CORPORATE STRATEGY, ORGANIZATIONAL POLITICS, AND
FIRM PERFORMANCE

BY

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In partial fulfillment of the requirements for the award of the degree of
Doctor of Philosophy, PhD, in Strategic Management

June 2009
Declaration by the candidate

Corporate Strategy, Organizational Politics, and Firm Performance

I declare that this Conceptual Independent Study Paper (DSM 703) is my original work and that it has not been submitted to any other university or college for academic credit.

Signature: ..................................................  Date: 10 August 2009
Francis Lasalo Ngonga
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In accordance with the University of Nairobi policies, this Conceptual Independent Study Paper (DSM 703), is accepted in partial fulfillment of the requirements for the award of the degree of Doctor of Philosophy, PhD, in Strategic Management

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Abbreviations and acronyms

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<th>Abbreviation</th>
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<tr>
<td>BCG</td>
<td>Boston Consulting Group</td>
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<tr>
<td>BPM</td>
<td>Business Performance Measurement</td>
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<tr>
<td>CEO</td>
<td>Chief Executive Officer</td>
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<tr>
<td>CPM</td>
<td>Corporate Performance Measurement</td>
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<td>CSO</td>
<td>Chief Strategy Officer</td>
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<td>DC</td>
<td>Dynamic Capability</td>
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<td>EPM</td>
<td>Enterprise Performance Measurement</td>
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<td>FMA</td>
<td>First Mover Advantage</td>
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<td>KPI</td>
<td>Key Performance Indicator</td>
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<td>MNC</td>
<td>Multi National Corporation</td>
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<td>NSSF</td>
<td>National Social Security Fund</td>
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<td>RBV</td>
<td>Resource Based View</td>
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<td>SBU</td>
<td>Strategic Business Unit</td>
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<td>TMT</td>
<td>Top Management Team</td>
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Definition of terms

Competition – the act of working against others, where two or more organizations’ goals are exclusive hence creating a rivalry behaviour where one’s win is the other’s loss (De wit and Meyer, 2004).

Domination – condition of the existence of codes of significance (Courpasson, 2000).

Responsiveness – the ability to respond to the competitive demands of a specific business area in a timely and adequate manner (De wit and Meyer, 2004).
Abstract

A well known fact is that one cannot divorce politics from life. This then means that most life activities have elements of politics in them. So our lives in the firms we work in whether public, private, large or small have political connotations in them. The workplace has been termed as a market place where the parties involved strive to get what is best for them at times engaging in political activities and conflicts (Aryee et al., 2004). Given this scenario it is essential that we not only learn how to cope up with the existing politics in the organizations we work in but strive to understand it more. The nature of organizational politics will vary from firm to firm depending on the influences of the firm’s associates among other things (Moussetis et al., 1999).

The subject of organizational politics can rightfully be said to have been a ‘taboo topic’ for quite a long time not just in strategic management but management as a whole (Fischer, 2007; Lewis, 2002). Fischer (2007) says, ‘Everybody knows about organizational politics but most have been loath to talk about it’. Detailed research work in this area can be traced to the early 1980s (Aronow, 2004). Organizational politics is very much intertwined with the field of corporate governance that is more precisely corporate control (Pettigrew et al., 1999). Pettigrew et al. (1999) argues that as a matter of fact organizational politics needs to be viewed as a part of corporate governance and a very vital one for that matter. Corporate governance commenced gaining publicity in the 1990s. The issue of why firm owners or shareholders employ professionals to manage their firms commonly referred to as the agency theory is a central one on corporate governance (Pettigrew et al., 1999; McDonald et al., 2008).

This paper explores the effect of organizational politics on the firm’s corporate strategy and the firm performance. Though, over the years organizational politics has been viewed somehow in the negative manner (Aronow, 2004) we strive to bring out some of the positive aspects of organizational politics. We believe that bringing out these positive aspects to the forefront and practicing them will inevitably improve the firm’s value creation and or maintenance which in turn will lead to the improvement of the firm’s performance. We further believe that the net effect of this will be to increase the number of value creating firms. There is no doubt in any one’s mind, particularly African that value creating firms will contribute tremendously towards the development of ‘mother Africa’ and her inhabitants.
Section 1 – Organizational Politics

1.1 Introduction

Organizations have been termed as inherently political (Lawrence et al., 2005; Lacey, 2005; Vining et al., 2005; Fischer, 2007; Harris et al., 2007; Courpasson, 2000). Fischer (2007) argues that ‘one of the most interesting, though often neglected, theoretical perspectives in organization theory over the past two decades has been the political model of organization’. Organizational politics in firms is not an issue for every employee because in the first instance very few firms want to admit its existence (Fischer, 2007). If anything, they are closer to what are called company secrets (Fischer, 2007; Lacey, 2005). Politics is the act of getting and keeping power (Pfeffer, 1981; Voyer, 1994). It is often associated with negative connotations (Aronow, 2004; Voyer, 1994; Harris et al., 2007; Othman, 2007; Lewis, 2002) and in some countries is termed as a ‘dirty affair’, hence one of the reasons firms don’t want to be associated with it (Lewis, 2002). Power is a dear resource which nearly every person wants to possess irrespective of one’s status in society (Lawrence et al., 2005; Pfeffer, 1981).

In discussing organizational politics the concepts of power and influence do feature. Yet these are attributes very few people are comfortable with (Aronow, 2004; Fischer, 2007). They seem to indicate the presence of conflict and opposition within an organization, issues no organization would want to be associated with. If the organization is viewed as a political system, and all within the organization fighting for the existing limited resources there is nothing devilish about it yet this is nothing but organizational politics (Lewis, 2002).

Politics relies heavily on the art of influence (Aronow, 2004). Hence one can confidently state that organizational politics will influence and be influenced by the other sciences it interacts with. To many people organizational politics is not different from national or state politics (Malan and Bredemeyer, 2002; Voyer, 1994). Pfeffer (1981) argues that ‘organizational politics deals with the acquisition and use of power and its related resources to ensure that one gets ones desired outcomes’.

This means: manipulation, power grubbing, domination, dependence and such related activities are expected to feature (Lewis, 2002). While this is often the case there is also the good side of organizational politics that is involved with working to achieve consensus through positive persuasion (Malan and Bredemeyer, 2002; Lewis, 2002). Pfeffer (1981)
posits that ‘organizational politics is a social function that can contribute to the basic functioning of organizations’.

The above calls for complete understanding of the key players involved and or appropriate analysis of the subject. Yet this is where the big dilemma lies – if firms are unwilling to admit the existence of organizational politics how on earth are they then going to undertake the exercise of political strategic analysis in order to identify the firm specific competitive advantages arising out of the firm’s organizational politics? (Vining et al, 2005). The academic fraternity shares the blame here as a lot has not been previously put in place to ensure that political strategic analysis is taught at appropriate institutions (Fischer, 2007; Lawrence et. al., 2005; Oliver and Holzinger, 2008). Fischer (2007) posits that ‘there is no post empiricist epistemology capable of systematically investigating the hidden sides of organizational power and politics’. Further, modern administrative techniques do not adequately address the political implication of an organization’s goals (Fischer, 2007). The truth of the matter is that strategic political management is yet to be extensively explored as a source of value creation within an organization (Oliver and Holzinger, 2008). One undesired effect of this has been the neglect of the effect of firm specific internal processes and capabilities related to the effectiveness of the firm’s political strategies (Oliver and Holzinger, 2008).

1.2 Development of Organizational Politics

Various definitions have been given to the concept of organizational politics. Pfeffer (1994) has defined organizational politics as the activity undertaken by individuals and groups within organizations to acquire, develop and use power to obtain preferred outcomes in a situation in which there is uncertainty or dissensus about choice. Dattner and Dunn (2008) have defined organizational politics as the processes through which people in an organization represent diversified views while at the same time striving to influence the organization in some ways. Lacey (2005) has defined organizational politics as the processes and practices that reproduce the political order in organizations. Oliver and Holzinger (2008) state that strategic political management refers to a set of strategic actions that firms plan and enact for the purpose of maximizing economic returns from the political environment. Othman (2005) argues that organizational politics involves unsanctioned and informal form of behaviours.
Mahon (1993) defines political strategy as ‘those activities taken by organizations to acquire, develop and use power to obtain an advantage in a situation of conflict’.

Scholars intensified studies, writings and detailed research on organizational politics in the early 1980s (Aronow, 2004). These studies have shown that organizational politics shares a lot with corporate governance (Pettigrew et al., 1999; McDonald et al., 2008); and that organizational politics has a number of positive attributes which if used effectively could improve a firm’s competitive strategic advantages (Malan and Bredemeyer, 2002; Pfeffer, 1981). The realization that there are positive aspects of organizational politics has encouraged firms to start formal formulation of corporate political strategies (Fischer, 2007; Pearce, et al., 2008). Strategic political management has benefited quite a lot from public policy, the economics of political and collective action, stakeholder management and corporate political behaviour (Oliver and Holzinger, 2008).

In formulating the corporate political strategy, ‘the strategists’ are reminded to take into account the multi-level nature of organizational politics (Lawrence et al., 2005). As political behaviours in a firm ideally emanate from individuals (Othman, 2007) consensus needs to be established from this level upwards for the firm to successfully forge ahead (Fischer, 2007). Firms often take different strategic approaches that may be varied with time as each firm looks at the approach that would yield firm-specific advantages or values (Pearce, et al, 2008).

1.3 Characteristics of Organizational Politics

A major characteristic of organizational politics has to deal with the firm’s stakeholders. For instance firms with government share holding will undoubtedly have ‘visible’ organizational politics (Oliver and Holzinger, 2008). Another characteristic in which the presence of organizational politics is acknowledged in firms is through the physical state of the firm’s corporate headquarters. As the centre of the firm’s powers the physical infrastructure to a great extent is made to portray this fact (Palmer and Varner, 2006). Another characteristic of the existence of organizational politics in a firm is the misuse of resources, distraction from organizational goals (Madison et al., 1980; Voyer, 1994), manipulation, power grubbing, domination and dependence (Lewis, 2002). Other characteristics of organizational politics are: the use of informal and unsanctioned methods by the employees to advance their cases
disinformation within and among the employees and identification of some employees with a sub section of the firm (Fischer, 2007). The presence of hidden politics, defined as covert operations by employees within a firm, is another characteristic of organizational politics in a firm (Fischer, 2007). Hidden politics is itself characterized by employees withholding their participation in the form of silent disagreements or protests, pretending not to understand, staging arguments and or talking all at once (Fischer, 2007). It is for this reason that organizational politics in authoritarian power structures need to be critically assessed (Fischer, 2007). Other characteristics of organizational politics include lack of justice, intention to quit an organization, unethical treatment of individuals, inequitable distribution of resources and uncertainties (Othman, 2007).

Lobbying and influencing are other vital characteristics of organizational politics, especially for firms in regulated industries (Oliver and Holzinger, 2008). The lobbying process can either be accomplished through internal staff within the regulatory agency or externally subcontracted to known lobbying organizations (Holburn and Vanden Bergh, 2008). A characteristic of organizational politics directly associated with the positive aspects is persuasion (Malan and Bredemeyer, 2002; Lewis, 2002).

1.4 Theoretical Perspectives on Organizational Politics

Courpasson (2000) argues that there are two approaches to organizational politics, namely the Weber (1968) approach and the Crozier (1964) approach. The Weber (1968) approach views power as the instrument of ‘structures of domination’ (Courpasson, 2000). The domination, which is both impersonal and personal, is sometimes based on coercion and violence (Courpasson, 2000). The main purpose is to get the confidence and obedience of the people and there by legitimize the power. The Crozier (1964) approach states that people in organizations like to control uncertainties as this is viewed as a significant source of power. Any one within an organization can negotiate for this power. There are, however, constraints that the winners of the power have to successfully overcome. Hence the competitors for this power have to appropriately strategize on how to win their opponents (Courpasson, 2000).

Oliver and Holzinger (2008) argue that firms strive very hard to advance their strategic political strategies with firms closely associated with governments, using dependency theory to do so. Industry possessing sufficient political power will make every effort to arm twist
and manipulate the state to advance its political strategy (Oliver and Holzinger, 2008). Large firms occasionally prefer to lobby on their own especially when their weary about their operational secrets leaking out (Holburn and Vanden Bergh, 2008).

Since organizational politics is now widely acknowledged as a powerful management tool (Lewis, 2002), managers in modern firms need to use this tool to deal with political behaviours experienced in firms (Othman, 2007). The use of organizational politics is ideal when seeking support from the stakeholders whenever it is needed and when dealing with employees opposed to the organizational objectives among other things (Lewis, 2002).

Oliver and Holzinger (2008) argue that firms formulate political strategies to make their interests known to the government, to gain collective or private benefits, to access resources from political institutions, to purchase government policy or secure government inaction, to reduce costs, to stop unwanted regulation, to increase firm control and autonomy. At the firm level some of the factors that have been instrumental in driving firms to formulate and engage in organizational politics include: firm’s material interests, size and the firm’s estimated impact on its competitive strategic performance (Oliver and Holzinger, 2008).

Fischer (2007) argues that the traditional model used for assessing whether organizations achieve their objectives was found necessary to include a wider range of social and political variables. The realization that organizational politics has some contribution to the sustenance of a firm’s specific competitive advantages has stirred interest and increased the popularity of the topic (Pearce, et al., 2008; Oliver and Holzinger, 2008). Activities of a comprehensive political strategy include: lobbying, political contributions, advocacy, advertising, constituency building, financial contributions, coalition formation and so forth. (Vining et al., 2005; Oliver and Holzinger, 2008).

Oliver and Holzinger (2008) argue that political strategies need to be set as an opportunity. Dynamic political capabilities (DC), defined as the processes by which a firm influences or complies with its political environment for the purpose of generating future value or protecting the current value of the firm from future loss or erosion (Oliver and Holzinger, 2008), are the key to the protection of a firm’s future values and resources. They are instrumental in what happens to the firm’s performance or competitive advantage. Oliver and Holzinger (2008) have argued that the firm’s effectiveness of the political strategies is a
function of the firm’s DCs. Effective political strategy is a contributing factor towards the firm’s maintenance of its strategic assets and competencies each new day. Organizational politics looks at firm ownership, control and dominant managerial expertise among other things to establish how their deviations from the norm affect the firm’s performance (Whittington and Mayer, 2000). For instance firm ownership is a very strong political resource and definitely has consequences and effects on the firm’s performance. Firms owned by powerful shareholders have negligible agency theory issues though at times they risk being run unprofessionally; Diversification and possibly divisionalism in such firms is quite rare. Whittington and Mayer (2000) posits a scenario where a state being a shareholder in a firm will for reasons of political convenience ensure that the firm fails to pursue some business opportunities. Current available study supports the fact that regulated firms tend to engage in more political activity than the unregulated ones (Holburn and Vanden Bergh, 2008).

Voyer (1994) argues that more positive organizational politics in organizations where the amount of politics is high; is indeed a viable idea as a control mechanism as it is interpreted by the organizational members as helpful. Conversely the less positive organizational politics, commonly referred to as negative organizational politics, such as coercive politics, lowers effectiveness (Voyer, 1994). For the firms to increase their specific competitive advantages, they have to strategize on how they can increase the costs of their rivals among other things or apply mechanisms that make it impossible for their rivals to have substitute products and or resources (Oliver and Holzinger, 2008). Firms need to make their own political environment extremely difficult or costly for rival firms to survive in, as one way of gaining the needed competitive advantage (Oliver and Holzinger, 2008).

1.5 Organizational Politics in Kenya

All organizations are subject to some degree of political influence by the state and various stakeholders, the extent of which varies between the firms’ environments and the industry sectors in which they belong to (Moussetis et al., 1999). The firms’ responses to these influences will very much depend on whether the influence is likely to create a positive or negative impact (Moussetis et al., 1999).
Firm ownership can generally be categorized into three groups, namely: Organizations wholly owned or controlled by the government (government has more than 50% shareholding), organizations where the government has interests either in the form of shares or otherwise and fully privately owned firms. Organizations in the first category have very little option other than to play by the rules of the government of the day. From the appointment of the boards of directors through to the appointment of the organizations’ CEOs and the organizations TMTs the hand of the government of the day will be very visible.

For instance, about three years ago, East African Portland Cement Company, a government parastatal was doing very well (Wachira and Kumba, 2005). The CEO then was Mr. Zakayo Ole Mapelu and had a very cordial working relationship with the Chairman of the Board of directors. Somewhere along the way the CEO seems to have done something that upset the appointing authority and was summarily shown the door. In the ensuing crisis the TMT of the company resigned in solidarity with the CEO’s sacking (Muriuki, 2008). Up till now that company has not returned to what one may call ‘normality’. Promised company growth and a favourable center position the company had commenced to attain all seem to have stalled (Wachira and Kumba, 2005).

In discussing the second example we advance the view that at times it may be quite difficult to differentiate organizational politics from boardroom wars. In fact it may be true to say that they are intertwined (Editor, 2008). For instance events at the NSSF in the latter half of 2008 appear to be both organizational politics and boardroom wars. Within a span of barely a month the government appointed four CEOs for the organization. One wonders what could have prompted the appointing authority to resort to this manner of managing such a crucial organization of the government (Kiserop, 2008).

Neither is the third category of organizations (fully privately owned firms) safe from the less positive organizational politics scandals in the country. Slightly before the NSSF saga, a proper boardroom war was seen at the East African cables. A straight forward silent disagreements with the board of directors at times can have drastic results for CEOs as was the case of Mr. Mugo Kibati of East African Cables eventually causing his exist from a firm he had so successfully led for a period of over four years (Kwama, 2008). He is not the first CEO to suffer from this malaise and he is unlikely to be the last one. It is prudent for any CEO not just in Kenya but world over to be aware of this phenomenon. These wars similar to
the less positive organizational politics can negatively affect the firm if not properly managed.
Section 2 – Corporate Strategy

2.1 Introduction

The term ‘Strategy’ originated from the ancient Greeks where its meaning was chief magistrate or commander in chief (Ghemawat, 2002). Strategy is part of the planning function of management (Lewis, 2002). Strategy in business management has been described as the manager’s game plan that is formulation and achievement of the business objectives (Lewis, 2002). Chandler (1962) has defined strategy as ‘the determination of the basic long-term goals and the objectives of an enterprise and the adoption of courses of action and the allocation of resources necessary for carrying out these goals’. Ansoff (1965) has stated that ‘Strategy is a rule for making decisions.’ According to Andrews (1971) strategy is ‘The pattern of major objectives, purposes or goals and essential policies or plans for achieving those goals, stated in such a way as to define what business the company is in or is to be in and the kind of company it is or is to be.’

The military origin of strategy is not in any doubt (Sun Tzu tr., 1997) and so is the political contribution to strategy (Machiavelli tr., 1961). The academic contribution that included writers such as Drucker (1955), Chandler (1962), Ansoff (1965) and Andrews (1971) was instrumental in coming up with what is now referred to as the ‘classical school’ of business strategy. The contribution from the industry practitioners included personalities such as Alfred P. Sloan who was President and Chairman of General Motors (1923 – 1946), John Harvey-Jones who was Chairman of Imperial Chemical Industries and Jack Welch who was President of General Electric Company. Consulting firms led by the Boston Consulting Group (BCG) founded by Bruce Henderson and the McKinsey group too contributed a lot to the development of strategy.

Current strategic management theory and therefore business strategy in extension have their origin in the USA, when American universities commenced teaching business policy as a capstone course in the 1900s to their management students prior to graduation (Rumelt et al., 1996). These courses were given by senior professors in other disciplines such as marketing, economics, finance, psychology etc or by experienced former general managers (Rumelt et al., 1996). In the late 1960s the business policy courses changed to business planning and serious attention was paid to these courses (Bowman, 1992). In the early 1970s the business
planning courses changed to long term strategic business planning and more serious attention was now paid to these courses.

In the mid 1970s the relationship between the long term strategic business planning courses and the industry practices was dealt a devastating blow by the energy crisis (Rumelt et al., 1996). The planners were taken back to the drawing board as theory and practice failed to match. When they resurfaced in the 1980s long term strategic business planning had been transformed to strategic management (Bowman, 1992). Suffice to say that the term strategy has continued to undergo metamorphosis particularly from the 1960s when Chandler (1962) came up with the design school and Ansoff (1965) with the planning school.

One metamorphosis has strategy developing through four main generic approaches namely: Classical, processual, evolutionary and systemic. The classical approach is the oldest and most influential. For the classicists what is valued most is profitability and this is achieved through rational planning. Strategy formulation and control is recognized as the work of the CEO where as the implementation is left to the operational managers. This is in line with its belief of the military analogy where the general formulates the strategies and issues orders for the soldiers to carry out. Proponents of this approach, which came into the scene in the 1960s, included Chandler (1962), Ansoff (1965) and Porter (1985).

The evolutionary theorists believe that it is only the best performers that will survive chiefly by among other things ensuring that in a competitive environment they practice strategies of differentiation. ‘The evolutionalists’ advice is ‘that in searching for the best strategy let the environments do the selecting and not the managers’. Its chief proponents included Williamson, Hannan and Freeman in the 1980s when it came into the scene. The processualists are not very enthusiastic about the classicists’ rational strategy making and the evolutionalists market profit maximizing processes but rather believe that strategy is the product of a political compromise. Their belief is that strategies are not chosen but rather they are programmed and achieved in small incremental steps that at times involve experimentation and learning. The processual approach was proposed in the 1970s by among others Cyert and March; Mintzberg and Pettigrew (Mintzberg, 1987). The systemic approach shares at least the planning aspects with the classicists. In this approach the strategic goals and processes are in close conformity with the local social systems, in other words the strategies are socially sensitive. The systemic approach was proposed in the 1990s. Another
metamorphosis has current strategy literature giving three prescriptive schools of thought, namely: Design, planning and positioning; and seven descriptive schools of thought, namely: Entrepreneurial, cognitive, learning, power, cultural, environmental and configuration.

The main objective of a business strategy is to maximize an organization’s performance by improving its position in comparison to the other organizations operating under similar competitive environment (Feurer and Chaharbaghi, 1997). Strategies do not need to be deliberate as they also emerge. Mintzberg (1987) has argued that strategies can form as well as be formulated. It is appropriate to be on the lookout constantly so as to weed out strategies that look set to fail (Mintzberg, 1987). Collis and Montgomery (1995) have argued that in formulating strategies it is essential that managers ensure that these strategies as far as possible meet the critical tests of the resource based view (RBV) theory, namely: Inimitability, durability, appropriability, substitutability, and competitive superiority.

Some scholars such as Andrews (1971), Hamermesh (1986), Porter (1985), Ohmae (1983); and Johnson and Scholes (1993) are of the view that the process of studying strategy can be broken down into clear separate activities that can even be sequentially arranged, namely: data collection and analysis, strategy development, strategy evaluation, strategy formulation and strategy implementation. This has resulted in what is commonly referred to as the design or the fit school. On the other hand other scholars including Rumelt (1996) believe that corporate strategy cannot have separate parts but rather it is one continuous process that incorporates all the necessary subsections. Rumelt (1996) posits that ‘strategy can neither be formulated nor adjusted to changing circumstances without a process of strategy evaluation’. Mintzberg (1984) has argued that firms need to be aware of the fact that the realized strategies are often at times quite different from the intended strategies.

2.2 Development of Corporate Strategy

Ideally each business should have its own business strategy. In a situation where an organization is involved in several businesses or activities then it becomes appropriate for the organization to have a common strategy encompassing all the businesses and the activities. This common strategy is referred to as the corporate strategy (Johnson and Scholes, 1993; De wit and Meyer, 2004). De wit and Meyer (2004) argues that ‘corporate level strategy is about
selecting an optimal set of businesses and determining how they should be integrated into the corporation as a whole’ a process they call corporate configuration.

Corporate strategy acquired its first specialized scholars in the 1970s (Rumelt et al., 1996). In providing an answer to the question, ‘Who is responsible for the formulation of business corporate strategy?’, it is appropriate to be aware that two schools of thought exist, namely one that believes that strategy originates from the CEO and the other school that believes strategy is an all inclusive affair that originates from all the organization’s various stakeholders (Fellman, 2007). Whatever the case it is prudent to know that the strategy an organization adopts does depend on many more other factors which include societal, sectoral, environmental, organizational and the political motives and actions of the ‘strategist’ responsible among other factors (Lewis, 2002).

Issues addressed by corporate strategy (Lewis, 2002) include: Nature and the value of the firm in a broader sense; Current and scope of present businesses as well as the planned ones; Structure, systems and processes linking the various businesses to the corporate centre; and the role of corporate centre. Corporate strategy has undergone some significant development over the years as summarized by Good et al. (1994) on table 2.1 below. An effective corporative strategy must be continuously improved so as to maintain and build valuable resources (Collis and Montgomery, 1995).

Table 2.1 – How concepts of strategy have developed

<table>
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<tr>
<th>Issues</th>
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<th>Corporate strategies</th>
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<tr>
<td>1950 Overload at the centre</td>
<td>Decentralization</td>
<td>Divisionalization</td>
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<td>1960 Quest for growth</td>
<td>General management skills</td>
<td>Diversification</td>
</tr>
<tr>
<td>1970 Resource allocation</td>
<td>Portfolio planning</td>
<td>‘Balanced portfolios’</td>
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<tr>
<td>1980s Value gaps/raiders</td>
<td>Value based planning ‘Stick to the knitting’</td>
<td>Restructuring</td>
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<td>1980s Poor performance of</td>
<td></td>
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<td>diversification</td>
<td></td>
<td></td>
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<tr>
<td>1990s Defining the core business</td>
<td>Dominant logic</td>
<td>Manageable portfolios</td>
</tr>
<tr>
<td>1990s Lasting basis for corporate strategy</td>
<td>Core competencies</td>
<td>Linked portfolios</td>
</tr>
<tr>
<td>2000s Shareholder value</td>
<td>Exceeding cost of capital in all businesses</td>
<td>Managing portfolio to maximize value creation</td>
</tr>
<tr>
<td>2000s</td>
<td></td>
<td>Focus on value/divest if value being destroyed</td>
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Strategies, be they business or corporative are good only if they can be successfully executed to yield the desired results. The successful creation and execution of strategy require good processes and the ability to make quick decisions among other things (Breene et al., 2007). Presently in a number of firms the duty of strategy execution has been dedicated to an appropriately trained and experienced senior management staff referred to in some of these firms as the Chief Strategy Officer or CSO (Breene et al., 2007). Strategy development is now a continuous organizational process and CEOs failing to allocate dedicated staff for this role are likely to lose effective control of its execution (Breene et al., 2007). CSOs yield considerable authority, have complex range of skills and must be able to work with and influence people across the organization and beyond (Breene et al., 2007). It is for this reason that the majority of the CSOs would have at least five years experience with the firm. They also carry unwavering loyalty and confidence of the CEOs (Breene et al., 2007).

Experience over the years has shown that quite a number of firms formulate excellent strategies but improperly execute them (Neilson et al., 2008). Neilson et al., (2008) have identified four building blocks that are fundamental to helping firms execute their strategies successfully. These are information rated at 54 %, decision rights with 50 % rating, motivators with 26 % rating and structure with a rating of 25 %. Most firms often rush to restructuring first there by missing the vital blocks.

2.3 Characteristics of Corporate Strategy

Strategies can be said to exist at four levels (De wit and Meyer, 2004) namely: Functional level strategies used at the departmental levels; Business level strategies found at the SBUs levels; Corporate level strategies; and Network level strategies which are as a result of firms aligning their corporate strategies to achieve a certain desired outcome.

For the firms with single businesses, the business strategy doubles up as the corporate strategy. For the firms with several strategic business units (SBUs), there is need for each SBU to have its own strategy. De wit and Meyer (2004) posits that a unified strategy, called the corporate strategy, that ideally includes all the views, ideals and ideas of the various SBUs is normally formulated. For corporate strategies to have chances of success they need to be understood and be acceptable by all the firm’s stakeholders. Corporate strategies need to be constantly looked at to ensure that they reflect the actual situation on the ground, if not
then they are adjusted accordingly (De wit and Meyer, 2004). This will among other things ensure that they are not overtaken by events such as the technological developments and that they are always aligned with both the firm’s internal as well as the external environments.

If the business strategies of the various SBUs are not realized then common sense dictates that the firm’s corporate strategy will not be realized as well. Hence for a firm with several SBUs, the progress of achieving at least one business strategy must be shown, for the firm corporate strategy to be termed as being on the way to be achieved. Some business strategies for a firm with several business strategies could be altered without necessary altering the firm corporate strategy. In fact some business strategies could be entirely eliminated without fundamentally affecting the firm corporate strategy (De wit and Meyer, 2004). According to Daniell (2006) successful strategies have: Clear and correct vision, structured optimization, operating excellence, right organizational model, enhanced capabilities, integrated and aligned strategic design, and detailed implementation design.

2.4 Theoretical Perspectives on Corporate Strategy

The firm corporate strategy will only succeed if the firm’s SBUs strategies work in unison with it (De wit and Meyer, 2004). In that regard resources and activities of the various SBUs need to be properly coordinated to realize more value creation for the firm, noting that doing it otherwise could cause value destruction instead (De wit and Meyer, 2004). De wit and Meyer (2004) argue that the synergy created by the formation of the corporate strategy should be more than the sum of the individual SBUs strategies while the associated costs should be less.

The argument as to whether a firm should be a loosely collection of SBUs brought together, known as the ‘portfolio organization perspective’, or an integrated whole, known as the ‘integrated organization perspective, still persists (De wit and Meyer, 2004). The portfolio organization perspective advocates tight financial control and redirection of cash flows from areas where business look dim to areas where business look bright. De wit and Meyer 2004) argue that this approach is highly suited for diversification through acquisition.

The integrated organization perspective identifies a central aspect, termed as the core competence, created from the synergies of the various SBUs which is then vigorously
supported (Prahalad and Hamel, 1990). This core competence should be capable of being redeployed across all the SBUs. Supporting the core competence means that the individual SBUs suffer a bit, but they are more than compensated for this loss by the strategic benefits gained (De wit and Meyer, 2004). The integrated organization perspective is highly suited for internal growth. There are pros and cons of each of the two perspectives and the current strategic management literature does not state which is better than the other.
Section 3 – Firm Performance

3.1 Introduction

Firm performance can never be static and it often depends on several factors that include the environment, culture and time (Cappelli et al., 2007). For instance since the World II up to 1970s US MNCs were the leaders in firm performance; in the 1980s it was the turn of Japanese MNCs to take the mantle. According to Cappelli et al. (2007) the baton is slowly and surely being handed over to the Indian firms.

Firm performance is not an easy term to explain. Kirby (2005) posits ‘Are the great performers the ones with the highest market caps, the ones with the greatest sales growth, or simply the ones that remain standing at the end of the game, if the end time is really known?’ The term gets more difficult if performance classification, for instance, high, low or medium is needed – in other words what is the unit of analysis that is used? (Kirby, 2005). Other issues that arise are: Is the performance in question individual, group, SBU or the corporation? Regarding the performance mode element Kirby (2005) quoting a Harvard Professor posits ‘Is the best athlete the one with the best career, the best season, or the one time performance that sets the world record?’ The same scenario is also extended to the time element, where the question this time is ‘Are you better off if you boomed in the bust years or you boomed in the boom years?’ (Kirby, 2005). Power performance, defined as the state where by employees show up for work each day full of passion (Brandi, 2005) is a fundamental business technique that ensures a high performance outcome for an organization.

Designing high-performance in organizations requires that key jobs be structured in such a way as to achieve the business’s performance potential. Simons (2005) argues that ‘each employee’s supply of organizational resources should equal his/her demand for them and the same supply-and-demand balance must apply to every function, every business unit, and the entire company’. This calls for the balancing of the spans of control, accountability, influence, and support.

The issue of firm performance can not be conclusively discussed without mentioning the resource based view (RBV) of the firm introduced into the field of Strategic Management in the mid 1980s (Collis and Montgomery, 1995). RBV was instrumental in clearly explaining the terms; firm competitive advantage, core competencies and the role of sensible
diversification (Collis and Montgomery, 1995). Explaining why firms even in the same industry do not have the same performance levels is a fundamental one in Strategic Management (Derfus et al., 2008). In providing an explanation issues that often are mentioned include: Barriers to entry, RBV of a firm, continuous innovation to keep ahead of competition and so forth (Derfus et al., 2008). To keep ahead of the competition requires a firm to run faster than its rivals and since the rivals do not want to be left behind they too run faster creating a situation known as the ‘the red queen effect’ where by the firm and its rivals seem to remain in one place despite the running (Derfus et al., 2008). To stay relevant and overcome rivals in the performance arena the firm must ensure that what it gains is what the rivals lose or as Derfus et al., (2008) argue one organization’s solutions becomes another organization’s problems.

Firms have new arsenal of dealing with rivals which include strategies that reduce the quantity of rivals’ resources and or the effectiveness of the resources (Capron and Chatain, 2008). Both of these actions have the potential to hurt the firm they are aimed at. In real life the policy of ‘Ceteris Paribus’ is difficult to practice. This means that the results of any business maneuvers targeted to the rival firms will largely depend on how the firms respond to the maneuvers (Capron and Chatain, 2008). For instance scholars of corporate governance (Beatty and Zajac, 1994; Daily et al., 2003; Dalton et al., 2003; McDonald et al., 2008) have argued that TMTs led by the CEOs are willing to forego direct material benefits and instead participate in activities that enhance the firm performance as long as they are assured of their financial rewards when the firms are successful.

For many firms especially the ones operating under regulatory environments the ability of the TMTs to swim in these ‘waters’ determines how effective the performance of these firms turns out to be (Holburn and Vanden Bergh, 2008). It is imperative that firms continuously look for ways and means of maintaining high performance status if they are to remain ahead of competition (Hamel and Prahalad, 1989; D’Aveni, 2007). Hamel and Prahalad (1989) posit that ‘successful competitors rarely stand still and hence there is constant running to catch up with the competition’. D’Aveni (2007) argues that firms have to build fresh competitive advantages as they constantly destroy other advantages by among other things ensuring that they migrate from one competitive position to another. New tools hence are necessary to help firms systematically analyze their own and their rivals’ competitive positions especially in this heightened period of hyper competition (D’Aveni, 2007).
Tracking the relationship between the prices and a product's key benefits over time is a useful recommended analysis method (D'Aveni, 2007). Benefits of accomplishing this task appropriately include: Good benching marking of self versus the rivals, preparedness in dealing with the rivals' strategies and forecasting the future markets (D'Aveni, 2007).

Another very powerful tool of ensuring that a firm stays focused on its objectives is the firm's strategic intent. Hamel and Prahalad (1989) argue that 'strategic intent captures the essence of winning'. To win means that one must outpace the competitors even when competing in hostile environments and at times with limited resources. There is no better way of doing this than ensuring that one constantly comes up with new sustainable competitive advantages ahead of the competitors (Hamel and Prahalad, 1989).

### Theoretical issues on Firm Performance

The task of assessing whether organizations are on the right track of accomplishing their goals and objectives requires one to look at several strategies and techniques at the same time (Kaplan and Norton, 2005). Firms and or organizations are in competition for among other things resources, customers and revenues that force them to make necessary choices that are strategic and non strategic as well for their survival (Rumelt et al., 1996). Kaplan and Norton (2005) have argued that 'the complexity of managing an organization today requires that managers be able to view performance in several areas at once'

Daniell (2006) argues that 'in every industry, no matter how difficult or turbulent there are winners and losers. In pursuit of the overall firm vision organizational goals are fulfilled and new ones set up.' Daniell (2006) says 'creativity, like success, is a journey and not a destination'. Firms possessing appropriate competitive advantages vigorously undertake this journey as opportunities are available in every direction (Daniell, 2006). One of the key elements that cause firms to under perform and consequently fail to achieve their objectives is the failure to properly diagnose, design or implement their strategies (Daniell, 2006). This means that all strategy elements and steps must not only be carefully scrutinized but be properly aligned as well.

One of the major key roles of ensuring good organizational performance is appropriate decision making. Rogers and Blenko (2006) argue that 'irrespective of the industry one is in,
how big or well known the company may be, or how clever one’s strategy is, if one can’t make the right decisions quickly and effectively, and execute those decisions consistently, then the business will lose ground.’. Another major key role is the maintenance of the appropriate firm culture by all the stakeholders. For instance the secrets behind the success of the Toyota company, which is without doubt one of the most successful firms in the world, are difficult to explain as the company’s operational strategies are quite basic. Takeuchi et al. (2008) argues that the Toyota strategy, baptized as the Toyota Production Systems, can be grouped into two main categories, namely forces of: Expansion which incorporates giving employees’ impossible tasks, looking for local customization and continuous experimentation; and Integration which incorporates valuing the company’s founders’ views, involvement of everyone within the firm and open communication.

Toyota is said to have a culture of contradictions. For instance, though employees are required to listen to each other, subordinates can ignore orders from their superiors and not face any disciplinary action. In comparison to other firms, Toyota does not efficiently use its employees. Firms hoping to learn from and emulate Toyota effectively have often been in for a great shock. In summary they have been advised to create a Toyota culture, an exercise that is not easy as it requires time, resources and above all patience (Takeuchi et al., 2008).

### Measurement of Firm Performance

Business Performance Measurement (BPM) is a tool that not only aids the business managers in knowing where they are but how fast they are ‘moving’. Just like motorists need to maintain certain driving speeds depending on the type of roads they are driving on so do businesses. If one is driving on a highway one needs to maintain a certain minimum speed so as not slow the other motorists behind. In the event that one is not able to cope up with this minimum speed one has the option of leaving the highway and drive on a feeder road or have the vehicle fixed so that it can comfortably keep up with the necessary needed speed. With a faulty speedometer one is in darkness as to know how fast one is driving and how long the drive is likely to take prior to arriving at one’s destination.

BPM is defined as a series of business processes and applications designed to optimize both the development and the execution of a business strategy (Frolick and Ariyachandra, 2006). A BPM standards group established in 2003 in the US defines BPM as a set of integrated,
closed-loop management and analytic processes, supported by technologies that address financial and operational activities (Frolick and Ariyachandra, 2006). BPM is also known as Corporate Performance Measurement (CPM) and or Enterprise Performance Measurement (EPM).

Organizations are started and operated so as to achieve certain desired objectives by their owners. A fundamental aim of business strategy is to create and sustain competitive advantage. If these objectives are not being achieved then it would be difficult and in fact foolhardy to continue operating the organizations. Organizations have over the years been assessing whether they have been meeting their organizational goals and there is need to keep doing so, especially as modern BPM methods emerge (Neely and Al Najjar, 2006).

Current business literature has advanced the view that performance measures have hidden values, such as managerial support when clarifying and communicating business strategies to the stakeholders (Neely and Al Najjar, 2006). BPM has been shown to improve organizations risk management (McWorter, Matherly and Frizzle, 2006). Understanding BPM systems has enabled the business executives world over to realize and accept the fact that the traditional BPM systems relied upon are inadequate for today’s organizations. Financial measures need to be supplemented by non financial measures, consequently there is need to invest in more balanced measurement systems (Chatterji and Levine, 2006).

BPM systems provide the tools through which organizations can constantly assess whether they are on the right tracks to achieving their formulated objectives. A good BPM system should be able to identify and link the needs of the organizational stakeholders (Winkler, 2004). BPM is very important for quality and product improvement and Oakland (2004, p 137) gives the following as some of the reasons why performance measurement is necessary:

- Ensure customer requirements have been met
- Be able to set sensible objectives and comply with them
- Provide standards for establishing comparisons
- Provide visibility and provide a ‘scoreboard’ for people to monitor their own performance levels
- Highlight quality problems and determine which areas require priority attention
- Give an indication of the costs of poor quality
- Justify the use of resources
Provide feedback for driving the improvement effort

The BPM process must start with identifying the organization's objectives. To do this effectively requires the organization's strategy to be set. Once the strategy is identified, a company must measure performance in terms of how well it is executing that strategy over time. This then means that the organization identifies its key performance indicators (KPIs). The identification of appropriate KPIs as well as aligning them with company strategies then becomes the key to realizing bottom line impact. KPIs allow a company to see the areas it is doing well, and the areas it is not doing well. The areas the company is not doing well will require improvement. Therefore, within the identified strategy, KPIs help the company define and measure progress toward the company goals.
Introduction

Proper firm competitive advantage cannot easily be copied by its competitors (Feurer and Chaharbaghi, 1997). A number of sources for firm competitive advantages have been identified to include: the organization resources and capabilities, appropriate strategy implementation, quality, time and innovation and creativity (Feurer and Chaharbaghi, 1997). Senge (1990) argues that the only source of sustainable firm competitive advantage is the ability for the organization to learn. As firms fiercely fight to keep their market share safe from the competition new strategies on how to outmaneuver each other are coming into play. One of these is to exert influence on the rival’s resources with the sole purpose of making the rival’s competitive advantage less effective (Capron and Chatain, 2008). This derived from the theory of organizational politics.

A firm can initiate actions that degrade the resource position of its rivals such as deliberate keeping of common resources from the rivals even when not using them, reduce the quantity thereby making the rival firm unable to meet its demand, poaching employees, and impair the effectiveness thereby reducing the value which increase the competitor firm’s costs; Political lobbying to make rivals resources less acceptable e.g. raising standards when you know rivals cannot comfortably afford them. Capron and Chatain (2008) argue that this makes it expensive for rivals to acquire resources and forces them to use cheap substitutes.

Capron and Chatain (2008, p116) give some of the long term damaging effects on a firm using the competitors’ resource-oriented strategies as likely to include: ‘Tarnished corporate reputation, employee de-motivation, and weakening of its internal resource development efforts owing to the opportunity costs associated with the deployment of competitors’ resource-oriented strategies.’

Oliver and Holzinger (2008) have advanced the view that using the resource based capabilities perspective the connection between political strategy, firm performance and competitive advantage can be explained. Firms have now been known to engage in political strategies to create or increase value. Lobbying of government by firms is one popular
method used to maintain a firm’s earlier created value. Firms often fight nail and tooth to maintain the advantage created. Increased political activity by the organizations has in a way ensured that the subject is studied in more depth than has previously been the case (Oliver and Holzinger, 2008).

Current available study supports the fact that the political strategy is vital when it comes to the design of the firm’s corporate strategy (Holburn and Vanden Bergh, 2008). Studies have shown so far that firms that engage in organizational politics to create or maintain value usually are large, are dependent on the political environment and possess material interest in the public policy (Oliver and Holzinger, 2008).

Oliver and Holzinger (2008) argue that to effectively maintain or create value a firm will need to practice one or more of the following strategies to manage its political environment: reactive, anticipatory, defensive, and or proactive. The firms must be able to survive within the political environment. Compliance oriented political strategies enable the firm to survive through the use of internal strategies where as the influence – oriented strategies do so through the use of external strategies. Firms will align their internal processes with public policy demands to maximize return on their investment. Reactive strategies involve compliance with political standards by an organization among other things which has been shown to increase organizational legitimacy and consequently performance. This comes about because of increased consumer approval, increased access to resources and favourable relations with policy makers (Oliver and Holzinger, 2008). Anticipatory strategies though involving compliance with public policy deal primarily with the first mover advantage (FMA) issues. Defensive strategies are influence strategies. They are mainly meant to ward off unwanted changes and strive to maintain status quo at any costs. Examples of defensive political strategies are: Maintenance of entry restrictions, retaining of rules favourable to a firm by the policy makers, elimination of substitute products, retaining of protective pricing policies e.t.c. (Oliver and Holzinger, 2008). Proactive strategies deal with the definition and development of government policies. This means shaping the norms, standards, and beliefs of an industry to an acceptable social status. The measurement of this is via an active involvement of the industry’s activities by the firm.

As mentioned earlier firms undertake organizational politics for different reasons. Improvement of a firm’s competitive advantage is one of those reasons. The firm wishing to
improve its competitive strategic advantage through the taking of a political strategy will inevitably have to align its goals with the political strategy taken. Oliver and Holzinger, (2008) give some of these as the firm complying with a public policy, its interests in being a first mover, or its interests to influence the choices of the public policies being effected (Oliver and Holzinger, 2008).

Oliver and Holzinger (2008) argue that defensive strategy is likely to provide nil or little sustainable competitive advantage, reactive strategy will give short term competitive advantage, anticipatory strategy will give short term to medium term competitive advantage and proactive strategy will give medium term to long term competitive advantage. A firm’s political connections heavily depend on the firm’s history, the academic and professional background of its top management team (TMT), its past lobbying investments and the degree of government intervention in the industry among other things (Bonardi, 2004).

**Development of a Conceptual Framework**

In developing the appropriate model for dealing with organizational politics it is appropriate to recall that the firm is not in isolation. This means that there is interaction between the firm and the environment, other firm competitors, as well as other stakeholders, as shown on figure 4.1.

**Figure 4.1 – Firm Organizational Politics and the surrounding Environment**

![Diagram showing the interaction between global effects, catalysts and similar processes, organizational politics, less positive aspects (Manipulation, Coercion, Domination, Covert operations, etc.), and more positive aspects (Lobbying, Positive persuasion, etc.), with environmental conditions.]
A model that links firm performance, corporate strategy and organizational politics is presented in figure 4.2 below. We posit that firms will basically have organizational politics even in the absence of a formal written organizational political strategy or otherwise. The model shows that firm performance is depended on the firm corporate strategy. We relate the overall firm performance with the various inputs of the firm operations.

\[ FP = C_1X_1 + C_2X_2 + C_3X_3 + \ldots + C_NX_N + \varepsilon \]  

Where,

FP is the firm performance; \( C_1, C_2, C_3, \ldots, C_N \) are the firm corporate strategy factors associated with the various firm production inputs; \( X_1, X_2, X_3, \ldots, X_N \) are the various firm production inputs that are required for firm performance such as raw materials, employee productivity, machines and so forth; and \( \varepsilon \) is the error factor.

The effect of organizational politics on the firm corporate strategy can be illustrated by equation 2 as follows:

\[ CS = P_1Y_1 + P_2Y_2 + P_3Y_3 + \ldots + P_NY_N + \varepsilon \]  

Where,

CS is the firm corporate strategy; \( P_1, P_2, P_3, \ldots, P_N \) are the organizational political factors associated with the various political aspects of the organization; \( Y_1, Y_2, Y_3, \ldots, Y_N \) are the various organizational aspects such as positive persuasion, lobbying activities, corporate governance, employee corporation, firm reputation and so forth; and \( \varepsilon \) is the error factor.

The model shows that organizational politics has a moderating effect on the relationship between firm performance and firm corporate strategy.

Figure 4.2 is designed based on evidence from the literature review. In the figure, the link between corporate strategy and firm performance has been studied before. However, the link between organizational politics and performance and the moderating effect of organizational politics on the relationships between corporate strategy and performance do not appear to have been studied before. This creates a gaping gap in knowledge.
Predicted Future Trend

Firms need to be aware of the fact that few competitive advantages are long lasting (Hamel and Prahalad, 1989). This means that firms must be constantly updating their current competitive advantages and or formulating new competitive advantages if they aim to stay ahead of the competition.

The field of strategic management is still in its youthful stages in comparison with the other management disciplines. We anticipate significant future developments in the field as it continues its growth. This Argument is based on the achievements made in this field so far, particularly since the 1980s. For instance the author sees the link and the relationship between the firm organizational politics, the firm corporate strategy and the firm performance getting stronger and more pronounced. This significant interest has been generated on the positive aspects of organizational politics and the days ahead are likely to see increased research work on the area.

The above consideration coupled with the firms’ current globalization and internationalization pace is bound to have tremendous effects on issues such as organizational politics and corporate strategies. We believe that this will be due to the influence of the different cultures where the firms will have ‘globalized’ to or ‘internationalized’ to.
Ouedraogo’ (2007) argues that globalization and internationalization has propelled the private sector to be predominant player in wealth creation in the African continent. We feel that there is bound to be some effects on this subject due to the Chinese and Indian firms taking center stages as they are currently doing now, in the globalization and internationalization race. We are of the view that since the world cannot be enlarged more prominence of the Chinese and Indian firms will most likely mean less prominence of the current known multinational corporations (MNCs) from Japan and the western world led by the US.
Section 5 – Conclusions

Like in a game play, such as a football match, the firm can only succeed if the various team members play their parts effectively. For instance it is a futile exercise for a football team to have very effective and superb players if the goal keeper is ineffective. In short for a firm to emerge successful there must be an effective and strong link between the firm’s organizational politics, the firm’s corporate strategy and the firm’s performance. We posit that organizational politics should commence being taught actively in the business management institutions. While it is in order for the organizations to be aware of the less positive aspects of organizational politics, particularly so that the firms can avoid being hurt by them, we posit that a lot of energy is being spent on them and it is time attention was shifted to the more positive aspects. We believe that it is through the exploitation of the positive aspects of the organizational politics that firm performance can be improved by increasing the value of the firm and maintaining the firm’s competitive advantage. Consequently, we propose to undertake a research on the subject.

Dattner (2008) has argued that ‘organizational life has always been and will always be characterized by politics. The challenge for organizations is to ensure that politics do not prevent them from changing and adapting to new challenges. The challenge for individuals is to learn how to play the game while simultaneously trying to change and improve the rules’. Studies done so far (Madison et al., 1980; Voyer, 1994) have given indications that organizational politics could cause negative feelings, uncomfortable organizational climate, misuse of resources and distraction from the organizational goals among other things if not carefully handled. Othman (2007) quoting Hochwarter et al. (1999) says that ‘the negative consequences of politics can be reduced by increasing organizational commitment’.

Capron and Chatain (2008) argue that firms whose TMT have strong political connections are able to implement their political strategies at a lower cost. To develop strong political connections one must among other things effectively use the more positive aspects of organizational politics. This means that the TMT led by the CEO must have strong lobbying skills among other things or sub contract the tasks accordingly. We believe and posit that the link between the firm’s organizational politics, the corporate strategy and the firm’s performance must be crystal clear and are for the benefit of all the firm’s stakeholders. In the
event that this is not the case then the corporate strategist needs to be tasked to establish why this so and there after devise appropriate corrective measures.

Ultimately it is the effective implementation of the firm corporate strategy that will among other things dictate the firm performance. The organization can have excellent corporate strategy that links the firm organizational politics and the firm performance but fail to effectively implement it. The result of this will be poor firm performance led by among other things the firm’s failure to consistently maintain a competitive advantage in comparison to the other firms in the industry. The firms must remember Peters (1997) advice that ‘in today’s business one must not be caught looking the other way or else the consequences would be catastrophic – i.e. nabbing, nailing, and embarrassment by youngsters born only yesterday but who efficiently and thoroughly used the new technologies.’

Effective correction of any situation can only be accomplished if proper feedback is given. One of the most effective methods of providing firm performance feedback has been shown to be BPM. All the firms really need to be encouraged to institute appropriate BPM systems that are periodically reviewed to ensure they measure relevant parameters and are not overtaken by events such as technological developments.
References


