three domain issues namely, entrepreneurial (product, market decisions), engineering (production, delivery) and administrative (structures, rules, procedures). Farjoun (2002) regretted that strategy field had suffered a growing separation between prevalent analytic and prescriptive models and the new concepts in descriptive ideas.

3. STRUCTURE

The concept of structure picked wide discussion in the strategic management literature from the classic studies of Chandler (1962). From his studies he concluded that structure followed strategy. This dictum opened a debate and led to further studies on structure. Structure is concerned with units or positions that constitute an organization. Ansoff and McDonnell (1990) defined structure as the arrangement of tasks, roles, authority, and responsibility through which a firm does its work. Structures evolve over time in response to the dual challenges of external diversity and internal complexity of the firm. Structure is instrumental in the positioning of a firm so as to execute its strategy in a manner that balances internal efficiency and overall
effectiveness. According to Thompson and Strickland (2001), structure was no more than a managerial device for facilitating the implementation and execution of the organization's strategy.

Structure is operationalized in four dimensions, namely centralization, formalization, complexity and standardization. Centralization may be low or high, depicting the level of power concentration in the organization. This links with formalization which relates to decision making based on policies, regulation or practice. Complexity deals with vertical differentiation, horizontal or spacial arrangements of work flow, while standardization is the set of prescribed procedures and practices. The hard questions managers face are deciding on what structures are suitable for their firms to fit into changing environmental demands. This leads to the construction of structure configurations with other elements of the firm.

Earlier measures of structure were proposed in terms of functions. Units deal with business functions such as marketing and subsidiaries. It was held that structure was an association of firms owned by a parent company and multidivisional units where there were a number of quasi autonomous divisions (Galan and Sanchez-Bueno, 2009). The common structure configurations that attained wide scholarly acceptance were enumerated by Miller (1986). He named them as the simple structure, machine bureaucracy, organic and divisional structure. The simple structure is common in small firms and owner enterprises. There exists informal coordination with direct supervision. Strategies are made at the top with low formalization. This type of structure configuration is associated with niche marketers. The machine bureaucracy is rigid, with standardized forms of work, technical structures and is hierarchical. There is little authority in the lower ranks of the organization or even in the middle functional areas. This form survives in stable environment settings and more evidenced in cost leadership strategies. Wherever there is turbulence and firms are unable to settle on any formality of work, they may delve into organic structures. It is unusual and complex; tasks are changing and there is no obvious way of work. It involves decentralization and authority concentration is situational, based on expertise. There are no standard procedures. In the divisional structure is a form of sophisticated divisional markets,
with managers operating fairly independently. The environmental settings may differ from one to another providing conglomerations or diversification structures.

Wolf and Engelhoff (2002) quoted earlier scholars and identified four structure fits that multinational companies had adopted. Their structures fitted two main criteria, the relative size of foreign sales and the degree of foreign product diversity. The four structure alignments were international division structure (low foreign sales and low product diversity), worldwide product division structure (low foreign sales and high product diversity), geographical regional structures (high foreign sales and low product diversity) and matrix structures (high foreign sales and high product diversity). A close scrutiny of these patterns indicates some common thread with the settings of Miller (1986) and the synthesis of Galan and Sanchez- Bueno (2009). There is therefore no disagreement on structure configurations from these studies.

Markoczy (2001) posited that with changes in the environment structures are altered; new hierarchies are though difficult to adopt and they may be full of conflict. However, with exposure to new markets, new plants and uncertainty during change leads to structure alterations of necessity. This realignment is to ensure that company’s goals, metrics, and rewards are mutually reinforcing and supportive of the strategic choices. Farjoun (2002) questioned the tenets of the mechanistic perspective; he saw them as being at odds with more complex and constantly changing observed behavior of firms, individuals and markets.

Differing from earlier studies on structure configurations of the physical nature, the knowledge structure concept was introduced by Kabanoff and Shane (2008). This is a mental template that individuals impose on an informational environment to give it form and meaning. Such structures definitely influence organizational relationships and resource utilization capacity in understanding of the environment. It is recognized that such knowledge structures develop in interaction with the environment and influence internal processes. This corroborated with the top
echelons theory of Hambrick and Manson (1984). The top managers’ mental models are orchestrated by background, experience and demographic characteristics. All these shape their strategic decisions. Kabanoff and Shane (2008) proposed seven dimensions of the strategic knowledge structures namely, innovation, customer service, core focus, operational efficiency, corporate social responsibility, competitive context and restructuring. These have not yet attracted debate in the strategic management literature.

Wolf and Egelhoff (2002) were concerned that most research on structure was concentrated in profit driven multinational companies. Suggestions are prevalent to extend studies in other firm environments. Kaplan (2004) assessed governance structures and found out that ownership form of an institution significantly shaped its decisions. In public institutions therefore, the state’s system mattered and structures aligned to this fact. Friedman and Philips (2004) studied structures of nonprofit organizations basing on professional groupings. They affirmed that such groups had complex governance structures based on roles, activities and committee setup. This did not coherently liken with the profit firms as discussed before. Other research on the relationship of structure and board effectiveness in nonprofits had found some correlation with performance (Friedman and Philips, 2004). This study gave less attention to the configurations of structures in the nonprofits. Hudson and Bielefeld (1997) studied structure of what they called multinational nonprofit organizations. They found out that nonprofits operating in many countries had various structure configurations including, network structures such as coalitions and consortia, local agencies such as country offices, corporate structures such as chapters, and federative structures such missions and semi autonomous units. They cited examples of Feed the Children International and Red Cross, as international nonprofits that have complex structures that enable them to carry out their activities in almost all parts of the world.
4. RESOURCES AND CAPABILITIES

The Resource based view (RBV) of the firm has gained a wide acclaim and attracted a lot of research in strategic management in the recent past (Helfat, 2000; Newbert, 2007). The RBV looks at the firm in terms of its resource base (Wenerfelt, 1984). Grant (1991) defined resources as the assets a firm owns, externally available and transferable. Resources were also defined by Wenerfelt (1984) as anything which could be thought of as a strength or weakness of a given firm. This would include tangible and intangible assets which were tied semi permanently to the firm. He illustrated with examples of brand names, trade contacts, knowledge, technology, skilled personnel and efficient procedures. Helfat and Peteraf (2003) agreed with this description.

The two terms, resources and capabilities are at times used interchangeably and at most confused with one another (Dutta, et al, 2005; Ethiraj, et al, 2005). Capabilities were defined by Dutta, et al (2005) as the efficiency with which a firm employs a given set of resources (inputs) at its disposal to achieve certain objectives (output). Capabilities are the intermediate transformation ability for firm resources.

**Figure 1: The linkage between resources and capabilities.**

The framework in Figure 1 shows that products are an output of firm resources. The transformation is made possible by firm capabilities. In other descriptions where capabilities are defined to be resources a back loop indicates the integrative nature of both. Agreeably resources and capabilities enable organizations to achieve their goals through a multifaceted production process. Ethiraj et al, (2005) agreed with this illustration and posited that capabilities are the firm’s capacity to deploy resources.

Peteraf (1993) argued that resources are assets while capabilities are processes, firm attributes or knowledge. Newbert (2007) contended that these distinctions are minimal. Capabilities are organizational and strategic routines by which firms achieve new resource configurations as markets emerge, collide, split, evolve or die. Resources and capabilities should never be examined in isolation; though resources available to a firm are not the same as its capabilities. Helfat and Peteraf (2003) studied the life cycles of both components and concluded that resources and capabilities grow and evolve, and change over time. A more embracing concept that gained wide acceptance is dynamic capabilities. Tecce, Pisano and Shuen (1997) posited that dynamic capabilities were high level routines that conferred upon an organization’s management a set of decision options for producing significant outputs. Dynamic capabilities, as against ordinary capabilities, confer upon an organization its ability to govern the rate of change imposed by the dynamic environment. Winter (2003) however posited that scholars were still skeptical about the value of this concept.

Wenerfelt (1995) attributed the delay of the RBV to pick up on the lack of governance structure within firms to leverage their resources. Hoopes, Madsene and Walker (2003) contended that the RBV often perplexed scholars from other disciplines, due to disharmony in its basic premises. RBV explains intra-industry performance differences (competitive heterogeneity). There is a problem however of operationalizing the RBV consistently across firms. The RBV achievements should be viewed as part of the larger body of the theory of competitive heterogeneity.
Manikutty (2000) observed that businesses built their resource base gradually. In India family enterprises built their resource base in the regulated post independence era from 1947–1990 which was characterized by state controls and an agrarian economy. In 1991 when a new era begun with liberalization of the Indian economy changing from import substitution to export led policies, the resource base was the trigger for firm internationalization. This change in environment led to joint ventures, foreign direct investment and stiff competition. Thus the resource based view framework was suitable for predicting contexts of firms. Another enriching study tested the relationship between intangible resources with performance (Carmeli and Tishler, 2004). The scholars examined the Resource Based View of a firm by looking at six elements, namely managerial capabilities, human capital, perceived reputation, internal audit, labor relations and organizational culture. The results indicated that intangible organizational elements (the six intangible resource elements) had a significant effect on firm performance. Ethraj et al (2005) categorized capabilities in the services sector, which they interchangeably also referred to as organizational resources in two specific groups. These were client specific and project management capabilities. They argued that repeated interactions with clients led to knowledge accumulation, investment in infrastructure, systems and processes which are key firm resources. Indeed these had already been named among firm capabilities by earlier scholars, confirming the consistence in the debate.

5. STRATEGY, STRUCTURE AND RESOURCE CAPABILITY CONFIGURATIONS

Strategic configurations are defined by Ketchen, et al, (1993) as the commonly occurring clusters of strategic elements and how they lead to certain outcomes. Strategy fit with the environment and structure has widely been attributed to firm performance. Strategy and resource relationships have also been explored, conceptually and empirically. Kabanoff and Shane (2008) emphasized that there is a limited number of configurations of these elements viable in any given environment. Fiss (2008) argued that the study of organizational configurations forms a central pillar of both organizational research and strategic management literature. Empirical classifications have however enjoyed less attention than theoretically derived typologies that
lend themselves more into theory building. The relationships that have been identified to be occurring between firm strategy and structure are more prominent than the configurations with firm resources. Latent views on these relationships have been synthesized in attempt to open lines as emerging issues for strategic management research.

5.1 Strategy and Structure relationship

Through the 1970’s and 1980’s various strategy and structure fits were modeled. The alignment of strategy and structure was very important in explaining the organizational fit in the environment. According to Galan and Sanchez-Bueno (2009), the Chandler (1962) thesis that structure followed strategy raised pertinent questions in the growth of the strategic management field. This dictum was corroborated in various other studies in the USA, France and Germany, UK and Italy (Galan and Sanchez Bueno, 2009). This confirmation has however little recent evidences. Chandler’s market environment changed, thus the need to reconfirm new coalignments with data in temporal contexts. For example, technology has led to network systems, flexibility and integration. According to Galan and Sanchez-Bueno (2009) several studies have confirmed that although Chandler’s dictum still holds true, it has conceptually long been challenged. In their findings from a study of Spanish firms for the period 1993 to 2003, strategy affected structure and structure affected strategy, though the former relationship was stronger.

Organisations being environment serving and environment dependent, in order to survive, must look for that strategy that fits best with the environment. Goddard and Eccles (2009) posited that perfectly aligned organizations that take no risks and never make new discoveries are ultimately destined to fail. Conversely an organization that is dedicated to discovery and pays no heed to internal organizational configurations and dispenses anything like a structure, system or process is not sustainable. The implication is that organizations must continuously search for fits that merit their desired levels of efficiency and productivity, thus searching for strategy – structure configurations suitable for various contexts. This art builds capabilities into the organization,
ensures company metrics and systems are mutually reinforcing and supportive of the strategic intent of the business.

Roller (1996) argued that if the structure isn’t compatible either with present or proposed strategy, it is a definite corporate weakness and will keep the strategy from being implemented properly. Farjoun (2002) discussed different perspectives that strategy and structure take. He recognized that in organic structures there is a reciprocal and interactive relationship between these constructs, while in mechanistic structures strategy is seen as a posture, a stable configuration, a fit and alignment between mutually supportive elements. According to Andrews (1980) corporate strategy must dominate the design of organizational structure and processes. Thus until we know the strategy we cannot begin to specify the appropriate structure. This agreed with the Chandler thesis on structure follows strategy. A change in growth strategy ultimately resulted into a change in structure and that the pattern of relation over time was fairly predictable as resources were accumulated and growth strategies created the need for new structural forms. Sababu (2007) agreed with this view stating that a change in strategy often required changes in the way an organization is structured; structure dictates how objectives and policies are established and how resources are allocated. New ideas have advocated for a fit between strategy and structure, rather than the quasi linear emphasis of structure follows strategy. The argument is that over time strategy and structure reinforce each other.

Wolf and Angelhoff (2002) used the information processing perspective to assess structure which could be used to hypothesize the congruence of strategy and structure fits. For example horizontal differentiation determines where knowledge resides; also vertical determines tactical and strategic perspectives. These can apply to matrix and mixed structures. Increase in product diversity will definitely increase market diversity, which is reminiscent of environmental complexity. Conversely increase in technical diversity leads to technical complexity. Other strategy – structure configurations may arise in size of foreign product and manufacturing operations, intra-company transfers and size of research and development. In their conclusion
Wolf and Angelhoff (2002) noted that the traditional fits of international strategy – structure theory still hold for multinationals, intra company transfers and size of foreign R&D are new trends that could better explain for the matrix structures.

The McKinsey 7S model is a configuration indicating interactions of strategy and structure with other elements of the organization, namely system, style, staff, shared values and skills.

5.2 Strategy and Resource relationship

Adner and Helfat (2003) referred to the dynamic managerial capabilities as the link between strategy and resources. They defined dynamic managerial capabilities as the capacity of managers to build, integrate and reconfigure organizational resources to manage organizational and strategic change. Casselman and Samsom (2007) extended the argument that to manage capabilities was itself a capability. While capability and strategy are integrally linked, they are different concepts. Capabilities are bundles of resources while strategy represents decision points. Strategy provides a context in which capabilities can be developed; capabilities provide the grounding for strategy. Slater et al (2006) argued that the ability to formulate strategy is a resource. The firm’s strategic orientation therefore must match its dynamic capabilities. The scholars posited that every strategic orientation has a configuration of gestalts or multiple, interdependent, mutually reinforcing organizational characteristics. Wayna et al (2005) revisited
the Miles and Snow typology (1978) and noted that the different strategy strands have a linkage to the resources available in the firm. For instance, prospectors rely on their resource capability to respond to market needs and be innovative while defenders need resources to keep their niches. Studies of the resource based view of the firm articulate that certain resource attributes like uniqueness, flexibility and inimitability enable certain strategies. The strategy-structure-performance alignment requires that certain resources are deployed and matched in different internal arrangements (Farjoun, 2002). From the resource based view, insights must be matched by knowledge on strategies through which assets realize value in the market. The first ideas on the resource based view of firms were contained in the seminal work of Penrose (1959), widely according to Rugman and Verbeke (2002). A firm was defined an evolving collection of resources. Andrews (1980) noted that the traditional concept of strategy was phrased in terms of the resource position. Wenerfelt (1984) illustrated firms as strings of resources and from his work, interest in RBV picked up. Rugman and Vebeke (2002) and Kor and Mahoney (2005) all emphasized this foundation of the RBV and its linkage to strategy. The resource perspective provides the basis for addressing key issues in strategy formulation.

5.3 Structure and Resource capability relationship

Structure and resources have been studied alongside other firm elements. This review hardly came across specific studies on the direct relationship between the two. Scholars however recognize the influence structure has on the ability of firms to utilize their resources and capabilities (Adner and Helfat, 2003). Most studies of the resource based theory linked structure and performance, acknowledging that performance is dependent on the firm resources. Casselman and Samson (2007) in a study of knowledge capabilities reaffirmed that organizational structures represent a key strategic decision point. When firms accumulate resources, it is natural that their proper utilization is supported by the structures in place. According to Koen, et al, (2009) knowledge resources are shared in the structures of the organization allowing individuals to communicate more effectively. Scope of market activities defines the structure for competitive distinctiveness. On the other hand Farjoun (2002) advocated for a better understanding of these perspectives, arguing that progression in organizational
elements has had more of epistemological than chronological differences by middle range theories. He cited the SCP- structure conduct performance, the SSP- strategy, structure, performance and RBV-resource based views as relationships with key decision points that firms have to make. For instance, on which firm's current resources should diversification be based, which resources should be developed through diversification or what type of resources will be desirable for a particular market structure? In concert external organization will involve networks and partnerships, such as collaboration, consortia or joint ventures and outsourcing services (Meier and O'Toole, 2001). Strategic actions also focus on internal organization variables such as structure, resources, culture, processes, leadership and a variety of metrics for improvement (Boyne and Dahya, 2002). Ethraj, et al (2005) posited that capabilities are not a result of tacit accumulation of experience but a consistent and deliberate investment in organizational structure. This in a way illustrates the relationship and moderating effect of structure and resources to the behavior of firms in different contexts.

5.4 Strategy, Structure and Resource capability configurations

There is little elaboration of the strategy, structure and resource direct relationships in extant strategic management literature. In many earlier studies strategy, capabilities, environment and performance were explored to be related (Casselman and Samson, 2007). Working backwards from performance as it emerged as the most revered dependent variable to these constructs a conceptual framework can be developed to test strategy, structure and resource direct relationships (Crook, et al 2008). If all constructs relate positively to performance then configurations among them has key perspectives and prediction on performance. This analysis however lacks adequate empirical tests. All basic causal models describe relationships between central constructs like organizational resources, environment, strategy, organizational structure and performance. The configurations of strategy, structure and resources are emphasized by Howard and Walters (2004) who studied Chinese firms. Organizations are dependent on resources that must be acquired from external environment. The key task is to establish structures that enable an organization to have the fit, as it is known that organizations are environment dependant and environment serving. When such resources are acquired, internal
mechanisms (structures) are established to make the resources productive (using firm capabilities). Firms have to observe market changes to be munificent as different market needs require different structure and resource configurations, based on current strategy. Thus different strategies may be formulated to meet the emerging market needs. In China for instance, changing environmental patterns led to multiple strategic fits of structure, resources and markets.

Scholars of the RBV further argued that resources need to meet certain necessary conditions for any framework to yield a sustained competitive advantage (Wernerfelt, 1984; Peteraf, 1993). Grant (2003) suggested that knowledge resource could be a significant competitive asset for firms. As customers become more knowledgeable, their taste, preferences and quality expectations continue to change. This has placed immense pressure on organizations to meet these changing customer needs. Coping with the increasingly competitive environment has called on firms to rethink their strategies. This preoccupation must stretch from which strategy, to what strategy content and in which strategy context. This definitely requires rethinking the structures in which strategies are borne or must thrive. Strategy, structure and resource configurations have become a current fixation of managers in turbulent times. However, strategic management scholars are yet to provide generally acceptable configurations of these three elements.

Management literature on population ecology of organizations argued that the environment selects out various common organization forms. There are only a rather limited number of possible strategies and structures feasible in any type of environment, likewise organizational resources can only be feasible in limited configurations. In changing environments, the repertoire of viable configurations will tend to happen relatively quickly in short bursts and that once reached, a fairly stable set of configurations will exist over a period (Hannan and Freeman, 1977). Existence of configurations is also due to nature and features of organizations in their specific contexts. Forces may drive an organization towards a common configuration to achieve internal harmony or external fit. Astley (1983) indicated that organizations tend to change their elements in a manner that either extends a given configuration or moves it quickly to a new level.
that is preserved for a long time. Piecemeal changes will often destroy the complementarities among many elements of configurations and will thus be avoided. Only when change is absolutely necessary or extremely advantageous will organizations be tempted to move concertedly and rapidly from one configuration to another that is broadly different. Such changes become costly and will not be undertaken very frequently. Consequently organizations will adhere to their configurations for fairly long periods since resources are a limiting factor and strategy and structure are delimited by the dynamic environment.

6. EMERGING ISSUES FOR STRATEGIC MANAGEMENT RESEARCH

Several issues have not been given adequate attention by scholars in the discussions regarding strategy, structure and the resource capability of firms. Holcomb et al (2009) were concerned with the little attention given to managerial ability in creating value of the resources within given structures. They posited that the ability of managers to understand and use firm resources well is itself a valuable resource. Managerial ability is the knowledge, skills, experiences which are often tacit, residing with and utilized by managers. There are two sources, namely domain expertise which is the understanding of the industry context, and the resource expertise. Expertise deals with ability to configure resource portfolio, combinations, deployment so as to exploit opportunities in specific strategy contexts. This is corroborated by Parnel (1999) whose concern was intricacies of strategy diffusion. Managers have often not looked beyond strategy to its diffusion and integration within organizational structures or hierarchy. Organizational structures can accept or reject strategy. He suggested that strategy diffusion may require organizations to adopt system oriented structures to improve cross functional communication, teamwork and focus on system wide goals. However these have not attracted much debate.

Delmas and Toffel (2009) indicated that organizational architecture can be divided into explicitly mandated formal structures involving incentives, information processing structures and authority relationships. They argued that organizational structure remains the key to explaining why organizations adopt heterogeneous management practices. Emergent informal structures
embedded in culture, social networks and communities provide the flexibility to integrate strategy. These ideas are still in nascent stages in the strategic management literature.

Hoopes, Madsene and Walker (2003) raised a very pertinent question that if capabilities are hard to imitate, develop and transfer internally, as advocated for in strategic management literature, how do firms develop them in the first place? These and similar questions have not received adequate attention by researchers. Hoopes, et al (2003) argued that the explanatory power of RBV is diluted by the ambiguity in its own premises. For instance, the imitable nature of resources is limited by isolating mechanisms such as property rights, patents, learning and development costs. The RBV is also noted to have so far neglected the agency problem. If resources are not deployed appropriately where managers are weak in their stewardship duty, resource deployment decisions will suffer (Kor and Mahoney, 2005). This in part agreed with Gautam et al (2004) who contended that the basis of using firm performance as the dependent variable negates the effect of process elements. They proposed adopting effectiveness of business processes as dependent variable since distinctive advantages at process level are not reflected on firm level performance. This discussion has not been extended.

Most of the studies on the resources, strategy and structure did not cover the public sector. Oberman (2008) observed that there is a growing shift of strategy dimensions from the economic market to the social-political realm. While dynamic capability was linked to managing public affairs, resource configurations in the public sector were not well explained (Teece, et al, 1997). Oberman (2008) identified two dimensions namely the political and institutional resources. The former, he added, are actor controlled while the latter are external, like favorable political opinion, policy, networks, membership, among others. He identified a three stage process of resources he named as latent resources, a condition of political strategic value like vague policies; operational resources as those directly contributing towards the building of access and legitimacy; catalytic resources which are firm controlled assets like expertise and money that can
be used to domesticate latent into operational resources. These aspects have not yet received attention from strategic management scholars.

Another central gap was noticed by Akingbola (2006). He revealed that strategic management practices were adopted recently in the nonprofit sector. There is therefore scarce literature on strategy, structure and resource configurations on nonprofit organizations. Most studies were focused on market driven firms especially multinationals. Extension of this plausible reasoning to nonprofits can yield a new dimension and reasoning. This is still in nascent stages. Sherlock and Nathan (2007) raised a hypothetical assertion that the resource capability of nonprofits depends on the resource capacity of market oriented firms. This dichotomy is yet to be explored, as hard questions arise whether nonprofits can survive the complexity of accumulating their own resources without dependency on the profit organizations, which in a way, cause resources to grow through their business operations. This linkage of resource sharing among organizations in such heterogeneous sectors has not been given any attention. Questions still prevail about what strategy models and firm structures make resource utilization possible among firms in the same or across different industry settings. These gaps provide nascent points to extend the debate on the future of strategic management.

7. CONCLUSIONS

A guiding philosophy of this discussion has been that there are highly respected authorities on the perspectives of strategy, structure and resource capabilities in regard to firms and industry. Most scholars have settled for conceptual configurations that explain these elements in relation to firm performance. To discern the relationships that have acceptance in the strategic management literature requires managerial ability to isolate features that apply in specific contexts. This is worthy of further conceptual and empirical scrutiny as the match between strategy and structure, and resources is vitally influenced by the business environment. This synthesis has offered evidence that the venerable idea of configurations of strategy, structure and resources in any one-best-way to optimize firm behavior is a chimera. Structures house strategies...
and enable them to thrive. Resources are the means that make strategies feasible. But the matter of configurations among these elements as grounded in theory-building efforts and empirical investigations are context general as well as context specific.

Firms require considering a range of settings and goal clusters of interest, in the realm of their resource capability and unfolding pressures on structures so as to formulate enduring strategies. This paper concludes decidedly that the debate on strategy, structure and resources is still going on. There are possible configurations of these elements as may be influenced by firm environment. How they interact in specific industries is still being explored and no precise configurations have been confirmed in extant strategic management literature. The review has enabled us to discover that more theorizing has been done in stipulating configurations of strategy elements with less empirical reaffirmations of their applicability in different contexts. Recent ideas on these elements have not yet been subjected to scholarly scrutiny. The concentration of strategy studies is shifting from the industrial economy to the public sector and nonprofits. New insights and questions on various models are coming to the fore and extending the debate. The binding element and dependent variable in firm behavior continues to be firm performance moderated by the environment. Working on this conceptualization a model can be developed where strategy, structure and resources will be tested to ascertain their configurations with performance in different firm and industry contexts.
REFERENCES


